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FEB 7 1985

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* DELIVER TO: JFOM
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* ORIGINAL
* SENT: 02/07/85 TIME: 15:05
* FROM: MICKI HENSON
* SUBJECT: POM
* PRINT DATE: 02/07/85 TIME: 15:08
*
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TO: SENATOR STURGULEWSKI
 REPRESENTATIVE PEARCE

FROM: MEAD TREADWELL
 YUKON PACIFIC CORPORATION
 PO BOX 10-1700
 ANCHORAGE, AK. 99510 PHONE: 279-1596 (WK.)

RE: ATTENTION MCKIE CAMPBELL

WE STRONGLY SUPPORT PASSAGE OF SB115 WHICH SHOULD ALLOW LEASING OF PIPELINE RIGHT OF WAY AND COMMUNICATIONS SITES ALONG THE DALTON HIGHWAY.

WITHOUT THIS BILL CONSTRUCTION OF A ANY PIPELINE TO MOVE NORTH SLOPE GAS TO MARKET WOULD BE NIGH IMPOSSIBLE AND WITHOUT QUICK PASSAGE, CURRENT ATTEMPTS TO ESTABLISH THE LOWEST COST POSSIBLE ROUTE WOULD BE GREATLY HINDERED.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 485-4907

Senate Committee on Resources

MEMORANDUM

February 8, 1985

TO: All Members
Senate Resources Committee

FROM: Staff, Senate Resources *MSL*

RE: SB 115 "An Act relating to oil and gas exploration along highway rights-of-way."

Supplemental Information on SB 115

The following two issues were raised after packets had been distributed to committee members yesterday afternoon.

1) Oil and Gas Lease Sale 31 (Prudhoe Bay Uplands) was held September 16, 1980. AS 19.40.200 has an effective date of October 5, 1980. All except one of the lease award notices were sent to successful bidders on September 23, 1980. One award notice was issued October 7, 1980.

In order to remove any possible legal cloud regarding the leases, the Department of Natural Resources, upon the advice of the Attorney General's Office, recommends that SB 115 be made retroactive to October 5, 1980.

If the committee does wish to include the retroactive effective date in the committee substitute, appropriate draft language is attached to this memo.

2) A representative of the Yukon Pacific Pipeline Company telephoned committee staff with a concern about whether communications equipment associated with the project could be installed within the right-of-way under the language of SB 115. The Department of Law has given a verbal opinion that the language of the proposed committee substitute would allow communications equipment related to oil and gas activities. The Department of Law advised that to make certain there was no question on this issue, a letter of intent should be adopted specifying that communication facilities related to oil and gas projects are among the allowed uses. Such a letter of intent is attached.

It was suggested by the representative of Yukon-Pacific that the committee might wish to include a broader exemption for communication activities in the pipeline corridor within the committee substitute. If the committee wishes to do this, appropriate language is available and the letter of intent would not be needed. This type of broadening, however, may jeopardize the support of some of the parties with whom the committee substitute has been developed.

SENATE AMENDMENT

By _____

To: cs _____ SENATE BILL No. 115 (Resources)

To: _____ HOUSE BILL No. _____

PAGE: 2 LINE: 2

Sec. 4. This Act is retroactive to October 5, 1980.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 12, 1985

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

The Honorable Arliss Sturgulewski, Chairman
Senate Resources Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: CSSB 115 (Res)

Dear Senator Sturgulewski:

Kay Brown, director of the division of oil and gas, has asked us to respond to your inquiry whether there would be any negative legal implications from the retroactive application of the proposed amendments to AS 19.40.200 - 19.40.210 contained in the referenced bill. 1/ We believe that there would not.

Although retrospective laws are generally not favored, curative legislation is encouraged. Here, the legislation is in part being proposed to validate certain existing AS 38.05 disposals and off-road vehicle activities which might otherwise be void for failure to conform with the existing proscriptions of

1/ You will recall that the inquiry was made at your meeting of February 8, at which time Ms. Brown proposed that the provisions of CSSB 115 (Res) be made retroactive. We had earlier advised Ms. Brown that any question regarding the validity of existing uses of state land along the Dalton Highway could be resolved in the context of an attorney general's opinion. However, on February 4, it was brought to our attention that at least one existing oil and gas lease would be void unless made valid by retroactive application of the proposed amendments contained in the bill.

