

LEG. FINANCE - BILLS 1979 - 1980 1173

HB 786 thru SSHB 800 1173



RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/20/90
Date

Introduced: 2/18/80
Referred: Finance

1 IN THE HOUSE

BY DUNCAN AND PHILLIPS

2 HOUSE BILL NO. 786

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to income tax deductions for chari-
7 table contributions of works of fine art by an artist;
8 and providing for an effective date."

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

10 * Section 1. AS 43.20.036 is amended by adding a new subsection to read:

11 (1) The provisions of sec. 170(e)(1)(B) of the Internal Revenue
12 Code (26 U.S.C. 170(e)(1)(B)); do not apply to a work of fine art which
13 is contributed by an artist who is a resident of the state and which
14 qualifies as a charitable contribution under sec. 170 of the Internal
15 Revenue Code (26 U.S.C. 170), if the value of the work of fine art is
16 established by an independent appraisal. For purposes of this sub-
17 section,

18 (1) "artist" means the person who creates the work of fine
19 art which qualifies as a charitable contribution;

20 (2) "fine art" means an original painting, sculpture,
21 drawing, photograph, work of graphic art, or film.

22 * Sec. 2. This Act is retroactive to January 1, 1980, and applies to tax
23 years beginning after December 31, 1979.

24 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

Original

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 786
 Title An Act relating to income tax deductions for charitable contributions
 Requested by House Finance Committee (of works of fine art by artists)
 Date: 3/20/80

II. FISCAL DETAIL

Agency Affected _____ Revenue
 Program Category Affected _____ Fiscal Services
 BRU, Program, or Subprogram(s) Affected _____ Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

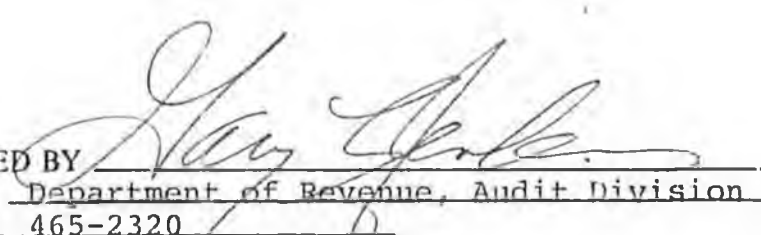
GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memorandum to R. D. Stevenson dated 3/20/80.

IV. DATE March 20, 1980 PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

STATE
of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 20, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 786

This bill would create yet another special exception in our income tax law, for artists in the State of Alaska. The provision of the Internal Revenue Code which is being modified limits the amount of charitable contribution deduction an individual can claim for a contribution of an original art work. The provision in the Internal Revenue Code applies to any individual who might make such a contribution, not solely the individual artist who created the work.

We do not have any idea how many artists in the State of Alaska to whom this might apply; however, it must be an extremely small number. By the time the Department of Revenue writes special instructions for this situation, creates yet another form to be completed by individuals claiming the exemption, I am confident that the indirect costs will at least exceed the tax savings which this select group of individuals might obtain.

It should be remembered by the Legislature that every special exception they make in the individual income tax law just makes the law that much more complicated for the average citizen to understand.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

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 Title An Act relating to income tax deductions for charitable contribution
 Requested by House Finance Committee (of works of fine art by artists) Date: 3/20/80

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Agency Affected Revenue
 Program Category Affected Fiscal Services
 BRU, Program, or Subprogram(s) Affected Audit Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

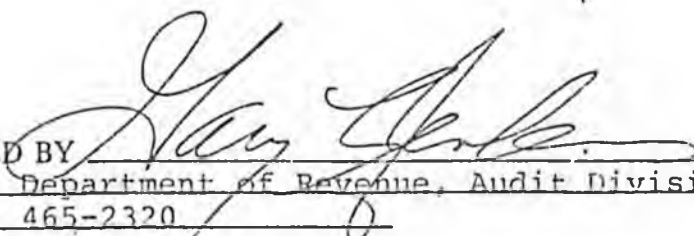
GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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See attached memorandum to R. D. Stevenson dated 3/20/80.

IV. DATE March 20, 1980 PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

CATEGORY: GENERAL GOVERNMENT
PROGRAM: REVENUE COLLECTION AND MANAGEMENT

AGENCY: REVENUE
BRU (S): AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the DRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effective compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit staff concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goals of the Petroleum Revenue BRU are to administer state taxes on oil and gas production, which includes the State oil and gas property tax, oil and gas production tax and the oil and gas corporate income tax, and also to coordinate with local governments also taxing that property. The Division of Petroleum Revenue also generates revenue estimates for the State of projected oil and gas related revenues.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

The Administration and Support BRU includes the Office of the Commissioner, Administrative Services, and Fish and Game Licensing. The Commissioner's Office oversees all functions of the Department of Revenue. The Research Section, under the Office of the Commissioner, performs special studies in analyzing and developing revenue sources, as well as projecting State cash flow through revenue estimating models and information provided by State agencies. The Administrative Services component provides centralized general services for the Department of Revenue, including personnel, budget, payroll, purchasing, mail, etc. This section also provides certain technical services such as administering business licenses, processing tax and license remittances, and initial processing of tax returns. The Fish and Game Licensing component is being transferred to this BRU from the Natural Resources category for FY 81. This component processes revenues received from the sales of Fish and Game licenses statewide. Most of the licenses are sold by contract vendors such as sporting goods stores.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.6			3223.6
PETROLEUM REVENUE	1279.6	1240.1	1187.3	1435.0			1447.2
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1436.9
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			984.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.6	259.0			298.0
MM TOTAL	9249.3	9775.7	9477.9	9490.9			11097.9
MM CHANGE VERSUS 80 AUTH							16.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				
OTHER FUNDS	495.0	495.0	425.0	534.0			577.2
MM GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITIONS							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

MEMORANDUM

TO: [R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 20, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 786

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0000011

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 786

Title An Act relating to an income tax deduction for charitably contributed works of art

Requested by _____ Date 2/28/80

II. FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	----Unknown but very minor				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill proposes to eliminate for state income tax purposes the sixty per cent of value limitation for charitable contributions presently applicable when a local artist donates his/her work of art for purposes other than those directly connected with the activity that is the basis for the donee's tax exempt status.

The extended benefits of the deduction would be available to resident artists only, and are dependent upon an independent appraisal of the work of art donated.

The potential revenue impact of the proposed change is likely to be very minor.

IV. DATE 2/28/80

PREPARED BY Carlson Lorenson

AGENCY Revenue

PHONE # 2174

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

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cc: Budget and Management
Prime Sponsor (First Legislator Named)

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TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

(11)

COMMITTEE REPORT

HOUSE

2/18/80

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 786

"An Act relating to income tax deductions for charitable contributions of works of fine art by an artist; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

8084
Clenoweth

Introduced: 2/1/80
Referred: Finance

1 IN THE HOUSE

BY DUNCAN AND PHILLIPS

2 HOUSE BILL NO. 786

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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24 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

ALASKA STATE LEGISLATURE

SEVENTH Legislature SECOND Session

HOUSE BILL NO. 786

By DUNCAN AND PHILLIPS

"An Act relating to income tax deductions for charitable contributions of works of fine art by an artist; and providing for an effective date."

Tax deductions, fine arts

Introduced in the House 2/18, 1980

HISTORY IN THE HOUSE

19 80 Read first time and referred to Committee on Finance

Feb. 18 Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/20/90
Date

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 792
 Title "An Act providing for adoption assistance"
 Requested by Charles H. Parr, Chairman, House Judiciary Comm. Date 3/11/80

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Social Services
 BRU, Program, or Subprogram(s) Affected Program Services, Foster Care
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		100.3				
TOTAL		100.3				

FUNDING (Thousands of Dollars)

GENERAL FUND		100.3				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill would modify the statutes to permit subsidies to be paid to families that have privately adopted a hard-to-place child and to cover certain medical expenses that might be a barrier to placement of such children. This Fiscal Note is based upon the following assumptions:

1. That 10 hard-to-place children will be adopted privately; that the estimated average cost will be consistent with the estimated average daily cost for a child in foster care; and that \$50,260.50 will be required for the subsidies (10 children x \$13.77 a day x 365 days).
2. That the children will be in need of extensive medical, dental and possibly psychological or psychiatric treatment, which will not be covered by medical insurance coverage. Estimated costs are \$50,000.00 (10 children x \$5,000 each).

No projections for future years has been attempted since there is no experience upon which to base such estimates.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: John Pugh, Act. Dir. Date: 3/11/80
 Division/Office: Social Services PR: 465-3170
 Department of Health & Social Services

POSITION PAPER
ON
HOUSE BILL NO. 792

"An Act relating to access to adoption records; and providing for an effective date."

The current practice regarding access to adoption records in Alaska is that an adopted person of legal age can view his original birth certificate upon application to the State Registrar of Vital Records. This practice is allowed by 7 AAC 05.730 and is by authority of AS 18.50.220 and AS 25.20.050. The State Registrar suggests to those adopted, to biological parents, and to natural brothers and sisters that letters of interest in making contact may be placed in the sealed file. When interest is expressed by the parties involved the State Registrar assists in facilitating contact.

House Bill 792 provides for an adopted person to apply for his original birth certificate and sets up a rather cumbersome system of notification of biological parents to give them the option to object to the disclosure. Such a system requires the Bureau of Vital Statistics, or an adoption agency, to attempt to contact the biological parents without using the mails; presumably, in person, or by telephone. This notification process could be quite burdensome to the Bureau of Vital Statistics and/or adoption agencies, requiring additional manpower to handle request, the number of which is impossible to determine. However, the experience of states and countries who have opened adoptive records indicates that there has not been a great rush by persons to find their parents; simply having the original birth certificate to look at is often enough. Thus, the requirements of notification in House Bill 792 do not appear warranted. No mail contact with the biological parents may be made so efforts of the State Registrar would have to be in person or by telephone. To some biological parents such a contact 18 or more years after deciding to give up a child could be upsetting, create family conflict or be considered an invasion of privacy. Many adoptions are of illegitimate children. The bureau has numerous experiences where a mother has named two fathers because of uncertainty on her part about true facts.

Close to 700 adoptions occur each year in Alaska, of which 500 or more are handled privately and not through the two certified adoption agencies. Therefore the majority of requests will have to be filled by obtaining the required information from the biological parents unless attorneys and doctors will open their files to the State Registrar. About 30 percent of children adopted in Alaska are from other states and another 5 percent are alien born. Having only the report of adoption and no authority to obtain information from out-of-state agencies would prevent about 40 percent of persons adopted in Alaska from benefiting from the provisions of this bill.

