

LEG. FINANCE - BILLS 1983 - 1984 2101

SB 370 - SB 371 2101

COMMITTEE REPORT
SENATE

FURTHER:

Date 3/1/84

Mr. President

The Committee on Finance considered SB 370

Authorizing the acquisition of the Alaska Railroad; authorizing the
governor to negotiate the transfer terms. etc.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 370 (Fin)
- new title
- same title and recommends DO Pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

Offered: 2/8/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE ~~TRANSPORTATION~~ ^{Finance} COMMITTEE

2 CS FOR SENATE BILL NO. 370 (~~Transportation~~ ^{Finance})

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the acquisition of the Alaska
7 Railroad; authorizing the governor to negotiate the
8 transfer terms; and providing for an effective date."

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

10 * Section 1. ACCEPTANCE OF CERTIFICATION REQUIREMENTS OF ALASKA RAIL-
11 ROAD TRANSFER ACT OF 1982. The state accepts, for itself and any entity
12 that might subsequently be created to operate the Alaska Railroad, the
13 certification requirements under 45 U.S.C. 1201 - 1214 (Alaska Railroad
14 Transfer Act of January 14, 1983). Accordingly, the state agrees to

15 (1) acquire the Alaska Railroad and accept all rail property of
16 the Alaska Railroad under 45 U.S.C. 1203(a); ^{Insert #1}

17 (2) operate the Alaska Railroad as a rail carrier in intrastate
18 and interstate commerce;

19 (3) assume all rights, liabilities, and obligations of the
20 Alaska Railroad existing on the date of transfer to the state, including
21 leases, permits, licenses, contracts, agreements, claims, tariffs, accounts
22 receivable, and accounts payable, except as otherwise provided by 45 U.S.C.
23 1201 - 1214;

24 (4) protect the employment interests of the employees of the
25 Alaska Railroad during the two-year period commencing on the date of trans-
26 fer, as required by 45 U.S.C. 1203(d)(3)(A) and 45 U.S.C. 1206;

27 (5) protect the employment interests of the officers of the
28 Alaska Railroad as required by 45 U.S.C. 1203(d)(3)(E);

29 (6) allow representatives of the United States Secretary of

1 Transportation adequate access to employees and records of the Alaska
2 Railroad when needed for the performance of functions related to the period
3 of federal ownership; and

4 (7) compensate the United States at the value determined by the
5 United States Railway Association under 45 U.S.C. 1204(d).

6 * Sec. 2. (a) The governor may enter into transfer agreements, compen-
7 sation agreements, and any other related agreements with the United States
8 Secretary of Transportation in order to secure certification by the secre-
9 tary that the state has met the requirements of 45 U.S.C. 1203 and in order
10 to secure the transfer ~~of the Alaska Railroad to the state.~~
Delete & Insert #2

11 (j) Transfer of the Alaska Railroad shall not occur until after the
12 effective date of an Act establishing or otherwise providing for an entity
13 to operate the state-owned railroad.

14 * Sec. ³~~4~~ DEFINITIONS. *Insert #3 (new section 3)* In this Act, unless the context clearly indi-
15 cates otherwise,

16 (1) "Alaska Railroad" means the agency of the United States
17 Government that is operated by the U.S. Department of Transportation as a
18 rail carrier in Alaska under authority of 43 U.S.C. 975 - 975(g) (Alaska
19 Railroad Act) and 49 U.S.C. 1655(i) (Department of Transportation Act) or,
20 as the context requires, the railroad operated by that agency;

21 (2) "certification requirements" means the conditions under 45
22 U.S.C. 1203 that the United States Secretary of Transportation must certify
23 as having been satisfied by the state before transfer of the Alaska Rail-
24 road to the State of Alaska may occur under 45 U.S.C. 1203(a);

25 (3) "compensate" means payment in full or by credit agreement
26 with cash or pledged funds;

27 (4) "officers of the Alaska Railroad" means the employees occu-
28 pying the following positions at the Alaska Railroad as of the day before
29 the date of transfer to the state: general manager, assistant general

1 manager; assistant to the general manager; chief of administration; and
2 chief counsel.

3 * Sec. ⁵ ~~4~~. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

SENATE AMENDMENT

BY FERGUSON

To: AMEND CS FOR SENATE BILL No. 370 (TRSP)

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 16

Insert # 1

After "1203(a) Insert:

as described in the report of July 14, 1983, as amended, submitted to the Congress and the Legislature under 45 U.S.C.1204(a)

Page : 2 Line: 10

Insert # 2

After the word "transfe:" DELETE: ALL MATERIAL and Insert:

to the State of the rail properties of the Alaska Railroad as described in the report of July 14, 1983, as amended, submitted to the Congress and the Legislature under 45U.S.C.1204(a).

SENATE AMENDMENT

3/1/04
FD-204
10/1/04

By FERGUSON

To: AMEJD CS FOR SENATE BILL No. 370((Trsp)

To: _____ HOUSE BILL No. _____

PAGE: 2 LINE: 14

Insert # 3

Insert a new section to read:

Sec. 3. The state-owned railroad as defined under 4 .S.C.1202(14
may not apply for a right-of-way across the Western(Kobuk River) unit
of the Gates of the Arctic National Preserve under 16U.S.C.410hh
(4)(b)-(e).

Renumber remaining sections accordingly.

097

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/19/84

REQUEST

Bill/Resolution No.: _____
 Title: Alaska Railroad Acquisition Act

FISCAL DETAIL

Agency Affected: N/A
 Program Category Affected: N/A

Sponsor: _____
 Requestor: Rules, by request of Governor
 Date of Request: 1/18/84

BRU, Program or Subprogram(s) Affected: _____
 N/A

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING *						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	22,271.0	-0-	-0-	-0-	-0-
REVENUE *	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22,271.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	22,271.0	-0-	-0-	-0-	-0-

POSITIONS: *

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: GENERAL FUND

*This fiscal note only covers the actual purchase price. Specific estimates for these other needs will be presented in subsequent fiscal notes relating to proposed operating entity legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark S. Hickey, State Railroad Coordinator Phone: 465-3900
 Division: Alaska Railroad Transfer Team Date: 1/19/84

Approved by Commissioner: H. Glenzer, Jr. Date: 1/19/84
 Agency: Dept. of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

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

12/1/83

Introduced: 1/24/84
Referred: Transportation
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the acquisition of the Alaska
7 Railroad; authorizing the governor to negotiate the
8 transfer terms; and providing for an effective date."

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

10 * Section 1. ACCEPTANCE OF TRANSFER CONDITIONS OF ALASKA RAILROAD
11 TRANSFER ACT OF 1982. The state accepts, for itself and any entity that
12 might subsequently be created to operate the Alaska Railroad, the transfer
13 conditions set out in the Alaska Railroad Transfer Act of January 14, 1983,
14 P.L. 97-468, 45 U.S.C. secs. 1201 -- 1214. Accordingly, the state agrees
15 to

16 (1) acquire the Alaska Railroad and accept all rail property of
17 the Alaska Railroad under sec. 604(a) (45 U.S.C. sec. 1203(a)) of the
18 Transfer Act;

19 (2) operate the Alaska Railroad as a rail carrier in intrastate
20 and interstate commerce;

21 (3) assume all rights, liabilities, and obligations of the
22 Alaska Railroad existing on the date of transfer to the state, including
23 leases, permits, licenses, contracts, agreements, claims, tariffs, accounts
24 receivable, and accounts payable, except as otherwise provided by the
25 Transfer Act;

26 (4) protect the employment interests of the employees of the
27 Alaska Railroad during the two-year period commencing on the date of trans-
28 fer, as required by sec. 604(d)(3)(A) (45 U.S.C. sec. 1203(d)(3)(A)) and
29 sec. 607 (45 U.S.C. sec. 1206) of the Transfer Act;

1 (5) protect the employment interests of the officers of the
2 Alaska Railroad as required by sec. 604(d)(3)(E) (45 U.S.C. sec. 1203(d)-
3 (3)(E)) of the Transfer Act;

4 (6) allow representatives of the United States Secretary of
5 Transportation adequate access to employees and records of the Alaska
6 Railroad when needed for the performance of functions related to the period
7 of federal ownership; and

8 (7) compensate the United States at the value determined by the
9 United States Railway Association under sec. 605(d) (45 U.S.C. sec. 1204-
10 (d)) of the Transfer Act.

11 * Sec. 2. The governor may enter into transfer, compensation, and any
12 other, related agreements with the United States Secretary of Transporta-
13 tion in order to secure certification by the secretary that the state has
14 met the transfer conditions of sec. 604 (45 U.S.C. sec. 1203) of the Trans-
15 fer Act and in order to secure the transfer of the Alaska Railroad to the
16 state.

17 * Sec. 3. DEFINITIONS. In this Act, unless the context clearly indi-
18 cates otherwise,

19 (1) "Alaska Railroad" means the agency of the United States
20 Government that is operated by the U.S. Department of Transportation as a
21 rail carrier in Alaska under authority of the Act of March 12, 1914 (Alaska
22 Railroad Act, 43 U.S.C. secs. 975 -- 975g) and sec. 6(i) of the Department
23 of Transportation Act (49 U.S.C. 1655(i)), or, as the context requires, the
24 railroad operated by that agency;

25 (2) "officers of the Alaska Railroad" means the employees occu-
26 pying the following positions at the Alaska Railroad as of the day before
27 the date of transfer to the state: general manager; assistant general
28 manager; assistant to the general manager; chief of administration; and
29 chief counsel;

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(3) "Transfer Act" means the Alaska Railroad Transfer Act of January 14, 1983, P.L. 97-468, 45 U.S.C. secs. 1201 -- 1214;

(4) "transfer conditions" means all those conditions set out in sec. 604 (45 U.S.C. sec. 1203) of the Transfer Act that the state must be certified by the United States Secretary of Transportation to have satisfied before transfer of the Alaska Railroad to the State of Alaska can occur under sec. 604(a) of the Transfer Act.

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

Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN
RULES COMMITTEE



JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

MEMORANDUM

DATE: February 29, 1984

TO: All Members
Senate Finance Committee

FROM: Senator Jan Faiks

RE: Senate Bill 370 (Transportation)

The main thrust of Senate Bill 370 is that the State accepts the transfer conditions as set out in the Alaska Railroad Transfer Act.

Section 1. In accepting the Alaska Railroad, the State agrees to acquire the railroad and its property; operate the railroad as a rail carrier; assume all rights, liabilities, and obligations of the railroad; protect the employment interests of the railroad employees for a 2 year period to run from the date of transfer; protect the employment interests of the officers of the railroad; allow the U.S. Secretary of the Interior access to the records of the railroad related to the period of federal ownership; pay the U.S government for the fair market value of the railroad.

Section 2. This section authorizes the Governor to enter into various transfer agreements that will be required in order to secure certification of compliance with the Transfer Act.

Section 3. Definitions

Section 4. Provides for an immediate effective date.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1984

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, AK 99811

Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will authorize the state to acquire the Alaska Railroad. The bill is required so that the certification process mandated by the Alaska Railroad Transfer Act (ARTA; P.L. 97-468) can be effected. Once this certification process is completed, acquisition of the railroad can occur as soon as practicable.

The bill essentially says that the state agrees to meet the transfer conditions set out in the Transfer Act. A more detailed analysis of the bill follows:

Section 1 says that the state agrees to the transfer conditions set out in the Alaska Railroad Transfer Act. Specifically, these points of agreement are as follows:

- 1) The state agrees to acquire all the rail property of the railroad.
- 2) The state agrees to operate the railroad as a rail carrier in intrastate and interstate commerce.
- 3) The state agrees to assume all rights, liabilities, and obligations of the railroad that exist on the date of transfer.
- 4) The state agrees to protect the employment interests of the railroad employees as required by sec. 604(d)(3)(A)(i) -- (vii) and sec. 607 of ARTA.

- 5) The state agrees to protect the employment interests of the officers of the railroad as required by sec. 604(d)(3)(E) of ARTA.
- 6) The state agrees to allow the Secretary of Transportation access to employees and records of the Alaska Railroad.
- 7) The state agrees to compensate the United States at the appraisal value that was determined by the United States Railway Association.

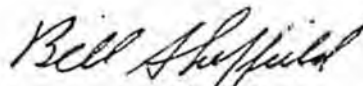
Section 2 authorizes the governor to enter into the various transfer agreements that relate to the points listed above and that will be required in order to secure certification of compliance with the Transfer Act and thus to secure the transfer of the railroad.

Section 3 defines certain terms used in the bill.

Section 4 provides for an immediate effective date.

I urge your favorable action on this bill as soon as possible so that the transfer of the ownership of the Alaska Railroad to the state can become a reality.

