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96:15

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSHB 388 (O&G)

1996 LEGISLATIVE SESSION

Revision Date:	Original	Dept Affected	Natural Resources
Title:	An Act revising laws relating to oil and gas leasing to authorize a program of...	BRU:	Resource Development
Sponsor:	Representative Rokeberg, B. Davis	Component:	Oil & Gas Development
Requestor:	House Resources	Component Serial No.	439

Expenditures/Revenues	(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL	3.0	3.0	3.0	3.0	3.0	3.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	8.0	8.0	8.0	8.0	8.0	8.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	8.0	8.0	8.0	8.0	8.0	8.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	8.0	8.0	8.0	8.0	8.0	8.0

Estimate of any current year (FY96) cost: \$ none

POSITIONS

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

ANALYSIS:

(Attach a separate page if necessary)

The fiscal impact will depend on the number of sales that will be held in any one year, these cost are mainly administrative. More sales will mean more advertising for public notices and travel for public hearings. There may be additional printing costs for any supplements to the Final Finding. The \$8.0 is an merely an estimate.

If there are substantial revisions necessary to supplement the finding there may be some additional personnel requirements, but this fiscal note assumes the use of existing staff the fulfill the requirements of the bill.

Prepared by:	Ken Boyd, Director <i>[Signature]</i>	Phone:	269-8800
Division:	Oil & Gas	Date:	15-Mar-96
Approved by Commissioner:	<i>[Signature]</i>	Date:	15-Mar-96
Agency:	Natural Resources		

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FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 388

1996 LEGISLATIVE SESSION

Revision Date:	Original	Dept Affected	Natural Resources
Title:	An Act revising laws relating to oil and gas leasing to authorize a program of...	BRU:	Resource Development
Sponsor:	Representative Rokeberg, B. Davis	Component:	Oil & Gas Development
Requestor:		Component Serial No.	439

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	230.0	238.1	246.4	255.0	263.9	273.2
TRAVEL	8.0	8.3	8.6	8.9	9.2	9.5
CONTRACTUAL	5.5	5.7	5.9	6.1	6.3	6.5
SUPPLIES	9.0	9.3	9.6	10.0	10.3	10.7
EQUIPMENT	37.5	15.0	15.5	16.1	16.6	17.2
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	290.0	276.3	286.0	296.0	306.4	317.1

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	290.0	276.3	286.0	296.0	306.4	317.1
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	290.0	276.3	286.0	296.0	306.4	317.1

Estimate of any current year (FY96) cost: \$ none

POSITIONS

FULL-TIME	5	5	5	5	5	5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

(Attach a separate page if necessary)

Five additional positions within DO&G will be require to implement the areawide oil and gas leasing program:

One Natural resources Officer II , to determine land ownership, title conflicts, correct title faults, and prepare detailed land title reports, prepare and issue public notices under AS 38.05.945-.946, prepare and organize the annual oil and gas lease sale offerings, and to adjudicate bids and determine successful bidders for lease issuance.

One Natural resources Officer II to perform the land title and status reviews, assist in determining land and ownership boundaries, determine tract acreages, prepare lease sale tract maps and plats.

At least one Natural Resource Officer II will be required if one area is authorized for areawide leasing. If more than one area is authorized, additional Natural Resource Officer II positions would be required. This fiscal note assumes that two Natural resources Officer II positions are needed. These personnel would research, write, and regularly revise areawide best interest findings.

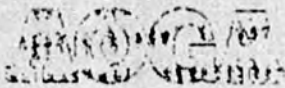
One Natural resources Officer I to assist with research and minor writing tasks in support of best interest findings and responding to public concerns.

THERE ARE UNCERTAINTIES IN THE BILL WHICH MAY CHANGE THE FISCAL IMPACT ONCE CLARIFIED WITH THE SPONSOR.

Prepared by:	Ken Boyd, Director <i>Ken Boyd</i>	Phone :	269-8800
Division:	Oil & Gas	Date :	1-Feb-96
Approved by Commissioner:	<i>John R. ...</i>	Date:	1-Feb-96
Agency:	Natural Resources		

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

Alaska Oil and Gas Association



121 West Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114

March 12, 1996

Representative Norm Rokeberg, Chair
House Special Committee on Oil and Gas
State Capitol
Juneau, Alaska

CSHB 388, Areawide Leasing

Dear Representative Rokeberg:

The Alaska Oil and Gas Association (AOGA) is a trade association whose 19 member companies account for the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska. AOGA supports the new Committee Substitute to House Bill 388 (CSHB 388 9-LS1341NF), subject only to a few minor suggested changes which are described below.

Background

The AOGA members encourage a predictable and regular oil and gas leasing program. We view Areawide Leasing as a viable method to allow timely access to the most prospective areas of the State. Annual Areawide Leasing would provide efficiencies and reduce costs associated with the preparation of Best Interest Findings. We advocate a program of Annual Areawide Leasing in all areas of the State where competitive leases are regularly offered. We believe that this can be implemented with simple clarifications to existing authority.

Over the past months AOGA members have offered many ideas to your Oil and Gas Committee regarding Areawide Leasing. Legislative language has also been offered for your consideration. As the AOGA members considered the various alternative Areawide Leasing proposals, we became concerned that earlier concepts created a new and arguably different lease sale program that could ultimately require regulations. The necessity to promulgate regulations poses an unnecessary threat to the Industry's and State's desired time schedule. These earlier Areawide Leasing proposals also created a cumbersome review process that has been streamlined in the new Committee Substitute to House Bill 388.

Suggested Modifications to CSHB 388

AOGA does have a few specific recommendations regarding the new Committee Substitute to House Bill 388. First, we would suggest that language be added to the title which specifically use the words, "annual Areawide Lease Sales. We would modify Page one at line 5 to read, "purpose of the Alaska Land Act as it applies to oil and gas leasing, to provide for annual Areawide Lease Sales."

Second, we would encourage you to consider AOGA's past recommendation to clarify that Exempt and Reoffer Sales are exempt from certain public notice requirements. This could be accomplished by modifying the language of Section 1 on page 3 such that line 20 reads, "five year oil and gas leasing program under AS 30.05.180(b), except for a sale under (6)(G) of this subsection, are as follows:".

And finally, the language of Section 2 on page 6 at line 11 is awkward, and we suggest the word "sale" be deleted. Acreage is offered for "lease", not for "lease sales".

CSHB 388 Brief Analysis

The most recent Committee Substitute for House Bill 388 after the incorporation of the above suggested changes:

- 1) Clarifies that Reoffer and Exempt Sales need not follow the full preliminary and final Best Interest Finding process [this is accomplished by amending AS 38.05.035(e)(5)];
- 2) Expands eligible Exempt and Reoffer Sale lands to include lands subject to a Best Interest Finding issued within the last 10 years, unless substantial new information necessitates a supplement to the most recent Best Interest Finding and establishes public notice and supplemental Best Interest Finding procedures for Exempt and Reoffer Sales [this is accomplished by amending AS 38.05.035(e) (6)(G) and eliminating AS 38.035(e)(6)(H)];
- 3) States that the Legislature finds that it is in the best interests of the State to make annual Areawide offerings of all State acreage subject to a Best Interest Finding [this is accomplished by adding NEW subsection (AS 38.05.180(a)(2)(B))];
- 4) Modifies Reoffer Sale criteria to allow leasing of areas which are subject to a Best Interest Finding issued within the last 10 years [this is accomplished by amending AS 38.05.180(w)]; and
- 5) Clarifies that Reoffer and Exempt Sales need not follow the full public notice requirements of other oil and gas Lease Sales [this is accomplished by amending AS 38.05.945(a)].

Leases issued at an Areawide Lease Sale would be subject to all existing statutes and regulations now applicable to oil and gas leasing, including: the Best Interest Finding process, appeal procedures, royalty share restrictions; lease size restrictions; annual rental payments; work commitments if they are appropriate; exploration incentive credits; royalty reduction; Unitization; and individual chargeable acreage ownership restrictions.

Future Lease Sales Accommodate Areawide Concept

The Director of the Division of Oil and Gas has advised that he intends to re-design scheduled Sales 85, 86, and 87 to include the lands of critical interest to the Industry. The accompanying Best Interest Findings will be drafted in a manner consistent with the Areawide Leasing concept. Sale 85 is proposed to include the majority of the Cook Inlet lands, Sale 86 includes the Beaufort Sea State waters between the Colville and the Canning Rivers, and Sale 87 includes the State uplands between the Colville and the Canning Rivers, lying north of the Umiat baseline. Copies of the proposed Sale Area maps are attached for your convenience.

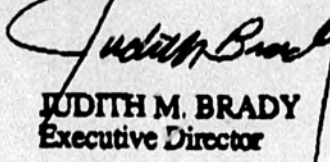
AOGA members have engaged in lengthy discussions on the topics of whether the legislation should mandate annual Areawide Lease Sales and whether the legislation should specify the lands to be offered in Areawide Lease Sales. The nineteen member companies unanimously voted to approve the Areawide Leasing concept embodied by the subject CSHB 388. The most recent Committee Substitute for House Bill 388 does not create a new Lease Sale program, nor does it mandate annual Areawide Lease Sales, it does; however, provide the necessary changes of law to allow Areawide Lease Sales and gives specific guidance and direction to the Division of Oil and Gas to expeditiously make lands of critical interest to the Industry available at annual Areawide Lease Sales. We are confident and hopeful that the Commissioner of Natural Resources and the Director of Oil and Gas

Representative Norm Rokeberg
March 12, 1996
Page 3

will, upon passage of this legislation, quickly move to adopt this concept and implement annual Arcawide Lease Sales which offer all State acreage which is the subject of an effective Best Interest Finding.

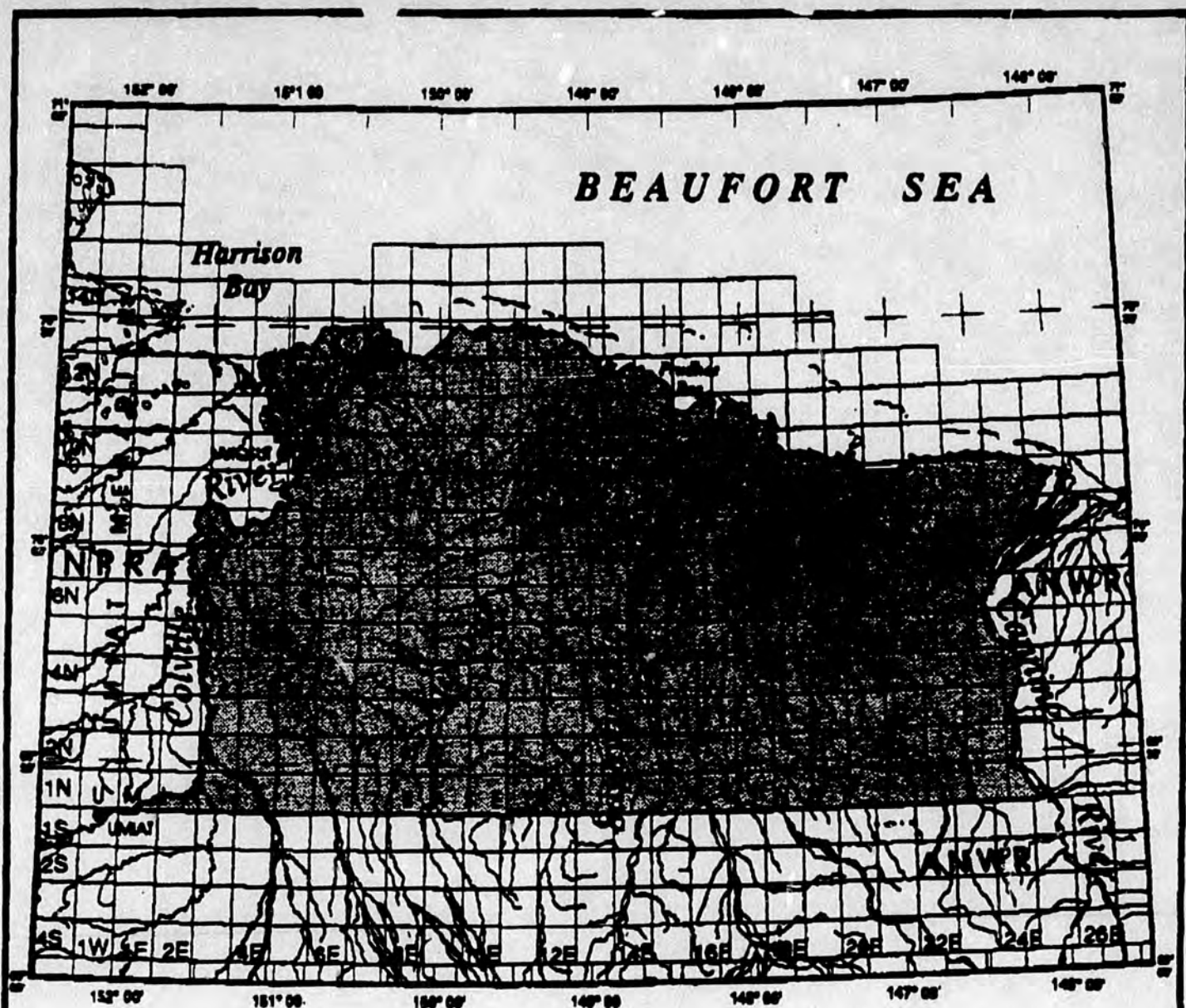
Thank you for the opportunity to offer comments and suggestion on this vital legislation. We are hopeful that CSHB 388 will proceed with speed through both the House and the Senate and will be fully embraced by the Knowles' Administration.