Adoptive parents go through much in the way of waiting, paper work, expense and anxiety in adopting a child. While the child at 18 has the right to see his original birth certificate, the reasons for his placement for adoption may be very

sensitive such as cases of rape or incest. The bill also calls for health histories on blood relatives. Not all blood relatives are aware of an adoption yet their medical history could be provided without consent.

If a biological parent, who has refused release of information, dies in another state we would not know about it and therefore, under the provision of 18.50.550 the adoptee could not petition the court for review.

Under 18.50.600, Definitions, the following change is suggested:

An "Adoptive parent" means a parent who adopted a person through legal petition to the court.

This change is suggested because there can be instances in which a biological father who is not married to the biological mother later adopts the person after marrying the mother.

The Department would also call attention to the Model State Adoption Act, which has recently been printed in the Federal Register for Friday, February 15, 1980 (Part V). This model act was developed by a panel of nationwide experts after considerable study of all the current issues in the adoption field. Section 502 of the Model Act addresses the issue of access to birth certificates by adult adoptees.

This bill, if passed, would not address nearly three-fourths of the adoptees because it does not require attorneys and doctors to open and make available their files.

This department recommends that HB 792 not be passed.

Recommended by: Joan P. Brooks 4/11/80
Joan P. Brooks
State Registrar
Office of Information Systems
(Date)

Recommended by: John Pugh 4/11/80
John Pugh
Acting Director
Division of Social Services
(Date)

Approved by: Helen D. Beirne 4-11-80
Helen D. Beirne
Commissioner
Department of Health &
Social Services
(Date)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 792
 Title "An Act Relating to Access to Adoption Records"
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Vital Statistics
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		17.2	36.7			
200 TRAVEL		10.0	21.0			
300 CONTRACTUAL		3.5	4.0			
400 COMMODITIES		.5	1.0			
500 EQUIPMENT		.0	.5			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		33.7	63.2			

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		33.7	63.2			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		1	1			
PART TIME		-0-	-0-			
TEMPORARY		-0-	-0-			

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A. Assumptions

- Investigator funded for 2nd half of FY1981
- Investigator position budgeted for 12 months in FY1982
- 7% inflation factor added for FY1982

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: John P. Bures 3/6
 Division/Office: Vital Statistics Div: 4
 Department of Health & Social Services

Approval: DRSS Mgt. & Bdgt: [Signature]

TITLE: An Act Relating to Access to Adoption Records.

III Analysis (Continuation)
B. Program Summary
New Position

<u>Title</u>	<u>Salary</u>	<u>Benefits</u>	<u>Related Costs</u>	<u>Total</u>
Investigator	13.8	3.4	16.5	33.7

Original sponsor: Gardiner

Offered: 5/13/80
Referred: Finance

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 792

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to adoption assistance; and providing
7 for an effective date."

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

9 * Section 1. AS 20.15.190 is amended to read:

10 Sec. 20.15.190. ADOPTION ASSISTANCE. A hard-to-place child in the
11 permanent custody of the department in a foster home [FOR NOT LESS THAN
12 ONE YEAR] may not be denied the opportunity for adoption [A PERMANENT
13 HOME] if the adoption [ACHIEVEMENT OF THIS] depends on continued subsidy
14 by the state.

15 * Sec. 2. AS 20.15.190 is amended by adding new subsections to read:

16 (b) A hard-to-place child adopted independently or through a
17 private agency may be granted a subsidy or medical assistance by the
18 state if the department determines that the child was hard to place and
19 the need for assistance exists.

20 (c) The department shall establish application procedures and
21 eligibility standards under regulations adopted under the Administrative
22 Procedure Act (AS 44.62) to implement this section.

23 * Sec 3. AS 20.15 is amended by adding a new section to read:

24 Sec. 20.15.220. AMOUNT AND DURATION OF MEDICAL ASSISTANCE. The
25 amount of assistance for medical services and length of time for which a
26 hard-to-place child is granted assistance are left to the discretion of
27 the commissioner and may vary from a small sum to an amount no greater
28 than the reimbursement level for service under AS 47.07.010 - 47.07.080.
29 Payments shall be made to vendors of services. A hard-to-place child

1 determined eligible by the department may be eligible for assistance
2 until the child reaches the age of majority if the need continues to
3 exist.

4 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

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Introduced: 2/18/80
Referred: Judiciary

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 792

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to access to adoption records; and
7 providing for an effective date."

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

9 * Section 1. AS 18.50 is amended by adding new sections to read:

10 ARTICLE 6. ACCESS TO ADOPTION RECORDS.

11 Sec. 18.50.500. REQUEST FOR ACCESS. A person who is 18 years of
12 age or older may request the state registrar to disclose the information
13 on the original certificate of birth of the person.

14 Sec. 18.50.510. CONTACT WITH BIOLOGICAL PARENTS. (a) Within six
15 months of a request made under AS 18.50.500, the state registrar shall
16 make an effort to contact the biological parents identified on the
17 original certificate of birth of the adopted person and notify them of
18 the request.

19 (b) On request, a child adoption agency shall cooperate in the
20 efforts of the state registrar to notify a biological parent.

21 (c) The state registrar may charge a reasonable fee to the adopted
22 person for the cost of the efforts made under this section.

23 (d) Communications under this section are confidential under
24 AS 09.25.110 and art. I, sec. 22 of the state constitution.

25 Sec. 18.50.520. CONTACT PROCEDURE. (a) The state registrar shall
26 attempt to make a confidential contact with each biological parent named
27 on the original certificate of birth of the adopted person. The contact
28 may not be made by mail and shall be made by the state registrar or by
29 the child adoption agency that processed the adoption.

1 (b) The state registrar or the child adoption agency shall provide
2 a biological parent contacted with the following information:

3 (1) the nature of the information requested by the adopted
4 person;

5 (2) the right of the biological parent to file within the
6 following 120 days an affidavit with the state registrar stating that
7 the information on the original certificate of birth should be dis-
8 closed;

9 (3) the right of the biological parent to file a consent to
10 the disclosure with the state registrar at any time;

11 (4) the right of the biological parent to file an affidavit
12 stating that the information on the original certificate of birth should
13 not be disclosed; and

14 (5) the effect of a failure of the biological parent to file
15 either a consent to disclosure or an affidavit stating that the informa-
16 tion on the original certificate of birth should not be disclosed within
17 120 days of the receipt of the notice.

18 (c) If the child adoption agency that processed the adoption
19 contacts the biological parents named on the original certificate of
20 birth, the agency shall file with the state registrar affidavits showing
21 that it provided the information required by (b) of this section. If
22 the state registrar contacts the biological parents named on the origi-
23 nal certificate of birth, the state registrar shall make and keep a
24 record which shows that he provided the information required by (b) of
25 this section.

26 Sec. 18.50.530. EFFECT OF FAILURE TO CONTACT BIOLOGICAL PARENT.

27 (a) If the state registrar or the child adoption agency is not able to
28 contact a biological parent identified on the original certificate of
29 birth within six months after a request under AS 18.50.500, and if

1 neither identified biological parent has filed an unrevoked affidavit
2 with the state registrar stating that the information on the original
3 certificate of birth may be disclosed, information shall be disclosed as
4 follows:

5 (1) If the person was adopted before January 1, 1981, he may
6 petition the superior court for disclosure of the original certificate
7 of birth and the court shall grant the petition if, after consideration
8 of the interests of all known persons involved, the court determines
9 that disclosure of the information would be of greater benefit than
10 nondisclosure.

11 (2) If the person was adopted on or after January 1, 1981,
12 the state registrar shall release the requested information to the
13 adopted person.

14 (b) If a biological parent identified on the original certificate
15 of birth has filed with the state registrar an affidavit stating that
16 the information on the original certificate of birth should not be
17 disclosed, the state registrar may not disclose the information re-
18 garding that biological parent to the adopted person until the affidavit
19 is revoked.

20 Sec. 18.50.540. RELEASE OF INFORMATION AFTER NOTICE. (a) If,
21 within six months of the receipt of a request from an adopted person
22 under AS 18.50.500, the state registrar has notified each biological
23 parent on the original certificate of birth under AS 18.50.510(a) and
24 the biological parent has not filed an affidavit stating that the in-
25 formation on the original certificate of birth should not be disclosed,
26 the state registrar shall disclose the information requested by the
27 adopted person 121 days after the date of the notice to the last bio-
28 logical parent Disclosure may also be made if, during the first 120
29 days, both of the biological parents identified on the original certi-

1 ficate of birth file an affidavit with the state registrar consenting to
2 the disclosure of the information and the affidavit has not been revoked
3 by affidavit.

4 (b) If only one biological parent consents to the disclosure
5 within the first 120 days by filing an affidavit with the state regis-
6 trar, the state registrar shall disclose information only as to the
7 consenting biological parent.

8 Sec. 18.50.550. DEATH OF BIOLOGICAL PARENT. If a biological
9 parent named on an original certificate of birth had filed with the
10 state registrar an unrevoked affidavit stating that the information on
11 the original certificate of birth should not be released and that bio-
12 logical parent dies, the adopted person may petition the superior court
13 for disclosure of the original certificate of birth. The court shall
14 grant the petition if, after consideration of the interests of all
15 persons involved, the court determines that disclosure of the informa-
16 tion would be of greater benefit than nondisclosure.

17 Sec. 18.50.560. JUDICIAL DISCLOSURE. (a) The court may order the
18 state registrar to release information identifying the biological
19 parents of the adopted person on application of the adopted person who
20 is 18 years of age or older and on the determination by the court that
21 disclosure of the information would be of greater benefit than non-
22 disclosure.

23 (b) The court may require the state registrar or the child adop-
24 tion agency to advise the adoptive parents and biological parents of an
25 application for disclosure of identifying information under this sec-
26 tion.

27 (c) In making its determination under (a) of this section, the
28 court shall consider the effect of disclosure on the biological parents,
29 the adoptive parents, and the adopted person.

1 Sec. 18.50.570. RELEASE OF INFORMATION. A person adopted after
2 January 1, 1980, is entitled on request to the state registrar to the
3 following information regarding each biological parent identified on the
4 original certificate of birth:

5 (1) the age of the biological parent at the birth of the
6 adopted person but not the birth date of the biological parent;

7 (2) the heritage of the biological parent, including:

8 (A) national origin;

9 (B) ethnic background; and

10 (C) race;

11 (3) education, which is the number of years of school com-
12 pleted by the biological parent at the time of the birth of the adopted
13 person;

14 (4) general physical appearance of the biological parent at
15 the time of the birth of the adopted person in terms of height, weight,
16 color of hair, eyes, skin, and other information of a similar nature;

17 (5) talents, hobbies, and special interests of the biological
18 parent;

19 (6) the existence of another child or children of the biolo-
20 gical parent;

21 (7) reasons for placement of the child for adoption, for
22 termination of the parental rights of the biological parent, for removal
23 of the biological parent as guardian, or for removal of the right to
24 custody of the biological parent;

25 (8) the religion of the biological parent;

26 (9) the general field of occupation of the biological parent;

27 (10) the health history of biological parent and of blood
28 relatives of the biological parent provided on a standardized form of
29 the department;

1 (11) the plans made by the biological parent for the adopted
2 person's future; and

3 (12) the legal relationship, if any, between the biological
4 parents.