AS 19.40.200 - 19.40.210. These disposals and activities were authorized by state officials under the mistaken belief that the provisions of AS 19.40.200 - 19.40.210 were limited in scope to certain circumstances of primary concern to the legislature when the original Act was passed, namely, the prohibition of cabin site and other land surface disposals under AS 38.05 and of hunting with ORVs along the Haul Road corridor. The plain language of the statute, however, exceeds this narrow application, even though a broad interpretation reportedly was not the legislature's original intent.

Nevertheless, even curative legislation must comply with certain legal requirements. Among these is the requirement of AS 01.10.090 for an express statement of retroactivity. The legislative drafting manual suggests that language providing for retroactive application of a bill be set out in a separate section immediately preceding the effective date section, and that the retroactive section and the sections of the bill that are to be retroactive have immediate effective dates. Thus, CSSB 115 (Res) should contain an additional section to read:

* Sec. 3. Sections 1 - 2 of this Act are retroactive to October 5, 1980. 2/

From a constitutional standpoint, a curative Act may not impair the obligation of contracts, take property without due process of law, or interfere with purely judicial matters. We are not aware of any potential problems arising in these three areas of concern if the presently proposed amendments to AS 19.40.200 - 19.40.210 are made retroactive to the effective date of the original Act. To the contrary, retroactive application will avoid the possibility of finding invalid existing uses of state land previously authorized by state officials.

In sum, we are of the opinion that CSSB 115 (Res), which grants new rights rather than takes away existing rights,

2/ The present Section 3, providing for an immediate effective date, would be renumbered Section 4.

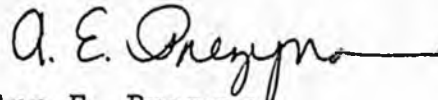
The Honorable Arliss Sturgulewski, Chairman
Senate Resources Committee

February 12, 1985
Page 3

will present no negative legal implications if its provisions are applied retroactively. To the contrary, because of the uncertain validity of some existing uses of state land, we strongly encourage inclusion in the bill of a retrospective clause such as the one we have suggested.

Very truly yours,

NORMAN GORSUCH
ATTORNEY GENERAL



By: Ann E. Prezyna
Assistant Attorney General

AEP/ma

cc: Kay Brown, Director
Division of Oil and Gas
Department of Natural Resources

Arthur H. Peterson
Assistant Attorney General
Department of Law - Juneau

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 152
Title: Royalty Oil, GVEA

Sponsor: Coghill
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: _____

BRU, Program 3C program(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar Phone: 465-2400
Division: Commissioner's Office Date: 15 February 1985

Approved by Commissioner: Arthur P. Wunniche Date: 18 February 1985
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

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State of Alaska
Department of Natural Resources
Final Findings & Determinations
Golden Valley Electric Association
Royalty Oil Contract - Prudhoe Bay
Term: July 1, 1984 - June 30, 1985

May 9, 1984

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A. Introduction.

The State of Alaska intends to sell 2.667% of its Daily Royalty Oil (approximately 5,000 barrels per day) from the Prudhoe Bay Unit to Golden Valley Electric Association under a short-term, noncompetitive contract. In accordance with AS 38, the Department of Natural Resources must determine whether this disposal serves the State's best interest before the sale may take place. This document describes the proposed sale and analyzes its potential effects. This document is a final best interest finding and represents the conclusions of the Department.

B. Background and Chronology.

The State's current contract with GVEA in Fairbanks was the first royalty oil contract negotiated and executed after the establishment of the Alaska Royalty Oil and Gas Development Advisory Board in 1976. GVEA requested royalty oil so that raw crude oil might be used as turbine fuel for power generation in the event that the cost of clean turbine fuel from the North Pole Refinery became prohibitive.

GVEA's contract with the State currently in effect is for the purchase of 5,000 bpd. GVEA did not exercise its option to purchase royalty oil until June 17, 1981. This oil has been traded to North Pole Refinery (MAPCO) in exchange for turbine fuel.

In a letter to the Department of Natural Resources in November 1982, GVEA requested an extension of its contract for an additional ten years. No action was taken on that request pending the change of administrations. In March 1983, the new administration began negotiations with GVEA on a new contract with a ten-year term to assist in satisfying the needs of 50,000 in-state consumers. Negotiations were not completed in time to submit the long-term contract to the legislature in early 1984.

Because the oil must be nominated or denominated under the Prudhoe Bay Unit Agreement by March 30, 1984, it was necessary to enter into a short-term emergency contract with Golden Valley Electric Association to avoid an interruption in their service.