Sincerely,



JUDITH M. BRADY
Executive Director

000000 0000 00 00 0000



Proposed Sale 87 Area



STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS
PROPOSED OIL AND GAS LEASE SALE 87
NORTH SLOPE

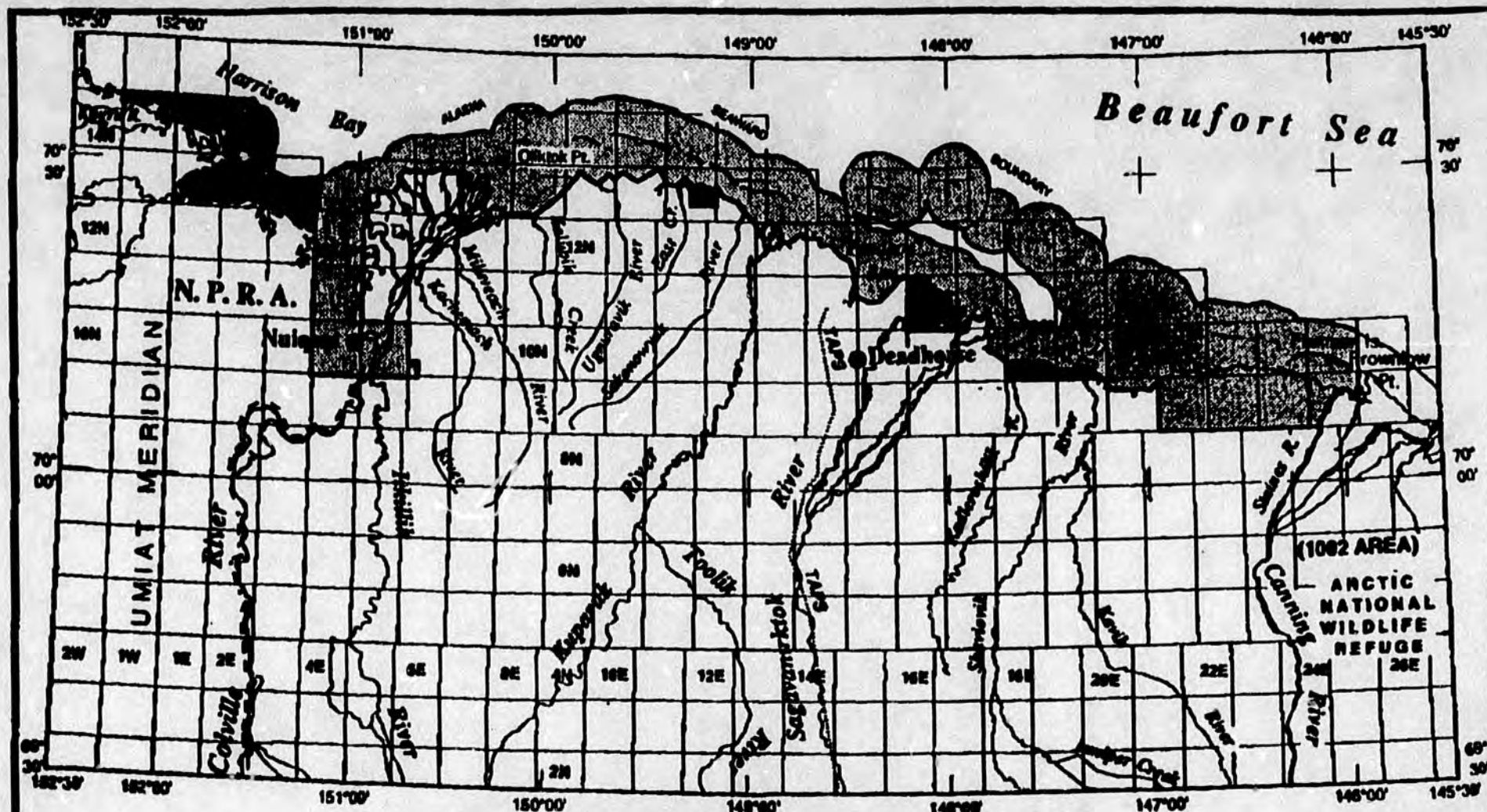
SCALE 1:1,000,000 ONE INCH = 81 MILES APPROX.

DIRECTOR, DIV. OF OIL & GAS
KENNETH A. BOYD
PETROLEUM GEOLOGIST
JAMES HANSEN

DRAWN BY:
O.D.S. & M.R.
CHECKED BY:

DATE APP. VER: 1/11/90
Alaska State-Area Cont. Projection
Based On The Clark 1988 Ellipsoid
Central Meridian: -150.00
Origin Latitude: 55.00

NOTE: NO DECISION HAS YET BEEN MADE ON WHETHER THE STATE WILL HOLD THIS LEASE SALE. THE STATE IS GATHERING SOCIAL, ENVIRONMENTAL & ECONOMIC INFORMATION ON WHICH TO BASE A DECISION.



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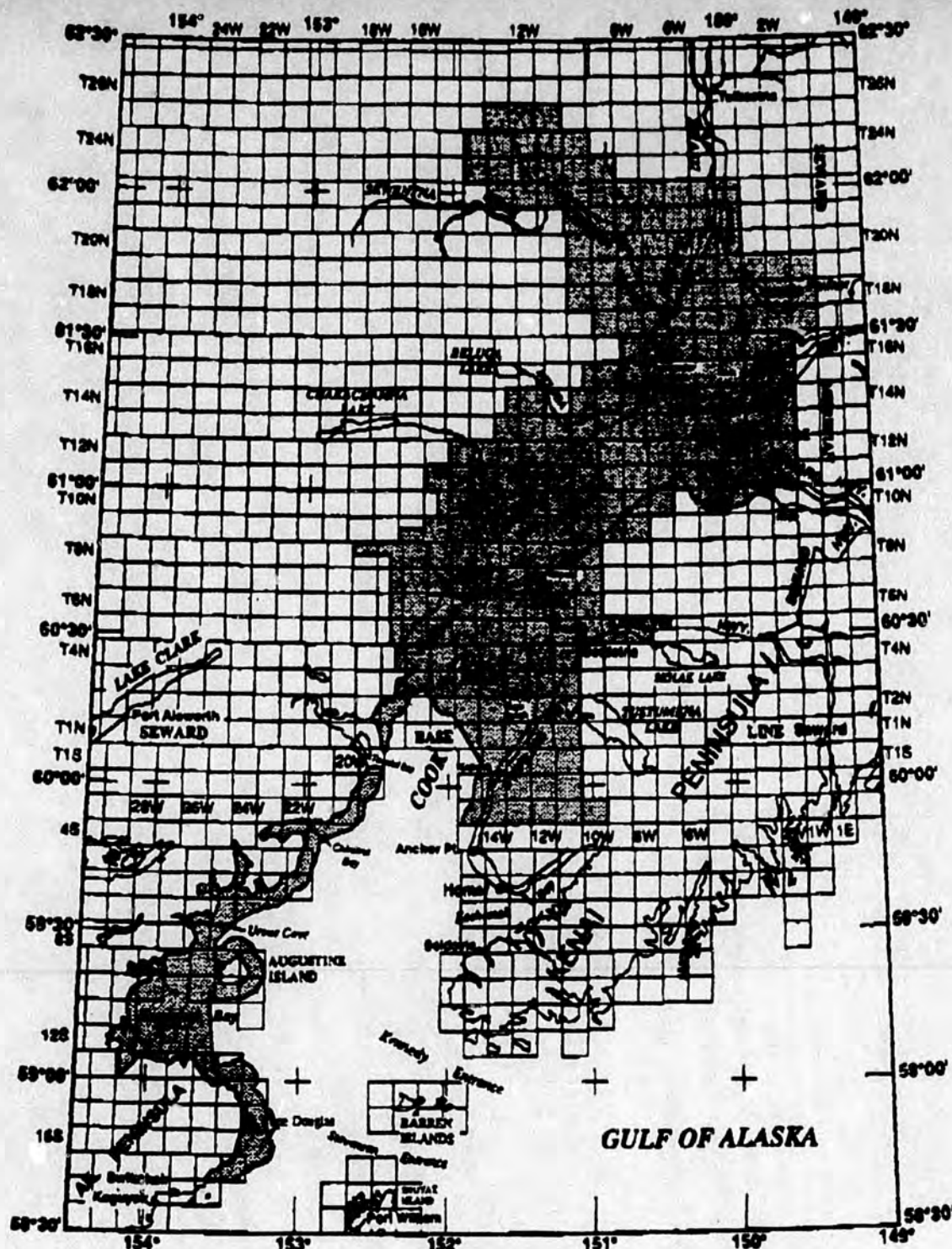
STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL AND GAS	
PROPOSED OIL AND GAS LEASE SALE 86 CENTRAL BEAUFORT SEA	
SCALE 1:11,000,000 ONE INCH = 18 MILES approx.	
DIRECTOR, DIVISION OF OIL AND GAS KENNETH A. BOYD	DRAWN BY: M.P. & J.P.
PETRO. GEOPHYSICIST, JAMES HANSEN	CHECKED BY: [Signature]
DATE APPROVED: 2-13-88	
BASE MAP: TRANSFERRED FROM U.T.M. PROJECTIONS BY U.S.S.R. REDRAWN IN ALUCAD AND CLARIS CAD	

ORIGINALLY PROPOSED
SALE AREA



PROPOSED ADDITION





Proposed Sale Area

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

PROPOSED OIL AND GAS LEASE SALE 85
COOK INLET / KAMISHAK BAY

SCALE 1: 2,400,000 ONE INCH = 36 MILES approx.

DIRECTOR, DIVISION OF OIL AND GAS
JAMES E. EASON
PETRO. GEOPHYSICIST,
JAMES HANSEN

DRAWN
BY: M.P. &
O.D.S.

CHECKED
BY: J.

DATE APPROVED 01-09-95

BASE MAP: TRANSFERRED FROM
U.T.M. PROJECTIONS BY U.S.G.S.
PROGRAM IN AUTOCAD AND
CLARIS CAD.

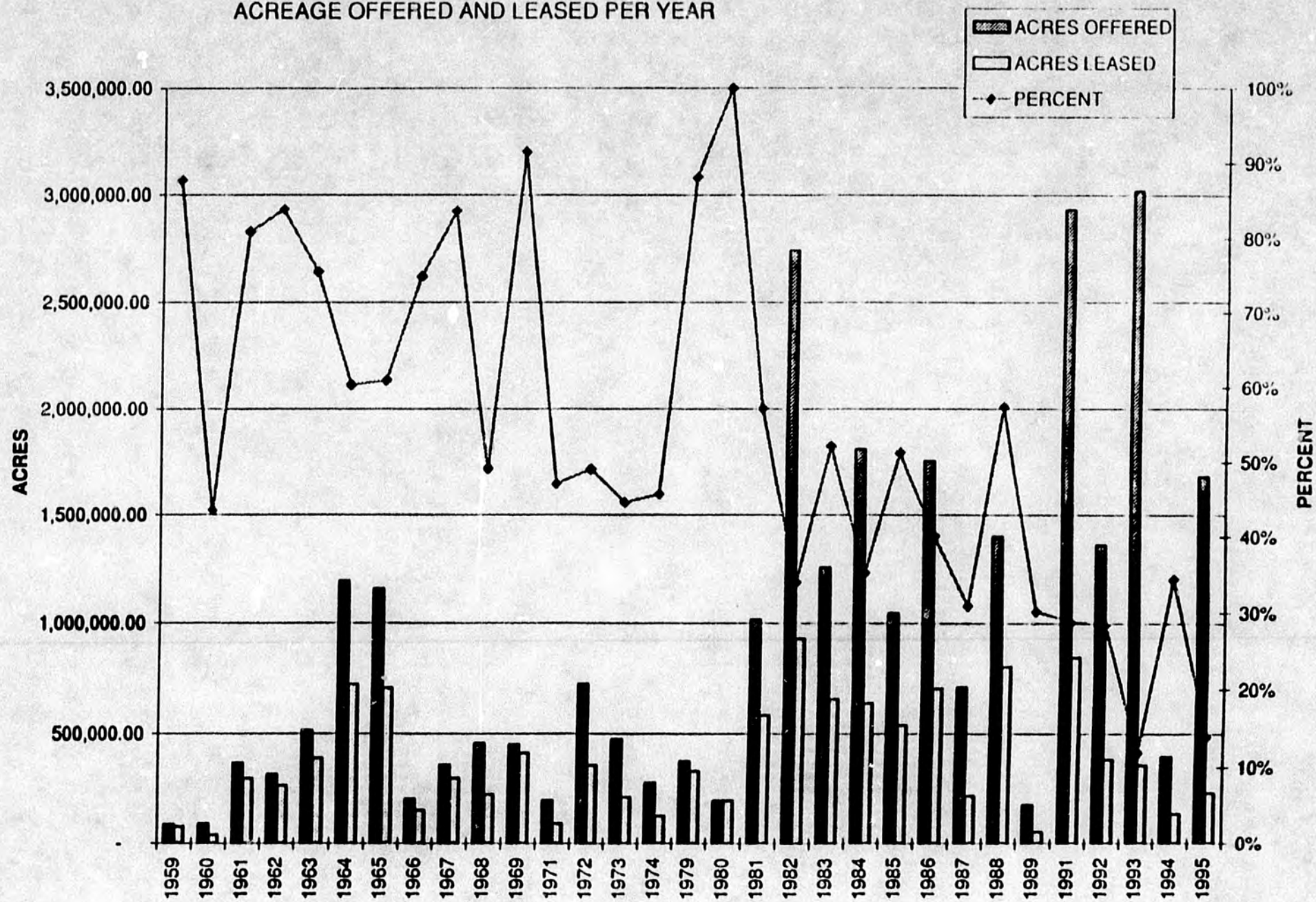
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STATE WILL HOLD THIS LEASE
SALE. THE STATE IS GATHERING
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ECONOMIC INFORMATION ON
WHICH TO BASE A DECISION.