Sincerely,


Bill Sheffield
Governor

097

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 1/19/84

REQUEST

Bill/Resolution No.: _____

Title: Alaska Railroad Acquisition Act

Sponsor: _____

Requestor: Rules, by request of Governor

Date of Request: 1/18/84

FISCAL DETAIL

Agency Affected: N/A

Program Category Affected: N/A

BRU, Program or Subprogram(s) Affected: _____

N/A

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING *						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	22,271.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	22,271.0	-0-	-0-	-0-	-0-

POSITIONS: *

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: GENERAL FUND

*This fiscal note only covers the actual purchase price. Specific estimates for these other needs will be presented in subsequent fiscal notes relating to proposed operating entity legislation.

ANALYSIS: Attach a separate page for analysis

Prepared By: Mark S. Hickey, State Railroad Coordinator Phone: 465-3900

Division: Alaska Railroad Transfer Team Date: 1/19/84

Approved by Commissioner: H. Glenzer, Jr. Date: 1/19/84

Agency: Dept. of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

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

12/1/83

Analysis:

If the State elects to acquire the Alaska Railroad in accordance with the Alaska Railroad Transfer Act of 1982, it must compensate the United States for its fair market value. The Alaska Railroad Transfer Team has determined the valuation of \$22,271,000 performed by the United States Railway Association should be accepted as reasonable.

In addition to the purchase price, the Transfer Team has identified the total liability to the State associated with acquisition of the railroad. Although there are a few unknowns still under investigation, we have determined that under a low-end or "best case" scenario, that approximately \$23.5 million will be needed for additional "start-up costs" to cover the first years of operations. Under a high end or "worst case" scenario, the additional financial exposure to the State from ensuring continued rail operations for the next ten years may run as high as \$47.9 million (in 1983 dollars).

The railroad is an important link in Alaska's transportation network, particularly for the surface movement of bulk commodities. Abandonment of rail service would, at the very least, result in costly impacts to the State's highway system.

The federal government has the authority to dispose of the railroad, and appears committed to doing so. There is no guarantee that service will be continued under another disposition. Nor is there any current evidence of a private sector interest willing to step in and guarantee continued rail services.

Acquisition ensures continuation of essential rail services, gives the State control over the railroad's operations, and preserves all future options regarding its final disposition. It also offers the State an opportunity to restructure the existing organization to obtain greater efficiencies and make the railroad more responsive to our goals.

For these reasons, the Sherrilein Administration has accepted the recommendation of the Transfer Team that the State should proceed with acquisition of the Alaska Railroad. Furthermore, additional discussion with the federal government over compensation terms has led to the conclusion to seek a direct cash acquisition versus more complicated land trades or financing packages.

FEBRUARY 1984

ALASKA RAILROAD TRANSFER PROJECT

SUMMARY OF PROJECTED FIVE-YEAR
OPERATING AND CAPITAL BUDGETS

DRAFT

(\$ IN 000)¹

<u>EXPENDITURES/REVENUES:</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
OPERATING COSTS ²	50,571	51,387	51,670	51,007	51,559
WORKING CAPITAL/ START-UP COSTS ³	6,127				
CAPITAL NEEDS ⁴	16,700	16,700	16,700	16,700	16,700
REVENUES ⁵	57,296	59,816	62,479	65,171	67,951

FUNDING:

GENERAL FUND (SHORTFALL)	16,102	8,271	5,891	2,536	308
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POSITIONS:⁶

FULL-TIME	480	480	?	?	?
TEMPORARY	160	160	?	?	?

EXPLANATION:

The preceding summary is derived from the results of the Transfer Team's Alaska Railroad Acquisition Assessment, which was released in December 1983. While it was necessary to rely in part on railroad records and forecasts, and the work by the United States Railway Association, these specific estimates reflect independent analysis and adjustment by the Transfer Team.

FOOTNOTES:

¹In constant 1983 dollars.

²This estimate includes both general operating expenses and new expenditures attributable to the railroad transfer (i.e., costs from loss of railroad gravel reserves under third-party claims). Costs during FY 87-89 are not significantly larger than the first two years because sizeable one-time expenses have been projected immediately following actual transfer.

FOOTNOTES(cont.):

- ³This covers the one-time replacement of the railroad's working capital fund (which will most likely be expended before transfer to cover federal liabilities), and other specific one-time start-up costs relating to transfer (i.e., marking and inventorying of personal property).
- ⁴This category includes all projected expenditures relating to OSHA compliance and impacts resulting from the application of State and local building codes. In addition, about \$4 million of the annual estimate could just as easily be categorized as operating costs if generally accepted accounting principles are applied to the railroad. We have chosen to leave such expenditures in this category at present since this is essentially a cash flow analysis.
- ⁵These estimates are based on sizeable downward adjustments by the Transfer Team to anticipated revenue increases from the export coal traffic and new interline traffic. If either of these movements actually materialize in an appreciable way, it could eliminate the need for general fund assistance during FY 87-89. Likewise, any major downswing from anticipated traffic levels would result in the need for even more general fund assistance.
- ⁶The Alaska Railroad Transfer Act of 1982 basically mandates full protection of all employees who choose to transfer for a two-year period. What happens following that period is strictly a matter of contractual negotiation between management and the employees. These figures represent the approximate number of employees currently at the railroad.

Attached is a ten-year summary (FY 73 - 82) of the railroad's financial operations during federal ownership. Please note that an additional \$66.2 million was provided through Congressional appropriations to cover various expenses and capital expenditures.

It should also be noted that the FY categories on the preceding page can be read as the first full five years of railroad operation by the State, versus merely representing the State's current fiscal cycles.

- plus # 66,231,250
 Appropriations from Congress
 FY75 - FY82

ALASKA RAILROAD OPERATIONS SUMMARY
 (Dollar Amounts in Thousands)
 Fiscal Years 1973-1982*

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
Operating Revenue	\$16,996	\$20,783	\$41,416	\$52,517	\$33,376	\$27,440	\$23,100	\$26,737	\$40,782	\$55,445
Non-Operating Revenue	681	703	871	1,161	1,646	1,651	2,081	2,155	3,159	3,352
<u>Total Revenues</u>	<u>17,677</u>	<u>21,486</u>	<u>42,287</u>	<u>53,678</u>	<u>35,022</u>	<u>29,091</u>	<u>25,181</u>	<u>28,892</u>	<u>43,941</u>	<u>58,797</u>
Operating Expenses	\$20,057	\$22,389	\$35,883	\$49,387	\$35,703	\$33,301	\$31,285	\$34,380	\$40,358	\$48,978
Non-Operating Expenses	153	158	272	191	255	213	204	344	273	258
<u>Total Expenses</u>	<u>20,210</u>	<u>22,547</u>	<u>36,155</u>	<u>49,578</u>	<u>35,958</u>	<u>33,514</u>	<u>31,489</u>	<u>34,724</u>	<u>40,631</u>	<u>49,236</u>
<u>Gain (Loss)</u>										
Before depreciation - cash flow (\$ 7)	\$ 1,300	\$ 8,513	\$ 6,628	\$ 2,186	(\$ 1,227)	(\$ 3,089)	(\$ 2,306)	\$ 6,567	\$13,274	
After depreciation (\$ 2,533)	(\$ 1,061)	\$ 6,132	\$ 4,100	(\$ 936)	(\$ 4,423)	(\$ 6,308)	(\$ 5,832)	\$ 3,310	\$ 9,561	
<u>Capital Expenditures</u>	<u>\$ 1,260</u>	<u>\$ 313</u>	<u>\$ 2,772</u>	<u>\$ 8,602</u>	<u>\$ 8,316</u>	<u>\$ 5,823</u>	<u>\$ 8,181</u>	<u>\$ 6,893</u>	<u>\$11,409</u>	<u>\$11,821</u>
<u>Revenue Tons of Major Commodities</u> (in thousands of tons)										
Sand and Gravel	2	1	1	104	700	727	637	396	1,797	2,754
Bulk Petroleum	363	414	557	624	532	374	220	252	379	439
Coal	565	563	584	607	550	593	524	590	653	654
Iron & Steel Pipe & Fittings	11	15	107	174	16	28	33	37	83	165
Piggyback	48	57	95	114	100	100	89	92	113	122
Forest Products	49	56	120	124	82	68	55	109	101	77
Manufactured Iron & Steel	18	37	60	89	19	12	12	10	0	19
Cement	15	14	25	32	42	33	33	32	43	51
Machinery and Machines	12	21	60	31	47	47	24	16	28	24
Mfrs. & Misc. NOS	32	34	44	29	17	13	25	26	11	**
Other	216	165	209	260	200	183	156	181	146	198
<u>TOTAL</u>	<u>1,331</u>	<u>1,337</u>	<u>1,862</u>	<u>2,188</u>	<u>2,305</u>	<u>2,178</u>	<u>1,808</u>	<u>1,741</u>	<u>3,362</u>	<u>4,503</u>
<u>Passengers</u>	<u>74,000</u>	<u>84,000</u>	<u>81,000</u>	<u>84,500</u>	<u>103,632</u>	<u>126,277</u>	<u>151,045</u>	<u>150,678</u>	<u>161,068</u>	<u>175,116</u>

* The Federal Government changed its fiscal year from July 1-June 30 to October 1-September 30 beginning in FY 1977, resulting in a transition quarter in 1976. To avoid a 15-month fiscal year for comparisons, these statistics use July 1, 1975 through June 30, 1976 as FY 1976, and October 1, 1976 through September 30, 1977 as FY 1977, dropping the transition quarter.

**Mfrs. & Misc. NOS. (not otherwise specified) discontinued, now included in specific categories.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/24/84

Date: Feb. 7, 1984

Mr. President:

The Committee on TRANSPORTATION has had SB 370

authorizing the acquisition of the Alaska Railroad; authorizing the governor to negotiate the transfer terms; efd.

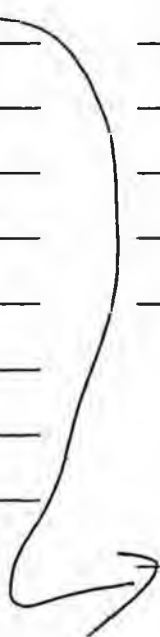
under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 370 (Susp) same title
 new title
- and recommends my 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:

Peggy Man
A. Salmon
J. Kutsch
Joe Luchs



CHAIRMAN

FEBRUARY 1984

ALASKA RAILROAD TRANSFER PROJECT

SUMMARY OF PROJECTED FIVE-YEAR
OPERATING AND CAPITAL BUDGETS

(\$ IN 000)¹

DRAFT

<u>EXPENDITURES/REVENUES:</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
OPERATING COSTS ²	50,571	51,387	51,670	51,007	51,559
WORKING CAPITAL/ START-UP COSTS ³	6,127				
CAPITAL NEEDS ⁴	16,700	16,700	16,700	16,700	16,700
REVENUES ⁵	57,296	59,816	62,479	65,171	67,951

FUNDING:

GENERAL FUND (SHORTFALL)	16,102	8,271	5,891	2,536	308
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POSITIONS:⁶

FULL-TIME	480	480	?	?	?
TEMPORARY	160	160	?	?	?

EXPLANATION:

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FOOTNOTES:

¹In constant 1983 dollars.

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- plus # 66,231,250
 Appropriations from Congress
 FY75 - FY82

ALASKA RAILROAD OPERATIONS SUMMARY
 (Dollar Amounts in Thousands)
 Fiscal Years 1973-1982*

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
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<u>Total Revenues</u>	<u>17,677</u>	<u>21,486</u>	<u>42,287</u>	<u>53,678</u>	<u>35,022</u>	<u>29,091</u>	<u>25,181</u>	<u>28,892</u>	<u>43,941</u>	<u>58,797</u>
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Non-Operating Expenses	153	158	272	191	255	213	204	344	273	258
<u>Total Expenses</u>	<u>20,210</u>	<u>22,547</u>	<u>36,155</u>	<u>49,578</u>	<u>35,958</u>	<u>33,514</u>	<u>31,489</u>	<u>34,724</u>	<u>40,631</u>	<u>49,236</u>
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Piggyback	48	57	95	114	100	100	89	92	113	122
Forest Products	49	56	120	124	82	68	55	109	101	77
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Cement	15	14	25	32	42	33	33	32	43	51
Machinery and Machines	12	21	60	31	47	47	24	16	28	24
Mfrs. & Misc. NOS	32	34	44	29	17	13	25	26	11	**
Other	216	165	209	260	200	183	156	181	146	198
<u>TOTAL</u>	<u>1,331</u>	<u>1,337</u>	<u>1,862</u>	<u>2,188</u>	<u>2,305</u>	<u>2,178</u>	<u>1,808</u>	<u>1,741</u>	<u>3,362</u>	<u>4,503</u>
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FEBRUARY 1984

ALASKA RAILROAD TRANSFER PROJECT

SUMMARY OF PROJECTED FIVE-YEAR
OPERATING AND CAPITAL BUDGETS

DRAFT

(\$ IN 000)¹

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SUMMARY OF PROJECTED FIVE-YEAR
OPERATING AND CAPITAL BUDGETS**DRAFT**(\$ IN 000)¹