C. Summary of Contract Terms.

1. Price: (a) the amount the State would have received had it taken the oil in-value; plus,
(b) field cost allowance; plus,
(c) \$.30 premium; plus
(d) additional amounts if a favorable settlement of State of Alaska, et al vs. Amerada Hess, et al is reached.
2. Term: (a) The date of first delivery is July 1, 1984.
(b) The termination date of the contract is June 30, 1985.
3. Quantity: 2.667% (approximately 5,000 bpd) of Daily Royalty Oil from the Prudhoe Bay Unit.
4. Point of Delivery: Custody transfer meters into the Trans Alaska Pipeline system at Prudhoe Bay.
5. In-State Processing: 100% of the Royalty Oil tendered under this contract shall be used in-state.
6. Security: GVEA will provide a letter of credit to the State in the amount of \$5,400,000 which is equivalent to approximately sixty days' worth of oil. This letter is redeemable upon signature of the Attorney General and the Commissioner.

A copy of the contract may be obtained at the Division of Oil and Gas.

D. Findings and Determinations.

1. The sale is in the best interest of the State.

Under AS 38.05.183(e) a noncompetitive sale, exchange, or other disposal of royalty oil or gas taken in-kind by the State may be awarded by the commissioner to the prospective buyer whose proposal offers maximum benefits to the citizens of the State.

In accordance with AS 38.05.035(a)(14), AS 38.05.183(c) and (e) and 11 AAC 03.010(d), I find and determine that the taking of royalty oil in-kind and the disposal of that oil to Golden Valley Electric Association (GVEA) for use in-state is in the best interests of the State. I have considered the following in making this determination:

a. The State will receive no less from this sale than if it had continued to take the oil in-value. The price premium of \$.30 over the Producers' Weighted Average Field Price will likely offset the adverse market effects which could occur when the State meets the needs of a refinery that would otherwise be a crude oil customer on the west coast. While it is impossible to forecast the impact of customer displacement on west coast prices (if any), let alone its influence on the Producers' Weighted Average Field price, the amount of the premium is likely to cover a reasonable differential. AS 38.05.183(e)(1).

b. A disposal to GVEA will have a favorable effect on the economy of the State, because it will ensure the continued operation of the cooperative with attendant employment of state residents for the term of the contract.

Each consumer to whom GVEA provides electric service is a member of the cooperative. Profit margins are allocated back to the consumer owners, all of whom are Alaskan residents. No profits accrue to persons not residing and utilizing the services in-state. The prime purpose of the cooperative is to provide dependable electrical service to its member-owners at the most economical price.

GVEA is regulated by the Alaska Public Utilities Commission. Over the past year, GVEA has experienced increased consumer need represented by an addition of 2,000 new customers. GVEA currently employs 150 people (up 20% in two years) to bring electric service to more than 50,000 Alaskans. AS 38.05.183(e)(2).

c. The benefits of the continued operation of GVEA include local employment, security of supply, and the direct favorable results of the 5,000 bpd in-state use. Secondary industries partially or wholly connected with GVEA would also continue to benefit from that relationship. AS 38.05.183(e)(3).

d. As stated above, GVEA supplies electrical energy to more than 50,000 Alaskans who enjoy price benefits directly attributable to the cooperative's ability to purchase state royalty oil. AS 38.05.183(e)(4).

e. The State is now highly dependent on oil revenues and will continue to depend on oil revenues in the future. The price term of the proposed sale protects the State's interest by insuring that revenues from this sale will meet or exceed the in-value price. AS 38.06.070(a)(1).

f. The local and regional needs of the Fairbanks area for electrical supply are met by service provided by GVEA to its member owners. AS 38.06.070(a)(2).

g. The continued operation of GVEA with attendant payroll and secondary benefits will have a positive and desirable effect on the citizens of the State. Although this disposal will not result in new capital investment or development, it will enable existing investment and development to continue to be utilized. AS 38.06.070(a)(3).

h. The projected social impacts of a disposition to GVEA are anticipated to be favorable. The benefits presently received from the operation of the electrical cooperative would continue. AS 38.06.070(a)(4).

i. Since most of the essential provisions of the proposed disposal to GVEA relate to operation of its existing facilities and systems, the additional costs and responsibilities which could be imposed upon the State and affected subdivisions are likely to be minimal. AS 38.06.070(a)(5).

j. Local and regional consumption is directly and favorably affected by the GVEA disposal. AS 38.06.070(a)(6).

k. Environmental effects resulting from the proposal are negligible, if any, since the facility is already in existence. AS 38.06.070(a)(7).

l. The proposed disposal will help existing commercial private enterprise by making possible continued operation of GVEA cooperative. AS 38.06.070(a)(C).