ACREAGE OFFERED AND LEASED PER YEAR

1 5/96

YEAR	ACRES OFFERED	ACRES LEASED	PERCENT
1959	88,055.00	77,191.00	88%
1960	90,615.21	39,372.27	43%
1961	367,241.44	296,755.44	81%
1962	316,730.63	265,498.63	84%
1963	514,365.46	388,579.51	76%
1964	1,194,373.00	721,224.00	60%
1965	1,157,075.06	704,751.28	61%
1966	203,639.75	152,576.99	75%
1967	358,978.89	300,104.31	84%
1968	457,822.48	225,233.15	49%
1969	450,858.47	412,548.47	92%
1971	196,635.07	92,617.97	47%
1972	725,322.38	356,217.27	49%
1973	475,048.85	211,695.40	45%
1974	278,269.43	127,119.65	46%
1979	375,818.22	330,985.69	88%
1980	196,268.00	196,268.00	100%
1981	1,017,836.74	582,406.38	57%
1982	2,744,028.59	930,730.70	34%
1983	1,256,733.10	655,342.96	52%
1984	1,812,083.46	636,801.96	35%
1985	1,047,538.45	537,486.35	51%
1986	1,757,253.61	703,669.74	40%
1987	710,289.31	218,779.31	31%
1988	1,399,070.95	803,809.06	57%
1989	176,658.63	53,140.49	30%
1991	2,933,001.11	845,768.48	29%
1992	1,361,737.00	385,382.00	28%
1993	3,020,993.69	359,438.07	12%
1994	396,760.00	136,307.00	34%
1995	1,682,840.00	233,085.00	14%
Grand Total:	28,763,941.98	11,980,886.53	42%

ACREAGE OFFERED AND LEASED PER YEAR



1/9/96

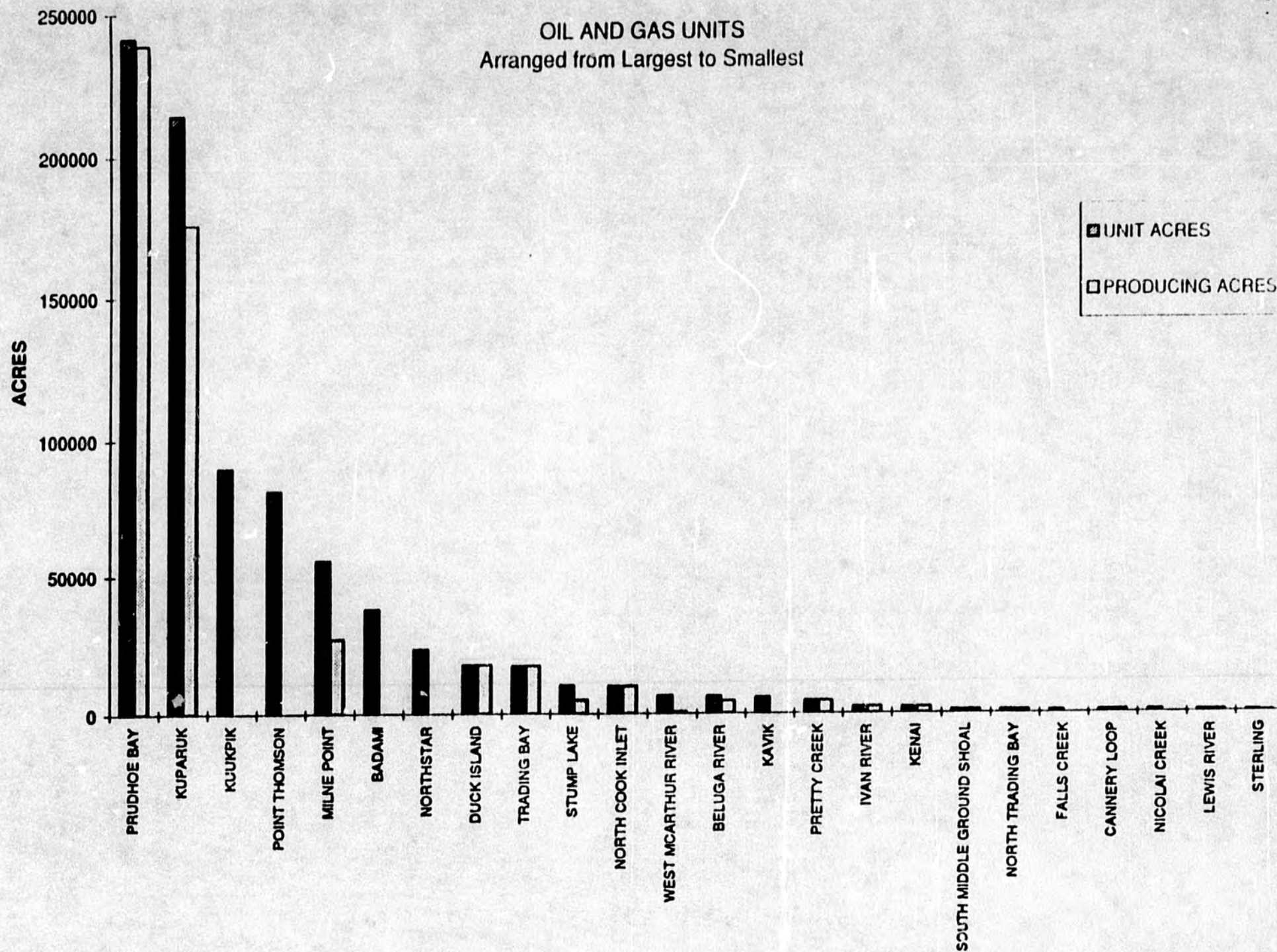
GRNDTTL XLS

UNIT ACREAGE

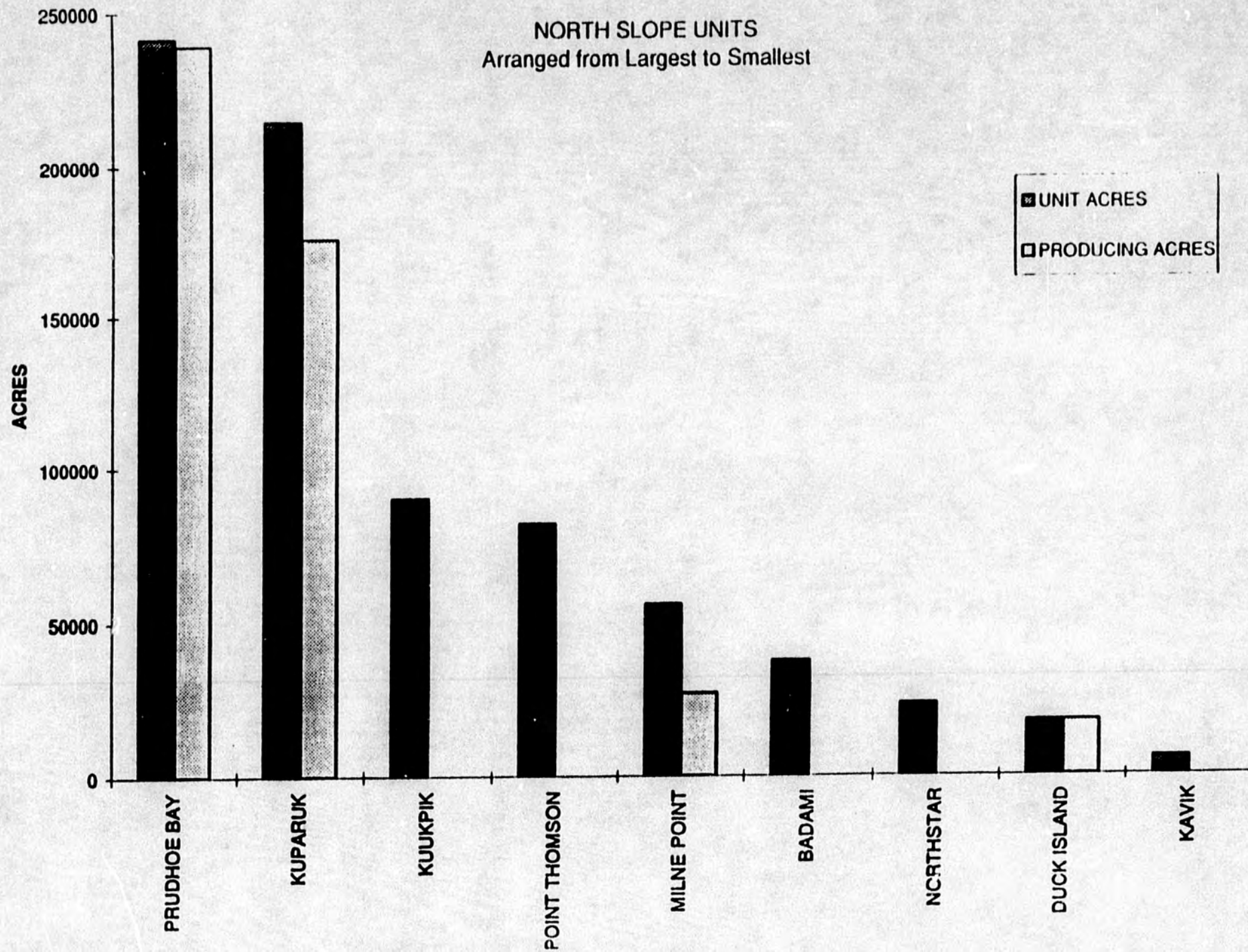
08-Jan-96

AREA	UNIT NAME	UNIT ACRES	PRODUCING ACRES
<u>COOK INLET</u>			
	BELUGA RIVER	6,099.15	4,464.60
	CANNERY LOOP	916.00	916.00
	FALLS CREEK	964.45	0.00
	IVAN RIVER	2,290.79	2,290.79
	KENAI	2,191.08	2,191.08
	LEWIS RIVER	720.00	720.00
	NICOLAI CREEK	879.78	0.00
	NORTH COOK INLET	9,781.50	9,781.50
	NORTH TRADING BAY	1,120.00	1,120.00
	PRETTY CREEK	4,579.33	4,579.33
	SOUTH MIDDLE GROUND SHCAL	1,160.00	1,160.00
	STERLING	496.37	133.28
	STUMP LAKE	10,062.50	4,880.00
	TRADING BAY	17,299.50	17,299.50
	WEST MCARTHUR RIVER	6,330.00	640.00
	COOK INLET	<u>64,890.45</u>	<u>50,176.08</u>
<u>NORTH SLOPE</u>			
	BADAMI	37,401.92	0.00
	DUCK ISLAND	17,547.62	17,547.62
	KAVIK	5,652.59	0.00
	KUPARUK	214,331.15	175,502.15
	KUUKPIK	89,799.11	0.00
	MILNE POINT	55,498.00	26,965.00
	NORTHSTAR	23,343.49	0.00
	POINT THOMSON	81,281.03	0.00
	PRUDHOE BAY	241,555.10	238,995.10
	NORTH SLOPE	<u>766,410.01</u>	<u>459,009.87</u>
	<u>GRAND TOTAL:</u>	<u>831,300.46</u>	<u>509,185.95</u>

