

SCOMM

133:8

HB 246

- Current statutes (AS 38.05.140(c)) limit oil and gas lessees to a total of:
 - 500,000 acres on tide and submerged land
 - 500,000 acres on all land other than tide and submerged land.
- Many operating oil and gas companies are already either at the acreage limited by statute or close to the limit. The bulk of this acreage is located on the North Slope and Beaufort Sea.
- DNR, during the last few years, has been encouraging the exploration of frontier areas such as the North Slope Foothills.
- By increasing the maximum onshore acreage to 750,000 but limiting the 250,000 acre increase to south of the Umiat Meridian, companies would be able to lease and explore acreage in some of Alaska's frontier basins while still maintaining their interests on the North Slope.
- There will be positive revenue impact to the state from additional bonus bids, rentals, and eventually, production royalties, although, it is impossible to accurately predict at this time what this increase in revenues might be.

FRANK H. MURKOWSKI
GOVERNOR
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HB 244
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April 3, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would amend AS 38.05.140(c) to increase the upland acreage limit for oil and gas leases from 500,000 acres to 750,000 acres, except for land north of the Umiat Meridian baseline.

Currently, under AS 38.05.140(c) oil and gas lessees may hold not more than a total of 500,000 acres on tide and submerged land and no more than 500,000 acres on uplands. While oil and gas leases with certified wells and those included within units are excluded from these acreage limitations, many operating oil and gas companies are already either at the existing 500,000 acre limitation or close to it. The bulk of this acreage is located on the North Slope and Beaufort Sea.

In the past few years, the Department of Natural Resources has been encouraging exploration of frontier areas such as the North Slope foothills. The bill would increase the maximum upland acreage to 750,000, of which no more than 500,000 acres could be located north of the Umiat Meridian baseline. Thus, companies would be able to lease and explore acreage in Alaska's frontier basins while still maintaining their interests on the North Slope.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank H. Murkowski".
Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 246
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Limit on Oil & Gas Lease Acreage BRU Resource Development
 Component Oil and Gas Development
 Sponsor House Rules
 Requester House Oil and Gas Component No. 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1004)	**	**	**	**	**	**
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

By increasing the maximum onshore acreage to 750,000 but limiting the 250,000 acreage increase to south of the Umiat Meridian Baseline, companies would be able to lease and explore acreage in some of Alaska's frontier basins while still maintaining their interests on the North Slope.

** There will be positive revenue impact to the state from additional bonus bids, rentals, and eventually, production royalties. It is impossible to accurately predict at this time what this increase in revenues might be.

Prepared by: Mark D. Myers Phone 269-8800
 Division: Oil and Gas Date/Time 4/22/2003
 Approved by: Tom Irwin, Commissioner Date 4/22/2003
 Agency: Natural Resources



Richard P. Mott
Vice President
Exploration & Land
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April 9, 2003

Representative Vic Kohring, Chairman
House Special Committee on Oil and Gas
Legislature of the State of Alaska
Alaska State Capitol, Room 24
Juneau, Alaska 99801-1182

Senator Scott Ogan, Chairman
Resources Committee
Legislature of the State of Alaska
Alaska State Capitol, Room 103
Juneau, Alaska 99801-1182

Re: House Bill No. 246
Senate Bill No. 172

ConocoPhillips Alaska, Inc. supports House Bill No. 246, and Senate Bill No. 172 both of which provide for an increase in the limitation on acreage that a person may take or hold under oil and gas lease in the State of Alaska. An increase in the acreage limitation will encourage additional investment by the oil and gas industry in the exploration and development of Alaskan resources.

A handwritten signature in black ink that reads 'Richard P. Mott'. The signature is fluid and cursive, with a large, stylized 'M'.

Richard P. Mott
Vice President
Exploration & Land

Cc: Mike Tibbles
Legislative Liaison
Office of the Governor
P.O. Box 110001
Juneau, Alaska 99811-0001

Mark Myers, Director
State of Alaska
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Division of Oil & Gas
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Acreage under Oil & Gas Lease 1960 – 2003

(Does not include acreage under Exploration License)