In accordance with 11 AAC 03.060(b), I must also discuss the weight given to the applicable criteria in determining the maximum benefit to Alaska citizens. In making this finding I had to assure myself that the State would not lose money by making a disposal to GVEA. Once so assured, I could then look to other attendant benefits offered. If the cash value offered cannot assure the citizens what the State would have received in-value, then the sale would not, in my view, serve the State's best interests. For this reason I placed the greatest weight in this disposal on AS 38.05.183(e)(1), the cash value offered, in the sense that I would not have considered any sale unless the in-value price was guaranteed. Once the in-value price was guaranteed, however, I gave greatest weight to the projected benefits of using the oil in the State along with attendant effects of the sale on the economy of the State.

2. Competitive bidding is waived.

I have determined in accordance with AS 38.05.183(a) that the best interest of the State does not require competitive bidding for this

disposal. The best interest of the State is served by making this award on factors other than the highest price received from a competitive sale. A competitive bid process would not preclude the placing of royalty oil in a market which could have the effect of lowering the State's in-value price. Other concerns which I was able to address through a noncompetitive process include the security arrangements to insure payments to the State and provisions designed to forestall any possible responsibility or liability on the part of the State for handling royalty oil at Pump Station One.

I also find and determine that, in order to realize the objectives implied by the considerations listed in AS 38.05.182-183 and AS 38.06.070 and obtain the benefits of in-state processing and supply, disposal by competitive bid with the award determined entirely upon the cash value offered is not in the best interest of the State in this instance. Rather, it is in the best interest of the State to dispose of royalty oil for no less than the State would have received had it taken the oil in-value to purchasers who offer maximum benefits to State citizens under contracts which protect the interests of the State.

E. Conclusion.

By the terms of the proposed contract, the State is guaranteed the in-value price for its oil as well as a premium on each barrel. The additional premium protects the State and assures that the State is not receiving less for its oil than if it elected to take its royalty oil in-value. Since only a percentage of production is specified in the contract, rather than a fixed volume, a percentage of royalty oil will remain in-value. This in-value oil would be available for future sale by the State.

The foregoing facts and analysis support my decision that this disposal is in the best interests of the State and maximizes benefits to Alaska citizens.

Esther C. Wunnicke
Commissioner

Date

Supplemental Information on SB 115

The following two issues were raised after packets had been distributed to committee members yesterday after noon.

1) Oil and Gas Lease Sale 31 (Prudhoe Bay Uplands) was held September 16, 1980. AS 19.40.200 has an effective date of October 5, 1980. All except one of the lease award notices were sent to successful bidders on September 23, 1980. One award notice was issued October 7, 1980.

In order to remove any possible legal cloud regarding the leases, the Department of Natural resources, upon the advice of the Attorney General's Office, recommends that SB 115 be made retroactive to October 5, 1980.

If the committee does wish to include the retroactive effective date in the committee substitute, appropriate draft language is attached to this memo.

2) A representative of the Yukon Pacific Pipeline Company telephoned committee staff with a concern about whether communications equipment associated with the project could be installed within the right-of-way under the language of SB 115. The Department of Law has given a verbal opinion that the language of the proposed committee substitute would allow communications equipment related to oil and gas activities. It was suggested by the representative of Yukon-Pacific that the committee might wish to include a broader exemption for communication activities in the pipeline corridor within the committee substitute. If the committee wishes to do this, appropriate language is attached to this memo.

Introduced: 1/31/85
Referred: Resources and
Transportation

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

SENATE BILL NO. 115

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to oil and gas exploration along

7

highway rights-of-way; and providing for an
effective date."

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

* Section 1. AS 19.40.200 is amended to read:

10

Sec. 19.40.200. PROHIBITION ON DISPOSAL OF LAND WITHIN FIVE

11

MILES OF THE HIGHWAY. The state may not dispose of state land under

12

AS 38 which is within five miles of the right-of-way of the highway.