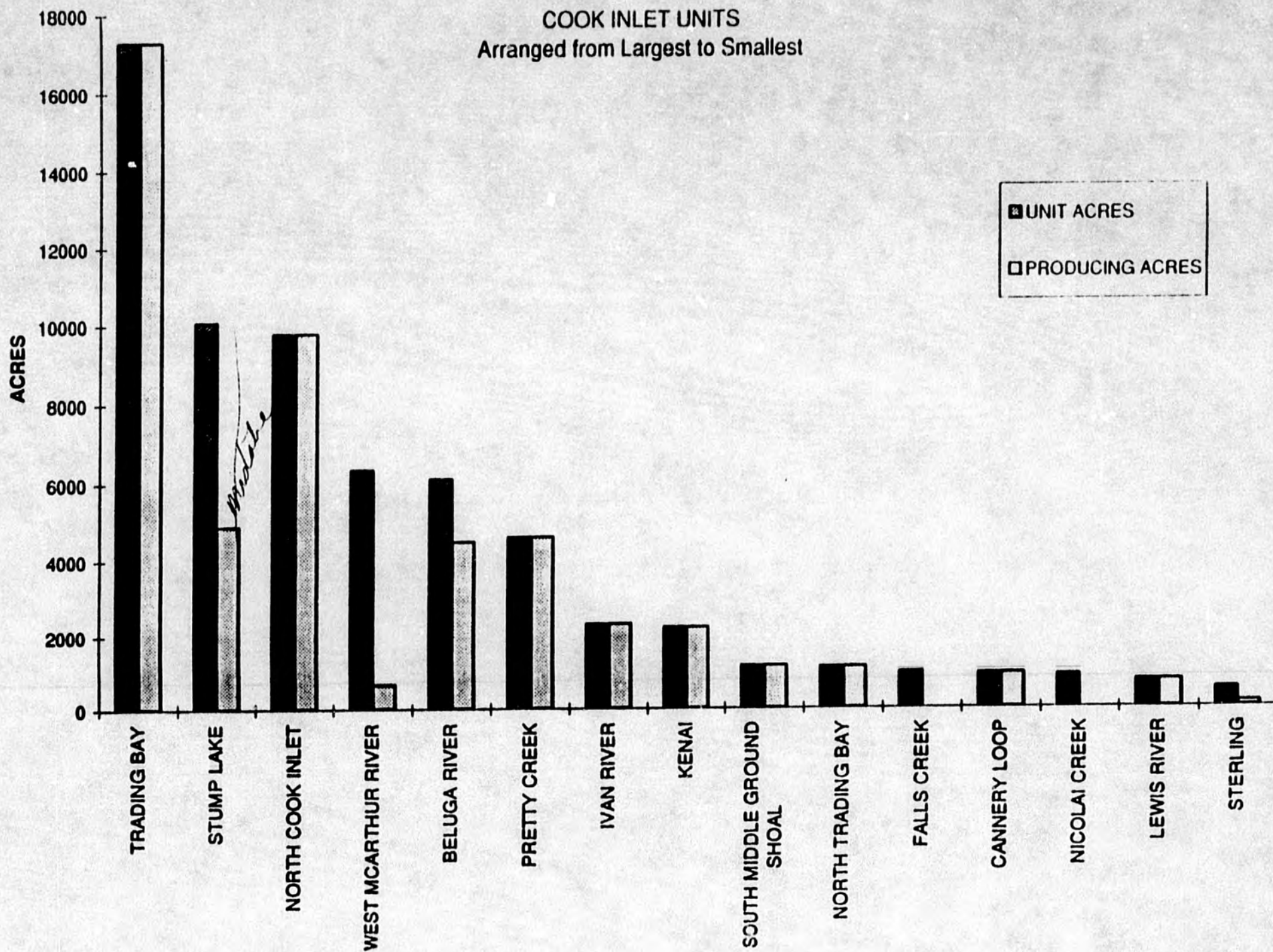
OIL AND GAS UNITS Arranged from Largest to Smallest



NORTH SLOPE UNITS Arranged from Largest to Smallest

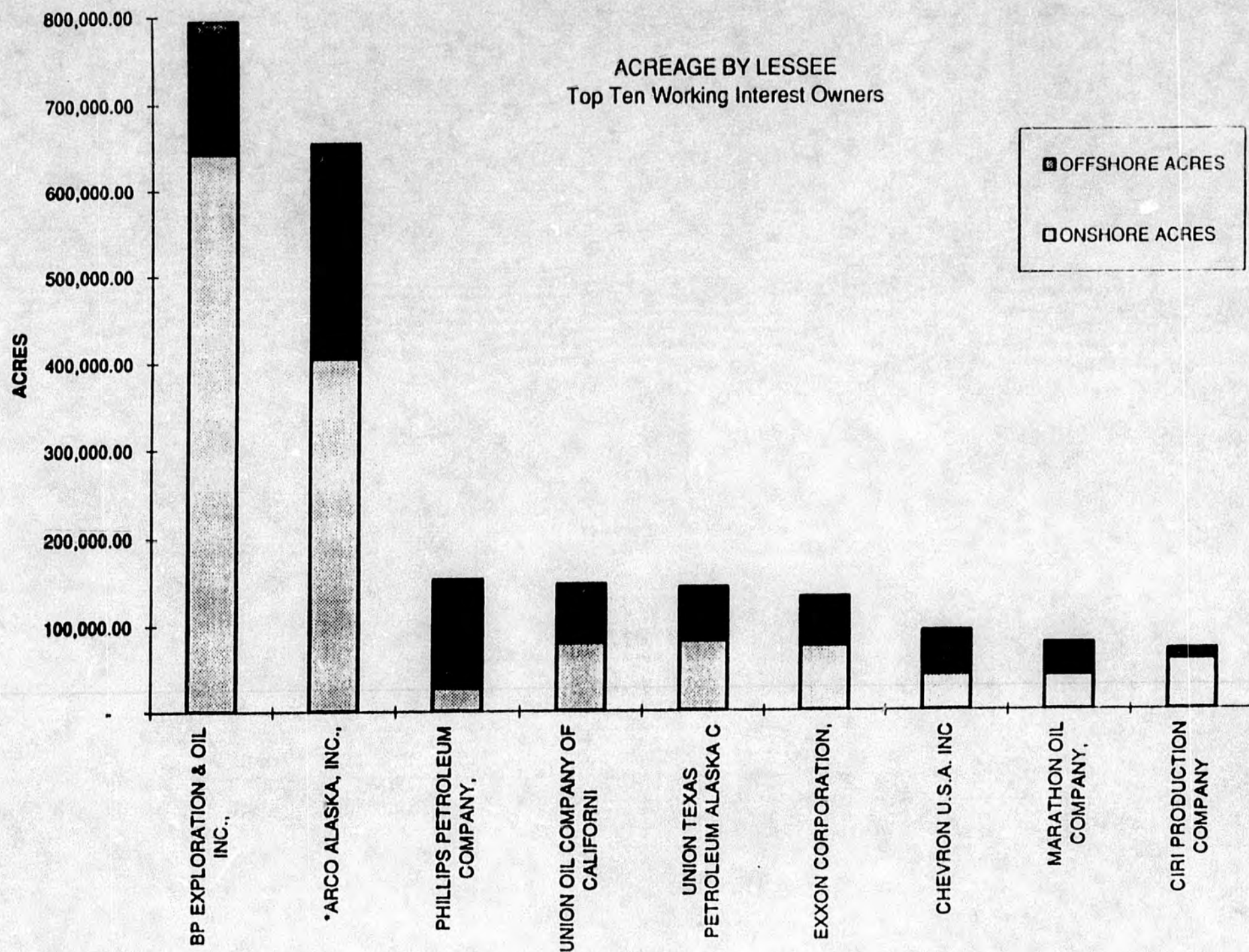


COOK INLET UNITS
Arranged from Largest to Smallest



Top Ten Working Interest Owners

<u>NAME</u>	<u>ONSHORE ACRES</u>	<u>OFFSHORE ACRES</u>
BP EXPLORATION & OIL INC.,	642,481.63	152,483.17
*ARCO ALASKA, INC.,	484,772.30	249,911.48
PHILLIPS PETROLEUM COMPANY,	27,003.32	126,717.40
UNION OIL COMPANY OF CALIFORNI	79,552.93	68,566.13
UNION TEXAS PETROLEUM ALASKA C	81,274.35	62,793.05
EXXON CORPORATION,	75,674.05	56,680.87
CHEVRON U.S.A. INC	41,370.84	51,454.11
MARATHON OIL COMPANY,	40,314.40	38,009.15
CIRI PRODUCTION COMPANY	58,471.89	12,092.10
DANCO EXPLORATION, INC.	32,424.28	26,569.57
	1,670,634.79	971,405.54

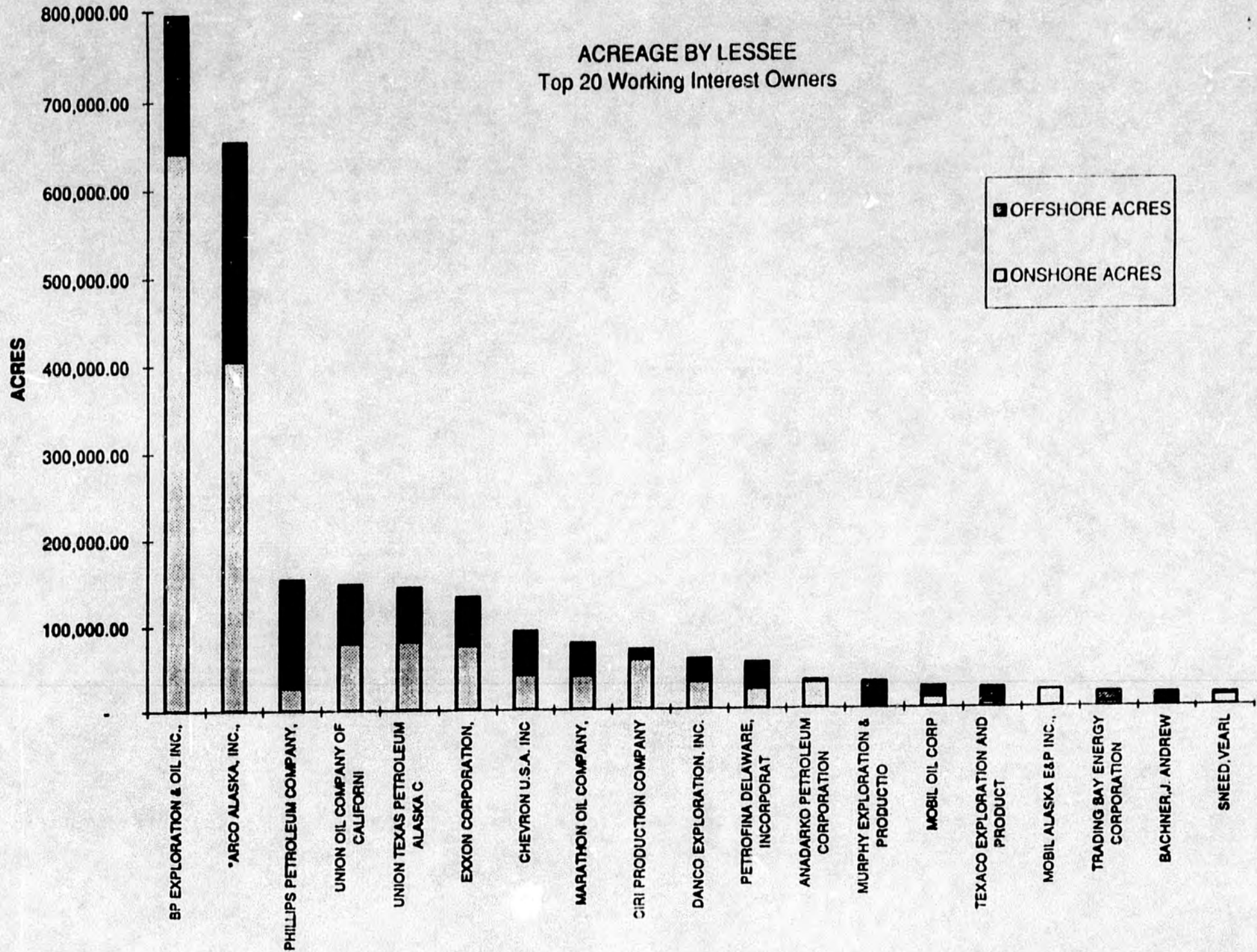


* Arco and Atlantic Richfield Combined

1/9/96

GRNDTTL XLS

ACREAGE BY LESSEE Top 20 Working Interest Owners



* Arco and Atlantic Richfield Combined

1/9/96

GRNDTTL XLS

Oil and Gas Lessees
Listed in Order of Total Acreage Held

NAME	TOTAL ACRES	ONSHORE ACRES	OFFSHORE ACRES
BP EXPLORATION & OIL INC.,	794,964.81	642,481.63	152,483.17
*ARCO ALASKA, INC.,	654,589.81	404,678.32	249,911.48
PHILLIPS PETROLEUM COMPANY,	153,720.72	27,003.32	126,717.40
UNION OIL COMPANY OF CALIFORNI	148,119.06	79,552.93	68,566.13
UNION TEXAS PETROLEUM ALASKA C	144,067.40	81,274.35	62,793.05
EXXON CORPORATION,	132,354.93	75,674.05	56,680.87
CHEVRON U.S.A. INC	92,824.96	41,370.84	51,454.11
MARATHON OIL COMPANY,	78,323.55	40,314.40	38,009.15
CIRI PRODUCTION COMPANY	70,563.99	58,471.89	12,092.10
DANCO EXPLORATION, INC.	58,993.85	32,424.28	26,569.57
PETROFINA DELAWARE, INCORPORAT	54,631.14	23,373.73	31,257.41
ANADARKO PETROLEUM CORPORATION	33,024.48	30,407.29	2,617.18
MURPHY EXPLORATION & PRODUCTIO	30,497.95	275.54	30,222.41
MOBIL OIL CORP	24,736.02	12,232.09	12,503.93
TEXACO EXPLORATION AND PRODUCT	23,323.57	5,161.65	18,161.92
MOBIL ALASKA E&P INC.,	19,719.83	19,719.83	-
TRADING BAY ENERGY CORPORATION	17,354.22	4,384.08	12,970.14
BACHNER, J. ANDREW	15,254.12	26.40	15,227.72
SNEED, VEARL	14,881.99	11,714.19	3,167.80
PLACID OIL CO	12,768.19	1,615.17	11,153.01
STEWART PETROLEUM COMPANY,	10,252.23	279.50	9,972.72
SHELL WESTERN E & P INC	10,250.27	2,700.49	7,549.77
BURGLIN, CLIFFORD	10,062.22	8,576.00	1,486.22
MIDGARD ENERGY COMPANY,	9,989.81	3,574.31	6,315.50
SHELL ONSHORE VENTURES INC.,	8,524.27	929.90	7,594.37
BOREALIS RESOURCES INC.,	8,306.50	5,813.50	2,493.00
MOBIL ROCKY MOUNTAIN INC,	7,656.75	-	7,656.75
OXY USA INC.,	7,395.02	4,517.49	2,877.53
SHELL FRONTIER OIL AND GAS INC	5,725.00	5,725.00	-
LAPP RESOURCES INC	5,674.97	5,674.97	-
BLOCKER JOHN R	5,365.38	279.50	5,085.88
AMOCO PRODUCTION COMPANY	5,323.75	3,329.00	1,994.75
BACHNER, KARL A.	4,677.88	4,677.88	-
DANCO INC	4,462.00	-	4,462.00
TEXACO INC,	4,282.31	2,777.31	1,505.00
BACHNER DANA K	3,958.98	3,958.98	-
ROSEWOOD RESOURCES INC,	3,706.78	939.22	2,767.56
HUNT PETROLEUM CORPORATION,	3,542.82	1,082.76	2,460.05
LEWIS RIVER UNIT PARTNERSHIP,	3,200.00	3,200.00	-
SHELL OFFSHORE INC.,	2,955.33	-	2,955.33
MOBIL EXPLORATION AND PRODUCIN	2,723.23	1,733.39	989.84
ESCOPETA OIL & GAS CORPORATION	2,486.46	139.75	2,346.71
ESCOPETA PRODUCTION - ALASKA	2,486.46	139.75	21,346.71
ARCTIC SLOPE REGIONAL CORPORAT	2,278.50	2,278.50	-
PENNZOIL EXPLORATION AND PRODU	2,158.39	371.50	1,786.89
FORSQREN, KEITH C	2,080.11	3.60	2,076.51
SHELL LAND & ENERGY COMPANY,	1,376.80	1,376.80	-
LOUISIANA LAND AND EXPLORATION	1,329.04	339.20	989.84
JAMES, ALFRED III	1,280.00	5.00	1,275.00
NOVOSEL, FRANK J	1,244.00	1,244.00	-
HUNT, WILLIAM HERBERT TRUST ES	1,119.94	1,119.94	-