5 Sec. 18.50.580. MAINTENANCE OF RECORDS. The state registrar and a
6 child adoption agency shall maintain the information concerning biolo-
7 gical parents required under AS 18.50.570 for all adoptions which occur
8 after January 1, 1981. If the information concerning biological parents
9 required under AS 18.50.570 is requested but is not available for adop-
10 tions that occurred before January 1, 1981, the state registrar shall
11 attempt to obtain the required information from the biological parents
12 of the adopted child.

13 Sec. 18.50.590. RECORDS OF A CHILD ADOPTION AGENCY. A child
14 adoption agency licensed under AS 47.35.100 shall maintain records
15 required by the regulations of the department. If a child adoption
16 agency ceases to act as a child adoption agency, it shall transfer its
17 records to the state registrar.

18 Sec. 18.50.600. DEFINITIONS. In AS 18.50.500 - 18.50.600

19 (1) "adoptive parent" means a parent who adopted a person but
20 who is not the biological parent of the person;

21 (2) "biological parent" means a birth parent of the adopted
22 person who is listed on the original certificate of birth of an adopted
23 person which is not subject to inspection;

24 (3) "child adoption agency" means a child adoption agency
25 licensed under AS 47.35.100;

26 (4) "identifying information" means information which dis-
27 closes the identity of the biological parents beyond that listed in
28 AS 18.50.570;

29 (5) "state registrar" means the state registrar appointed

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under AS 18.50.030.

* Sec. 2. This Act takes effect January 1, 1981.

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

5/13/80

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 792

"An Act relating to access to adoption records; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

(9)

FURTHER:

Finance

2/18/80

Date: _____

Mr. Speaker:

The Committee on JUDICIARY has had HB 792

"An Act relating to access to adoption records; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 792 same title
 new title
- and recommends Do Pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

R. O. W. Bell Do Pass

Terry Masten

R. Barco

Buchholdt

Nels A. Anderson

Charles H. Rand

Charles H. Rand
CHAIRMAN

7650
Brodey

Original sponsor: Gardiner

Offered: 5/13/80
Referred: Finance

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 792

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to adoption assistance; and providing
7 for an effective date."

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

9 * Section 1. AS 20.15.190 is amended to read:

10 Sec. 20.15.190. ADOPTION ASSISTANCE. A hard-to-place child in the
11 permanent custody of the department in a foster home [FOR NOT LESS THAN
12 ONE YEAR] may not be denied the opportunity for adoption [A PERMANENT
13 HOME] if the adoption [ACHIEVEMENT OF THIS] depends on continued subsidy
14 by the state.

15 * Sec. 2. AS 20.15.190 is amended by adding new subsections to read:

16 (b) A hard-to-place child adopted independently or through a
17 private agency may be granted a subsidy or medical assistance by the
18 state if the department determines that the child was hard to place and
19 the need for assistance exists.

20 (c) The department shall establish application procedures and
21 eligibility standards under regulations adopted under the Administrative
22 Procedure Act (AS 44.62) to implement this section.

23 * Sec. 3. AS 20.15 is amended by adding a new section to read:

24 Sec. 20.15.220. AMOUNT AND DURATION OF MEDICAL ASSISTANCE. The
25 amount of assistance for medical services and length of time for which a
26 hard-to-place child is granted assistance are left to the discretion of
27 the commissioner and may vary from a small sum to an amount no greater
28 than the reimbursement level for service under AS 47.07.010 - 47.07.080.
29 Payments shall be made to vendors of services. A hard-to-place child

7 note 5/13/80

1 determined eligible by the department may be eligible for assistance
2 until the child reaches the age of majority if the need continues to
3 exist.

4 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

7650
Brodley

Introduced: 2/18/80
Referred: Judiciary

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 792

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to access to adoption records; and
7 providing for an effective date."

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

9 * Section 1. AS 18.50 is amended by adding new sections to read:

10 ARTICLE 6. ACCESS TO ADOPTION RECORDS.

11 Sec. 18.50.500. REQUEST FOR ACCESS. A person who is 13 years of
12 age or older may request the state registrar to disclose the information
13 on the original certificate of birth of the person.

14 Sec. 18.50.510. CONTACT WITH BIOLOGICAL PARENTS. (a) Within six
15 months of a request made under AS 18.50.500, the state registrar shall
16 make an effort to contact the biological parents identified on the
17 original certificate of birth of the adopted person and notify them of
18 the request.

19 (b) On request, a child adoption agency shall cooperate in the
20 efforts of the state registrar to notify a biological parent.

21 (c) The state registrar may charge a reasonable fee to the adopted
22 person for the cost of the efforts made under this section.

23 (d) Communications under this section are confidential under
24 AS 09.25.110 and art. I, sec. 22 of the state constitution.

25 Sec. 18.50.520. CONTACT PROCEDURE. (a) The state registrar shall
26 attempt to make a confidential contact with each biological parent named
27 on the original certificate of birth of the adopted person. The contact
28 may not be made by mail and shall be made by the state registrar or by
29 the child adoption agency that processed the adoption.

COMMITTEE COPY

1 (b) The state registrar or the child adoption agency shall provide
2 a biological parent contacted with the following information:

3 (1) the nature of the information requested by the adopted
4 person;

5 (2) the right of the biological parent to file within the
6 following 120 days an affidavit with the state registrar stating that
7 the information on the original certificate of birth should be dis-
8 closed;

9 (3) the right of the biological parent to file a consent to
10 the disclosure with the state registrar at any time;

11 (4) the right of the biological parent to file an affidavit
12 stating that the information on the original certificate of birth should
13 not be disclosed; and

14 (5) the effect of a failure of the biological parent to file
15 either a consent to disclosure or an affidavit stating that the informa-
16 tion on the original certificate of birth should not be disclosed within
17 120 days of the receipt of the notice.

18 (c) If the child adoption agency that processed the adoption
19 contacts the biological parents named on the original certificate of
20 birth, the agency shall file with the state registrar affidavits showing
21 that it provided the information required by (b) of this section. If
22 the state registrar contacts the biological parents named on the origi-
23 nal certificate of birth, the state registrar shall make and keep a
24 record which shows that he provided the information required by (b) of
25 this section.

26 Sec. 18.50.530. EFFECT OF FAILURE TO CONTACT BIOLOGICAL PARENT.

27 (a) If the state registrar or the child adoption agency is not able to
28 contact a biological parent identified on the original certificate of
29 birth within six months after a request under AS 18.50.500, and if

1 neither identified biological parent has filed an unrevoked affidavit
2 with the state registrar stating that the information on the original
3 certificate of birth may be disclosed, information shall be disclosed as
4 follows:

5 (1) If the person was adopted before January 1, 1981, he may
6 petition the superior court for disclosure of the original certificate
7 of birth and the court shall grant the petition if, after consideration
8 of the interests of all known persons involved, the court determines
9 that disclosure of the information would be of greater benefit than
10 nondisclosure.

11 (2) If the person was adopted on or after January 1, 1981,
12 the state registrar shall release the requested information to the
13 adopted person.

14 (b) If a biological parent identified on the original certificate
15 of birth has filed with the state registrar an affidavit stating that
16 the information on the original certificate of birth should not be
17 disclosed, the state registrar may not disclose the information re-
18 garding that biological parent to the adopted person until the affidavit
19 is revoked.

20 Sec. 18.50.540. RELEASE OF INFORMATION AFTER NOTICE. (a) If,
21 within six months of the receipt of a request from an adopted person
22 under AS 18.50.500, the state registrar has notified each biological
23 parent on the original certificate of birth under AS 18.50.510(a) and
24 the biological parent has not filed an affidavit stating that the in-
25 formation on the original certificate of birth should not be disclosed,
26 the state registrar shall disclose the information requested by the
27 adopted person 121 days after the date of the notice to the last bio-
28 logical parent Disclosure may also be made if, during the first 120
29 days, both of the biological parents identified on the original certi-

1 ficate of birth file an affidavit with the state registrar consenting to
2 the disclosure of the information and the affidavit has not been revoked
3 by affidavit.

4 (b) If only one biological parent consents to the disclosure
5 within the first 120 days by filing an affidavit with the state regis-
6 trar, the state registrar shall disclose information only as to the
7 consenting biological parent.

8 Sec. 18.50.550. DEATH OF BIOLOGICAL PARENT. If a biological
9 parent named on an original certificate of birth had filed with the
10 state registrar an unrevoked affidavit stating that the information on
11 the original certificate of birth should not be released and that bio-
12 logical parent dies, the adopted person may petition the superior court
13 for disclosure of the original certificate of birth. The court shall
14 grant the petition if, after consideration of the interests of all
15 persons involved, the court determines that disclosure of the informa-
16 tion would be of greater benefit than nondisclosure.

17 Sec. 18.50.560. JUDICIAL DISCLOSURE. (a) The court may order the
18 state registrar to release information identifying the biological
19 parents of the adopted person on application of the adopted person who
20 is 18 years of age or older and on the determination by the court that
21 disclosure of the information would be of greater benefit than non-
22 disclosure.

23 (b) The court may require the state registrar or the child adop-
24 tion agency to advise the adoptive parents and biological parents of an
25 application for disclosure of identifying information under this sec-
26 tion.

27 (c) In making its determination under (a) of this section, the
28 court shall consider the effect of disclosure on the biological parents,
29 the adoptive parents, and the adopted person.