13

This section does not apply to an oil and gas lease under

14

AS 38.05.180; ^a lease or material sale

15

for ~~oil and gas~~ exploration, development, production, or transportation ^{of oil and gas} or ~~other~~

16

~~state land disposals necessary for highway maintenance and~~

17

reconstruction, and maintenance of the highway. ✓

18

* Sec. 2. AS 19.40.210 is amended to read:

19

Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road

20

vehicles are prohibited on land within five miles of the right-of-way

21

of the highway. However, this prohibition does not apply to off-road

22

vehicles supporting oil and gas exploration, development, production

23

or transportation, or to a person who holds a mining claim in the

24

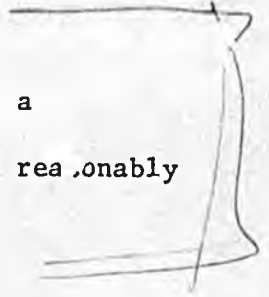
vicinity of the highway and who must use land within five miles of the

25

right-of-way of the highway to gain access to the [HIS] mining claim.

Sec. 3. This Act takes effect immediately in
accordance with AS 01.10.070(c).

Prior to selling materials under this section to a private entity or to a state agency for disposal to a private entity, the state shall consider reasonably available private sources of materials in the area.



FROM: SHERWIN A. START, 320 MCCARREY ST., C, ANCHORAGE, 99504,
337-8988

RE: SB 115

FEB 15 1985

THE LAST SESSION OF THE LEGISLATURE REWROTE TITLE 38 COMPLETELY,
THAT REWRITE PROVIDED VERY CONTROLLING PROVISIONS FOR THE
STATE TO ONLY OFFER LAND THAT WHERE LEGAL/PHYSICAL ACCESS! BY
PASSAGE, THIS BILL WILL EFFECTIVELY CLOSE DOWN STATE LAND
DISPOSALS.

HBU 47447	28237	28255 29	HBU 47448	HBP 47469	367-30 HBP 28275	36345 ARCO HBP	(COND) 28298	HBU 28297	HBU 34624	HBU 34627	HBU 34626	HBU 34625	MANATHON, AMERADA 1-31-90 ADL-312827	6-30 Y-0 1-31-9	
HBP 28239	HBP 28238	HBP 28259	HBP 28258	MOBIL, PHILLIPS, CHEVRON HBP 28257	HBP 28279	HBP 28278	HBP 28277	HBP 28299	HBP 28300	HBP 28301	HBP 34628	HBP 34629	HBP 34630	HBP 34634	HBP 3463
CHEVRON MOBIL PHILLIPS HBP 28241	HBP 28240	MOBIL, PHILLIPS, CHEVRON HBU 47450	MOBIL, PHILLIPS HBP 28261	HBP 28260	HBP 28282	HBP 28281	HBP 28280	HBP 28304	HBP 28303	HBP 28302	HBP 34632	HBP 34631	HBP 29320	HBP 28138	HBP 28137
HBP 28244	HBP 28245	CHEVRON HBP 28262	MOBIL, PHILLIPS HBP 28263	MOBIL, PHILLIPS, CHEVRON HBU 47451	HBP 28283	HBP 28284	HBP 28285	HBP 28305	HBP 28306	HBP 28307	HBP 28321	HBP 28322	HBP 28323	HBP 28337	HBP 28340
HBP 28247	(COND) 28246	MOBIL, PHILLIPS, CHEVRON HBU 47453	MOBIL, PHILLIPS, CHEVRON HBU 47452	EXXON, ARCO HBP 28264	MOBIL, PHILLIPS HBP 28288	HBP 28287	HBP 28286	HBP 28310	HBP 28309	HBP 28308	HBP 28326	HBP 28325	HBP 28324	HBP 28343	HBP 28342
HBP 28250	HBP 28249	MOBIL, PHILLIPS HBP 28266	CHEV, MOBIL, PHILLIPS HBU 47454	EXXON, ARCO HBP 28265	PHILL, MOBIL, PHILLIPS HBP 28209	SHELL, HBU 47471	AMERADA, GETTY HBU 47472	ARCO, EXXON HBP 28313	HBP 28312	HBP 28311	HBP 28329	HBP 28328	HBP 28327	HBP 28344	HBP 28343
HBP 1-31-90 18604	HBP 28251	HBP 28267	MOBIL, PHILLIPS HBP 28268	MOBIL, PHILLIPS HBP 318609	MOBIL, PHILLIPS HBP 318609	MOBIL, PHILLIPS HBP 28290	ARCO, EXXON HBU 47476	SHELL, HBU 47475	MOBIL, PHILLIPS HBP 28314	HBP 28315	HBP 28330	HBP 28331	HBP 28372	HBP 28346	HBP 28347
HBP 10-31-90 318606	HBP 10-31-90 318607	HBP 28271	HBP 28270	CHEVRON HBP 28264	BP&E, SOHIO HBP 318610	BP&E, SOHIO HBP 318611	BURGLIN HBU 10-31-90 318612	BURGLIN HBU 10-31-90 318613	ARCO, EXXON HBU 28316	HBP 28316	HBP 28335	HBP 28334	HBP 28333	HBP 28349	HBP 318617
HBP 318629	HBP 318636	HBP 28273	HBP 28272	HBP 28292	HBP 318642	HBP 28291	HBP 318645	HBP 318646	HBP 29317	HBP 318651	HBP 318652	HBP 318653	HBP 318659	HBP 318660	HBP 318661
HBP 10-31-90 318631	HBP 10-31-90 318632	HBP 318638	HBP 28274	HBP 28293	HBP 28294	HBP 318647	HBP 318647	HBP 318648	HBP 28318	HBP 318654	HBP 318655	HBP 318662	HBP 318662	HBP 318662	HBP 318663
HBP 10-31-90 318634	HBP 10-31-90 318635	HBP 10-31-90 318639	HBP 318641	HBP 318644	HBP 28296	HBP 28295	HBP 28319	HBP 318649	HBP 318650	HBP 318656	HBP 318659	HBP 318659	HBP 318659	HBP 318659	HBP 318664