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(\$ IN 000)¹

DRAFT

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 Fiscal Years 1973-1982*

	<u>FY 1973</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
Operating Revenue	\$16,996	\$20,783	\$41,416	\$52,517	\$33,376	\$27,440	\$23,100	\$26,737	\$40,782	\$55,445
Non-Operating Revenue	681	703	871	1,161	1,646	1,651	2,081	2,155	3,159	3,352
<u>Total Revenues</u>	<u>17,677</u>	<u>21,486</u>	<u>42,287</u>	<u>53,678</u>	<u>35,022</u>	<u>29,091</u>	<u>25,181</u>	<u>28,892</u>	<u>43,941</u>	<u>58,797</u>
Operating Expenses	\$20,057	\$22,389	\$35,883	\$49,387	\$35,703	\$33,301	\$31,285	\$34,380	\$40,358	\$48,978
Non-Operating Expenses	153	158	272	191	255	213	204	344	273	258
<u>Total Expenses</u>	<u>20,210</u>	<u>22,547</u>	<u>36,155</u>	<u>49,578</u>	<u>35,958</u>	<u>33,514</u>	<u>31,489</u>	<u>34,724</u>	<u>40,631</u>	<u>49,236</u>
<u>Gain (Loss)</u>										
Before depreciation - cash flow (\$ 7)	\$ 7	\$ 1,300	\$ 8,513	\$ 6,628	\$ 2,186	(\$ 1,227)	(\$ 3,089)	(\$ 2,306)	\$ 6,567	\$13,274
After depreciation	(\$ 2,533)	(\$ 1,061)	\$ 6,132	\$ 4,100	(\$ 936)	(\$ 4,423)	(\$ 6,308)	(\$ 5,832)	\$ 3,310	\$ 9,561
<u>Capital Expenditures</u>	<u>\$ 1,260</u>	<u>\$ 313</u>	<u>\$ 2,772</u>	<u>\$ 8,602</u>	<u>\$ 8,316</u>	<u>\$ 5,823</u>	<u>\$ 8,181</u>	<u>\$ 6,893</u>	<u>\$11,409</u>	<u>\$11,821</u>
<u>Revenue Tons of Major Commodities</u> (in thousands of tons)										
Sand and Gravel	2	1	1	104	700	727	637	396	1,797	2,754
Bulk Petroleum	363	414	557	624	532	374	220	252	379	439
Coal	565	563	584	607	550	593	524	590	653	654
Iron & Steel Pipe & Fittings	11	15	107	174	16	28	33	37	83	165
Piggyback	48	57	95	114	100	100	89	92	113	122
Forest Products	49	56	120	124	82	68	55	109	101	77
Manufactured Iron & Steel	18	37	60	89	19	12	12	10	8	19
Cement	15	14	25	32	42	33	33	32	43	51
Machinery and Machines	12	21	60	31	47	47	24	16	28	24
Mfrs. & Misc. NOS	32	34	44	29	17	13	25	26	11	**
Other	216	165	209	260	200	183	156	181	146	198
<u>TOTAL</u>	<u>1,331</u>	<u>1,337</u>	<u>1,862</u>	<u>2,188</u>	<u>2,305</u>	<u>2,178</u>	<u>1,808</u>	<u>1,741</u>	<u>3,362</u>	<u>4,503</u>
<u>Passengers</u>	<u>74,000</u>	<u>84,000</u>	<u>81,000</u>	<u>84,500</u>	<u>103,632</u>	<u>126,277</u>	<u>151,045</u>	<u>150,678</u>	<u>161,068</u>	<u>175,116</u>

* The Federal Government changed its fiscal year from July 1-June 30 to October 1-September 30 beginning in FY 1977, resulting in a transition quarter in 1976. To avoid a 15-month fiscal year for comparisons, these statistics use July 1, 1975 through June 30, 1976 as FY 1976, and October 1, 1976 through September 30, 1977 as FY 1977, dropping the transition quarter.

**Mfrs. & Misc. NOS. (not otherwise specified) discontinued, now included in specific categories.

Original sponsors: Fahrenkamp, Faiks
and Ziegler

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 371 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 38.05.150(c) is amended to read:

10 (c) Where prospecting or exploration work is necessary to deter-
11 mine the existence or workability of coal deposits in an unclaimed and
12 undeveloped area, the commissioner may issue to qualified applicants
13 prospecting permits for a term of three [TWO] years, covering not more
14 than [EXCEEDING] 5,120 acres with each permit. The commissioner shall
15 grant a two-year extension of the initial three-year term of the per-
16 mit if the permittee has conducted reasonably diligent prospecting or
17 exploration activities in the area covered by the permit, has not been
18 able to determine the existence and workability of coal deposits in
19 the area, and wishes to continue prospecting or exploring in the area.
20 The commissioner may grant up to three two-year extensions of the
21 initial three-year term of the permit. At any time during the period
22 of the permit, the permittee is entitled to a lease after submitting a
23 mining plan satisfactory to the commissioner for that portion of the
24 land in the permit as is shown to the satisfaction of the commissioner
25 to contain coal in commercial quantities or to be needed for mining,
26 reclamation, or processing the coal. [IF WITHIN THE PERIOD OF TWO
27 YEARS THE PERMITTEE SHOWS TO THE COMMISSIONER THAT THE LAND CONTAINS
28 COAL IN COMMERCIAL QUANTITIES AND SUBMITS A SATISFACTORY MINING PLAN
29 FOR THE COAL'S RECOVERY, THE PERMITTEE SHALL BE ENTITLED TO A LEASE

1 FOR ALL OR PART OF THE LAND IN HIS PERMIT. A COAL PROSPECTING PERMIT
2 MAY BE EXTENDED BY THE COMMISSIONER FOR A PERIOD OF TWO YEARS, IF HE
3 FINDS THAT THE PERMITTEE HAS BEEN UNABLE, WITH THE EXERCISE OF REASON-
4 ABLE DILIGENCE, TO DETERMINE THE EXISTENCE OR WORKABILITY OF COAL
5 DEPOSITS IN THE AREA COVERED BY THE PERMIT AND DESIRES TO PROSECUTE
6 FURTHER PROSPECTING OR EXPLORATION, OR FOR OTHER REASONS IN THE OPIN-
7 ION OF THE COMMISSIONER WARRANTING EXTENSION.]

8 * Sec. 2. AS 38.05.190(a) is amended to read:

9 (a) The right to acquire exploration and mining rights under
10 AS 38.05.185 - 38.05.280 may be acquired or held only by

11 (1) citizens of the United States at least 18 [19] years of
12 age;

13 (2) legal guardians or trustees of citizens of the United
14 States under 18 [19] years of age on behalf of the [SUCH] citizens;

15 (3) persons at least 18 [19] years of age who have declared
16 their intention to become citizens of the United States;

17 (4) aliens at least 18 [19] years of age if the laws of
18 their country grant like privileges to citizens of the United States;

19 (5) associations of [SUCH] persons described in (1) - (6)
20 of this subsection;

21 (6) corporations organized under the laws of the United
22 States or of any state or territory of the United States and qualified
23 to do business in this state, except that if more than 50 percent of
24 the stock of a corporation is owned or controlled by aliens who are
25 not qualified, the corporation is not qualified to acquire or hold the
26 [SUCH] rights.

27 * Sec. 3. AS 38.05.195 is amended to read:

28 Sec. 38.05.195. MINING CLAIMS. Rights to deposits of minerals
29 subject to AS 38.05.185 - 38.05.280 in or on state land that is (LANDS

1 WHICH ARE] open to claim staking may be acquired by discovery, loca-
2 tion and filing as prescribed in AS 38.05.185 - 38.05.280. The loca-
3 tor has the exclusive right of possession and extraction of the [ALL
4 SUCH] minerals subject to AS 38.05.185 - 38.05.280 lying within the
5 boundaries of the [HIS] claim. A location may not exceed 1,320 feet
6 in its longest dimension, and the [ITS] boundaries of a claim located
7 after the effective date of this section shall run in the four
8 cardinal directions unless the claim is a fractional claim or the
9 commissioner determines that staking in compliance with this section
10 is impractical because of local topography or because of the location
11 of other claims. A location shall be distinctly marked on the ground
12 in the manner prescribed by the commissioner and a notice of location
13 shall be posted on the claim in the manner and containing the informa-
14 tion required by the commissioner. Within 90 days after the date of
15 posting the notice of location on the claim, the locator shall file
16 for record in the recording district where the claim is located a
17 certificate of location. The certificate of location shall contain
18 the information required by the commissioner. Locations may be amend-
19 ed in the manner and with the effect prescribed in AS 38.05.200.
20 Annual labor shall be performed and statements of annual labor record-
21 ed as prescribed in AS 38.05.210 - 38.05.235.

22 * Sec. 4. AS 38.05.210 is amended by adding a new subsection to read:

23 (b) The statement of annual labor required in (a) of this sec-
24 tion may be amended within two years of the date by which the annual
25 labor statement was required to be filed. An amended statement shall
26 be filed for record in the same manner as the original statement.
27 Additional labor claimed in an amended statement may not be applied
28 against labor required to be done during a subsequent year.

29 * Sec. 5. AS 38.05.240 is amended to read:

1 Sec. 38.05.240. LABOR DEFINED FOR AS 38.05.210 - 38.05.235. In
2 AS 38.05.210 - 38.05.235, "labor" includes [THE TERM "LABOR" WHERE
3 USED IN SECS. 210 - 235 OF THIS CHAPTER INCLUDES, WITHOUT BEING LIMIT-
4 ED TO,] geological, geochemical, geophysical, and airborne surveys
5 conducted by qualified experts and verified by a detailed report filed
6 in the recording district office in which the claim is located which
7 sets out fully (1) the location of the work performed in relation to
8 the point of discovery and boundaries of the claim, (2) the nature,
9 extent, and cost of it [THEREOF], and (3) the name, address, and
10 professional background of the person [OR PERSONS] conducting the
11 work. [BASIC SURVEY FINDS SHALL BE FILED IN THE CENTRAL RECORDING
12 OFFICE OF THE DEPARTMENT OF NATURAL RESOURCES, BUT KEPT CONFIDENTIAL
13 AND RELEASED ONLY IF THE CLAIM OR PROSPECTING SITE LAPSES.] The
14 commissioner, by regulation, shall define the nature of acceptable
15 survey work and the qualifications of a person competent to perform
16 this work. The airborne surveys, however, may not be applied as labor
17 for more than two consecutive years or for more than a total of five
18 years on any one mining claim, and each of those surveys shall be
19 nonrepetitive of any previous survey on the same claim.

20 * Sec. 6. AS 38.05.245(a) is amended to read:

21 (a) Before the discovery of valuable minerals, an exclusive
22 right to prospect by geophysical, geochemical and similar methods may
23 be acquired by marking boundaries and posting a notice of location of
24 a prospecting site in a manner and containing the [SUCH] information
25 [AS] the commissioner requires. A prospecting site may not exceed
26 2,640 feet in its longest dimension and its boundaries shall run in
27 the four cardinal directions. A certificate of location shall be
28 filed for record in the recording district where the prospecting site
29 is located within 90 days after posting the notice of location [, AND

1 A COPY OF THE CERTIFICATE SHALL ALSO BE MAILED TO THE DIRECTOR WITHIN
2 THE 90 DAY PERIOD]. The locator of a prospecting site has the exclu-
3 sive right to stake mining claims or leasehold locations within the
4 boundaries of the [HIS] site.

5 * Sec. 7. AS 38.05.245(c) is amended to read:

6 (c) A [NO] person may not hold [LOCATE] more than eight [SIX]
7 prospecting sites in one township at one time [CALENDAR YEAR IN ONE
8 RECORDING DISTRICT]. A prospecting site remains in effect for one
9 year after the notice of location is posted and may, at the discretion
10 of the director, be extended for one year periods. During each year,
11 work of a type compatible with the purpose of this section and accept-
12 able to the director shall be done. The minimum expenditure for the
13 work shall be established by the commissioner uniformly for all pros-
14 pecting sites. Where adjacent prospecting sites are held in common
15 the expenditure may be made on any one or more locations. If a pros-
16 pecting site expires, neither the locator nor a [HIS] successor in
17 interest of the locator may again hold [LOCATE] the same prospecting
18 site or any portion of it, as a prospecting site, for a period of one
19 year [TWO YEARS] following the date of expiration or abandonment; nor
20 may the locator or a successor in interest of the locator [HE], during
21 the year [TWO YEARS], either directly or indirectly, obtain a benefi-
22 cial interest in the same prospecting site or a portion of it.