1 Sec. 18.50.570. RELEASE OF INFORMATION. A person adopted after
2 January 1, 1980, is entitled on request to the state registrar to the
3 following information regarding each biological parent identified on the
4 original certificate of birth:

5 (1) the age of the biological parent at the birth of the
6 adopted person but not the birth date of the biological parent;

7 (2) the heritage of the biological parent, including:

8 (A) national origin;

9 (B) ethnic background; and

10 (C) race;

11 (3) education, which is the number of years of school com-
12 pleted by the biological parent at the time of the birth of the adopted
13 person;

14 (4) general physical appearance of the biological parent at
15 the time of the birth of the adopted person in terms of height, weight,
16 color of hair, eyes, skin, and other information of a similar nature;

17 (5) talents, hobbies, and special interests of the biological
18 parent;

19 (6) the existence of another child or children of the biolo-
20 gical parent;

21 (7) reasons for placement of the child for adoption, for
22 termination of the parental rights of the biological parent, for removal
23 of the biological parent as guardian, or for removal of the right to
24 custody of the biological parent;

25 (8) the religion of the biological parent;

26 (9) the general field of occupation of the biological parent;

27 (10) the health history of the biological parent and of blood
28 relatives of the biological parent provided on a standardized form of
29 the department;

1 (11) the plans made by the biological parent for the adopted
2 person's future; and

3 (12) the legal relationship, if any, between the biological
4 parents.

5 Sec. 18.50.580. MAINTENANCE OF RECORDS. The state registrar and a
6 child adoption agency shall maintain the information concerning biolo-
7 gical parents required under AS 18.50.570 for all adoptions which occur
8 after January 1, 1981. If the information concerning biological parents
9 required under AS 18.50.570 is requested but is not available for adop-
10 tions that occurred before January 1, 1981, the state registrar shall
11 attempt to obtain the required information from the biological parents
12 of the adopted child.

13 Sec. 18.50.590. RECORDS OF A CHILD ADOPTION AGENCY. A child
14 adoption agency licensed under AS 47.35.100 shall maintain records
15 required by the regulations of the department. If a child adoption
16 agency ceases to act as a child adoption agency, it shall transfer its
17 records to the state registrar.

18 Sec. 18.50.600. DEFINITIONS. In AS 18.50.500 - 18.50.600

19 (1) "adoptive parent" means a parent who adopted a person but
20 who is not the biological parent of the person;

21 (2) "biological parent" means a birth parent of the adopted
22 person who is listed on the original certificate of birth of an adopted
23 person which is not subject to inspection;

24 (3) "child adoption agency" means a child adoption agency
25 licensed under AS 47.35.100;

26 (4) "identifying information" means information which dis-
27 closes the identity of the biological parents beyond that listed in
28 AS 18.50.570;

29 (5) "state registrar" means the state registrar appointed

1 under AS 18.50.030.

2 * Sec. 2. This Act takes effect January 1, 1981.
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FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 792
 Title "An Act providing for adoption assistance"
 Requested by Charles H. Parr, Chairman, House Judiciary Comm. Date 3/11/80

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Social Services
 BRU, Program, or Subprogram(s) Affected Program Services, Foster Care
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		100.3				
TOTAL		100.3				

FUNDING (Thousands of Dollars)

GENERAL FUND		100.3				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill would modify the statutes to permit subsidies to be paid to families that have privately adopted a hard-to-place child and to cover certain medical expenses that might be a barrier to placement of such children. This Fiscal Note is based upon the following assumptions:

1. That 10 hard-to-place children will be adopted privately; that the estimated average cost will be consistent with the estimated average daily cost for a child in foster care; and that \$50,260.50 will be required for the subsidies (10 children x \$13.77 a day x 365 days).
2. That the children will be in need of extensive medical, dental and possibly psychological or psychiatric treatment, which will not be covered by medical insurance coverage. Estimated costs are \$50,000.00 (10 children x \$5,000 each).

No projections for future years has been attempted since there is no experience upon which to base such estimates.

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Prepared by: John Pugh, Act. DiBate: 3/11/80

Division/Office: Social Services PH:465-3170

Department of Health & Social Services

ALASKA STATE LEGISLATURE

FORTY-SEVENTH Legislature SECOND Session

HOUSE BILL..... NO. 792...

By ..GARDINER.....

"An Act relating to access to adoption records; and providing for an effective date."

Access to adoption records

Introduced in the House ..2/13....., 19...80

HISTORY IN THE HOUSE

19 80	Read first time and referred to Committee on												
Feb. 13	Judiciary												
	Reported back with recommendation that												
	Read second time and												
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	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
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	Read second time and												
	Read third time and												
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	Reported correctly engrossed												
	Signed by President												
	Returned to House												
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly enrolled
	Sent to Governor
 By Governor
	Filed with Lt. Governor
	Chapter No-



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/20/90
Date

Introduced: 2/18/80
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY SCHAEFFER

2 HOUSE BILL NO. 795

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$125,000,000 for the
8 purpose of paying the cost of constructing a surface
9 transportation system between Kotzebue and Nome; and
10 providing for an effective date."

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

12 * Section 1. For the purpose of paying the cost of constructing a surface
13 transportation system between Kotzebue and Nome, general obligation bonds of
14 the state in the principal amount of not more than \$125,000,000 shall be
15 issued and sold. The full faith, credit and resources of the state are
16 pledged to the payment of the principal of and interest and redemption
17 premium, if any, on these bonds. These bonds shall be issued under the
18 provisions of AS 37.15 as those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the
21 "Northwest Alaska Surface Transportation System Fund" shall be established,
22 to which shall be credited the proceeds of the sale of the bonds described in
23 sec. 1 of this Act except for the accrued interest and premiums. The amount
24 of \$125,000,000 is appropriated from the "Northwest Alaska Surface Trans-
25 portation System Fund" to the Department of Transportation and Public
26 Facilities to be used for the purpose described in sec. 1 of this Act.

27 * Sec. 3. If the issuance of these bonds is authorized by the qualified
28 voters of the state, the amount of \$438,000 or as much of that amount as is
29 found necessary is appropriated from the general fund of the state to the

1 state bond committee to carry out the provisions of this Act and to pay
2 expenses incident to the sale and issuance of the bonds authorized in this
3 Act. The amounts expended from the appropriation authorized by this section
4 shall be reimbursed to the general fund from the proceeds of the sale of the
5 bonds authorized by this Act.

6 * Sec. 4. The amount withdrawn from the public facility planning fund for
7 the purpose of advance planning for the improvements financed under this Act
8 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
9 rized by this Act.

10 * Sec. 5. The question whether the bonds authorized in this Act are to be
11 issued shall be submitted to the qualified voters of the state at the next
12 general election and shall read substantially as follows:

13 Proposition

14 State General Obligation Northwest Alaska Surface Trans-
15 portation System Bonds \$125,000,000

16 Shall the State of Alaska issue its general obligation bonds
17 in the principal amount of not more than \$125,000,000 for the
18 purpose of paying the cost of constructing a surface trans-
19 portation system between Kotzebue and Nome?

20 Bonds Yes []
21 Bonds No []

22 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).

(11)

COMMITTEE REPORT

HOUSE

3/7/80

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 795

"An act providing for the issuance of general obligation bonds in the amount of \$125,000,000 for the purpose of paying the cost of constructing a surface transportation system between Kotzebue and Nome; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

7

HOUSE

3/7

2/18/80

FURTHER: FINANCE

Date: 3-6-80

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 795

"An Act providing for the issuance of general obligation bonds in the amount of \$125,000,000 for the purpose of paying the cost of constructing a surface transportation system between Kotzebue and Nome; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- [X] do pass [] do not pass
[] do pass with attached amendments(s)
[] replace with CS for [] same titl. [] new title
and recommends
[] AND attaches a "Letter of Intent" [] New Fiscal Note
[] reports it back without recommendation
[] referred to the Committee

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members who support the bill.

MEMBERS HAVING OTHER RECOMMENDATIONS:

Handwritten notes and signatures of members with other recommendations.

Handwritten signature of the Chairman.

CHAIRMAN

8122
Clenoweth

Introduced: 2/18/80
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY SCHARFFER

2 HOUSE BILL NO. 795

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$125,000,000 for the
8 purpose of paying the cost of constructing a surface
9 transportation system between Kotzebue and Nome; and
10 providing for an effective date."

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

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22 to which shall be credited the proceeds of the sale of the bonds described in
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24 of \$125,000,000 is appropriated from the "Northwest Alaska Surface Trans-
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26 Facilities to be used for the purpose described in sec. 1 of this Act.

27 * Sec. 3. If the issuance of these bonds is authorized by the qualified
28 voters of the state, the amount of \$438,000 or as much of that amount as is
29 found necessary is appropriated from the general fund of the state to the

HB 795

1 state bond committee to carry out the provisions of this Act and to pay
2 expenses incident to the sale and issuance of the bonds authorized in this
3 Act. The amounts expended from the appropriation authorized by this section
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11 issued shall be submitted to the qualified voters of the state at the next
12 general election and shall read substantially as follows:

13 Proposition

14 State General Obligation Northwest Alaska Surface Trans-
15 portation System Bonds \$125,000,000

16 Shall the State of Alaska issue its general obligation bonds
17 in the principal amount of not more than \$125,000,000 for the
18 purpose of paying the cost of constructing a surface trans-
19 portation system between Kotzebue and Nome?

20 Bonds Yes []

21 Bonds No []

22 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).
24
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ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND... Session

HOUSE BILL..... NO. 795.....

By ..SCHAEFFER.....

"An Act providing for the issuance of general obligation bonds in the amount of \$125,000,000 for the purpose of paying hthe cost of constructing a surface transportation system between Kotzebue and Nome; and providing for an effective date."

GO bonds, surface transportation system between Kotzebue and Nome

Introduced in the House 2/18, 1980

HISTORY IN THE HOUSE

19 80	Read first time and referred to Committee on												
Feb. 18	STATE AFFAIRS AND FINANCE												
	Reported back with recommendation that												
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	Read third time and												
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	Signed by Speaker												
	Sent to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
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	Reported back with recommendation that												
	Read second time and												
	Read third time and												
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	Reported correctly engrossed												
	Signed by President												
	Returned to House												
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
Chapter No.	



RECORDS CERTIFICATION



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James O. Smith
Signature of Camera Operator

3/20/90
Date

(11)

COMMITTEE REPORT

HOUSE

5/2/80

FURTHER:

Date: 5/14/80

Mr. Speaker:

The Committee on FINANCE has had SSHB 800

"An Act relating to the unitization of oil and gas leases, to oil and gas conservation, and to reports of oil and gas under state lease; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 800 (fin) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

Rogers

[Signature]

AGO 750645

[Signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SS HB 800
Title Unitization of Oil and Gas Leases/Oil and Gas Conservation
Requested by House Resources Committee Date 4/17/80

II. FISCAL DETAIL

Agency Affected Natural Resources/Oil and Gas Conservation Commission
Program Category Affected NRMEC
BRU, Program, or Subprogram(s) Affected Management and Administration
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		53.0	53.0	143.0		
200 TRAVEL						
300 CONTRACTUAL		40.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		93.0	53.0	143.0		

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		93.0	53.0	143.0		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		1	1	3		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Within the next year, basic unit agreement forms must be revised and designed to cover net profit share lease accounting under unit agreements, as well as to reflect changes proposed in SS HB 800 and in regulations. Forms that must be revised include the State Unit Agreement Form; the State-Federal Unit Agreement Form; Unit Operating Agreement Form and its exhibits. The \$53,000 proposed for FY 81 would add one position in DNR, an economist, to do policy analysis and research on issues affecting unitization negotiations and approvals and to oversee revisions of the forms. The \$40,000 in contractual money is needed to acquire legal assistance on form revisions and for review of the forms and procedures by an accounting firm. Two additional positions, an accountant and a geologist, would be needed in FY 83 (or possibly earlier or later, depending on the timing of Beaufort Sea [continued on attached sheet])

IV. DATE 4/17/80 PREPARED BY Jeff Haynes, deputy commissioner
AGENCY Natural Resources
PHONE 465-2400
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

unitization negotiations) to represent the State in negotiations on the Unit Operating Agreements proposed for Beaufort Sea leases and in other units containing a net profit share lease or leases with more than one royalty rate or provision.