Oil and Gas Lessees
Listed in Order of Total Acreage Held

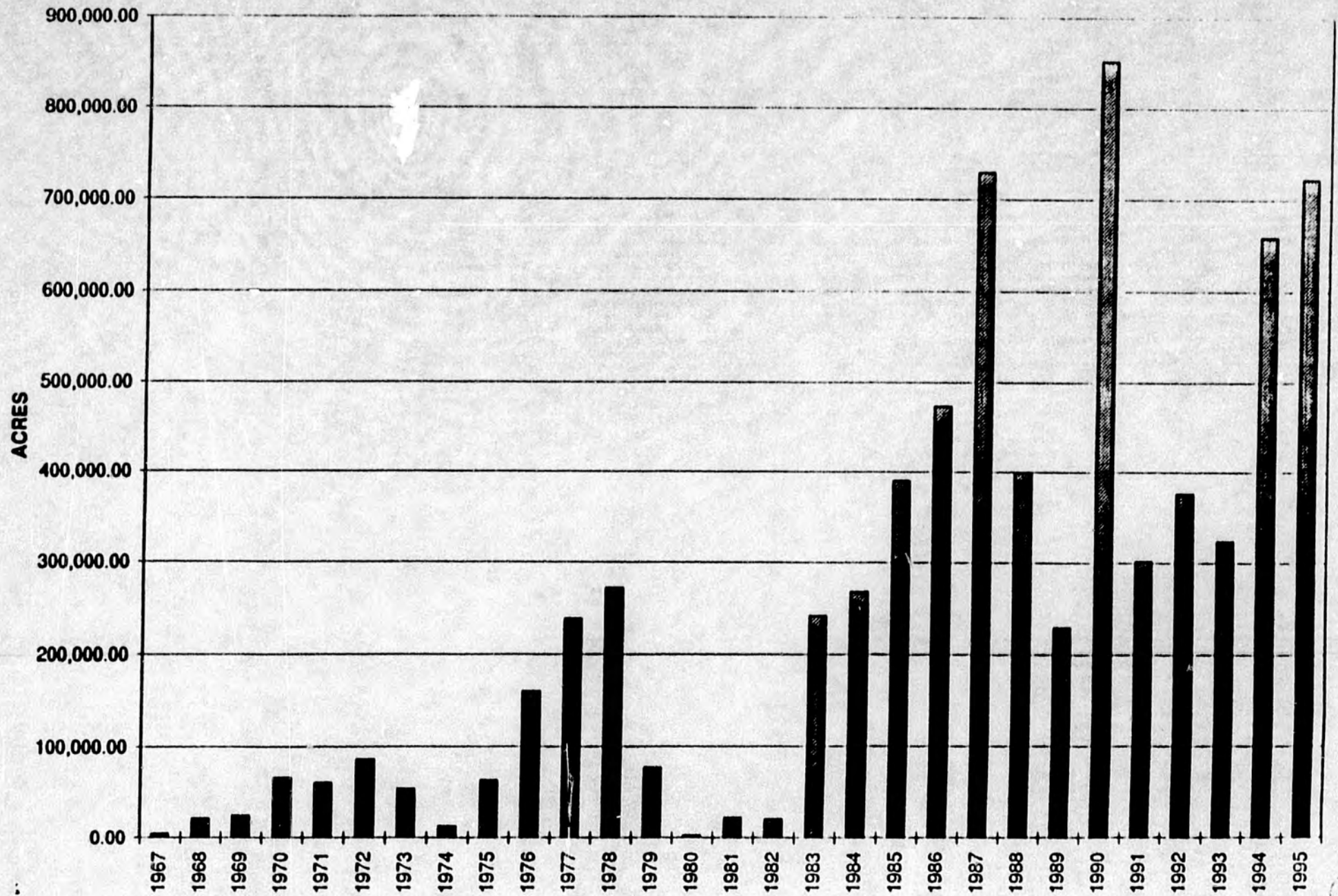
NAME	TOTAL ACRES	ONSHORE ACRES	OFFSHORE ACRES
HUNT, LAMAR TRUST ESTATE	1,077.41	1,077.41	-
HUNT, NELSON BUNKER TRUST ESTATE	1,077.41	1,077.41	-
GAFFI ZELLA	1,024.00	1,024.00	-
LUNDGREN (ESTATE OF), JAMES	1,013.33	-	1,013.33
WHITE, JAMES W.	718.17	87.34	630.83
COASTAL OIL & GAS CORPORATION	588.80	427.23	161.58
SUN OPERATING LIMITED PARTNERS	554.52	554.52	-
EVERETTE, KELLEY	512.00	512.00	-
COOK INLET REGION INC.	485.67	339.49	146.19
PARKER NANCY BLACK	317.50	317.50	-
FOREST OIL CORPORATION	268.66	194.94	73.73
MARATHON PETROLEUM COMPANY,	253.34	253.34	-
GUSTAFSON, MARY	202.67	-	202.67
BLOCKER, JOHN R. TRUSTEE	189.90	-	189.90
KLEINER, WALTER H	179.54	21.83	157.71
SEXTON, MICHAEL R	168.89	-	168.89
TIPPERARY OIL & GAS CORPORATIO	129.25	70.68	58.57
GIINTHER DOROTHY	128.00	128.00	-
BURGLIN, BRIAN	101.33	-	101.33
BURGLIN, BRUCE	101.33	-	101.33
BURGLIN, DAVID	101.33	-	101.33
BURGLIN, JOSEPH	101.33	-	101.33
RIMA, BARBARA C	101.33	-	101.33
GREMILLION, ANNE L	79.38	79.38	-
LOVICK, ROBERT G. JR.	79.38	79.38	-
READ, NANCY L	79.38	79.38	-
SPINKS, MARGARET L.	79.38	79.38	-
TRANSWORLD OIL & GAS LTD	68.04	49.37	18.67
TWO FOUR SIX EXPLORATION INC.	68.04	49.37	18.67
LEEDE, EDWARD H	64.62	35.34	29.28
NANA REGIONAL CORPORATION INC	64.50	-	64.50
BATTLE KENNETH W.	49.45	-	49.45
RYLANDER, MARIAN IRIS	35.00	35.00	-
PACIFIC LIGHTING GAS DEV CO,	32.00	17.50	14.50
DONNELLY, RICHARD	29.08	15.90	13.18
GRACE PETROLEUM CORPORATION,	27.22	19.75	7.47
SUNLITE INTERNATIONAL INC,	27.22	19.75	7.47
ARTUS, WILLIAM D.	23.54	-	23.54
HUGHES, KINGDON R	23.04	12.60	10.44
DOYON LIMITED	21.50	-	21.50
CHAPARRAL ROYALTY COMPANY	14.54	7.95	6.59
LEEDE AND PINE,	12.92	7.07	5.86
CHRISTIANSON, CABOT	9.42	-	9.42
PERRY (ESTATE OF), JOHN W	7.27	3.98	3.29
SEARLS, ROBERT JR	7.27	3.98	3.29
POPE, JOHN C	3.06	-	3.06
ROBERTS, CATHRYN	3.06	-	3.06
WOODBINE PETROLEUM, INC..	0.53	0.53	-
	2,810,888.29	1,745,718.48	1,084,169.76

CLOSED LEASES

04-Jan-96

STATUS DATE	TOTAL ACRES
1967	4,329.99
1968	20,903.47
1969	23,897.48
1970	65,808.82
1971	60,223.79
1972	85,860.95
1973	53,372.48
1974	12,216.39
1975	62,976.83
1976	159,986.82
1977	238,493.74
1978	271,487.49
1979	76,702.83
1980	2,295.47
1981	21,614.33
1982	20,004.64
1983	241,923.74
1984	267,982.62
1985	390,081.28
1986	473,464.94
1987	730,063.63
1988	399,823.23
1989	229,143.08
1990	852,197.39
1991	301,659.43
1992	375,849.50
1993	323,774.58
1994	658,375.98
1995	722,643.15
Grand Total:	7,147,158.12

CLOSED ACREAGE PER YEAR



1/9/96

GRNDTTL.XLS

**ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

Proposed Sale Area & Date	1994				1995				1996				1997				1998				1999																								
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D			
79 Cape Yakutat 7-95			P		E			N	F			S	ON HOLD																																
67A-W1 74W,76W Cook Inlet & 78W Reoffer					C		E				F		S																																
80 Shavlovik 12-95					P		E			N	F		S																																
86A Colville Delta Exempt 8-96	NEW				C		E			P	E	N	F		S																														
85A Cook Inlet Exempt 12-96			C		E			C		E			P	E	N	F		S																											
86 Central Beaufort Sea 4-97	C		E	C 2 Issued Dec. '93				C		E			P	E	N	F		S																											
87 North Slope 3-98	C		E		C		E			C		E			P	E	N	F		S																									
85 Cook Inlet / Kamishak Bay 8-98	C		E	C 2 Issued Dec. '93						C		E			P	E	N	F		S																									
83 Western Beaufort Sea 3-99	C		E					C		E					C		E			P	E	N	F		S																				
89 Central & Eastern Beaufort Sea 12-99	C		E							C		E					C		E					P	E	N	F		S																

REVISED 7/1/95

C = Call for Comments:
1 = New Sales and 5-Year Program Revisions.
2 = Request for General Information.
3 = Request for Socioeconomic and Environmental Information.
4 = Request for New Information Made Available Since Last Finding.
E = End of Comment Period

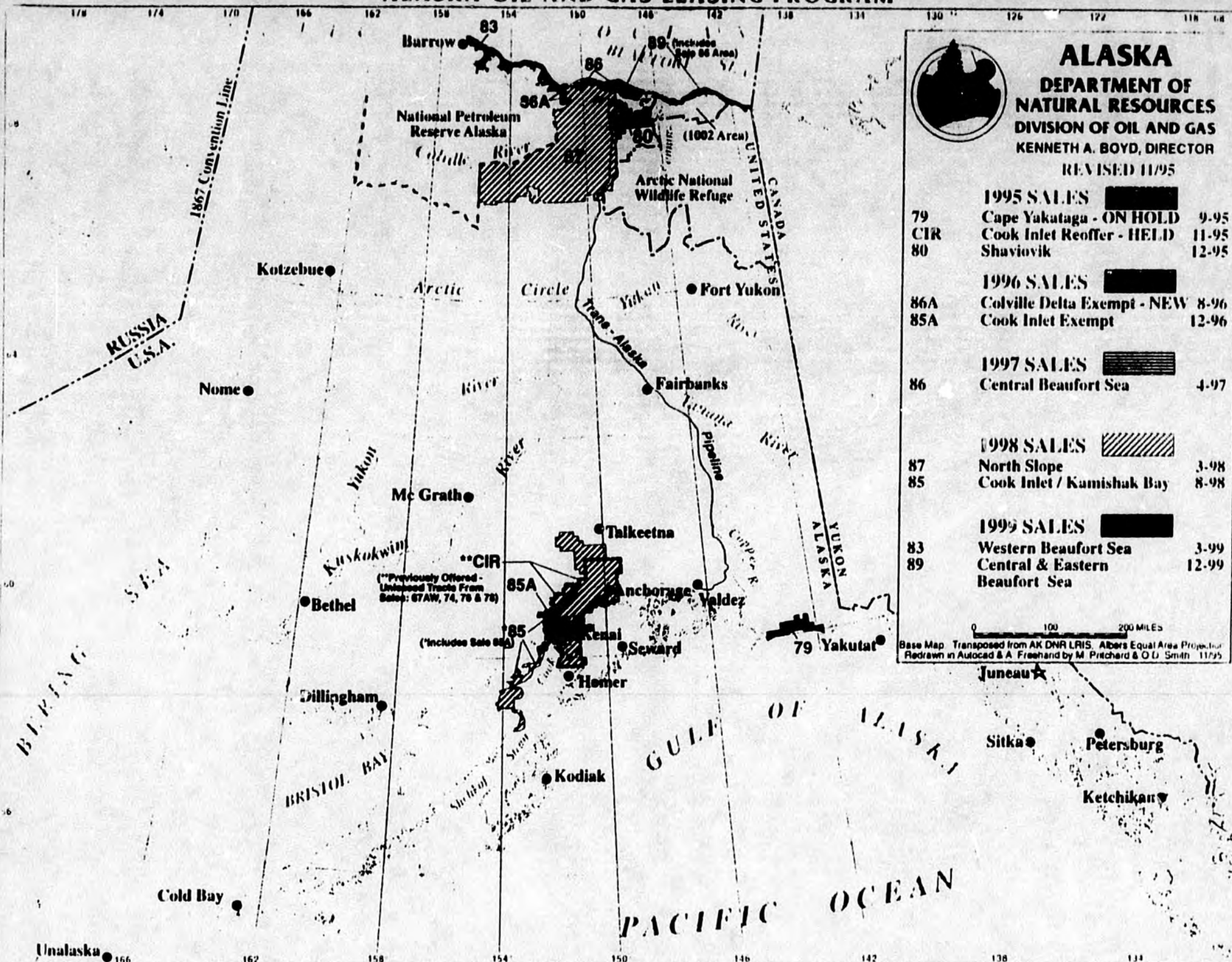
P = Preliminary Best Interest Finding /
ACMP Consistency Analysis. (If required.)
N = Notice of Intent to Issue Final Finding.
F = Final Finding and Notice of Sale and Terms.
S = Sale.

