

SB

182

SENATE COMMITTEE REPORT

FURTHER:

FINANCE

3/25/87

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

RESOURCES \_\_\_\_\_ Committee considered \_\_\_\_\_ SB 182

state oil and gas lease sales.

and recommended:

replace with \_\_\_\_\_ CS FOR SB 182 (Re) )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures: Rick Glass, Paul Gish, John Duncan]*  
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*[Handwritten signature]*  
Chairman signature and recommendation

Committee Backup Attached

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE SENATE**

BILL VERSION: CSSB 182(O&G)  
PUBLISH DATE: 3/25/87

REQUEST: \_\_\_\_\_

Revision Date: March 23, 1987

Title: State Oil and Gas Lease Sales

Agency Affected: Natural Resources  
BRU: Petroleum Management

Sponsor: Senate Oil & Gas Special Committee Components: \_\_\_\_\_  
Requester: Senate Oil & Gas Committee

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL	**	**	**	**	**	**
CONTRACTUAL	**	**	**	**	**	**
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	*	*	*	*	*	*

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :**

\* Earlier offering of exempt acreage sales resulting from this bill will result in earlier receipt of bonus and rental payments and, in the event of a discovery, earlier receipt of royalties and taxes.

\*\* Some savings in contractual and travel costs related to public meetings could occur, depending on the location of the exempt sale and the public's interest

Prepared by: Carol Wilson Phone: 465-2400  
Division: Commissioner's Office Date: 3/23/87

Approved by Commissioner: Judith M. Brown Date: 3/24/87  
Agency: Natural Resources

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary



# ALASKA STATE LEGISLATURE

## SENATE SPECIAL COMMITTEE ON OIL AND GAS

Senator Bettye Fahrenkamp  
Chairman  
Senator Jack Coghill  
Senator Paul Fischer

P.O. Box V, State Capitol  
Juneau, Alaska 99811  
(907) 465-3834

### M E M O R A N D U M

TO: Members, Senate Special Committee on Oil and Gas  
FROM: Committee Staff  
RE: Committee Meeting, March 24, 1987  
DATE: March 23, 1987

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On Tuesday, March 24, at 3:30 pm in the Beltz Room, the Senate Special Committee on Oil and Gas will hear SB 182, Relating to state oil and gas lease sales.

Current statute requires that all proposed state oil and gas lease sales be included in a yearly five year leasing program submitted to the legislature. However, under certain circumstances, sales that are not included in the five year plan, or "exempt sales", may be held. Exempt sales usually include previously offered leases, areas adjacent to those leases, or areas in which industry has shown high interest. Current statute requires that a written best interest finding be made for most exempt sales.

SB 182 would waive the best interest finding requirement for exempt sales if a previous finding has been made for that area within the preceding three years. This change may enable the department to add new areas to the leasing schedule with reduced administrative costs and delay.

**MEMORANDUM**  
DEPARTMENT OF NATURAL RESOURCES

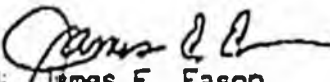
**State of Alaska**  
DIVISION OF OIL AND GAS

TO: Carol Wilson, Special Assistant  
to the Commissioner

DATE: February 3, 1987

FILE NO:

TELEPHONE NO: 762-4241

FROM:   
James E. Eason  
Director

SUBJECT: Proposals to Streamline  
Exempt Lease Sale Process

While I was in Juneau the week of January 26-30, I was asked by both Senator Bettye Fahrenkamp and Senator Jack Coghill for recommendations on how to promote early exploration of the state's lands; specifically, how to streamline the procedures for exempt oil and gas lease sales. On January 30, Ned Farquhar called me on behalf of Representative Sam Cotten and said that Rep. Cotten might be interested in possible changes to Title 38 that would make it easier to hold exempt acreage sales.

At present, exempt acreage sales must follow all of the procedural "hoops" required of scheduled sales. One way to streamline the process would be to apply previous best interest findings under AS 38.05.035 to the exempt sale area. This would greatly reduce administrative costs and delay. I am sending you a suggested change to AS 38.05.035 that would enable the state to hold exempt sales without having to write preliminary or final .035 best interest findings if the leases offered are in, contiguous with or adjacent to an area for which a written .035 finding has been prepared during the preceding 36 months. I would appreciate your discussing this proposal with the Commissioner, and if it meets with her approval, transmitting it on my behalf to Senators Fahrenkamp and Coghill and Representative Cotten.

AS 38.05.035(e). Amend by adding a new section (7), as follows: "(7) an exempt oil and gas lease sale under AS 38.05.180(d) for which a written finding has been issued, within a period of 36 months before the date of the sale, for the area of the proposed sale, or for contiguous or adjacent areas."

CC: Mark Worcester  
Pam Rogers

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DELIVER TO: <u>Carol Wilson</u>	LOCATION: <u>Juneau</u>
FROM: <u>Jim Eason</u>	LOCATION: <u>Oil &amp; Gas</u>
TELEPHONE/TELECOPIER # <u>546-2734</u>	TOTAL NUMBER OF PAGES: _____
TRANSMITTING ON/SPEED _____	DATE: <u>2/3/87</u> TIME: <u>4:00</u>
PHONE FOR PROBLEMS-NAME/NUMBER _____	<u>Labator 762-4244</u>
COMMENTS _____	

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SP  
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