HEMI SPRINGS UNIT

Proposed Sale 47

R12E

R14E

R16E

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 115
 Title: Exploration and Development
1. Highway Rights-of-Way
 Sponsor: _____
 Requestor: Sen. Sturgulewski
 Date of Request: 1/31/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 ERU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar
 Division: Commissioner's Office

Phone: 465-2400
 Date: January 31, 1985

Approved by Commissioner: Wm D. Smyly
 Agency: Natural Resources

Date: January 31, 1985

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

To Kee
Date 2-7 Time 11:00

WHILE YOU WERE OUT

M Mr. T. Radford
of Yukon Pacific
Phone 279 1596
Area Code Number Extension

TELEPHONED		PLEASE CALL	
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message Mr. ~~Radford~~ SB 115

Operator

The Department of Natural Resources is requesting amendment of AS 19.40.200 and AS 19.40.210 to allow oil and gas exploration and development within five miles of the right-of-way of the Dalton Highway (North Slope Haul Road).

The statute presently prohibits the disposal of state land under AS 38 and use of off-road vehicles within five miles of the highway. "State land" includes resources owned by the state, including oil and gas.

Although the department does not believe it was the intent of the 1980 legislature to prohibit oil and gas activities along the highway, the statute as presently written may be interpreted to have that effect. Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985 and contains approximately 611,840 acres. Of that total, some 230,000 acres (52 of the 113 tracts) are within the five-mile corridor and will have to be deleted from the sale without clarification of the statutes cited above. Final notice of Sale 47 is scheduled to be given March 22, 1985.

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 115 (Resources) *DK*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to land use and disposal near a
7 highway right-of-way; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 19.40.200 is amended by adding new subsections to read:

11 (b) The prohibition on disposal of state land under (a) of this
12 section does not apply to a

13 (1) disposal necessary for an oil and gas lease under
14 AS 38.05.180;

15 (2) a state lease or materials sale necessary for explora-
16 tion, development, production, or transportation of oil and gas or
17 reconstruction or maintenance of the highway.

18 (c) Before the sale of materials under (b)(2) of this section to
19 a private entity or person or to a state agency the state shall give
20 due consideration to the availability of materials from private
21 sources in the area where the materials are needed.

22 * Sec. 2. AS 19.40.210 is amended to read:

23 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
24 vehicles are prohibited on land within five miles of the right-of-way
25 of the highway. However, this prohibition does not apply to off-road
26 vehicles necessary for oil and gas exploration, development, produc-
27 tion, or transportation [REDACTED]

28 [REDACTED] or to a person who holds a mining claim in the vicinity of the
29 highway and who must use land within five miles of the right-of-way of

1 the highway to gain access to the [HIS] mining claim.