F = Revised Final Filing and/or Notice of Sale and Terms.

Best Interest Finding Process

Public Meetings may be held at any time.

ALASKA OIL AND GAS LEASING PROGRAM



ALASKA
DEPARTMENT OF
NATURAL RESOURCES
DIVISION OF OIL AND GAS
 KENNETH A. BOYD, DIRECTOR
 REVISED 11/95

1995 SALES

79	Cape Yakataga - ON HOLD	9-95
CIR	Cook Inlet Reoffer - HELD	11-95
80	Shaviovik	12-95

1996 SALES

86A	Colville Delta Exempt - NEW	8-96
85A	Cook Inlet Exempt	12-96

1997 SALES

86	Central Beaufort Sea	4-97
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1998 SALES

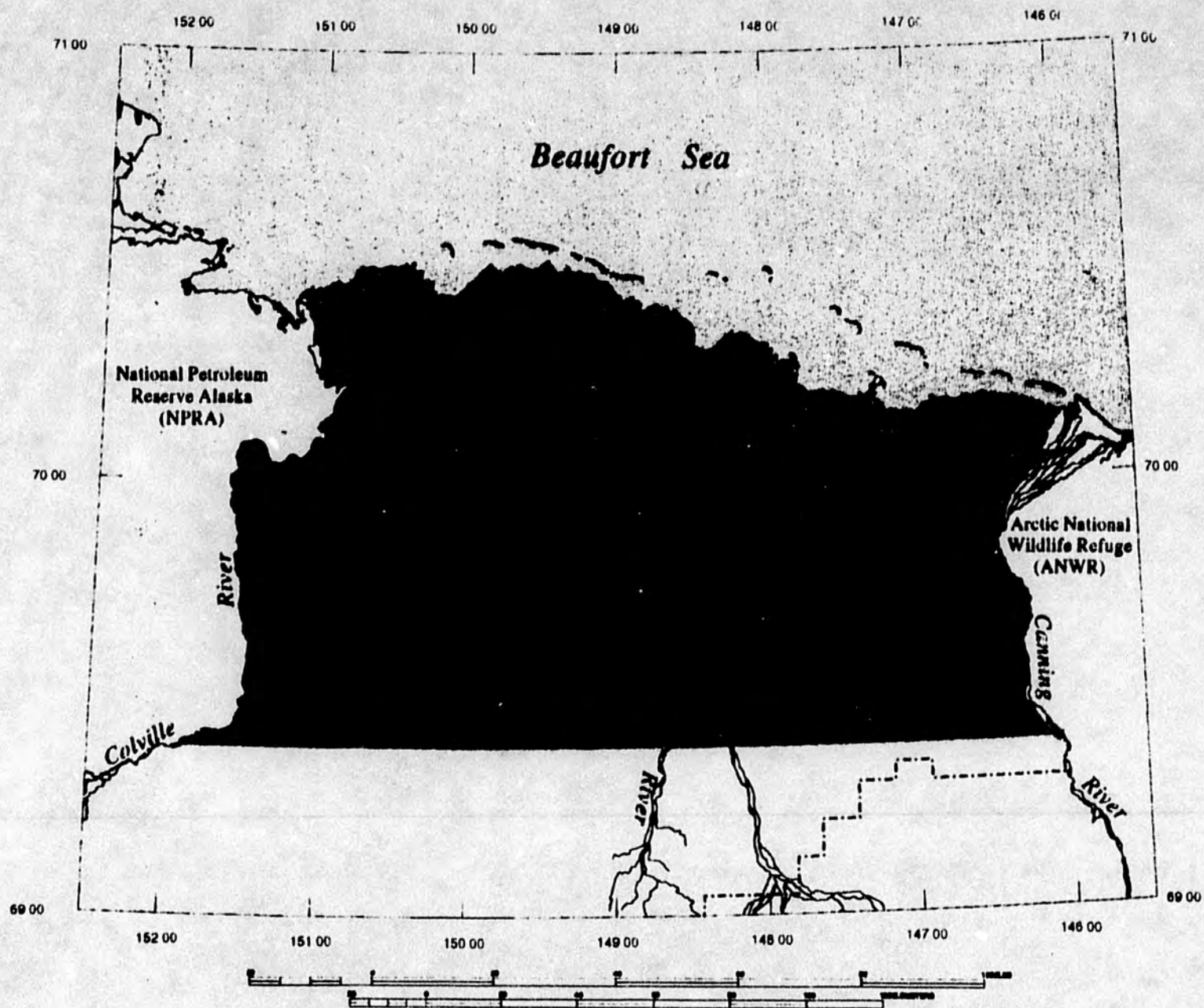
87	North Slope	3-98
85	Cook Inlet / Kamishak Bay	8-98

1999 SALES

83	Western Beaufort Sea	3-99
89	Central & Eastern Beaufort Sea	12-99

0 100 200 MILES

Base Map: Transposed from AK DNR LRIS. Albers Equal Area Projection.
 Redrawn in Autocad & A. Freehand by M. Prichard & O.U. Smith 11/95



AREAWIDE LEASING

AREAWIDE LEASING

Program Objectives

- Annual North Slope and Cook Inlet Areawide Lease Sales shall include those areas which are not subject to exploration licensing, provided the necessary Best Interest Finding for such areas supports such sales;
- The Five-Year Lease Sale Schedule presented to the Legislature shall include an annual North Slope areawide lease sale and an annual Cook Inlet areawide lease sale;
- North Slope Areawide Upland Lease Sale #1 shall occur in 1998 as DNR has currently scheduled for Sale 87 in March, 1998;
- Areawide Best Interest Finding's (BIF) for North Slope and Cook Inlet shall commence immediately;
- Areawide BIF's shall survive for 10 years;
- Areawide BIF's shall cover all lands within the geographic sale area, regardless of current lease status or ownership;
- Comments for new information shall be solicited annually for the Areawide BIF's;
- The commissioner of DNR shall be granted discretionary authority to determine if new information requires a new BIF, earlier than 10 years;
- All areawide lease sales, subsequent to the initial areawide lease sales, shall be subject to existing regulations affecting reoffer sales;
- Legislation should be self implementing under current regulations;
- Nothing in this program shall affect the current lease sale schedule approved under the current Five-Year Leasing Program.

The program can be shown as an example of Industry, Legislature, and the Administration working cooperatively to re-design a work process to make the Alaskan business environment more efficient and user friendly.

TRUSTEES FOR ALASKA v. STATE, DNR

Alaska 745

Cite as 863 P.2d 745 (Alaska 1998)

giving ordinances to provide economic protection for existing businesses."); *Sum-Brite Car Wash, Inc. v. Board of Zoning & Appeals*, 68 N.Y.2d 408, 515 N.Y.S.2d 418, 422, 689 N.E.2d 130, 135 (1997) ("Zoning laws do not exist to insure limited business competition.")

The second rationale courts use to support denying business competitors standing is a "vested rights" argument. Courts reason that "no person has a vested right to engage in business without competition.... Never having been possessed of a right to conduct a business free of competition, the landowner has lost nothing and cannot be said to have been aggrieved." 3 Arden H. Rathkopf & Daron A. Rathkopf, *The Law of Zoning and Planning* § 42.07, at 43-53 (1998). The Appellate Court of Illinois noted that "[a] person can have no vested or special property right in either the monopoly or competitive advantage accorded by zoning restrictions at a given time." *Swain*, 250 N.E.2d at 444.

We think both theories have merit. In the area of land use law, we thus adopt the majority rule and deny standing to a business competitor whose only alleged injury results from competition.⁹ Earth Movers argues that "[n]o one other than those with interests in lawfully operated gravel pits have greater interests in preserving the laws of gravel pits than those similarly situated to Earth Movers and Earth Movers itself." In terms of Earth Movers' interest in limiting competition in gravel sales, this may be correct. That interest is, however, irrelevant because it is not an interest meant to be protected by the zoning ordinance.

III. CONCLUSION

We interpret the applicable statutes and ordinance to require that a person be "aggrieved" in order to appeal a decision by a zoning board. We adopt the majority interpretation of "aggrieved" to deny standing in land use cases to a business competitor whose only alleged injury is potential increased competition. Therefore we AFFIRM the decision of the superior court which affirmed the decision of the Board of

9. Of course, a business competitor who can show other injury, such as a deleterious effect on traf-

Adjustment denying Earth Movers standing to challenge the Department's holding.



TRUSTEES FOR ALASKA, City of Naktovik, American Wilderness Alliance, Northern Alaska Environmental Center, Alaska Wildlife Alliance, The Sierra Club, The Wilderness Society, Alaska Center for the Environment, Appellants,

v.

STATE of Alaska, DEPARTMENT OF NATURAL RESOURCES; Judy Brady, Commissioner, State of Alaska Department of Natural Resources, and James Eason, Director, Division of Oil and Gas, State of Alaska, Department of Natural Resources, Appellees.

Arco Alaska, Inc., Chevron U.S.A., Inc., Phillips Petroleum Co., and Standard Alaska Petroleum Co., Intervenor-Appellees.

No. S-5375.

Supreme Court of Alaska.

Dec. 23, 1998.

Environmental groups and city challenged state's sale of offshore oil and gas lease, contending that Department of Natural Resources (DNR) failed to give adequate consideration to several issues when it determined that sale was in "best interests" of state. The Superior Court, Third Judicial District, Anchorage, Rene J. Gonzalez, J., affirmed DNR's best-interest determination and its decision to proceed with sale. Environmental groups and city appealed. The Supreme Court, Compton, J., held that DNR gave inadequate consideration to methods

for parking, etc., should not be denied standing simply because he is also a competitor.

"Supplemental Finding"

SALE 55

Post-It brand fax transmittal system 7071 10 pages	SRP
ARDC	AA
ADGA	265-6329
28 B1M	265-6329

750 Alaska

965 PACIFIC REPORTER, 3d SERIES

copied—without alteration—from the Sale 50 Finding. More importantly, the Sale 55 Finding deals with transportation issues in a similar cursory manner.

Given the similarity between the Sale 50 and Sale 55 locations,⁴ as well as the two Findings' treatment of the transportation issue, this court's decision in *Camden Bay* is controlling.⁵ The best-interest Finding for Sale 55 failed to adequately address the methods and risks of transporting oil from the sale area to market. Accordingly, we reverse the decision of the superior court, and remand the case to DNR for a supplemental finding addressing this issue.

B. THE PORCUPINE CARIBOU HERD

[5] Trustees further argue that the Porcupine Caribou Herd is susceptible to adverse impacts from oil and gas development off the shore of ANWR, and that DNE must consider this impact in making its best-interest determination.⁶ Trustees contend that the caribou use areas within, and immediately adjacent to, the Sale 55 area as calving grounds and for insect relief. Trustees raise concerns that oil development may cause the caribou to avoid this important area. Further, caribou may be subject to oil spills. Accordingly, Trustees argue that DNR's best-interest Finding was deficient because it failed to consider the impact of Sale 55 on the caribou herd.

In response, DNR argues that it adequately addressed any impact development would have on the herd. DNE notes that Sale 55 is an offshore lease sale, and that Trustees have presented no evidence that "offshore activities themselves can interfere with caribou."

4. Remarkably, the Sale 55 area is considerably farther away from conventional land-based transportation facilities on the North Slope (80 miles) than the Camden Bay sale area (50 miles).

5. DNE attempts to limit the precedential value of *Camden Bay* by suggesting that this court's holding as to the transportation issue was "perhaps" a result of incomplete briefing.

6. Trustees argue that the herd is important to the State because (1) it has been recognized by the United States and Canada as "a unique and irreplaceable resource of great value," (2) many

caribou reside in ANWR." Further, DNE contends that in formulating its final finding, it "considered volumes of information on caribou including general biological information, information regarding caribou in ANWR, and information concerning the minimal effects of current onshore development in Prudhoe Bay on the caribou herds." Because of this, DNE concludes that it adequately considered any potential effects of the sale on the caribou herd.