Original sponsors: McKinnon and Chatterton

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 800 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas leases and their unit-
7 ization, to oil and gas conservation, and to reports of
8 oil and gas under state lease; and providing for an
9 effective date."

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

11 * Section 1. AS 38.05.180(h) is amended to read:

12 (h) The commissioner may include terms in any oil and gas lease
13 imposing a minimum work commitment on the lessee. These terms shall be
14 made public before the sale, and may include appropriate penalty pro-
15 visions to take effect in the event the lessee does not fulfill the
16 minimum work commitment. Should it be demonstrated that a lease has
17 been proven unproductive by actions of the lessee or adjacent lease
18 holders, or if the lease is part of a unit formed under this section,
19 the commissioner may set aside a work commitment.

20 * Sec. 2. AS 38.05.180(m) is amended to read:

21 (m) An oil and gas lease must cover a reasonably compact area not
22 exceeding 5,760 acres, and may be for a maximum period of 10 years,
23 except that the commissioner may issue a lease for a period of not less
24 than five years if he finds it to be in the best interests of the state.
25 However, an [AN] oil and gas lease entered into under this section does
26 not expire [SHALL BE AUTOMATICALLY EXTENDED]

27 (1) if and for so long [THEREAFTER] as oil or gas is produced
28 in paying quantities from the lease;

29 (2) [OR] if the lease is committed to a unit plan approved by

1 the commissioner and the lease is extended under (bb) of this section;

2 (3) if the commissioner finds that the land under lease con-
3 tains [. A LEASE ISSUED UNDER THIS SECTION COVERING LAND ON WHICH THERE
4 IS] a well capable of producing oil or gas in paying quantities and
5 [DOES NOT EXPIRE BECAUSE] the lessee fails to produce oil or gas, unless
6 the lessee has been [IS] allowed reasonable time to place the well on a
7 producing status; when a lease is extended under this paragraph [. UPON
8 EXTENSION], the commissioner may increase lease rentals so long as the
9 increased rental rate does not exceed 150 percent of the rate for the
10 preceding year;

11 (4) if [. IF] drilling has commenced as of [ON] the [EXPIRA-
12 TION] date [OF THE PRIMARY TERM OF] the lease would otherwise expire and
13 is continued with reasonable diligence on the well or on any other well
14 on the lease; a [, INCLUDING SUCH OPERATIONS AS REDRILLING, SIDETRACKING,
15 OR OTHER MEANS NECESSARY TO REACH THE ORIGINALLY PROPOSED BOTTOM HOLE
16 LOCATION, THE] lease extended under this paragraph continues in effect
17 until 90 days after cessation of drilling [HAS CEASED] and for so long
18 thereafter as oil or gas is produced in paying quantities; in deter-
19 mining the period of a lease extension under this paragraph, any day in
20 which drilling is prohibited by a condition of the lease or by a law,
21 regulation or condition affecting the lease may not be counted in deter-
22 mining the 90-day extension period allowed after cessation of drilling;

23 (5) if, within six months after production ceases at any time
24 on a [. AN OIL AND GAS] lease [ISSUED UNDER THIS SECTION] which has pro-
25 duced oil or gas in paying quantities [IS SUBJECT TO TERMINATION BY
26 REASON OF CESSATION OF PRODUCTION DOES NOT TERMINATE IF, WITHIN 60 DAYS
27 AFTER PRODUCTION CEASES], reworking or drilling operations are commenced
28 on the land under lease and are thereafter conducted with reasonable
29 diligence during the period of nonproduction; a lease extended under this

1 paragraph continues in effect if the reworking or drilling operations
2 result in production of oil or gas and for so long thereafter as oil or
3 gas is produced in paying quantities; or

4 (6) if the commissioner finds, after public notice and oppor-
5 tunity for public comment, that the lessee has been prevented, after
6 efforts made in good faith, from conducting drilling operations or from
7 producing, transporting or marketing oil or gas from the lease or from
8 complying with any term, condition or provision of the lease, by reason
9 of war, riots, acts of God, unusually severe weather, or any other
10 direct cause beyond the lessee's reasonable ability to foresee or con-
11 trol, including delays caused by a permit procedure of the federal or
12 state government or of a municipality or political subdivision, or by a
13 judicial decision or other legal action, not the result of actionable
14 conduct of the lessee, which is a direct cause in preventing the lessee
15 from conducting drilling operations or from producing, transporting or
16 marketing oil or gas from the lease; a lease extended under this para-
17 graph continues in effect beyond the date the lease would otherwise ex-
18 pire for a period, as determined by the commissioner, in which the abil-
19 ity to conduct operations or production or to comply with the term, con-
20 dition or provision was prevented if the ability to conduct or continue
21 operations or production or to comply with the term, condition or provi-
22 sion would have had the effect of preventing the expiration of the lease
23 this paragraph

24 (A) does not invalidate an obligation of a lessee under
25 the lease;

26 (B) does not authorize an extension of a lease when the
27 lessee's inability to conduct drilling operations or to produce,
28 transport or market oil or gas from the lease or from complying
29 with a term, condition or provision of the lease is caused by a

1 lack of financial capacity by the lessee or the lack of a market
2 for the oil or gas from the lease;

3 (C) may not be construed to

4 (i) allow actionable, wrongful, or illegal conduct
5 of a lessee to result in extension of the lease;

6 (ii) suspend the obligation of the lessee to pay
7 rentals to the state; or

8 (iii) suspend the obligation of the lessee to pay
9 royalties or other production or profit-based payments to the
10 state from unaffected operations or production on the lease.

11 * Sec. 3. AS 38.05.180(p) is amended to read:

12 (p) To promote timely and efficient exploration, evaluation and
13 operation of land leased under this section, including avoidance of du-
14 plicative facilities and the drilling of unnecessary wells, and to
15 conserve [THE] natural resources [OF ALL OR A PART OF AN OIL OR GAS
16 POOL, FIELD, OR LIKE AREA], the lessees [AND THEIR REPRESENTATIVES] may
17 unite with each other [, OR JOINTLY OF SEPARATELY WITH OTHERS,] in
18 collectively adopting [OR OPERATING UNDER A COOPERATIVE OR] a unit plan
19 for their leases if [OF DEVELOPMENT, OR OPERATION OF THE POOL, FIELD, OR
20 LIKE AREA, OR A PART OF IT, WHEN DETERMINED AND CERTIFIED BY] the commis-
21 sioner finds, after public notice and opportunity for public comment,
22 that the adoption of a unit plan is [TO BE] necessary, [OR] advisable
23 or proper to protect [IN] the public interest. The commissioner may,
24 with the consent of the lessees [HOLDERS OF LEASES] involved, modify the
25 terms and conditions [ESTABLISH, CHANGE, OR REVOKE DRILLING, PRODUCING,
26 AND ROYALTY REQUIREMENTS] of state [THE] leases [AND ADOPT REGULATIONS
27 WITH REFERENCE TO THE LEASES, WITH LIKE CONSENT ON THE PART OF THE
28 LESSEES,] in connection with the institution and operation of a [COOPERA-
29 TIVE OR] unit and for any extension of a lease contained within a unit

1 which [PLAN AS] he determines necessary or proper to secure the [PROPER]
2 protection of the public interest. Land leased under this section may
3 be included in a unit plan with land owned or leased by others if the
4 commissioner finds it necessary, advisable, or proper, and in the public
5 interest. The commissioner may require oil and gas leases issued under
6 this section to contain a provision requiring the lessee to operate
7 under a reasonable [COOPERATIVE OR] unit plan, and he may prescribe a
8 plan under which the lessee must operate. A unit [THE] plan must ade-
9 quately protect all parties in interest, including the state, and be ac-
10 cepted by all parties in interest, including the state. A unit plan
11 shall be limited to a reasonably compact area and include all leases
12 which the commissioner reasonably believes overlie a potential hydro-
13 carbon accumulation or an oil or gas pool or pools. The lessees in
14 interest under a unit plan formed under this section shall designate an
15 operator or operators for leases on land included within the unit area.
16 The operator or operators shall submit to the commissioner a plan of
17 operation for the unit, and shall submit a comprehensive report de-
18 scribing work performed under the plan of operation no later than each
19 anniversary date. The operator or operators may submit revisions or
20 supplements to the plan of operation for the unit or to a revised plan
21 of operation. A plan of operation for the unit and any revisions or
22 supplements to the plan of operation or to a revised plan may not take
23 effect until approved by the commissioner. Approval of the unit plan of
24 operation by the commissioner does not exempt the operator from compli-
25 ance with the requirements of AS 31.05.030 and 31.05.035.

26 * Sec. 4. AS 38.05.180(q) is amended to read:

27 (q) A unit plan authorized by [(p) OF] this section shall [, WHICH
28 INCLUDES LAND OWNED BY THE STATE, MAY] contain a provision vesting the
29 commissioner [, OR A PERSON, COMMITTEE, OR STATE AGENCY,] with authority

1 to modify from time to time the rate of exploration [PROSPECTING] and
2 development under the unit plan if the commissioner finds that modifica-
3 tion of the rate of exploration or development is necessary to protect
4 the public interest. A unit plan authorized by this section shall con
5 tain a provision vesting the Alaska Oil and Gas Conservation Commission
6 with authority to modify from time to time, for conservation purposes,
7 [AND] the quantity and rate of production under the plan. All leases
8 operated under a unit plan approved or prescribed by the commissioner
9 are excepted in determining holdings or control under AS 38.05.140. The
10 provisions of this section concerning [COOPERATIVE OR] unit plans are in
11 addition to and do not affect AS 31.05.