2 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
3 10.070(c).
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DEPARTMENT OF NATURAL RESOURCES

PROPOSED AMENDMENT TO HB 143

1. Delete Section 1 and insert:

*except for purposes of reconstruction
or maintenance of the highway*

*Section 1. AS 19.40.200 is amended to read:

Section 19.40.200. PROHIBITION ON DISPOSAL WITHIN FIVE MILES OF THE HIGHWAY. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. This section does not apply to an oil and gas lease under AS 38.05.180, or to a disposal necessary for exploration, development, production, or transportation of oil and gas ~~or for reconstruction and maintenance of existing highways.~~ *north of 68° North latitude.*

2. Add a new section to read:

*Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

3. Change title to read: "An Act relating to oil and gas activities along highway rights-of-way; and providing for an effective date."

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Moen
2/5/85

Original sponsor: House Special Committee
on Oil and Gas

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON OIL AND GAS

2 CS FOR HOUSE BILL NO. 143 (Oil and Gas)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas activities along
7 highway rights-of-way; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 19.40.200 is amended to read:

10 Sec. 19.40.200. PROHIBITION ON DISPOSAL OF LAND WITHIN FIVE
11 MILES OF THE HIGHWAY. The state may not dispose of state land under
12 AS 38 which is within five miles of the right-of-way of the highway,
13 *except for purposes of reconstruction or maintenance of the highway.*
14 This section does not apply to an oil and gas lease under
AS 38.05.180, *or to a disposal necessary for exploration, development, production, or*
transportation of oil and gas north of 69 degrees north latitude.

15 * Sec. 2. AS 19.40.210 is amended to read:

16 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
17 vehicles are prohibited on land within five miles of the right-of-way
18 of the highway. However, this prohibition does not apply to off-road
19 vehicles necessary for oil and gas exploration conducted under an oil
20 and gas lease issued under AS 38.05.180 or to a person who holds a
21 mining claim in the vicinity of the highway and who must use land
22 within five miles of the right-of-way of the highway to gain access to
23 the [HIS] mining claim.

24 * Sec. 3. This act takes effect immediately in accordance
25 with AS 01.10.070 (c).
26
27
28
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Guest Editorial

Stevens Village Opposes State Selections Around Yukon Crossing

By Village Council
Stevens Village

Fairbanks, Alaska — Stevens Village wishes to express its extreme concern and fear over the State of Alaska selecting lands within the haul road corridor around the Yukon Crossing near Stevens Village and to alert the general public to this happening in order to rally more public support to prevent this from happening.

These are lands that the people of Stevens Village have traditionally used, occupied, and governed. The lands are subsistence lands and as such are needed to remain in that use to maintain the subsistence economy and the traditional lifestyle of the people of Stevens Village.

The people of Stevens Village are struggling to survive and to protect their culture and traditional lifestyle. In order to do this, they have to have a say in what goes on in their traditional lands that they use. They oppose the State selecting these lands because of the State's insensitivity in dealing with Stevens Village in the past.

For example, during pipeline days, the State rushed to build the Hickel Highway through Stevens Village's lands without the village's permission and without the construction permit being granted yet for the pipeline from the Federal government.

If the State selects these lands and then encourages settlement and/or development there, it will have a devastating effect on the people of Stevens Village. Why

start a new settlement only to wipe out another one? The haul road is for transportation purposes and for reasons of safety and efficiency it needs to remain free of settlement and/or development. This will save the State money in the long run.

We are asking the people of Alaska to support us in this by contacting the State Department of Natural Resources and our representatives in the State Legislature.

By keeping these lands in a natural state it will help to insure the survival of the Stevens Village people and their culture, for without that Alaska can never be a great land.

DISCUSSION DRAFT
1/21/85

Proposed clarification amendments to AS 19.40.200-.210

Dalton Highway

Sec. 19.40.200. Prohibition on disposal of land within five miles of the highway. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. However, this prohibition does not apply to oil and gas leases under AS 38.05.180; to other disposals necessary for oil and gas exploration, development, production or transportation; or to disposals for highway maintenance and construction purposes.

Sec. 19.40.210. Prohibition of off-road vehicles. Off-road vehicles are prohibited on land within five miles of the right-of-way of the highway. However, this prohibition does not apply to off-road vehicles supporting oil and gas exploration, development, production, or transportation, or to a person who holds a mining claim in the vicinity of the highway and who must use land within five miles of the right-of-way of the highway to gain access to his mining claim.

1/21-cor
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Offered: 2/11/85
Referred: Transportation

Original sponsor: Resources Committee

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 115 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

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8 date."