23 * Sec. 8. AS 38.05.250(a) is amended to read:

24 (a) The exclusive right to prospect for deposits of minerals
25 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
26 land [LANDS] may be granted by a permit issued by the director. Per-
27 mits shall be granted to the first qualified applicant. No permit may
28 include an area larger than 2,560 acres, subject to the rule of ap-
29 proximation. Land [LANDS] subject to a prospecting permit shall be as

1 compact in form as possible taking into consideration the area in-
2 volved. The term of the permit shall be 10 [SEVEN] years. Prospect-
3 ing permits shall be conditioned upon payment of rental against which
4 credit shall be given for useful expenditures on land covered by the
5 permit or group of contiguous permits under common ownership or
6 assignment. Excess expenditures may be applied against rentals due
7 for the following four [TWO] years. The rental shall be \$6 [\$3] per
8 acre for the first two-year period of the permit, payable on the
9 second anniversary of the permit and \$3 per acre for each following
10 year, payable annually on the anniversary date of the permit [AT THE
11 END OF EACH YEAR]. No minerals from land [LANDS] under a prospecting
12 permit may be mined and marketed or used, except for limited amounts
13 necessary for sampling or testing. No person may take or hold pros-
14 pecting permits for minerals on state land under this section exceed-
15 ing in the aggregate 100,000 acres. No person may take or hold leases
16 for minerals on state land under this section exceeding in the aggre-
17 gate 46,080 acres.

18 * Sec. 9. AS 38.05.250(a) is amended to read:

19 (a) The exclusive right to prospect for deposits of minerals
20 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
21 land may be granted by a permit issued by the director. Permits shall
22 be granted to the first qualified applicant. No permit may include an
23 area larger than 2,560 acres, subject to the rule of approximation.
24 Lands subject to a prospecting permit shall be as compact in form as
25 possible taking into consideration the area involved. The term of the
26 permit shall be 10 years. Prospecting permits shall be conditioned
27 upon payment of rental against which credit shall be given for useful
28 expenditures on land covered by the permit or group of contiguous
29 permits under common ownership or assignment. Excess expenditures may

1 be applied against rentals due for the following four years. The
2 rental shall be \$6 per acre for the first two-year period of the
3 permit, payable on the second anniversary of the permit and \$3 per
4 acre for each following year, payable annually on the anniversary date
5 of the permit. No minerals from land under a prospecting permit may
6 be mined and marketed or used, except for limited amounts necessary
7 for sampling or testing. No person may take or hold prospecting
8 permits for minerals on state land under this section exceeding in the
9 aggregate 300,000 [100,000] acres. No person may take or hold leases
10 for minerals on state land under this section exceeding in the aggre-
11 gate 100,000 [46,080] acres.

12 * Sec. 10. AS 38.05.250(b) is amended to read:

13 (b) (UPON DISCOVERY, THE RIGHT TO POSSESS AND EXTRACT THE MINER-
14 ALS MAY BE ACQUIRED BY NONCOMPETITIVE LEASE.) A noncompetitive lease
15 shall be granted to a holder of a prospecting permit for so much of
16 the land subject to the permit as is shown to the satisfaction of the
17 director to contain workable mineral deposits. Submerged land [LANDS]
18 containing known deposits of minerals subject to AS 38.05.185 - 38.-
19 05.275 may, in the discretion of the director, be offered by con-
20 petitive bid. The land [THESE LANDS] shall be leased to the [RESPONS-
21 IBLE] qualified person offering the highest amount of cash bonus.

22 * Sec. 11. AS 38.05.250(c) is amended to read:

23 (c) Leases for submerged land [LANDS] shall be conditioned upon
24 payment of an annual rental of \$3 an acre. Expenditures on or for the
25 benefit of the leasehold may be credited against the rental. Rent
26 shall be paid or a statement of annual labor shall be filed within 90
27 days after each anniversary date of the lease. All submerged land
28 mining leases shall be for a period of up to 20 [10] years, and for so
29 long as there is production in paying quantities from the leased area.

1 The commissioner may make reasonable adjustments of the rental rate at
2 the end of each 10-year period, based upon changed conditions in
3 production costs and market.

4 * Sec. 12. AS 38.05.250 is amended by adding a new subsection to read:

5 (d) The commissioner may, for the purpose of encouraging the
6 greatest ultimate recovery of minerals under this section and in the
7 interest of conservation, on the request of the lessee, assent to the
8 suspension of operation and production under a lease whenever in the
9 judgment of the commissioner the suspension is necessary to promote
10 development of the lease or the lease cannot be successfully operated
11 under its terms. The payment of acreage rental may be suspended
12 during the period of suspension of operation and production. The
13 suspension of the lease shall extend the term of the lease by adding
14 the period of suspension to the lease. The commissioner may extend
15 the term of a nonproducing lease on an application by the lessee
16 accompanied by a showing that the lessee is reasonably close to
17 attaining production and that, despite diligent good faith efforts by
18 the lessee, the lessee is not able to produce due to force majeure,
19 depressed market conditions, or other situations beyond the reasonable
20 control of the lessee.

21 * Sec. 13. AS 38.05.265 is amended to read:

22 Sec. 38.05.265. ABANDONMENT. Failure to (1) properly file for
23 record a certificate of location or a statement of annual labor, or
24 (2) file with the director within the time prescribed a lease applica-
25 tion [OR A COPY OF A PROSPECTING SITE LOCATION CERTIFICATE], or (3)
26 pay rental or receive credit for rental, or (4) keep location bound-
27 aries clearly marked, all as required by AS 38.05.185 - 38.05.280 and
28 by regulations adopted under these sections, constitutes abandonment
29 of all rights acquired under the mining lease, location, or site in-

1 volved, and it is subject to relocation by others. If a location is
2 not relocated by another person within [WITH] one year after the
3 [SUCH] failure, [OR, IN THE CASE OF A PROSPECTING SITE, TWO YEARS,]
4 the locator or claimant of the abandoned location, or a [HIS] succes-
5 sor in interest, may return to relocate it as though it had never been
6 located. A statement of annual labor which does not accurately set
7 out the essential facts is void and of no effect.

8 * Sec. 14. AS 38.05.275 is amended to read:

9 Sec. 38.05.275. RECOGNITION OF LOCATIONS. Mining locations
10 made on state land [LANDS], including shorelands, tidelands or sub-
11 merged land [LANDS,] or state selected land [LANDS], under AS 36.05.-
12 185 - 38.05.280 or in the manner described in AS 27.10 acquire for the
13 locator mining rights under AS 38.05.185 - 38.05.280, subject to
14 existing claims and to any denial of or restriction in the tentative
15 approval of state selection or [OF THE] patent of the land [LANDS] to
16 the state. If shorelands, tidelands or submerged land is [LANDS ARE]
17 included in a mining location or within the projected boundaries of a
18 mining location made in accordance with this section, the locator
19 shall [IS REQUIRED TO] file a certificate of location under [WITH THE
20 DIVISION OF LANDS WITHIN 90 DAYS FOLLOWING THE DATE OF POSTING THE
21 NOTICE OF LOCATION, IN ADDITION TO FILING A CERTIFICATE OF LOCATION AS
22 REQUIRED BY] AS 38.05.195. The certificate of location must identify
23 the position of the mining location in the system of rectangular or
24 protracted surveys. If the mining location is made in the manner
25 described in AS 27.10, the commissioner may require that the locator
26 amend the mining location to conform with AS 38.05.185 - 38.05.280 and
27 thereafter to comply with the requirements of AS 38.05.185 -
28 38.05.280.

29 * Sec. 15. AS 27.05.080 is amended to read:

1 Sec. 27.05.080. PUBLIC ASSAY OFFICES. The department shall, for
2 the purpose of aiding bona fide miners and prospectors and stimulating
3 mineral discoveries, establish a [AT LEAST ONE] public assay office
4 [IN EACH OF THE FOUR JUDICIAL DISTRICTS]. The department may adopt
5 regulations and establish procedures considered necessary and expedi-
6 ent to carry out this section and AS 27.05.090.

7 * Sec. 16. AS 27.05.180 - 27.05.210 and AS 27.15.010 are repealed.

8 * Sec. 17. Sections 3 and 9 of this Act take effect January 1, 1985.
9 Sections 6 and 14 of this Act take effect September 1, 1984. Sections 1 -
10 2, 4 - 5, 7 - 8, 10 - 13, and 15 - 16 of this Act take effect July 1, 1984.
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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/9/84

REQUEST

Bill/Resolution No. HCSCSB 371 (Fin)
Title: relating to mining

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC

Sponsor: Fahrenkamp
Requestor: Senate Resources Committee
Date of Request: 2/7/84

BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Nea Farquhar Phone: 465-2400
Division: Commissioner's Office Date: 2/9/84

Approved by Commissioner: Alvin D. Arnold Deputy Date: 2/9/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400



April 23, 1984

The Honorable Al Adams
Chairman
House Committee on Finance
Pouch V
Juneau, AK 99811

Dear Representative Adams:

I am writing about HCS CSSB 371 (Res), the Title 38 mining bill that has recently been passed out by the House Committee on Resources. Although we have worked closely with legislative staff in the drafting of this bill and generally support it, the Department has two concerns with the bill in its present form.

The bill was drafted to clean up the mining statutes, but amendments along the way have had a more substantive character. I urge the consideration of two amendments that would restore the bill's original character.

Our first concern is with Section 12 of the House CS. The Senate Resources Committee added this section to allow the Commissioner to suspend mining leases under some conditions. However, some critical wording that had been agreed to by the Department and the Alaska Miners Association was left out of the amendment. This wording, shown in the proposed amendment to Section 12 on the attached page, would set certain guidelines for the Commissioner's consideration of an application for a mining lease suspension. Similar language is found in our other leasing statutes and should be incorporated here. I have been assured that this wording is not controversial.

Our second concern is that the Resources Committee eliminated the first year's rental on offshore prospecting permits. At this time, expenses are chargeable against the annual rental anyway, and it is my belief that removal of the first year's rental will do nothing to encourage diligence on the part of the prospector. The fiscal impact on the state will be practically nil because prospectors almost uniformly either prospect their permits and charge their costs against the rental or drop the permit prior to the second anniversary date, when rental for the first two years would fall due under this bill. We are not sure what rental charge would be most equitable to the prospector and the

The Honorable Al Adams

-2-

April 23, 1984

resource, but we are convinced that the already existing rental charge of \$6/acre in the first two years is much more likely to encourage diligence than the new \$3/acre rental adopted in the House Resources Committee Substitute. Our proposed amendment to Section 8 is also attached.

Please contact me if you have any questions about the Department's position on this bill.

Sincerely,

B. W. Arnold, Deputy
↑ Esther C. Wunnicke
Commissioner

cc: Senator Bettye Fahrenkamp
Representative John Ringstad

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/9/84

REQUEST

Bill/Resolution No.: ^{HCS} SB 371 (RES)
Title: relating to mining

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC

Sponsor: Fahrenkamp

BRU, Program or Subprogram(s) Affected:

Requestor: Senate Resources Committee

Minerals and Energy Management

Date of Request: 2/7/84

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar Phone: 465-2400
Division: Commissioner's Office Date: 2/9/84

Approved by Commissioner: William D. Adams Deputy Date: 2/9/84
Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

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

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POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
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Senate

Committee on Resources

April 19, 1984

Representative Al Adams
Chairman, House Finance Committee
Pouch V
Juneau, AK 99802

Dear Al:

HCS CS SB 371 (Res), an Act relating to mining, is currently in the House Finance Committee.

Over the last several months the Senate Resources Committee has undertaken a comprehensive review of Title 38, the State's land statutes. SB 371, which clarifies and revises current law governing mining, is the product of a thorough public comment process including public hearings in Fairbanks, Anchorage and Juneau. The changes proposed will allow for more efficient implementation of mining law, and have no fiscal impact.

I would appreciate your scheduling a hearing on SB 371, and am willing to discuss the bill with you at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Bettye".

Bettye Fahrenkamp
Chairman

BF:ss

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
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Senate

Committee on Resources

April 18, 1984

SUMMARY OF MAJOR PROVISIONS OF HCS CSSB 371 (Res)

CURRENT STATUTE

SB 371

Coal Prospecting Permits

AS 38.05.150(c) establishes the term of a coal prospecting permit as 2 years with one 2-year extension.

(An extension is granted if the Commissioner determines that diligent exploration activities have been conducted. Prior to expiration of a permit, a lease will be granted if the permittee shows that the land contains coal in commercial quantities and submits a mining plan.)

Section 1 would extend the coal prospecting permit term to 3 years with three 2-year extensions.

Statements of Annual Labor

AS 38.05.210-.240 governs the performance of annual labor on mining claims on State land. A report of labor performed must be filed annually with DNR.

Section 4 would allow affidavits of annual labor to be corrected by amendment.

Survey Finds

Under AS 38.05.240, to satisfy annual labor requirements, geological, geochemical, geophysical, and airborne surveys conducted on mining claims are reported to DNR. Basic survey finds must also be filed with DNR, and are kept confidential and released only if the claim lapses.

Section 5 would delete the provision that basic survey finds be filed with DNR.

Prospecting Sites

Under AS 38.05.245, the locator of a prospecting site has the exclusive right to stake mining claims of leasehold locations within the boundaries of his site. No person may locate more than 6 prospecting sites in one calendar year in one recording district.