12 * Sec. 5. AS 38.05.180 is amended by adding new subsections to read:

13 (aa) Notwithstanding the requirement of acceptance of a unit plan
14 by all parties in interest under (p) of this section, the commissioner
15 may accept, on behalf of the state, a unit plan which has not been
16 accepted by all parties in interest if he finds that the unit plan has
17 been accepted by parties holding sufficient interests in the proposed
18 unit area to provide for reasonably effective control of operations
19 within the unit area. The approval of the commissioner under this
20 subsection does not bind a party in interest which has not consented to
21 the provisions of the unit plan, and is without prejudice to the
22 rights of a party in interest which has not consented to the unit.

23 (bb) A state lease included in a unit formed under this section does
24 not expire at the end of its primary term

25 (1) if the lease meets one of the requirements set out in (m)
26 or (gg) of this section; or

27 (2) if the commissioner, after public hearing, finds that

28 (A) the public interest will be served by lease exten-
sion; and

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1 (B) drilling, exploration, or confirmation activities
2 have been and will be diligently conducted within the unit area
3 under a plan of operation which has been approved by him.

4 (cc) When, within a unit formed under this section, an operator
5 encounters and confirms a hydrocarbon accumulation and completes a well
6 capable of producing oil or gas in commercial quantities, the lessees in
7 interest shall, upon request of the commissioner, delineate the boundary
8 of the participating area. The boundary which the lessees delineate
9 shall be based on an interpretation of all available geologic and petro-
10 leum engineering data, and is subject to approval by the commissioner.

11 (dd) Lessees may adopt one or more agreements to provide for the
12 unitized management, development and operation of a discovered oil or
13 gas pool or pools. When the lessees have adopted an agreement or agree-
14 ments under this subsection, they shall secure integration of their
15 interests in accordance with AS 31.05.110 within a participating area.
16 All parties in interest including the state, shall sign these agree-
17 ments. If the parties fail or refuse to voluntarily integrate their
18 interests, the commissioner may designate a participating area and shall
19 petition the Alaska Oil and Gas Conservation Commission under AS 31.05.-
20 110 to secure integration.

21 (ee) The operator or operators designated by the lessees in in-
22 terest in the participating area shall submit to the commissioner a plan
23 of operation for the participating area, and shall submit a comprehensive
24 report describing work performed under the plan of operation no later
25 than each anniversary date. The operator or operators may submit revi-
26 sions or supplements to the plan of operation for the participating area
27 or to a revised plan of operation. A plan of operation for the partici-
28 pating area and any revisions or supplements to the plan of operation or
to a revised plan may not take effect until approved by the commissioner.

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2 (ff) If a lease in the unit contains a royalty provision based on a
3 sliding scale formula or reserves to the state a share of the net pro-
4 fits of production from the lease, or if one or more leases in the unit
5 have two or more different royalty rates or provisions, the unit opera-
6 tor or operators shall secure written approval from the commissioner for
7 (1) the division of interest or the formula for the apportionment and
8 allocation of hydrocarbons produced from the unit, and costs incident to
9 unit operations among and ascribable to all separately owned tracts
10 within the unit area, and (2) any proposed revision of an approved
11 division of interest or the formula for the apportionment and allocation
12 of hydrocarbons produced from the unit, and costs incident to unit
13 operations among and ascribable to all separately owned tracts within
14 the unit area. The unit operator or operators shall secure the written
15 approval of the commissioner before implementing the proposed or revised
16 division of interest or the formula for the apportionment and allocation
17 of hydrocarbons produced from the unit, and costs incident to unit
18 operations. When requested by the commissioner, the unit operator or
19 operators shall promptly file with the commissioner all data which
20 supports the proposed or revised division of interest or the formula for
21 the apportionment and allocation of hydrocarbons produced from the unit,
22 and costs incident to unit operations among and ascribable to all
23 separately owned tracts within the unit area.

24 (gg) A lease included in a participating area does not expire as
25 long as oil or gas is produced from the participating area or as long as
26 the operator or operators conduct operations in a participating area
27 under a plan of operation approved by the commissioner.

28 (hh) A lease or portion of a lease which is not included in a par-
29 ticipating area is not affected by operations in the participating area.
30 A lease or portion of a lease which is eliminated by contraction of the

1 unit area under (ii) of this section remains subject to the terms and
2 conditions of the original lease and any modification of the terms and
3 conditions of the original lease, and is not affected by the unitization
4 of any other portion of the leased area or by operations in a unit.
5 However, the commissioner may extend a lease with an aliquot part in-
6 cluded in a participating area for not more than three years beyond the
7 date it would otherwise expire, at which time the portion of the lease
8 which is not included within an approved participating area shall be
9 surrendered unless extended under (bb) of this section.

10 (ii) The commissioner may, after notice and opportunity for comment
11 by lessees affected by a proposed change in the boundary of a unit,
12 require contraction or expansion of the boundary of the unit to include
13 and reasonably protect only the land capable of contributing to the pro-
14 duction of oil or gas in commercial quantities.

15 (jj) The commissioner shall review and approve all plans of opera-
16 tion, the formation and revision of participating areas, and other ac-
17 tions affecting the lease interests of the state under a unit, whether
18 formed voluntarily or by order of the Alaska Oil and Gas Conservation
19 Commission under AS 31.05.110. A request for approval of a determina-
20 tion, decision or other action affecting the interest of a state lease
21 included in a unit shall be submitted to the commissioner and shall be
22 supported by copies of all data necessary for the commissioner to make
23 an informed decision. If the commissioner determines (1) that action
24 affecting the interest of a state lease has been undertaken or withheld
25 without his consent, (2) that a lessee has failed to comply with the ap-
26 proved terms of any agreement or has failed to comply with a term, con-
27 dition or provision of the lease, or (3) that state land has not been
28 allocated an equitable share of production from the unit or an equitable
29 share of costs incurred by unit operations, the commissioner shall

1 notify the unit operator and lessees of his determination, and specify
2 the remedial action which is necessary. The commissioner shall provide
3 the unit operator or lessee a reasonable opportunity to take the
4 remedial action specified. If the remedial action specified is not
5 taken within a reasonable period, after providing opportunity for
6 hearing to the unit operator and all lessees who may be affected by his
7 determination that remedial action is necessary, the commissioner may
8 determine that the unit or any lease subject to the unit is in default.
9 Following determination of default, the commissioner may terminate the
10 unit as to all state leases within the unit, or may terminate the unit
11 as to any state lease or leases which are subject to the unit, and may
12 enforce the lessee's obligation under the lease in the same manner as if
13 the land had never been subject to the unit.

14 (kk) A unit plan for the exploration of a potential hydrocarbon
15 accumulation or for the development or operation of an oil or gas pool
16 or pools, which has been approved by the commissioner, does not violate
17 any statute of the state prohibiting monopolies or acts, arrangements,
18 agreements, contracts, combinations or conspiracies in restraint of
19 trade or commerce.

20 (ll) In this section,

21 (1) "anniversary date" means that date during each year which
22 corresponds to the date of approval of the first plan of operation for a
23 unit or a participating area;

24 (2) "commercial quantities" means quantities sufficient to
25 repay the costs of drilling, development, production, transportation and
26 marketing, with a reasonable profit to lessees;

27 (3) "participating area" means an area reasonably proven, by
28 subsurface data derived from drilling, production, and other geologic
29 and geophysical information, to overlie an oil or gas pool or pools

1 capable of production of oil or gas in commercial quantities;

2 (4) "plan of operation" means

3 (A) a schedule of the approximate dates, locations and
4 depths of wells to be drilled and other exploration, development
5 and production activities which lessees agree to conduct in a unit
6 area or in a participating area; and

7 (B) a description of anticipated effects that would
8 occur on surface lands and waters from proposed activities, and the
9 measures to mitigate any adverse effects;

10 (5) "pool" means an underground reservoir containing a common
11 accumulation of oil or gas; each zone of a general structure which is
12 completely separated from any other zone in the structure is covered by
13 the term "pool";

14 (6) "potential hydrocarbon accumulation" means a structural
15 or stratigraphic entrapping mechanism which is likely to have the neces-
16 sary physical characteristics to accumulate and prevent the escape of
17 oil or gas;

18 (7) "production in paying quantities" or "produced in paying
19 quantities" means production in quantities sufficient to yield a return
20 in excess of operating costs, even if drilling and equipment costs may
21 never be repaid and the undertaking considered as a whole may ultimately
22 result in a loss; quantities are insufficient to yield a return in
23 excess of operating costs unless those quantities, less the costs of
24 transportation and marketing, will produce sufficient revenue to induce
25 a prudent operator to produce and market those quantities;

26 (8) "unit area" or "unitized area" means the land subject to
27 a unit plan;

28 (9) "unit plan" or "unit" means an agreement providing for
29 the unitized management of leases overlying a potential hydrocarbon

1 accumulation or an oil or gas pool or pools, in which separate leases
2 subject to the plan are explored, developed and operated as a single
3 consolidated entity without regard to separate ownership; the term
4 includes allocations of hydrocarbons produced from the unit and all
5 revisions or amendments to it and all plans of operation of the unit
6 area.

7 * Sec. 6. AS 31.05.027 is amended to read:

8 Sec. 31.05.027. APPLICATION. The authority of the commission
9 applies to all land in the state lawfully subject to its police powers.
10 It applies to land of the United States or to land subject to the juris-
11 diction of the United States only to the extent that control and super-
12 vision of conservation of oil and gas and prevention of waste by the
13 United States on its land fails to carry out the intent and purposes of
14 this chapter, and otherwise applies to federal land so far as an officer
15 of the United States having jurisdiction, or his authorized representa-
16 tive, shall approve any of the provisions of this chapter or orders of
17 the commission which affect land. [THE AUTHORITY OF THE COMMISSION
18 FURTHER APPLIES TO ALL LAND INCLUDED IN A VOLUNTARY COOPERATIVE OR UNIT
19 PLAN OF DEVELOPMENT OR OPERATION ENTERED INTO IN ACCORDANCE WITH AS 38.-
20 05.180(m).]