Despite DNE's contention that it "considered volumes of information on caribou," the Finding does not suggest this level of consideration. In contrast to DNE's extensive discussion detailing the effects of the sale on whales, seals, polar bears, fish and birds, the Finding simply does not discuss the effects on caribou. DNE is required to take a "hard look" at the salient problems involved with a lease sale, and must engage in reasoned decision making. *Camden Bay*, 795 P.2d at 809. DNE's Finding indicates that it did not give the same level of consideration to the caribou herd that it gave to other wildlife.

In fact, DNE's Finding consists of little more than an assumption that, since Sale 55 is an offshore oil lease, it will not affect ANWR or the caribou that use ANWR.⁷ DNE's Finding states:

Sale 55 thus should not have a direct effect on ANWR lands themselves, although exploration and production activity within the sale area may be visible from ANWR.

Although DNE asserts that development "should not" affect ANWR or the caribou that utilize ANWR, DNE has made no finding to this effect. Rather, it has simply made the unsupported assumption that off-

Alaska Natives utilize the herd for subsistence purposes, and (3) the herd is used for recreation, aesthetic and sport hunting purposes by Alaskans.

7. If DNE had given this issue the same level of attention in its Finding that it gave the issue in the briefing before this court and the superior court, the Finding may have been sufficient. Nevertheless, the best-interest determination required by statute must take place before the lease decision is made, not as an after-the-fact exercise.

TRUSTEES FOR ALASKA v. STATE, DNR

Alaska 751

Cite as 843 P.2d 748 (Alaska 1988)

shore development cannot affect caribou.¹ This approach is evident in the following language of the Finding:

[While the Department recognizes the intent behind the creation of ANWR, the department does not believe it is necessary to establish yet another undeveloped area, or buffer zone, around the refuge to achieve an acceptable level of protection for fish and wildlife within ANWR. Regulatory agencies have designed lease terms, permit requirements and field monitoring to control industry exploration and production activities. The protection of ANWR lands will be a consideration when granting approval of design, siting and construction of exploration and production facilities.... [The department does not expect significant or permanent degradation to refuge wildlife, the environment, or the wilderness character of the refuge to occur.

Although DNR attempts to argue that it "carefully considered caribou-related issues," the Finding language indicates otherwise. What DNR is really arguing is that offshore development cannot affect onshore caribou. I.e., that the sale's effect on the Porcupine Caribou Herd does not represent a "salient problem" for purposes of AS 38.05.035(e). See *Camden Bay*, 795 P.2d at 809 (DNR must take a hard look at any salient prob-

lems associated with sale). This argument is equally unpersuasive. The caribou herd is an important resource for the State of Alaska and the Natives that rely on the caribou for subsistence. Since the State has a substantial interest in the continued health and viability of the herd, the impact of the sale on the herd is an important factor which DNR must consider when making its best-interest determination.

DNR failed to take a hard look at the impact of Sale 55 on the Porcupine Caribou Herd, and on the subsistence users of this herd. Accordingly, we reverse the superior court, and remand the case to DNR for a supplemental finding addressing these issues.

III. CONCLUSION

Trustees did not abandon or waive the transportation issue before the superior court. Since DNR failed to adequately consider the issue in making its best-interest finding, we REVERSE the decision of the superior court and REMAND the case for a supplemental finding.

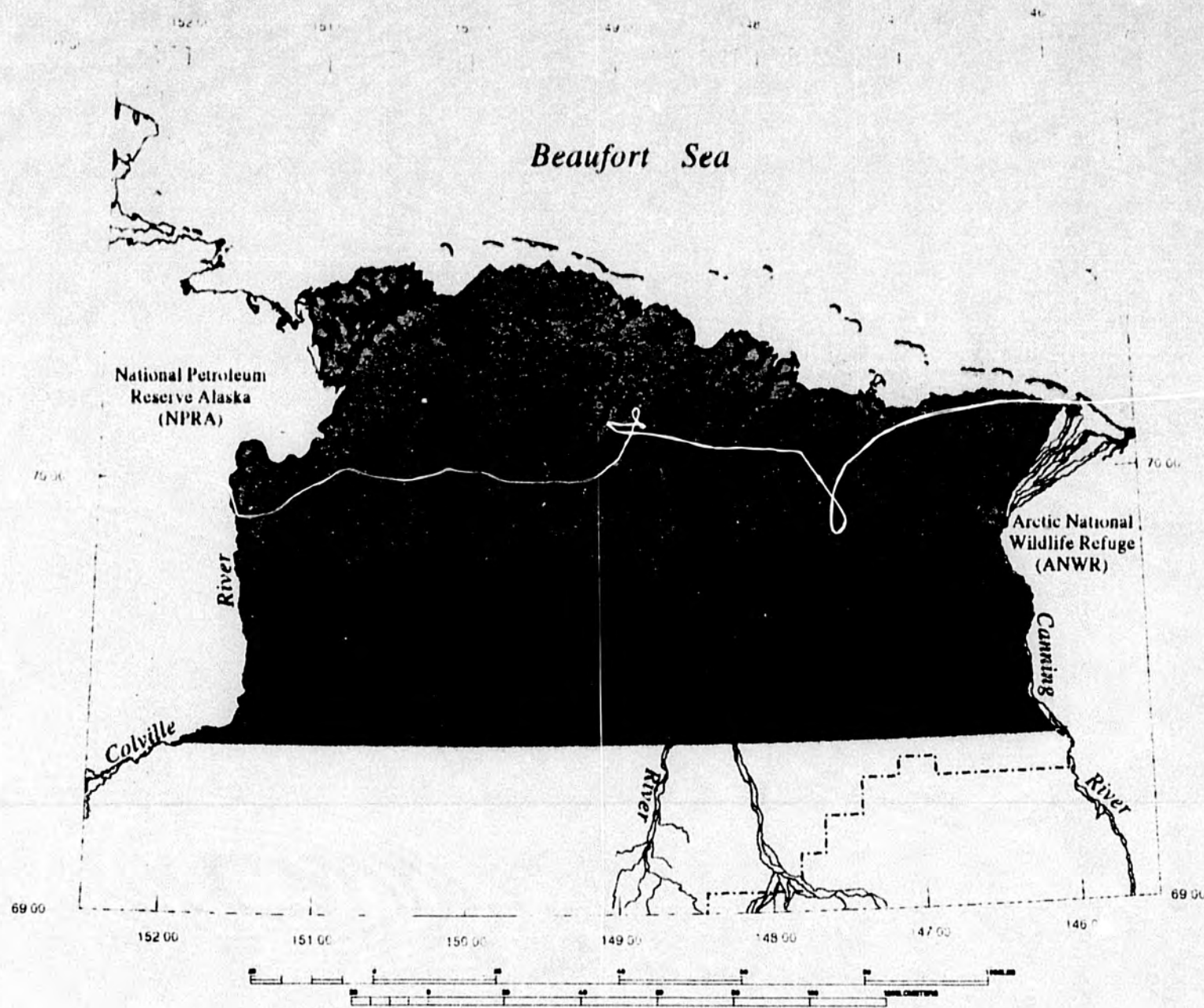
DNR failed to consider the effect of Sale 55 on the "important factor" of the Porcupine Caribou Herd. Accordingly, we also REVERSE and REMAND for a consideration of this issue.

8. Although DNR did not find it necessary to study the impact of the sale on adjacent ANWR lands, it did think it appropriate to cite ANWR's petroleum potential as a factor supporting its decision to lease the Sale 55 area. The Finding states:

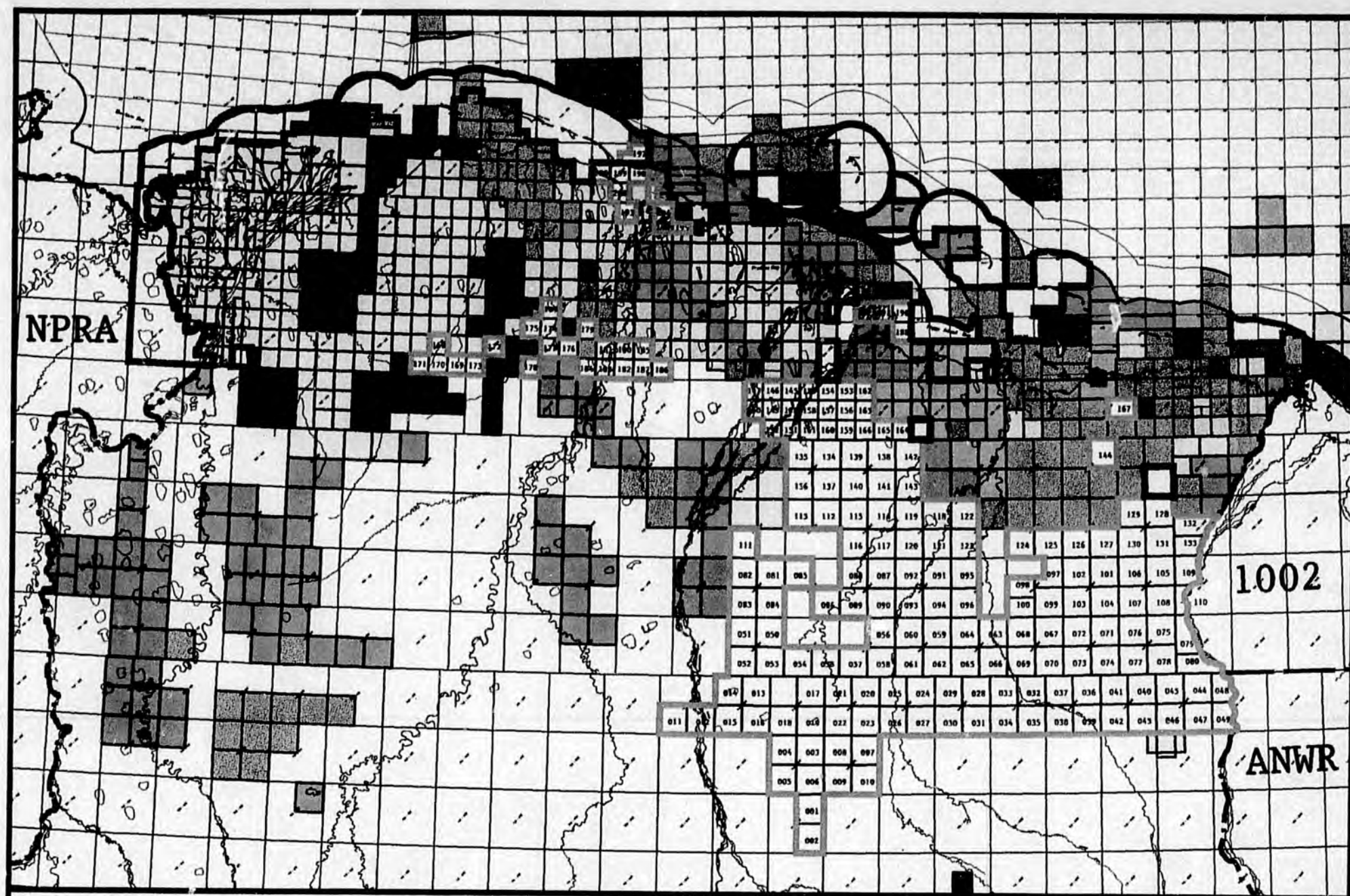
Petroleum industry interest in the [surrounding] region is significant.... Members of the oil industry as well as the U.S. Department of the Interior and State of Alaska have assessed the petroleum potential of the coastal plain of the Arctic National Wildlife Refuge (ANWR)

adjacent to the sale areas and indicated that it may be the most prospective unexplored region in North America. These facts in conjunction with the imminent decline of production from other North Slope oil fields... support the decision to lease new state lands in Sale 55.

DNR cannot use the surrounding ANWR lands as a factor justifying development, and at the same time refuse to consider the impact of the sale on these lands.



AREAWIDE LEASING



Sale 80



Sale 86

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

OIL & GAS, CHAIRMAN
LABOR & COMMERCE, VICE CHAIRMAN
ADMINISTRATIVE REGULATION REVIEW, VICE CHAIRMAN
HEALTH, EDUCATION & SOCIAL SERVICES, MEMBER
ECONOMIC DEVELOPMENT, MEMBER



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 258-8191
FAX (907) 258-2916

SESSION:
STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

Sponsor Statement

HB 388 - An act relating to oil and gas leases and best interest findings

The current Oil and Gas Committee Substitute for HB 388 incorporates sections of HB 389 that extend the life of a best interest finding from 5 years to 10 years. This new version is a compromise between the Alaska Oil and Gas Association, the Department of Natural Resources and the sponsor. The oil industry requested that the original bill be modified to eliminate the creation of a new oil and gas leasing program as well as the language mandating annual lease sales.

CSHB 388(O&G) achieves the industry and state's objectives without creating a new program which would require creation of implementing regulations. By amending existing statutes there will be no delay in the current schedule of lease sales and also, eliminates the large fiscal note.

CSHB 388(O&G) contains language that changes the mandated annual leasing to annual leasing at the commissioner's discretion. The oil industry indicates that there are assurances by the department that annual lease sales will take place in cases where there are no significant problems preventing the sales, such as, poor market conditions. The new committee substitute includes language that would encourage the commissioner to follow through with annual sales.

In addition, I would like to emphasize that the goal of this legislation is to make more land available to the industry for leasing on a predictable schedule. This in turn benefits the State of Alaska by increasing the amount of oil produced. Thus, providing increased royalty revenues to fund programs critical to the people of the State of Alaska.