Section 7 amends the number of prospecting sites allowed to 8 held in one township at one time.

AS 38.05.265 establishes the waiting period for relocation of mining locations and prospecting sites following abandonment as one year for mining locations and two years for prospecting sites. (Abandonment is defined as failure to pay rental; to file a certificate of location, a statement of annual labor, or a prospecting site certificate; or to keep boundaries marked.)

Section 10 would shorten the waiting period following abandonment of a prospecting site from 2 years to 1 year.

Offshore Prospecting

The exclusive right to prospect for minerals in or on tide and submerged lands may be granted under AS 38.05.250. .250(a) governs offshore prospecting permits. The permit term is set at 7 years; the annual rental is set at \$3/acre, with expenditures applying against rentals for the following 2 years. The acreage limitation is established at 100,000 acres.

Upon discovery, a non-competitive lease may be acquired under AS 38.05.250(b). The lease term is set at 10 years; the acreage limitation is established at 46,080 acres.

AS 38.05.250(c) specifies that a submerged land mining lease is valid only as long as there is production in paying quantities from the leased area.

Section 8 increases the permit term to ten years, delays rental payments for the first year, and allows expenditures to be applied against the following 4 years. The acreage limitation is increased to 300,000 acres.

Section 11 increases the lease term to 20 years; Section 8 increases the acreage limitation to 100,000 acres.

Section 11 authorizes the commissioner to assent to suspension of operations and production without affecting the validity of the lease if certain conditions are present.

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
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Senate

Committee on Resources

April 18, 1984

AN ACT RELATING TO MINING HCS CSSB 371 (Res)

Sec. 1 Because of the lengthy time involved for coal exploration, extends the coal prospecting permit term from 2 years with one 2-year extension to 3 years with three 2-year extensions.

Sec. 2 Lowers the minimum age of eligibility for acquiring exploratory and mining rights from 19 to 18 to be consistent with the current age of majority for most activities in Alaska.

Sec. 3 Amends the requirement that mining claims be staked in the four cardinal directions to not apply to fractional claims or where the commissioner determines such staking is impractical.

Sec. 4 Allows affidavits of annual labor to be corrected by amendment thus providing a legal mechanism for correcting errors.

Sec. 5 Deletes the provision that basic survey finds be filed with DNR as it can result in the "leaking" of proprietary information, and the information is often of mixed quality.

Sec. 6 Deletes the requirement to file a certificate of mining location with DNR. This is duplicative language, as the certificate must be filed with the District Recorder's Office, which is within DNR.

Sec. 7 Increases the number of prospecting sites allowed from "six located in one calendar year in one recorder district" to "eight held in one township at one time". This will encourage the use of prospecting sites where discovery hasn't been made, and address a loophole whereby employees of large companies locate sites and quitclaim deed them to the company.

Sec. 8 Increases the term of an offshore prospecting permit from 7 to 10 years. Eliminates the acreage rental for the first year to allow time to become operational. Increases the time during which excess expenditures may be applied against rentals from 2 to 4 years. Clarifies that the rental year for a prospecting permit on tide or submerged lands expires on the anniversary of issuance, not the end of the calendar year.

Sec. 9 Effective 1/1/85, increases the acreage that may be held under an offshore prospecting permit from 100,000 to 300,000 acres, and under a lease from 46,080 to 100,000 acres.

Sec. 10 Clarifies that a prospecting permit is required before a noncompetitive lease can be issued for mineral extraction on submerged lands.

Sec. 11 Extends the term of a submerged lands lease from 10 to 20 years.

Sec. 12 Authorizes the Commissioner to assent to the suspension of operations and production on submerged lands without affecting the integrity of the lease if certain conditions are present.

Sec. 13 Changes the length of time following the abandonment of a prospecting site that the former owner must wait before acquiring any beneficial interest in the site from 2 years to 1. This is consistent with the waiting period for claims that have been staked or located.

Sec. 14 Deletes the requirement to file a certificate of mining location on shorelands, tidelands, or submerged lands with the DNR, as this is duplicative language (see Sec. 6). Clarifies that claims on state land must be staked according to state, not federal methods.

Sec. 15 The state maintains only one assay lab (on the U.A.F. campus). Deletes the requirement that a public assay office be located in each of the 4 judicial districts, to reflect the reality of the situation.

Sec. 16 Repeals the mineral prospecting equipment loan program. DNR no longer conducts such a program. Repeals the requirement that "grubstaking" contracts be in writing. This is the only provision in Title 27 dealing specifically with mining on state-owned lands, and is not necessary as most people realize that contracts should be in writing.

Sec. 17 Effective dates are intended to lessen disruption of field operations and DNR's ongoing offshore prospecting permitting process.

Offered: 2/24/84
Referred: Finance

Original sponsors: Fahrenkamp, Faiks
and Ziegler

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 371 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 38.05.150(c) is amended to read:

10 (c) Where prospecting or exploration work is necessary to deter-
11 mine the existence or workability of coal deposits in an unclaimed and
12 undeveloped area, the commissioner may issue to qualified applicants
13 prospecting permits for a term of three [TWO] years; covering not more
14 than [EXCEEDING] 5,120 acres with each permit. The commissioner shall
15 grant a two-year extension of the initial three-year term of the per-
16 mit if the permittee has conducted reasonably diligent prospecting or
17 exploration activities in the area covered by the permit, has not been
18 able to determine the existence and workability of coal deposits in
19 the area, and wishes to continue prospecting or exploring in the area.
20 The commissioner may grant up to three two-year extensions of the
21 initial three-year term of the permit. At any time during the period
22 of the permit, the permittee is entitled to a lease after submitting a
23 mining plan satisfactory to the commissioner for that portion of the
24 land in the permit as is shown to the satisfaction of the commissioner
25 to contain coal in commercial quantities or to be needed for mining,
26 reclamation, or processing the coal. [IF WITHIN THE PERIOD OF TWO
27 YEARS THE PERMITTEE SHOWS TO THE COMMISSIONER THAT THE LAND CONTAINS
28 COAL IN COMMERCIAL QUANTITIES AND SUBMITS A SATISFACTORY MINING PLAN
29 FOR THE COAL'S RECOVERY, THE PERMITTEE SHALL BE ENTITLED TO A LEASE

1 FOR ALL OR PART OF THE LAND IN HIS PERMIT. A COAL PROSPECTING PERMIT
2 MAY BE EXTENDED BY THE COMMISSIONER FOR A PERIOD OF TWO YEARS, IF HE
3 FINDS THAT THE PERMITTEE HAS BEEN UNABLE, WITH THE EXERCISE OF REASON-
4 ABLE DILIGENCE, TO DETERMINE THE EXISTENCE OR WORKABILITY OF COAL
5 DEPOSITS IN THE AREA COVERED BY THE PERMIT AND DESIRES TO PROSECUTE
6 FURTHER PROSPECTING OR EXPLORATION, OR FOR OTHER REASONS IN THE OPIN-
7 ION OF THE COMMISSIONER WARRANTING EXTENSION.]

8 * Sec. 2. AS 38.05.190(a) is amended to read:

9 (a) The right to acquire exploration and mining rights under
10 AS 38.05.185 - 38.05.280 may be acquired or held only by

11 (1) citizens of the United States at least 18 [19] years of
12 age;

13 (2) legal guardians or trustees of citizens of the United
14 States under 18 [19] years of age on behalf of the [SUCH] citizens;

15 (3) persons at least 18 [19] years of age who have declared
16 their intention to become citizens of the United States;

17 (4) aliens at least 18 [19] years of age if the laws of
18 their country grant like privileges to citizens of the United States;

19 (5) associations of [SUCH] persons described in (1) - (4)
20 of this subsection;

21 (6) corporations organized under the laws of the United
22 States or of any state or territory of the United States and qualified
23 to do business in this state, except that if more than 50 percent of
24 the stock of a corporation is owned or controlled by aliens who are
25 not qualified, the corporation is not qualified to acquire or hold the
26 [SUCH] rights.

27 * Sec. 3. AS 38.05.195 is amended to read:

28 Sec. 38.05.195. MINING CLAIMS. Rights to deposits of minerals
29 subject to AS 38.05.185 - 38.05.280 in or on state land that is [LANDS

1 WHICH ARE] open to claim staking may be acquired by discovery,
2 location and filing as prescribed in AS 38.05.185 - 38.05.280. The
3 locator has the exclusive right of possession and extraction of the
4 [ALL SUCH] minerals subject to AS 38.05.185 - 38.05.280 lying within
5 the boundaries of the [HIS] claim. A location may not exceed 1,320
6 feet in its longest dimension, and the [ITS] boundaries of a claim
7 located after the effective date of this section shall run in the four
8 cardinal directions unless the claim is a fractional claim or the
9 commissioner determines that staking in compliance with this section
10 is impractical because of local topography or because of the location
11 of other claims. A location shall be distinctly marked on the ground
12 in the manner prescribed by the commissioner and a notice of location
13 shall be posted on the claim in the manner and containing the informa-
14 tion required by the commissioner. Within 90 days after the date of
15 posting the notice of location on the claim, the locator shall file
16 for record in the recording district where the claim is located a
17 certificate of location. The certificate of location shall contain
18 the information required by the commissioner. Locations may be amend-
19 ed in the manner and with the effect prescribed in AS 38.05.200.
20 Annual labor shall be performed and statements of annual labor record-
21 ed as prescribed in AS 38.05.210 - 38.05.235.

22 * Sec. 4. AS 38.05.210 is amended by adding a new subsection to read:

23 (b) The statement of annual labor required in (a) of this sec-
24 tion may be amended within two years of the date by which the annual
25 labor statement was required to be filed. An amended statement shall
26 be filed for record in the same manner as the original statement.
27 Additional labor claimed in an amended statement may not be applied
28 against labor required to be done during a subsequent year.

29 * Sec. 5. AS 38.05.240 is amended to read:

1 Sec. 38.05.240. LABOR DEFINED FOR AS 38.05.210 - 38.05.235. In
2 AS 38.05.210 - 38.05.235, "labor" includes [THE TERM "LABOR" WHERE
3 USED IN SECS. 210 - 235 OF THIS CHAPTER INCLUDES, WITHOUT BEING LIMIT-
4 ED TO,] geological, geochemical, geophysical, and airborne surveys
5 conducted by qualified experts and verified by a detailed report filed
6 in the recording district office in which the claim is located which
7 sets out fully (1) the location of the work performed in relation to
8 the point of discovery and boundaries of the claim, (2) the nature,
9 extent, and cost of it [THEREOF], and (3) the name, address, and
10 professional background of the person [OR PERSONS] conducting the
11 work. [BASIC SURVEY FINDS SHALL BE FILED IN THE CENTRAL RECORDING
12 OFFICE OF THE DEPARTMENT OF NATURAL RESOURCES, BUT KEPT CONFIDENTIAL
13 AND RELEASED ONLY IF THE CLAIM OR PROSPECTING SITE LAPSES.] The
14 commissioner, by regulation, shall define the nature of acceptable
15 survey work and the qualifications of a person competent to perform
16 this work. The airborne surveys, however, may not be applied as labor
17 for more than two consecutive years or for more than a total of five
18 years on any one mining claim, and each of those surveys shall be
19 nonrepetitive of any previous survey on the same claim.

20 * Sec. 6. AS 38.05.245(a) is amended to read:

21 (a) Before the discovery of valuable minerals, an exclusive
22 right to prospect by geophysical, geochemical and similar methods may
23 be acquired by marking boundaries and posting a notice of location of
24 a prospecting site in a manner and containing the [SUCH] information
25 [AS] the commissioner requires. A prospecting site may not exceed
26 2,640 feet in its longest dimension and its boundaries shall run in
27 the four cardinal directions. A certificate of location shall be
28 filed for record in the recording district where the prospecting site
29 is located within 90 days after posting the notice of location [, AND

1 A COPY OF THE CERTIFICATE SHALL ALSO BE MAILED TO THE DIRECTOR WITHIN
2 THE 90 DAY PERIOD]. The locator of a prospecting site has the exclu-
3 sive right to stake mining claims or leasehold locations within the
4 boundaries of the [HIS] site.

5 * Sec. 7. AS 38.05.245(c) is amended to read:

6 (c) A [NO] person may not hold [LOCATE] more than eight [SIX]
7 prospecting sites in one township at one time [CALENDAR YEAR IN ONE
8 RECORDING DISTRICT]. A prospecting site remains in effect for one
9 year after the notice of location is posted and may, at the discretion
10 of the director, be extended for one year periods. During each year,
11 work of a type compatible with the purpose of this section and accept-
12 able to the director shall be done. The minimum expenditure for the
13 work shall be established by the commissioner uniformly for all pros-
14 pecting sites. Where adjacent prospecting sites are held in common
15 the expenditure may be made on any one or more locations. If a pros-
16 pecting site expires, neither the locator nor a [HIS] successor in
17 interest of the locator may again hold [LOCATE] the same prospecting
18 site or any portion of it, as a prospecting site, for a period of one
19 year [TWO YEARS] following the date of expiration or abandonment; nor
20 may the locator or a successor in interest of the locator [HE], during
21 the year [TWO YEARS], either directly or indirectly, obtain a benefi-
22 cial interest in the same prospecting site or a portion of it.