21 * Sec. 7. AS 31.05.035(c) is amended to read:

22 (c) The reports and information required in (a) of this section
23 shall be kept confidential for 24 months following the 30-day filing
24 period unless the owner of the well gives written permission to the com-
25 mission to release the reports and information at an earlier date. How-
26 ever, if (1) [IF THE COMMISSIONER FINDS THAT] the required reports and
27 information were derived from a well drilled within 18 miles of un-
28 leased land which has been scheduled for an oil and gas lease sale
29 and for which notice of the sale has been given under AS 38.05.345 or

1 under the notice provision of sec. 205(a) of the Outer Continental Shelf
2 Lands Act Amendments of 1978, P.L. 95-372 (43 U.S.C. sec. 1337(a)(8)),
3 (2) the sale is not held on the date specified in the notice of sale
4 given under AS 38.05.345 or under the notice provision of sec. 205(a) of
5 the Outer Continental Shelf Lands Act Amendments of 1978, P.L. 95-372
6 (43 U.S.C. sec. 1337(a)(8)), and (3) the commissioner of natural re-
7 sources determines in writing that extension of the period of confiden-
8 tiality is in the best interests of the state, the commissioner of
9 natural resources shall request the commission to [CONTAIN SIGNIFICANT
10 INFORMATION RELATING TO THE VALUATION OF UNLEASED LAND IN THE SAME
11 VICINITY, HE SHALL] keep the reports and information confidential until
12 the sale is actually held or for a total of not more than 48 months
13 beyond the 30-day filing period, whichever occurs earlier. If the period
14 of confidentiality is extended under this subsection, [REASONABLE TIME
15 AFTER THE DISPOSITION OF ALL AFFECTED UNLEASED LAND, UNLESS] the owner
16 of the well may give [GIVES] written permission to the commission to
17 release the reports and information at an earlier date. Well location,
18 depth, status and production data and production reports required by the
19 commission to be filed subsequent to the 30-day filing period shall be
20 considered public information and may [SHALL] not be classified confi-
21 dential. Production data, as used in this subsection, means volume,
22 gravity and gas-oil ratio of all production of oil or gas after the well
23 begins regular production.

24 * Sec. 8. AS 31.05.035 is amended by adding a new subsection to read:

25 (e) Reports and information on state land kept confidential under
26 this section may be examined by persons designated by the commissioner
27 of natural resources who are employees of the state if an examination of
28 the reports and information is required to evaluate the state's re-
29 sources. A person authorized to examine a report or information under

1 this subsection shall keep the material which he examines confidential.

2 * Sec. 9. AS 31.05.060(b) is amended to read:

3 (b) Except as provided in this subsection, any action by the
4 commission under this chapter that has statewide or general application
5 shall be performed in accordance with the Administrative Procedure Act
6 (AS 44.62). Any action by the commission under this chapter that has
7 application to a single well or single field need not comply with the
8 provisions of AS 44.62.330 - 44.62.630, but, when an exception from the
9 commission's regulations or orders is requested, the commission shall
10 provide [SHALL BE PERFORMED IN ACCORDANCE WITH REGULATIONS OF THE COM-
11 MISSION DESIGNED TO AFFORD] persons affected by the action notice and an
12 opportunity to be heard.

13 * Sec. 10. AS 31.05.110(a) is amended to read:

14 (a) To prevent, or to assist in preventing waste, to ensure [IN-
15 SURE] a greater ultimate recovery of oil and gas, and to protect the
16 correlative rights of persons owning interests in the tracts of land
17 affected, these persons may validly integrate their interests to provide
18 for the unitized management, development, and operation of such tracts
19 of land as a unit. The commission shall

20 (1) review all units which are formed voluntarily, including
21 units formed under AS 38.05.180, before oil or gas is produced under the
22 terms of the unit agreement;

23 (2) approve the formation of units examined under (1) of this
24 subsection if the commission makes written findings that waste will not
25 occur and correlative rights are protected [WHERE, HOWEVER, THEY HAVE
26 NOT AGREED TO INTEGRATE THEIR INTERESTS, THE COMMISSION, UPON PROPER
27 PETITION, AFTER NOTICE AND HEARING, HAS JURISDICTION, POWER AND AUTHOR-
28 ITY, AND IT IS ITS DUTY TO MAKE AND ENFORCE ORDERS AND DO THE THINGS
29 NECESSARY OR PROPER TO CARRY OUT THE PURPOSES OF THIS SECTION].

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* Sec. 11. AS 31.05.110(b) is amended to read:

(b) When the owners of interests in land overlying an oil or gas pool have not agreed to integrate their interests, [IF UPON THE FILING OF A PETITION BY OR WITH THE COMMISSION AND AFTER NOTICE AND HEARING, ALL IN THE FORM AND MANNER AND IN ACCORDANCE WITH THE PROCEDURE AND REQUIREMENTS PROVIDED IN THIS SECTION,] the commission, acting on its own motion or on petition of another party, shall order involuntary unitization if it makes written findings, after notice and public hearing, [FINDS] that [(1)] the unitized management, operation and further development of a pool or pools or any portion of a pool or pools is reasonably necessary in order to prevent waste, maximize ultimate recovery and protect correlative rights. When the commission makes an order requiring involuntary unitization [EFFECTIVELY CARRY ON PRESSURE CONTROL, PRESSURE-MAINTENANCE OR REPRESSURING OPERATIONS, CYCLING OPERATIONS, WATER FLOODING OPERATIONS, OR ANY COMBINATION OF THESE, OR ANY OTHER FORM OF JOINT EFFORT CALCULATED TO SUBSTANTIALLY INCREASE THE ULTIMATE RECOVERY OF OIL AND GAS FROM THE POOL; (2) ONE OR MORE OF THE UNITIZED METHODS OF OPERATION AS APPLIED TO THE POOL OR PORTION OF IT IS FEASIBLE, AND WILL PREVENT WASTE AND WILL WITH REASONABLE PROBABILITY RESULT IN THE INCREASED RECOVERY OF SUBSTANTIALLY MORE OIL AND GAS FROM THE POOL THAN WOULD OTHERWISE BE RECOVERED; (3) THE ESTIMATED ADDITIONAL COST, IF ANY, OF CONDUCTING SUCH OPERATIONS WILL NOT EXCEED THE VALUE OF THE ADDITIONAL OIL AND GAS SO RECOVERED; AND (4) THE UNITIZATION AND ADOPTION OF ONE OR MORE OF THE UNITIZED METHODS OF OPERATION IS FOR THE COMMON GOOD], it shall create [MAKE A FINDING TO THAT EFFECT AND MAKE AN ORDER CREATING] the unit and provide [PROVIDING] for the unitization and unitized operation of the pool or pools or portion of the pool or pools [IT] described in the order, upon the terms and conditions, as may be shown by the evidence to be fair, reasonable, equitable, and which are necessary or

1 proper to protect, safeguard and adjust the respective rights and obliga-
2 tions of the several persons affected, including royalty owner, owners
3 of overriding royalties, owners of net profit share interests, oil and
4 gas payments, carried interests, mortgages, lien claimants and others,
5 as well as the lessees. The petition shall set out a description of the
6 proposed unit area with a map or plat of it attached, shall allege the
7 existence of the facts required to be found by the commission as provided
8 in this subsection [PARAGRAPH] and shall have attached to it a recom-
9 mended plan of unitization applicable to the proposed unit area and
10 which the petitioner considers to be fair, reasonable and equitable.
11 The order of the commission for involuntary unitization shall define the
12 boundary of the area and the vertical limits to be included within the
13 unit area and prescribe with reasonable detail the plan of unitization
14 applicable to it.

15 * Sec. 12. AS 31.05.110(c) is amended to read:

16 (c) [THE ORDER OF THE COMMISSION SHALL DEFINE THE BOUNDARY OF THE
17 AREA TO BE INCLUDED WITHIN THE UNIT AREA AND PRESCRIBE WITH REASONABLE
18 DETAIL THE PLAN OF UNITIZATION APPLICABLE TO IT] Each unit and unit
19 area may be limited to all or a portion of a single pool. Only so much
20 of a pool or pools as has been defined and determined to be reasonably
21 capable of contributing to the production of oil or gas [PRODUCTIVE ON
22 THE BASIS OF INFORMATION AVAILABLE TO THE COMMISSION] may be so included
23 within the unit area. A unit may be created to embrace less than the
24 whole of a pool only where it is shown by the evidence that the area to
25 be so included within the unit area is of a size and shape as may be
26 reasonably required for the successful and efficient conduct of the
27 unitized method of operation for which the unit is created, and that the
28 conduct of it will have no material adverse effect upon the remainder of
the pool. The plan of unitization for each unit and unit area shall be

1 one suited to the needs and requirements of the particular unit depen-
2 dent upon the facts and conditions found to exist with respect to it.
3 In addition to other terms, provisions, conditions and requirements
4 found by the commission to be reasonably necessary or proper to carry
5 out the purpose of this chapter, and subject to the further requirements
6 of this section, each plan of unitization shall contain fair, reasonable
7 and equitable provisions for

8 (1) the efficient unitized management or control of the
9 further development and operation of the unit area for the recovery of
10 oil and gas from the pool or pools affected; under such a plan the
11 actual operations within the unit area may be carried on in whole or in
12 part by the unit itself, or by one or more of the lessees within the
13 unit area as the unit operator subject to the supervision and direction
14 of the unit, dependent upon what is most beneficial or expedient; [THE
15 DESIGNATION OF] the unit operator shall be designated by [VOTE OF] the
16 lessees in the unit in a manner provided in the plan of unitization and
17 not by the commission;

18 (2) the division of interest or formula for the apportionment
19 and allocation of the unit production, among and to the several sepa-
20 rately owned tracts within the unit area which [SUCH AS] will reasonably
21 permit a person [PERSONS] otherwise entitled to share in or benefit by
22 the production from the [SUCH] separately owned tracts to produce and
23 receive, instead of the share or benefit from the tracts [THEREOF], his
24 [THEIR] fair, equitable and reasonable share of the unit production or
25 other benefits of it: a separately owned tract's fair, equitable, and
26 reasonable share of the unit production shall be measured by the value
27 of each such tract for oil and gas purposes and its contributing value
28 to the unit in relation to like values of other tracts in the unit,
29 taking into account acreage, the quantity of oil and gas recoverable

1 from it, location on the structure, its probable productivity of oil and
2 gas in the absence of unit operations, the burden of operations to which
3 the tract will or is likely to be subjected, or so many of these factors,
4 or such other pertinent engineering, geological or operating factors as
5 may be reasonably susceptible of determination; unit production as that
6 term is used in this chapter means all oil and gas produced from a unit
7 area from the effective date of the order of the commission creating
8 or approving the unit regardless of the well or tract within the unit
9 area from which the same is produced;

10 (3) the manner in which the unit and the further development
11 and operation of the unit area shall or may be financed and the basis,
12 terms and conditions on which the cost and expense of it shall be appor-
13 tioned among and assessed against the tracts and interests made charge-
14 able with it, including a detailed accounting procedure governing all
15 charges and credits incident to such operations; upon terms and condi-
16 tions as to time and rate of interest as may be fair to all concerned,
17 reasonable provision shall be made in the plan of unitization for carry-
18 ing or otherwise financing lessees who are unable to promptly meet their
19 financial obligations in connection with the unit;

20 (4) the procedure and basis upon which wells, equipment and
21 other properties of the several lessees within the unit area are to be
22 taken over and used for unit operations, including the method of arriv-
23 ing at the compensation for it, or of otherwise proportionately equaliz-
24 ing or adjusting the investment of the several lessees in the project as
25 of the effective date of unit operation;

26 (5) the creation of an operating committee to have general
27 overall management and control of the unit and the conduct of its busi-
28 ness and affairs and the operations carried on by it, together with the
29 creation or designation of other subcommittees, boards or officers to

1 function under the authority of the operating committee as may be neces-
2 sary, proper or convenient in the efficient management of the unit, de-
3 fining the powers and duties of all the committees, boards and officers,
4 and prescribing their tenure and time and method for their selection;

5 (6) the effective date of [TIME WHEN] the plan of unitization
6 [BECOMES EFFECTIVE];

7 (7) [THE TIME WHEN AND] the conditions under which and the
8 method by which the unit shall or may be dissolved [AND ITS AFFAIRS
9 WOUND UP].