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12 section does not apply to a

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14 AS 38.05.180;

15 (2) a state lease or materials sale necessary for explora-
16 tion, development, production, or transportation of oil and gas or
17 reconstruction or maintenance of the highway

18 (c) Before the sale of materials under (b)(2) of this section to
19 a private entity or person or to a state agency the state shall give
20 due consideration to the availability of materials from private
21 sources in the area where the materials are needed.

22 * Sec. 2. ~~AS 19.40.210~~ is amended to read:

23 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
24 vehicles are prohibited on land within five miles of the right-of-way
25 of the highway. However, this prohibition does not apply to off-road
26 vehicles necessary for oil and gas exploration, development, produc-
27 tion, or transportation or to a person who holds a mining claim in the
28 vicinity of the highway and who must use land within five miles of the
29 right-of-way of the highway to gain access to the [HIS] mining claim.

1 * Sec. 3. This Act is retroactive to October 5, 1980.

2 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
3 10.070(c).

BACKGROUND ON SB 115
DEPARTMENT OF NATURAL RESOURCES
February 8, 1985
Senate Resources Committee

DISPOSALS UNDER AS 38 NECESSARY FOR OIL AND GAS DEVELOPMENT:

- Oil and gas leases under AS 38.05.180 convey exploratory drilling rights and production rights for any oil and gas discovered.
- Material (sand and gravel) sales are made to private entities under AS 38.05.110-120 for roads, drill pads, offshore artificial drilling islands, causeways, and other facilities. "Sales" are also made to the Department of Transportation and Public Facilities for highway reconstruction and maintenance under AS 38.05.810 (public and charitable use).
- Oil and gas pipeline right-of-way leases under AS 38.35 are the required authorization to construct an oil or gas pipeline on or across state land.
- Leases under AS 38.05.070 are held by private service companies and contractors in the Prudhoe Bay Industrial Tract Subdivision. These companies and contractors sell, rent, and repair equipment and provide services to oil and gas lessees. Alyeska Pipeline Service Co. also holds leases (for example, construction camp site).

ACTIVITIES IMMEDIATELY AFFECTED BY THE PROPOSED LEGISLATION

- Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985, and contains approximately 611,840 acres. Of that total, about 230,000 acres (52 of the 113 tracts) are within five miles of the highway and would have to be deleted from the sale without the proposed clarification of existing statute. Final notice of Sale 47 is scheduled to be given March 22, 1985.
- Seismic exploration using off-road vehicles is currently prohibited within the 10-mile corridor.
- Several existing material sales to the Department of Transportation and Public Facilities, and current pending applications for continued materials requirements of Alyeska will be in jeopardy.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA, 99811
(907) 465-4907

Senate Committee on Resources

MEMORANDUM

January 30, 1985

TO: All Members
Senate Resources Committee

FROM: Senator Arliss Sturgulewski
Chairman, Senate Resources Committee *(AS)*

RE: Proposed legislation regarding haul road right-of-way

In 1980 the legislature passed AS 19.40.200 and .210. These sections prohibit the disposal of state land within five miles of the Dalton Highway and also prohibit the use of off-road vehicles in this same area.

An oil and gas lease sale is currently scheduled to be announced in March and to take place in May of this year. This sale, number 47, would include area that is within this five mile border of the highway. If the existing statutes are not modified, the lease sale could not proceed.

The Department of Natural Resources, Division of Oil and Gas, has asked the Senate Resources Committee to introduce the attached legislation to remedy this problem. The House Special Committee on Oil and Gas introduced identical legislation yesterday.

A copy of the proposed legislation and a map of the area involved is attached.

Enclosures

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

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11 MILES OF THE HIGHWAY. The state may not dispose of state land under
12 AS 38 which is within five miles of the right-of-way of the highway.
13 This section does not apply to an oil and gas lease under
14 AS 38.05.180; other state land disposals necessary for oil and gas
15 exploration, development, production, or transportation; or other
16 state land disposals necessary for highway maintenance and
17 construction.

18 * Sec. 2. AS 19.40.210 is amended to read:

19 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
20 vehicles are prohibited on land within five miles of the right-of-way
21 of the highway. However, this prohibition does not apply to off-road
22 vehicles supporting oil and gas exploration, development, production
23 or transportation, or to a person who holds a mining claim in the
24 vicinity of the highway and who must use land within five miles of the
25 right-of-way of the highway to gain access to the [HIS] mining claim.
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STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

SENATE RESOURCES COMMITTEE

, 2/8/85, 1:30