23 * Sec. 8. AS 38.05.250(a) is amended to read:

24 (a) The exclusive right to prospect for deposits of minerals
25 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
26 land [LANDS] may be granted by a permit issued by the director. Per-
27 mits shall be granted to the first qualified applicant. No permit may
28 include an area larger than 2,560 acres, subject to the rule of ap-
29 proximation. Land [LANDS] subject to a prospecting permit shall be as

1 compact in form as possible taking into consideration the area
2 involved. The term of the permit shall be 10 [SEVEN] years. Pros-
3 pecting permits shall be conditioned upon payment of rental against
4 which credit shall be given for useful expenditures on land covered by
5 the permit or group of contiguous permits under common ownership or
6 assignment. Excess expenditures may be applied against rentals due
7 for the following four [TWO] years. The rental shall be \$6 [\$3] per
8 acre for the first two-year period of the permit, payable on the
9 second anniversary of the permit and \$3 per acre for each following
10 year, payable annually on the anniversary date of the permit [AT THE
11 END OF EACH YEAR]. No minerals from land [LANDS] under a prospecting
12 permit may be mined and marketed or used, except for limited amounts
13 necessary for sampling or testing. No person may take or hold pros-
14 pecting permits for minerals on state land under this section exceed-
15 ing in the aggregate 100,000 acres. No person may take or hold leases
16 for minerals on state land under this section exceeding in the aggre-
17 gate 46,080 acres.

18 * Sec. 9. AS 38.05.250(a) is amended to read:

19 (a) The exclusive right to prospect for deposits of minerals
20 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
21 land may be granted by a permit issued by the director. Permits shall
22 be granted to the first qualified applicant. No permit may include an
23 area larger than 2,560 acres, subject to the rule of approximation.
24 Lands subject to a prospecting permit shall be as compact in form as
25 possible taking into consideration the area involved. The term of the
26 permit shall be 10 years. Prospecting permits shall be conditioned
27 upon payment of rental against which credit shall be given for useful
28 expenditures on land covered by the permit or group of contiguous
29 permits under common ownership or assignment. Excess expenditures may

1 be applied against rentals due for the following four years. The
2 rental shall be \$6 per acre for the first two-year period of the
3 permit, payable on the second anniversary of the permit and \$3 per
4 acre for each following year, payable annually on the anniversary date
5 of the permit. No minerals from land under a prospecting permit may
6 be mined and marketed or used, except for limited amounts necessary
7 for sampling or testing. No person may take or hold prospecting
8 permits for minerals on state land under this section exceeding in the
9 aggregate 300,000 [100,000] acres. No person may take or hold leases
10 for minerals on state land under this section exceeding in the aggre-
11 gate 100,000 [46,080] acres.

12 * Sec. 10. AS 38.05.250(b) is amended to read:

13 (b) [UPON DISCOVERY, THE RIGHT TO POSSESS AND EXTRACT THE MINER-
14 ALS MAY BE ACQUIRED BY NONCOMPETITIVE LEASE.] A noncompetitive lease
15 shall be granted to a holder of a prospecting permit for so much of
16 the land subject to the permit as is shown to the satisfaction of the
17 director to contain workable mineral deposits. Submerged land [LANDS]
18 containing known deposits of minerals subject to AS 38.05.185 - 38.-
19 05.275 may, in the discretion of the director, be offered by com-
20 petitive bid. The land [THESE LANDS] shall be leased to the [RESPONS-
21 IBLE] qualified person offering the highest amount of cash bonus.

22 * Sec. 11. AS 38.05.250 is amended by adding a new subsection to read:

23 (d) The commissioner may, on the request of the lessee, assent
24 to the suspension of operation and production under a lease whenever
25 in the judgment of the commissioner the suspension is necessary to
26 promote development of the lease or the lease cannot be successfully
27 operated under its terms. The payment of acreage rental may be sus-
28 pended during the period of suspension of operation and production.
29 The suspension of the lease shall extend the term of the lease by

1 adding the period of suspension to the lease. The commissioner may
2 extend the term of a nonproducing lease on an application by the
3 lessee accompanied by a showing that the lessee is reasonably close to
4 attaining production and that, despite diligent good faith efforts by
5 the lessee, the lessee is not able to produce due to force majeure,
6 depressed market conditions, or other situations beyond the reason-
7 able control of the lessee.

8 * Sec. 12. AS 38.05.265 is amended to read:

9 Sec. 38.05.265. ABANDONMENT. Failure to (1) properly file for
10 record a certificate of location or a statement of annual labor, or
11 (2) file with the director within the time prescribed a lease applica-
12 tion [OR A COPY OF A PROSPECTING SITE LOCATION CERTIFICATE], or (3)
13 pay rental or receive credit for rental, or (4) keep location bound-
14 aries clearly marked, all as required by AS 38.05.185 - 38.05.280 and
15 by regulations adopted under these sections, constitutes abandonment
16 of all rights acquired under the mining lease, location, or site in-
17 volved, and it is subject to relocation by others. If a location is
18 not relocated by another person within [WITH] one year after the
19 [SUCH] failure, [OR, IN THE CASE OF A PROSPECTING SITE, TWO YEARS,]
20 the locator or claimant of the abandoned location, or a [HIS] succes-
21 sor in interest, may return to relocate it as though it had never been
22 located. A statement of annual labor which does not accurately set
23 out the essential facts is void and of no effect.

24 * Sec. 13. AS 38.05.275 is amended to read:

25 Sec. 38.05.275. RECOGNITION OF LOCATIONS. Mining locations
26 made on state land [LANDS], including shorelands, tidelands or sub-
27 merged land [LANDS,] or state selected land [LANDS], under AS 38.05.-
28 185 - 38.05.280 [OR IN THE MANNER DESCRIBED IN AS 27.10] acquire for
29 the locator mining rights under AS 38.05.185 - 38.05.280, subject to

1 existing claims and to any denial of or restriction in the tentative
2 approval of state selection of the patent of the land [LANDS] to the
3 state. If shorelands, tidelands or submerged land is [LANDS ARE]
4 included in a mining location or within the projected boundaries of a
5 mining location made in accordance with this section, the locator
6 shall [IS REQUIRED TO] file a certificate of location under [WITH THE
7 DIVISION OF LANDS WITHIN 90 DAYS FOLLOWING THE DATE OF POSTING THE
8 NOTICE OF LOCATION, IN ADDITION TO FILING A CERTIFICATE OF LOCATION AS
9 REQUIRED BY] AS 38.05.195. The certificate of location must identify
10 the position of the mining location in the system of rectangular or
11 protracted surveys.

12 * Sec. 14. AS 27.05.080 is amended to read:

13 Sec. 27.05.080. PUBLIC ASSAY OFFICES. The department shall, for
14 the purpose of aiding bona fide miners and prospectors and stimulating
15 mineral discoveries, establish a [AT LEAST ONE] public assay office
16 [IN EACH OF THE FOUR JUDICIAL DISTRICTS]. The department may adopt
17 regulations and establish procedures considered necessary and expedi-
18 ent to carry out this section and AS 27.05.090.

19 * Sec. 15. AS 27.05.180 - 27.05.210 and AS 27.15.010 are repealed.

20 * Sec. 16. Sections 3 and 9 of this Act take effect January 1, 1985.
21 Sections 6 and 13 of this Act take effect September 1, 1984. Sections 1 -
22 2, 4 - 5, 7 - 8, 10 - 12, and 14 - 15 of this Act take effect July 1, 1984.

Introduced: 1/24/84
Referred: Resources and
Finance

1 IN THE SENATE

BY FAHRENKAMP

2

SENATE BILL NO. 371

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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

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

9 * Section 1. AS 38.05.150(c) is amended to read:

10 (c) Where prospecting or exploration work is necessary to deter-
11 mine the existence or workability of coal deposits in an unclaimed and
12 undeveloped area, the commissioner may issue to qualified applicants
13 prospecting permits for a term of three [TWO] years, covering not more
14 than [EXCEEDING] 5,120 acres with each permit. The commissioner shall
15 grant a two-year extension of the initial three-year term of the per-
16 mit if the permittee has conducted reasonably diligent exploration
17 activities in the area covered by the permit, has not determined the
18 existence and workability of coal deposits in the area, and wishes to
19 continue prospecting or exploring in the area. The commissioner may
20 grant up to three two-year extensions of the initial three-year term
21 of the permit. The permittee is entitled to a lease for all or part
22 of the land in the permit if, at any time during the effective period
23 of the permit which may not exceed nine years, the permittee shows to
24 the commissioner that the land contains coal in commercial quantities
25 and the permittee submits a satisfactory mining plan for the recovery
26 of the coal. The commissioner may lease additional land determined
27 necessary for a mining reclamation or processing operation. [IF WITH-
28 IN THE PERIOD OF TWO YEARS THE PERMITTEE SHOWS TO THE COMMISSIONER
29 THAT THE LAND CONTAINS COAL IN COMMERCIAL QUANTITIES AND SUBMITS A

1 SATISFACTORY MINING PLAN FOR THE COAL'S RECOVERY, THE PERMITTEE SHALL
2 BE ENTITLED TO A LEASE FOR ALL OR PART OF THE LAND IN HIS PERMIT. A
3 COAL PROSPECTING PERMIT MAY BE EXTENDED BY THE COMMISSIONER FOR A
4 PERIOD OF TWO YEARS, IF HE FINDS THAT THE PERMITTEE HAS BEEN UNABLE,
5 WITH THE EXERCISE OF REASONABLE DILIGENCE, TO DETERMINE THE EXISTENCE
6 OR WORKABILITY OF COAL DEPOSITS IN THE AREA COVERED BY THE PERMIT AND
7 DESIRES TO PROSECUTE FURTHER PROSPECTING OR EXPLORATION, OR FOR OTHER
8 REASONS IN THE OPINION OF THE COMMISSIONER WARRANTING EXTENSION.]

9 * Sec. 2. AS 38.05.190(a) is amended to read:

10 (a) The right to acquire exploration and mining rights under
11 AS 38.05.185 - 38.05.280 may be acquired or held only by

12 (1) citizens of the United States at least 18 [19] years of
13 age;

14 (2) legal guardians or trustees of citizens of the United
15 States under 18 [19] years of age on behalf of the [SUCH] citizens;

16 (3) persons at least 18 [19] years of age who have declared
17 their intention to become citizens of the United States;

18 (4) aliens at least 18 [19] years of age if the laws of
19 their country grant like privileges to citizens of the United States;

20 (5) associations of the [SUCH] persons;

21 (6) corporations organized under the laws of the United
22 States or of any state or territory of the United States and qualified
23 to do business in this state, except that if more than 50 percent of
24 the stock of a corporation is owned or controlled by aliens who are
25 not qualified, the corporation is not qualified to acquire or hold the
26 [SUCH] rights.

27 * Sec. 3. AS 38.05.195 is amended to read:

28 Sec. 38.05.195. MINING CLAIMS. Rights to deposits of minerals
29 subject to AS 38.05.185 - 38.05.280 in or on state land that is [LANDS

1 WHICH ARE] open to claim staking may be acquired by discovery, loca-
2 tion and filing as prescribed in AS 38.05.185 - 38.05.280. The loca-
3 tor has the exclusive right of possession and extraction of the [ALL
4 SUCH] minerals subject to AS 38.05.185 - 38.05.280 lying within the
5 boundaries of the [HIS] claim. A location may not exceed 1,320 feet
6 in its longest dimension, and its boundaries shall run in the four
7 cardinal directions unless the claim is a fractional claim or the
8 commissioner determines that staking in compliance with this section
9 is impractical because of local topography or because of the location
10 of other claims. A location shall be distinctly marked on the ground
11 in the manner prescribed by the commissioner and a notice of location
12 shall be posted on the claim in the manner and containing the
13 information required by the commissioner. Within 90 days after the
14 date of posting the notice of location on the claim, the locator shall
15 file for record in the recording district where the claim is located a
16 certificate of location. The certificate of location shall contain
17 the information required by the commissioner. Locations may be
18 amended in the manner and with the effect prescribed in AS 38.05.200.
19 Annual labor shall be performed and statements of annual labor
20 recorded as prescribed in AS 38.05.210 - 38.05.235.

21 * Sec. 4. AS 38.05.210 is amended by adding a new subsection to read:

22 (b) The statement of annual labor required in (a) of this sec-
23 tion may be amended within two years of the date by which the annual
24 labor statement was required to be filed. An amended statement shall
25 be filed for record in the same manner as the original statement.
26 Additional labor claimed in an amended statement may not be applied
27 against labor required to be done during a subsequent year.