10 * Sec. 13. AS 31.05.110(f) is amended to read:

11 (f) From the effective date of an order of the commission creating
12 a unit and prescribing the plan of unitization applicable to it, or of
13 an order of the commission approving a unit, the production of oil or
14 gas from [OPERATION OF] a well [PRODUCING FROM THE POOL OR PORTION OF
15 IT] within the unit area defined in the order by persons other than the
16 unit or persons acting under its authority or except in the manner and
17 to the extent provided in the plan of unitization is unlawful and is
18 prohibited.

19 * Sec. 14. AS 31.05.110(p) is amended to read:

20 (p) An aliquot of unit production may be underlifted or overlifted
21 from a unit established under this chapter or AS 38.05.180 [AS 38.05.-
22 180(m)] only when it does not create waste, except the commission [COM-
23 MISSIONER] may permit underlifting or overlifting for temporary periods
24 for the purpose of accommodating extraordinary disruptions to an interest
25 owner's production disposal system. Underlifted oil may be recovered by
26 an interest owner or royalty owner at a daily rate not to exceed 10
27 percent of his working or royalty interest share of daily production at
28 the time of underlift recovery. This subsection applies to all units
created after June 30, 1978.

1 * Sec. 15. AS 31.05.110(q) is amended to read:

2 (q) Subsections (b) - (p) of this [THIS] section apply [APPLIES]
3 to all involuntary units formed in the state. Subsections (a) and
4 (e) - (p) [(g) - (p)] of this section apply to all voluntary units
5 formed in the state and to a [VOLUNTARY COOPERATIVE OR] unit plan [OF
6 DEVELOPMENT OR OPERATION] entered into in accordance with AS 38.05.180
7 [AS 38.05.180(p)].

8 * Sec. 16. AS 31.05 is amended by adding new sections to read:

9 Sec. 31.05.112. LIMITATIONS ON INVOLUNTARY UNITIZATION. (a) The
10 commission may not order involuntary unitization of land unless the
11 commission makes written findings that waste would occur and correlative
12 rights would be violated if the unit is not ordered.

13 (b) The interests of a lessee in a unit area may not be subjected
14 to a unit agreement under AS 31.05.110 if the unit agreement allocates
15 unit production to the interest of the lessee under a formula based
16 solely on the surface acreage of the separate tracts within the unit
17 area.

18 Sec. 31.05.114. EFFECT OF UNITIZATION ON STATE LEASES. (a) A
19 state lease entered into under AS 38.05.180 included in a unit formed
20 under AS 31.05.110 does not expire at the end of its primary term

21 (1) if the lease meets one of the requirements set out in
22 AS 38.05.180(m) or (gg); or

23 (2) if the commissioner of natural resources, after public
24 hearing, finds that

25 (A) the public interest will be served by lease exten-
26 sion; and

27 (B) drilling, exploration, or confirmation activities
28 have been and will be diligently conducted within the unit area
29 under a plan of operation which has been approved by him.

1 (b) At the time of an extension of a lease under (a)(2) of this
2 section, the commissioner of natural resources may modify the terms and
3 conditions of a state lease which is included in a unit ordered by the
4 commission under AS 31.05.110(b) if he determines that modification of
5 the terms and conditions is necessary or proper to secure the protection
6 of the public interest.

7 * Sec. 17. AS 31.05.170(9) is amended to read:

8 (9) "pool" means an underground reservoir containing [, OR
9 APPEARING TO CONTAIN,] a common accumulation of oil or gas; each [.
10 EACH] zone of a general structure which is completely separated from any
11 other zone in the structure is covered by the term "pool";

12 * Sec. 18. AS 31.05.170 is amended by adding new paragraphs to read:

13 (14) "unit" or "unitization" or "plan of unitization" means an
14 agreement or plan of development and operation for the recovery of oil
15 or gas from leases where the leases are operated as a single consoli-
16 dated entity without regard to separate ownerships, for which an alloca-
17 tion of costs and benefits is defined in the agreement or plan;

18 (15) "unit area" or "unitized area" means the land subject to
19 a unit.

20 * Sec. 19. AS 45.52.060(b) is amended by adding a new paragraph to read:

21 (4) AS 38.05.180(kk)

22 * Sec. 20. Sections 1 - 6 and 10 - 19 of this Act are retroactive to
23 December 1, 1979, and apply to the extent constitutionally permissible to all
24 leases entered into by the state and all units created under AS 38.05 or
25 AS 31.05 after December 1, 1979.

26 * Sec. 21. This Act takes effect immediately in accordance with AS 01.10.-
27 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SS HB 800

Title Unitization of Oil and Gas Leases/Oil and Gas Conservation

Requested by House Resources Committee Date 4/17/80

II. FISCAL DETAIL

Agency Affected Natural Resources/Oil and Gas Conservation Commission

Program Category Affected NRMEC

BRU, Program, or Subprogram(s) Affected Management and Administration

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		53.0	53.0	143.0		
200 TRAVEL						
300 CONTRACTUAL		40.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		93.0	53.0	143.0		

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		93.0	53.0	143.0		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		1	1	3		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Within the next year, basic unit agreement forms must be revised and designed to cover net profit share lease accounting under unit agreements, as well as to reflect changes proposed in SS HB 800 and in regulations. Forms that must be revised include the State Unit Agreement Form; the State-Federal Unit Agreement Form; Unit Operating Agreement Form and its exhibits. The \$53,000 proposed for FY 81 would add one position in DNR, an economist, to do policy analysis and research on issues affecting unitization negotiations and approvals and to oversee revisions of the forms. The \$40,000 in contractual money is needed to acquire legal assistance on form revisions and for review of the forms and procedures by an accounting firm. Two additional positions, an accountant and a geologist, would be needed in FY 83 (or possibly earlier or later, depending on the timing of Beaufort Sea [continued on attached sheet])

IV. DATE 4/17/80 PREPARED BY Jeff Haynes, deputy commissioner
 AGENCY Natural Resources
 PHONE 465-2400
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

unitization negotiations) to represent the State in negotiations on the Unit Operating Agreements proposed for Beaufort Sea leases and in other units containing a net profit share lease or leases with more than one royalty rate or provision.

Original sponsors: McKinnon and Chatterton

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 800 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas leases and their unit-
7 ization, to oil and gas conservation, and to reports of
8 oil and gas under state lease; and providing for an
9 effective date."

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

11 * Section 1. AS 38.05.180(h) is amended to read:

12 (h) The commissioner may include terms in any oil and gas lease
13 imposing a minimum work commitment on the lessee. These terms shall be
14 made public before the sale, and may include appropriate penalty pro-
15 visions to take effect in the event the lessee does not fulfill the
16 minimum work commitment. Should it be demonstrated that a lease has
17 been proven unproductive by actions of the lessee or adjacent lease
18 holders, or if the lease is part of a unit formed under this section,
19 the commissioner may set aside a work commitment.

20 * Sec. 2. AS 38.05.180(m) is amended to read:

21 (m) An oil and gas lease must cover a reasonably compact area not
22 exceeding 5,760 acres, and may be for a maximum period of 10 years,
23 except that the commissioner may issue a lease for a period of not less
24 than five years if he finds it to be in the best interests of the state.
25 However, an [AN] oil and gas lease entered into under this section does
26 not expire [SHALL BE AUTOMATICALLY EXTENDED]

27 (1) if and for so long [THEREAFTER] as oil or gas is produced
28 in paying quantities from the lease;

29 (2) [OR] if the lease is committed to a unit plan approved by

1 the commissioner and the lease is extended under (bb) of this section;

2 (3) if the commissioner finds that the land under lease con-
3 tains [. A LEASE ISSUED UNDER THIS SECTION COVERING LAND ON WHICH THERE
4 IS] a well capable of producing oil or gas in paying quantities and
5 [DOES NOT EXPIRE BECAUSE] the lessee fails to produce oil or gas, unless
6 the lessee has been [IS] allowed reasonable time to place the well on a
7 producing status; when a lease is extended under this paragraph [. UPON
8 EXTENSION], the commissioner may increase lease rentals so long as the
9 increased rental rate does not exceed 150 percent of the rate for the
10 preceding year;

11 (4) if [. IF] drilling has commenced as of [ON] the [EXPIRA-
12 TION] date [OF THE PRIMARY TERM OF] the lease would otherwise expire and
13 is continued with reasonable diligence on the well or on any other well
14 on the lease; a [, INCLUDING SUCH OPERATIONS AS REDRILLING, SIDETRACKING,
15 OR OTHER MEANS NECESSARY TO REACH THE ORIGINALLY PROPOSED BOTTOM HOLE
16 LOCATION, THE] lease extended under this paragraph continues in effect
17 until 90 days after cessation of drilling [HAS CEASED] and for so long
18 thereafter as oil or gas is produced in paying quantities; in deter-
19 mining the period of a lease extension under this paragraph, any day in
20 which drilling is prohibited by a condition of the lease or by a law,
21 regulation or condition affecting the lease may not be counted in deter-
22 mining the 90-day extension period allowed after cessation of drilling;

23 (5) if, within six months after production ceases at any time
24 on a [. AN OIL AND GAS] lease [ISSUED UNDER THIS SECTION] which has pro-
25 duced oil or gas in paying quantities [IS SUBJECT TO TERMINATION BY
26 REASON OF CESSATION OF PRODUCTION DOES NOT TERMINATE IF, WITHIN 60 DAYS
27 AFTER PRODUCTION CEASES], reworking or drilling operations are commenced
28 on the land under lease and are thereafter conducted with reasonable
29 diligence during the period of nonproduction; a lease extended under this