Simply stated the bill:

- (1) Is in the best interest of the State of Alaska to conduct annual areawide sales;
- (2) Provides the industry with some certainty about the timeline and the location of lands being made available for oil & gas leasing;
- (3) Accommodates the concerns expressed by the administration as well as the problems associated with setting up a new program of leasing for the State of Alaska;
- (4) Establishes a clear streamlined process for processing a "supplement" to an existing Best Interest Finding (BIF) while also including a reasonable time period for public notice and comment;
- (5) The AOGA member companies have endorsed the current concepts.

CS FOR HOUSE BILL NO. 388()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES ROKEBERG, B.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act revising laws relating to oil and gas leasing as related to land
2 previously the subject of a written best interest finding; amending provisions
3 setting out exceptions to sales, leases, or other disposals for which a revised
4 written best interest finding is not required; authorizing annual offer of land for
5 oil and gas leases if the land, or adjacent land, was the subject of a best
6 interest finding and if preparation of a supplement to the best interest finding
7 for that land is not justified; and modifying the statement of purpose in the
8 Alaska Land Act as it applies to oil and gas leasing."

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

10 * Section 1. AS 38.05.035(e) is amended to read:

11 (e) Upon a written finding that the interests of the state will be best served, the
12 director may, with the consent of the commissioner, approve contracts for the sale, lease,
13 or other disposal of available land, resources, property, or interests in them. In [, AND,

1 IN] addition to the conditions and limitations imposed by law, the director may impose
2 additional conditions or limitations in the contracts as the director determines, with the
3 consent of the commissioner, will best serve the interests of the state. The preparation
4 and issuance of the written finding by the director is subject to the following:

5 (1) with the consent of the commissioner and subject to the director's
6 discretion, for a specific proposed disposal of available land, resources, or property, or
7 of an interest in them, the director, in the written finding,

8 (A) shall establish the scope of the administrative review on
9 which the director's determination is based, and the scope of the written finding
10 supporting that determination; the scope of the review and finding may address only
11 reasonably foreseeable, significant effects of the uses proposed to be authorized by the
12 disposal;

13 (B) may limit the scope of an administrative review and finding
14 for a proposed disposal to

15 (i) applicable statutes and regulations;

16 (ii) the facts pertaining to the land, resources, or property,
17 or interest in them, that the director finds are material to the
18 determination and that are known to the director or knowledge of which
19 is made available to the director during the administrative review; and

20 (iii) issues that, based on the statutes and regulations
21 referred to in (i) of this subparagraph, on the facts as described in (ii) of
22 this subparagraph, and on the nature of the uses sought to be authorized,
23 the director finds are material to the determination of whether the
24 proposed disposal will best serve the interests of the state; and

25 (C) may, if the project for which the proposed disposal is sought
26 is a multiphased development, limit the scope of an administrative review and
27 finding for the proposed disposal to the applicable statutes and regulations, facts,
28 and issues identified in (B)(i) - (iii) of this paragraph that pertain solely to a
29 discrete phase of the project when

30 (i) the only uses to be authorized by the proposed disposal
31 are part of that discrete phase;

32 (ii) the department's approval is required before the next

1 phase of the project may proceed; and

2 (iii) the department describes its reasons for a decision to
3 phase and conditions its approval to ensure that any additional uses or
4 activities proposed for that or any later phase of the project will serve the
5 best interests of the state;

6 (2) the director shall discuss in the written finding prepared and issued
7 under this subsection the reasons that each of the following was not material to the
8 director's determination that the interests of the state will be best served:

9 (A) facts pertaining to the land, resources, or property, or an
10 interest in them other than those that the director finds material under (1)(B)(ii)
11 of this subsection; and

12 (B) issues based on the statutes and regulations referred to in
13 (1)(B)(i) of this subsection and on the facts described in (1)(B)(ii) of this
14 subsection;

15 (3) a written finding for an oil and gas lease sale under AS 38.05.180 is
16 subject to (g) of this section;

17 (4) a contract for the sale, lease, or other disposal of available land or an
18 interest in land is not legally binding on the state until the commissioner approves the
19 contract but if the appraised value is not greater than \$50,000 in the case of the sale of
20 land or an interest in land, or \$5,000 in the case of the annual rental of land or interest
21 in land, the director may execute the contract without the approval of the commissioner;

22 (5) public notice requirements relating to the sale, lease, or other disposal
23 of available land or an interest in land for oil and gas proposed to be scheduled in the
24 five-year oil and gas leasing program under AS 38.05.180(b), are as follows:

25 (A) before a public hearing, if held, or in any case not less than
26 180 days before the sale, lease, or other disposal of available land or an interest
27 in land, the director shall make available to the public a preliminary written
28 finding that states the scope of the review established under (1)(A) of this
29 subsection and includes the applicable statutes and regulations, the material facts
30 and issues in accordance with (1)(B) of this subsection, and information required
31 by (g) of this section, upon which the determination that the sale, lease, or other
32 disposal will serve the best interests of the state will be based; the director shall

1 provide opportunity for public comment on the preliminary written finding for
2 a period of not less than 60 days;

3 (B) after the public comment period for the preliminary written
4 finding and not less than 90 days before the sale, lease, or other disposal of
5 available land or an interest in land for oil and gas, the director shall make
6 available to the public a final written finding that states the scope of the review
7 established under (1)(A) of this subsection and includes the applicable statutes
8 and regulations, the material facts and issues in accordance with (1) of this
9 subsection, and information required by (g) of this section, upon which the
10 determination that the sale, lease, or other disposal will serve the best interests
11 of the state is based;

12 (6) before a public hearing, if held, or in any case not less than 21 days
13 before the sale, lease, or other disposal of available land, property, resources, or interests
14 in them other than a sale, lease, or other disposal of available land or an interest in land
15 for oil and gas under (5) of this subsection, the director shall make available to the
16 public a written finding that, in accordance with (1) of this subsection, sets out the
17 material facts and applicable statutes and regulations and any other information required
18 by statute or regulation to be considered upon which the determination that the sale,
19 lease, or other disposal will best serve the interests of the state was based; however, a
20 written finding is not required before the approval of

21 (A) a contract for a negotiated sale authorized under
22 AS 38.05.115;

23 (B) a lease of land for a shore fishery site under AS 38.05.082;

24 (C) a permit or other authorization revocable by the
25 commissioner;

26 (D) a mineral claim located under AS 38.05.195;

27 (E) a mineral lease issued under AS 38.05.205;

28 (F) a production license issued under AS 38.05.207; or

29 (G) an exempt oil and gas lease sale under AS 38.05.180(d) of
30 acreage subject to a best interest finding issued [OFFERED IN A SALE
31 THAT WAS HELD] within the previous 10 [FIVE] years [IF THE SALE WAS
32 SUBJECT TO A WRITTEN BEST INTEREST FINDING, UNLESS THE

1 COMMISSIONER DETERMINES THAT NEW INFORMATION HAS
2 BECOME AVAILABLE THAT JUSTIFIES A REVISION OF THE BEST
3 INTEREST FINDING;] or

4 [(H)] a reoffer oil and gas lease sale under AS 38.05.180(w) of
5 acreage subject to a best interest finding issued [OFFERED IN A SALE
6 THAT WAS HELD] within the previous 10 [FIVE] years, together with any
7 tract for which a written best interest finding has not been prepared if the
8 tract is located within and is entirely surrounded by acreage described in
9 this subparagraph for which a best interest finding was issued [IF THE
10 SALE WAS SUBJECT TO A BEST INTEREST FINDING], unless the
11 commissioner determines that substantial new information has become available
12 that justifies a supplement to [REVISION OF] the most recent best interest
13 finding for the exempt oil and gas lease sale acreage, for the reoffer oil and
14 gas lease sale acreage, and for the included tracts; however, for each oil and
15 gas lease sale described in this subparagraph, the director shall call for
16 comments from the public; the director's call for public comments must
17 provide opportunity for public comment for a period of not less than 30
18 days; if the director determines that a supplement to the most recent best
19 interest finding for the acreage is required under this subparagraph,

20 (i) the director shall issue the supplement to the best
21 interest finding not later than 90 days before the sale;

22 (ii) not later than 45 days before the sale, the director
23 shall issue a notice describing the interests to be offered, the location
24 and time of the sale, and the terms and conditions of the sale; and

25 (iii) the supplement has the status of a final written
26 best interest finding for purposes of AS 38.05.035(i) and (l);

27 (7) the director shall include in

28 (A) a preliminary written finding, if required, a summary of
29 agency and public comments, if any, obtained as a result of contacts with other
30 agencies concerning a proposed disposal or as a result of informal efforts
31 undertaken by the department to solicit public response to a proposed disposal,
32 and the department's preliminary responses to those comments; and

(B) the final written finding a summary of agency and public comments received and the department's responses to those comments.

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

(a) The legislature finds that

(1) the people of Alaska have an interest in the development of the state's oil and gas resources to

(A) maximize the economic and physical recovery of the resources;

(B) maximize competition among parties seeking to explore and develop the resources;

(C) maximize use of Alaska's human resources in the development of the resources;

(2) it is in the best interests of the state

(A) to encourage an assessment of its oil and gas resources and to allow the maximum flexibility in the methods of issuing leases to

(i) [(A)] recognize the many varied geographical regions of the state and the different costs of exploring for oil and gas in these regions;

(ii) [(B)] minimize the adverse impact of exploration, development, production, and transportation activity; and

(B) to offer acreage for oil and gas lease sales on an annual basis, specifically including annual areawide lease sales of state land that has been the subject of a best interest finding or that is adjacent to and surrounded by state land that has been the subject of a best interest finding.

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

(d) The commissioner

(1) may annually offer to issue oil and gas leases of the acreage described in AS 38.05.035(e)(6)(G) unless the commissioner determines that new information has become available that justifies preparation of a supplement to the best interest finding for the area proposed to be leased;

(2) may issue oil and gas leases in an area that has not been included in a leasing program submitted, in accordance with (b) of this section, to the legislature

1 if the land to be leased

2 (A) [(1)] was previously subject to a valid state or federal oil
3 and gas lease;

4 (B) [(2)] is contiguous to land already under state, federal or
5 private lease and the commissioner makes a written finding, after hearing, that
6 leasing of the land would result in a substantial probability of early evaluation
7 and development of the land to be leased;

8 (C) [(3)] is adjacent to land owned or controlled by another
9 party on which a discovery of commercial quantities of oil or gas has been
10 made, and the commissioner finds, after hearing, that there is a reasonable
11 probability that the land to be leased contains oil or gas in communication with
12 the oil or gas discovered on the land of the other party;

13 (D) [(4)] is adjacent to land included in the federal five-year
14 Outer Continental Shelf leasing program under 43 U.S.C. 1344, and the
15 commissioner makes a written finding, after hearing, that coordinated or
16 simultaneous leasing with the federal government is in the public interest; or

17 (E) [(5)] is the subject of an oil and gas exploration license
18 issued under AS 38.05.131 - 38.05.134.

19 * Sec. 4. AS 38.05.180(w) is amended to read:

20 (w) Notwithstanding any other provisions of this section, land that was subject
21 to a best interest finding issued within the previous 10 years [WHICH HAS BEEN
22 OFFERED FOR LEASE WITHIN THE PREVIOUS FIVE YEARS AND WHICH
23 RECEIVED NO BIDS AT COMPETITIVE SALE OR FOR WHICH NO BID WAS
24 ACCEPTED] may be, at the discretion of the commissioner, immediately offered for
25 lease, under regulations adopted by the commissioner, upon terms appearing most
26 advantageous to the state; however, noncompetitive leasing is prohibited. The
27 commissioner shall establish a royalty determined to be in the public interest but not less
28 than 12 1/2 percent. A lease must provide for payment to the state of rental but need
29 not adhere to the rental schedule in (n) of this section nor to the 5,760-acres-per-lease
30 limitation in (m) of this section. The lease term may not exceed 10 years, except as
31 provided in (o) of this section.

32 * Sec. 5. AS 38.05.945(a) is amended to read:

1 (a) This section establishes the requirements for notice given by the department
2 for the following actions:

3 (1) classification or reclassification of state land under AS 38.05.300 and
4 the closing of land to mineral leasing or entry under AS 38.05.185;

5 (2) zoning of land under applicable law;

6 (3) issuance of a

7 (A) preliminary written finding under AS 38.05.035(e)(5)(A)
8 regarding the sale, lease, or disposal of an interest in state land or resources for
9 oil and gas subject to AS 38.05.180(b);

10 (B) final written finding under AS 38.05.035(e)(5)(B) regarding
11 the sale, lease, or disposal of an interest in state land or resources for oil and gas
12 subject to AS 38.05.180(b);

13 (C) written finding for the sale, lease, or disposal of an interest
14 in state land or resources under AS 38.05.035(e)(6), except an oil or gas lease
15 sale described in AS 38.05.035(e)(6)(G) for which the director must provide
16 opportunity for public comment under the provisions of that subparagraph;

17 (4) a competitive disposal of an interest in state land or resources after
18 final decision under AS 38.05.035(e);

19 (5) a public hearing under AS 38.05.856(b);

20 (6) a preliminary finding under AS 38.05.035(e) and 38.05.855(c)
21 concerning sites for aquatic farms and related hatcheries;

22 (7) a decision under AS 38.05.132 - 38.05.134 regarding the sale, lease,
23 or disposal of an interest in state land or resources.