28 * Sec. 5. AS 38.05.240 is amended to read:

29 Sec. 38.05.240. LABOR DEFINED FOR AS 38.05.210 - 38.05.235. In

1 AS 38.05.210 - 38.05.235, "labor" includes [THE TERM "LABOR" WHERE
2 USED IN SECS. 210 - 235 OF THIS CHAPTER INCLUDES, WITHOUT BEING LIMIT-
3 ED TO,] geological, geochemical, geophysical, and airborne surveys
4 conducted by qualified experts and verified by a detailed report filed
5 in the recording district office in which the claim is located which
6 sets out fully (1) the location of the work performed in relation to
7 the point of discovery and boundaries of the claim, (2) the nature,
8 extent, and cost of it [THEREOF], and (3) the name, address, and
9 professional background of the person [OR PERSONS] conducting the
10 work. [BASIC SURVEY FINDS SHALL BE FILED IN THE CENTRAL RECORDING
11 OFFICE OF THE DEPARTMENT OF NATURAL RESOURCES, BUT KEPT CONFIDENTIAL
12 AND RELEASED ONLY IF THE CLAIM OR PROSPECTING SITE LAPSES.] The
13 commissioner, by regulation, shall define the nature of acceptable
14 survey work and the qualifications of a person competent to perform
15 this work. The airborne surveys, however, may not be applied as labor
16 for more than two consecutive years or for more than a total of five
17 years on any one mining claim, and each of those surveys shall be
18 nonrepetitive of any previous survey on the same claim.

19 * Sec. 6. AS 38.05.245(a) is amended to read:

20 (a) Before the discovery of valuable minerals, an exclusive
21 right to prospect by geophysical, geochemical and similar methods may
22 be acquired by marking boundaries and posting a notice of location of
23 a prospecting site in a manner and containing the [SUCH] information
24 [AS] the commissioner requires. A prospecting site may not exceed
25 2,640 feet in its longest dimension and its boundaries shall run in
26 the four cardinal directions. A certificate of location shall be
27 filed for record in the recording district where the prospecting site
28 is located within 90 days after posting the notice of location [, AND
29 A COPY OF THE CERTIFICATE SHALL ALSO BE MAILED TO THE DIRECTOR WITHIN

1 THE 90 DAY PERIOD]. The locator of a prospecting site has the exclu-
2 sive right to stake mining claims or leasehold locations within the
3 boundaries of the [HIS] site.

4 * Sec. 7. AS 38.05.245(c) is amended to read:

5 (c) A [NO] person may not hold [LOCATE] more than eight [SIX]
6 prospecting sites in one township at one time [CALENDAR YEAR IN ONE
7 RECORDING DISTRICT]. A prospecting site remains in effect for one
8 year after the notice of location is posted and may, at the discretion
9 of the director, be extended for one year periods. During each year,
10 work of a type compatible with the purpose of this section and accept-
11 able to the director shall be done. The minimum expenditure for the
12 work shall be established by the commissioner uniformly for all pros-
13 pecting sites. Where adjacent prospecting sites are held in common
14 the expenditure may be made on any one or more locations. If a pros-
15 pecting site expires, neither the locator nor a [HIS] successor in
16 interest of the locator may again hold [LOCATE] the same prospecting
17 site or any portion of it, as a prospecting site, for a period of one
18 year [TWO YEARS] following the date of expiration or abandonment; nor
19 may the locator [HE], during the year [TWO YEARS], either directly or
20 indirectly, obtain a beneficial interest in the same prospecting site
21 or a portion of it.

22 * Sec 8. AS 38.05.250(a) is amended to read:

23 (a) The exclusive right to prospect for deposits of minerals
24 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
25 land [LANDS] may be granted by a permit issued by the director. Per-
26 mits shall be granted to the first qualified applicant. No permit may
27 include an area larger than 2,560 acres, subject to the rule of ap-
28 proximation. Land [LANDS] subject to a prospecting permit shall be as
29 compact in form as possible taking into consideration the area

1 involved. The term of the permit shall be seven years. Prospecting
2 permits shall be conditioned upon payment of rental against which
3 credit shall be given for useful expenditures on land covered by the
4 permit or group of contiguous permits under common ownership or assign-
5 ment. Excess expenditures may be applied against rentals due for the
6 following two years. The rental shall be \$3 per acre for each year,
7 payable annually on the anniversary date of the permit [AT THE END OF
8 EACH YEAR]. No minerals from land [LANDS] under a prospecting permit
9 may be mined and marketed or used, except for limited amounts neces-
10 sary for sampling or testing. No person may take or hold prospecting
11 permits for minerals on state land under this section exceeding in the
12 aggregate 100,000 acres. No person may take or hold leases for miner-
13 als on state land under this section exceeding in the aggregate 46,080
14 acres.

15 * Sec. 9. AS 38.05.250(b) is amended to read:

16 (b) [UPON DISCOVERY, THE RIGHT TO POSSESS AND EXTRACT THE MINER-
17 ALS MAY BE ACQUIRED BY NONCOMPETITIVE LEASE.] A noncompetitive lease
18 shall be granted to a holder of a prospecting permit for so much of
19 the land subject to the permit as is shown to the satisfaction of the
20 director to contain workable mineral deposits. Submerged land [LANDS]
21 containing known deposits of minerals subject to AS 38.05.185 - 38.-
22 05.275 may, in the discretion of the director, be offered by com-
23 petitive bid. The land [THESE LANDS] shall be leased to the responsi-
24 ble qualified person offering the highest amount of cash bonus.

25 * Sec. 10. AS 38.05.265 is amended to read:

26 Sec. 38.05.265. ABANDONMENT. Failure to (1) properly file for
27 record a certificate of location or a statement of annual labor, or
28 (2) file with the director within the time prescribed a lease applica-
29 tion or a copy of a prospecting site location certificate, or (3) pay

1 rental or receive credit for rental, or (4) keep location boundaries
2 clearly marked, all as required by AS 38.05.185 - 38.05.280 and by
3 regulations adopted under these sections, constitutes abandonment of
4 all rights acquired under the mining lease, location, or site in-
5 volved, and it is subject to relocation by others. If a location is
6 not relocated by another person within [WITH] one year after the
7 [SUCH] failure, [OR, IN THE CASE OF A PROSPECTING SITE, TWO YEARS,]
8 the locator or claimant of the abandoned location, or a [HIS] succes-
9 sor in interest, may return to relocate it as though it had never been
10 located. A statement of annual labor which does not accurately set
11 out the essential facts is void and of no effect.

12 * Sec. 11. AS 38.05.275 is amended to read:

13 Sec. 38.05.275. RECOGNITION OF LOCATIONS. Mining locations
14 made on state land [LANDS], including shorelands, tidelands or sub-
15 merged land [LANDS,] or state selected land [LANDS], under AS 38.05.-
16 185 - 38.05.280 or in the manner described in AS 27.10 acquire for the
17 locator mining rights under AS 38.05.185 - 38.05.280, subject to
18 existing claims and to any denial of or restriction in the tentative
19 approval of state selection of the patent of the land [LANDS] to the
20 state. If shorelands, tidelands or submerged land is [LANDS ARE]
21 included in a mining location or within the projected boundaries of a
22 mining location made in accordance with this section, the locator
23 shall [IS REQUIRED TO] file a certificate of location under [WITH THE
24 DIVISION OF LANDS WITHIN 90 DAYS FOLLOWING THE DATE OF POSTING THE
25 NOTICE OF LOCATION, IN ADDITION TO FILING A CERTIFICATE OF LOCATION AS
26 REQUIRED BY] AS 38.05.195. The certificate of location must identify
27 the position of the mining location in the system of rectangular or
28 protracted surveys.

29 * Sec. 12. AS 27.05.080 is amended to read:

1 Sec. 27.05.080. PUBLIC ASSAY OFFICES. The department shall, for
2 the purpose of aiding bona fide miners and prospectors and stimulating
3 mineral discoveries, establish a [AT LEAST ONE] public assay office
4 [IN EACH OF THE FOUR JUDICIAL DISTRICTS]. The department may adopt
5 regulations and establish procedures considered necessary and expedi-
6 ent to carry out this section and AS 27.05.090.

7 * Sec. 13. AS 27.05.180 - 27.05.210 and AS 27.15.010 are repealed.

8 * Sec. 14. This Act takes effect July 1, 1984.

Offered: 2/24/84
Referred: Finance

Original sponsors: Fahrenkamp, Faiks
and Ziegler

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 371 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. AS 38.05.150(c) is amended to read:

10 (c) Where prospecting or exploration work is necessary to deter-
11 mine the existence or workability of coal deposits in an unclaimed and
12 undeveloped area, the commissioner may issue to qualified applicants
13 prospecting permits for a term of three [TWO] years, covering not more
14 than [EXCEEDING] 5,120 acres with each permit. The commissioner shall
15 grant a two-year extension of the initial three-year term of the per-
16 mit if the permittee has conducted reasonably diligent prospecting or
17 exploration activities in the area covered by the permit, has not been
18 able to determine the existence and workability of coal deposits in
19 the area, and wishes to continue prospecting or exploring in the area.
20 The commissioner may grant up to three two-year extensions of the
21 initial three-year term of the permit. At any time during the period
22 of the permit, the permittee is entitled to a lease after submitting a
23 mining plan satisfactory to the commissioner for that portion of the
24 land in the permit as is shown to the satisfaction of the commissioner
25 to contain coal in commercial quantities or to be needed for mining,
26 reclamation, or processing the coal. [IF WITHIN THE PERIOD OF TWO
27 YEARS THE PERMITTEE SHOWS TO THE COMMISSIONER THAT THE LAND CONTAINS
28 COAL IN COMMERCIAL QUANTITIES AND SUBMITS A SATISFACTORY MINING PLAN
29 FOR THE COAL'S RECOVERY, THE PERMITTEE SHALL BE ENTITLED TO A LEASE

1 FOR ALL OR PART OF THE LAND IN HIS PERMIT. A COAL PROSPECTING PERMIT
2 MAY BE EXTENDED BY THE COMMISSIONER FOR A PERIOD OF TWO YEARS, IF HE
3 FINDS THAT THE PERMITTEE HAS BEEN UNABLE, WITH THE EXERCISE OF REASON-
4 ABLE DILIGENCE, TO DETERMINE THE EXISTENCE OR WORKABILITY OF COAL
5 DEPOSITS IN THE AREA COVERED BY THE PERMIT AND DESIRES TO PROSECUTE
6 FURTHER PROSPECTING OR EXPLORATION, OR FOR OTHER REASONS IN THE OPIN-
7 ION OF THE COMMISSIONER WARRANTING EXTENSION.]

8 * Sec. 2. AS 38.05.190(a) is amended to read:

9 (a) The right to acquire exploration and mining rights under
10 AS 38.05.185 - 38.05.280 may be acquired or held only by

11 (1) citizens of the United States at least 18 [19] years of
12 age;

13 (2) legal guardians or trustees of citizens of the United
14 States under 18 [19] years of age on behalf of the [SUCH] citizens;

15 (3) persons at least 18 [19] years of age who have declared
16 their intention to become citizens of the United States;

17 (4) aliens at least 18 [19] years of age if the laws of
18 their country grant like privileges to citizens of the United States;

19 (5) associations of [SUCH] persons described in (1) - (4)
20 of this subsection;

21 (6) corporations organized under the laws of the United
22 States or of any state or territory of the United States and qualified
23 to do business in this state, except that if more than 50 percent of
24 the stock of a corporation is owned or controlled by aliens who are
25 not qualified, the corporation is not qualified to acquire or hold the
26 [SUCH] rights.

27 * Sec. 3. AS 38.05.195 is amended to read:

28 Sec. 38.05.195. MINING CLAIMS. Rights to deposits of minerals
29 subject to AS 38.05.185 - 38.05.280 in or on state land that is [LANDS

1 WHICH ARE] open to claim staking may be acquired by discovery,
2 location and filing as prescribed in AS 38.05.185 - 38.05.280. The
3 locator has the exclusive right of possession and extraction of the
4 [ALL SUCH] minerals subject to AS 38.05.185 - 38.05.280 lying within
5 the boundaries of the [HIS] claim. A location may not exceed 1,320
6 feet in its longest dimension, and the [ITS] boundaries of a claim
7 located after the effective date of this section shall run in the four
8 cardinal directions unless the claim is a fractional claim or the
9 commissioner determines that staking in compliance with this section
10 is impractical because of local topography or because of the location
11 of other claims. A location shall be distinctly marked on the ground
12 in the manner prescribed by the commissioner and a notice of location
13 shall be posted on the claim in the manner and containing the informa-
14 tion required by the commissioner. Within 90 days after the date of
15 posting the notice of location on the claim, the locator shall file
16 for record in the recording district where the claim is located a
17 certificate of location. The certificate of location shall contain
18 the information required by the commissioner. Locations may be amend-
19 ed in the manner and with the effect prescribed in AS 38.05.200.
20 Annual labor shall be performed and statements of annual labor record-
21 ed as prescribed in AS 38.05.210 - 38.05.235.

22 * Sec. 4. AS 38.05.210 is amended by adding a new subsection to read:

23 (b) The statement of annual labor required in (a) of this sec-
24 tion may be amended within two years of the date by which the annual
25 labor statement was required to be filed. An amended statement shall
26 be filed for record in the same manner as the original statement.
27 Additional labor claimed in an amended statement may not be applied
28 against labor required to be done during a subsequent year.

29 * Sec. 5. AS 38.05.240 is amended to read:

1 Sec. 38.05.240. LABOR DEFINED FOR AS 38.05.210 - 38.05.235. In
2 AS 38.05.210 - 38.05.235, "labor" includes [THE TERM "LABOR" WHERE
3 USED IN SECS. 210 - 235 OF THIS CHAPTER INCLUDES, WITHOUT BEING LIMIT-
4 ED TO,] geological, geochemical, geophysical, and airborne surveys
5 conducted by qualified experts and verified by a detailed report filed
6 in the recording district office in which the claim is located which
7 sets out fully (1) the location of the work performed in relation to
8 the point of discovery and boundaries of the claim, (2) the nature,
9 extent, and cost of it [THEREOF], and (3) the name, address, and
10 professional background of the person [OR PERSONS] conducting the
11 work. [BASIC SURVEY FINDS SHALL BE FILED IN THE CENTRAL RECORDING
12 OFFICE OF THE DEPARTMENT OF NATURAL RESOURCES, BUT KEPT CONFIDENTIAL
13 AND RELEASED ONLY IF THE CLAIM OR PROSPECTING SITE LAPSES.] The
14 commissioner, by regulation, shall define the nature of acceptable
15 survey work and the qualifications of a person competent to perform
16 this work. The airborne surveys, however, may not be applied as labor
17 for more than two consecutive years or for more than a total of five
18 years on any one mining claim, and each of those surveys shall be
19 nonrepetitive of any previous survey on the same claim.

20 * Sec. 6. AS 38.05.245(a) is amended to read:

21 (a) Before the discovery of valuable minerals, an exclusive
22 right to prospect by geophysical, geochemical and similar methods may
23 be acquired by marking boundaries and posting a notice of location of
24 a prospecting site in a manner and containing the [SUCH] information
25 [AS] the commissioner requires. A prospecting site may not exceed
26 2,640 feet in its longest dimension and its boundaries shall run in
27 the four cardinal directions. A certificate of location shall be
28 filed for record in the recording district where the prospecting site
29 is located within 90 days after posting the notice of location [, AND

1 A COPY OF THE CERTIFICATE SHALL ALSO BE MAILED TO THE DIRECTOR WITHIN
2 THE 90 DAY PERIOD]. The locator of a prospecting site has the exclu-
3 sive right to stake mining claims or leasehold locations within the
4 boundaries of the [HIS] site.

5 * Sec. 7. AS 38.05.245(c) is amended to read:

6 (c) A [NO] person may not hold [LOCATE] more than eight [SIX]
7 prospecting sites in one township at one time [CALENDAR YEAR IN ONE
8 RECORDING DISTRICT]. A prospecting site remains in effect for one
9 year after the notice of location is posted and may, at the discretion
10 of the director, be extended for one year periods. During each year,
11 work of a type compatible with the purpose of this section and accept-
12 able to the director shall be done. The minimum expenditure for the
13 work shall be established by the commissioner uniformly for all pros-
14 pecting sites. Where adjacent prospecting sites are held in common
15 the expenditure may be made on any one or more locations. If a pros-
16 pecting site expires, neither the locator nor a [HIS] successor in
17 interest of the locator may again hold [LOCATE] the same prospecting
18 site or any portion of it, as a prospecting site, for a period of one
19 year [TWO YEARS] following the date of expiration or abandonment; nor
20 may the locator or a successor in interest of the locator [HE], during
21 the year [TWO YEARS], either directly or indirectly, obtain a benefi-
22 cial interest in the same prospecting site or a portion of it.

23 * Sec. 8. AS 38.05.250(a) is amended to read:

24 (a) The exclusive right to prospect for deposits of minerals
25 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
26 land [LANDS] may be granted by a permit issued by the director. Per-
27 mits shall be granted to the first qualified applicant. No permit may
28 include an area larger than 2,560 acres, subject to the rule of ap-
29 proximation. Land [LANDS] subject to a prospecting permit shall be as

1 compact in form as possible taking into consideration the area
2 involved. The term of the permit shall be 10 [SEVEN] years. Pros-
3 pecting permits shall be conditioned upon payment of rental against
4 which credit shall be given for useful expenditures on land covered by
5 the permit or group of contiguous permits under common ownership or
6 assignment. Excess expenditures may be applied against rentals due
7 for the following four [TWO] years. The rental shall be \$6 [\$3] per
8 acre for the first two-year period of the permit, payable on the
9 second anniversary of the permit and \$3 per acre for each following
10 year, payable annually on the anniversary date of the permit [AT THE
11 END OF EACH YEAR]. No minerals from land [LANDS] under a prospecting
12 permit may be mined and marketed or used, except for limited amounts
13 necessary for sampling or testing. No person may take or hold pros-
14 pecting permits for minerals on state land under this section exceed-
15 ing in the aggregate 100,000 acres. No person may take or hold leases
16 for minerals on state land under this section exceeding in the aggre-
17 gate 46,080 acres.

18 * Sec. 9. AS 38.05.250(a) is amended to read:

19 (a) The exclusive right to prospect for deposits of minerals
20 subject to AS 38.05.185 - 38.05.275 in or on tide and submerged state
21 land may be granted by a permit issued by the director. Permits shall
22 be granted to the first qualified applicant. No permit may include an
23 area larger than 2,560 acres, subject to the rule of approximation.
24 Lands subject to a prospecting permit shall be as compact in form as
25 possible taking into consideration the area involved. The term of the
26 permit shall be 10 years. Prospecting permits shall be conditioned
27 upon payment of rental against which credit shall be given for useful
28 expenditures on land covered by the permit or group of contiguous
29 permits under common ownership or assignment. Excess expenditures may

1 be applied against rentals due for the following four years. The
2 rental shall be \$6 per acre for the first two-year period of the
3 permit, payable on the second anniversary of the permit and \$3 per
4 acre for each following year, payable annually on the anniversary date
5 of the permit. No minerals from land under a prospecting permit may
6 be mined and marketed or used, except for limited amounts necessary
7 for sampling or testing. No person may take or hold prospecting
8 permits for minerals on state land under this section exceeding in the
9 aggregate 300,000 [100,000] acres. No person may take or hold leases
10 for minerals on state land under this section exceeding in the aggre-
11 gate 100,000 [46,080] acres.

12 * Sec. 10. AS 38.05.250(b) is amended to read:

13 (b) [UPON DISCOVERY, THE RIGHT TO POSSESS AND EXTRACT THE MINER-
14 ALS MAY BE ACQUIRED BY NONCOMPETITIVE LEASE.] A noncompetitive lease
15 shall be granted to a holder of a prospecting permit for so much of
16 the land subject to the permit as is shown to the satisfaction of the
17 director to contain workable mineral deposits. Submerged land [LANDS]
18 containing known deposits of minerals subject to AS 38.05.185 - 38.-
19 05.275 may, in the discretion of the director, be offered by com-
20 petitive bid. The land [THESE LANDS] shall be leased to the [RESPONS-
21 IBLE] qualified person offering the highest amount of cash bonus.

22 * Sec. 11. AS 38.05.250 is amended by adding a new subsection to read:

23 (d) The commissioner may, on the request of the lessee, assent
24 to the suspension of operation and production under a lease whenever
25 in the judgment of the commissioner the suspension is necessary to
26 promote development of the lease or the lease cannot be successfully
27 operated under its terms. The payment of acreage rental may be sus-
28 pended during the period of suspension of operation and production.
29 The suspension of the lease shall extend the term of the lease by

1 adding the period of suspension to the lease. The commissioner may
2 extend the term of a nonproducing lease on an application by the
3 lessee accompanied by a showing that the lessee is reasonably close to
4 attaining production and that, despite diligent good faith efforts by
5 the lessee, the lessee is not able to produce due to force majeure,
6 depressed market conditions, or other situations beyond the reason-
7 able control of the lessee.

8 * Sec. 12. AS 38.05.265 is amended to read:

9 Sec. 38.05.265. ABANDONMENT. Failure to (1) properly file for
10 record a certificate of location or a statement of annual labor, or
11 (2) file with the director within the time prescribed a lease applica-
12 tion [OR A COPY OF A PROSPECTING SITE LOCATION CERTIFICATE], or (3)
13 pay rental or receive credit for rental, or (4) keep location bound-
14 aries clearly marked, all as required by AS 38.05.185 - 38.05.280 and
15 by regulations adopted under these sections, constitutes abandonment
16 of all rights acquired under the mining lease, location, or site in-
17 volved, and it is subject to relocation by others. If a location is
18 not relocated by another person within [WITH] one year after the
19 [SUCH] failure, [OR, IN THE CASE OF A PROSPECTING SITE, TWO YEARS,]
20 the locator or claimant of the abandoned location, or a [HIS] succes-
21 sor in interest, may return to relocate it as though it had never been
22 located. A statement of annual labor which does not accurately set
23 out the essential facts is void and of no effect.

24 * Sec. 13. AS 38.05.275 is amended to read:

25 Sec. 38.05.275. RECOGNITION OF LOCATIONS. Mining locations
26 made on state land [LANDS], including shorelands, tidelands or sub-
27 merged land [LANDS,] or state selected land [LANDS], under AS 38.05.-
28 185 - 38.05.280 [OR IN THE MANNER DESCRIBED IN AS 27.10] acquire for
29 the locator mining rights under AS 38.05.185 - 38.05.280, subject to

1 existing claims and to any denial of or restriction in the tentative
2 approval of state selection of the patent of the land [LANDS] to the
3 state. If shorelands, tidelands or submerged land is [LANDS ARE]
4 included in a mining location or within the projected boundaries of a
5 mining location made in accordance with this section, the locator
6 shall [IS REQUIRED TO] file a certificate of location under [WITH THE
7 DIVISION OF LANDS WITHIN 90 DAYS FOLLOWING THE DATE OF POSTING THE
8 NOTICE OF LOCATION, IN ADDITION TO FILING A CERTIFICATE OF LOCATION AS
9 REQUIRED BY] AS 38.05.195. The certificate of location must identify
10 the position of the mining location in the system of rectangular or
11 protracted surveys.

12 * Sec. 14. AS 27.05.080 is amended to read:

13 Sec. 27.05.080. PUBLIC ASSAY OFFICES. The department shall, for
14 the purpose of aiding bona fide miners and prospectors and stimulating
15 mineral discoveries, establish a [AT LEAST ONE] public assay office
16 [IN EACH OF THE FOUR JUDICIAL DISTRICTS]. The department may adopt
17 regulations and establish procedures considered necessary and expedi-
18 ent to carry out this section and AS 27.05.090.

19 * Sec. 15. AS 27.05.180 - 27.05.210 and AS 27.15.010 are repealed.

20 * Sec. 16. Sections 3 and 9 of this Act take effect January 1, 1985.
21 Sections 6 and 13 of this Act take effect September 1, 1984. Sections 1 -
22 2, 4 - 5, 7 - 8, 10 - 12, and 14 - 15 of this Act take effect July 1, 1984.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/29/84

REQUEST

Bill/Resolution No.: CSSB 371(Res)
Title: An Act relating to mining

FISCAL DETAIL

Agency Affected: DNR
Program Category Affected: NRMEC

Sponsor: Resources Committee
Requestor: Committee
Date of Request: _____

BRU, Program or Subprogram(s) Affected: Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No Funding Necessary

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar NF Phone: 465-2400
Division: Commissioners' Office Date: 2/29/84

Approved by Commissioner: Wm D Small Deputy Date: 2/29/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/29/84

REQUEST

Bill/Resolution No.: CSSB 371(Res)
Title: An Act relating to mining

FISCAL DETAIL

Agency Affected: DNR
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Sponsor: Resources Committee
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BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No Funding Necessary

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar NF Phone: 465-2400
Division: Commissioners' Office Date: 2/29/84

HA Approved by Commissioner: Wm. D. Arnold Deputy Date: 2/29/84
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

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

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/9/84

REQUEST

Bill/Resolution No.: SB 371
Title: relating to mining

FISCAL DETAIL

Agency Affected: Natural Resources
Program Category Affected: NRMEC

Sponsor: Fahrenkamp
Requestor: Senate Resources Committee
Date of Request: 2/7/84

BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Ned Farquhar Phone: 465-2400
Division: Commissioner's Office Date: 2/9/84

Approved by Commissioner: *William D. Arnold Deputy* Date: 2/9/84
Agency: Department of Natural Resources

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