

intangible personal property having a business or taxable situs in the Territory; rentals and royalties for the use of, or for the privilege of using in the Territory, patents, copyrights, secret processes and formulas, good will, trade-marks, trade brands, franchises, and other like property having a taxable or business situs in the Territory; and income from intangible personal property located outside the Territory, including without limitation interest and dividends received by a resident of the Territory; provided, that "resident" as used herein means and includes natural persons domiciled in the Territory, domestic corporations, and firms or business organizations of any kind which are organized under the laws of and doing business in the Territory.

Section 3. Sub-section 8B of Chapter 115, Session Laws of Alaska 1949, is amended to read as follows:

**B. Requirement of Withholding.**  
Every employer making payment

of wages or salaries shall deduct and withhold a tax in the amount of twelve and one-half percent of the tax deducted and withheld under the provisions of subchapter (D), Chapter 9 of the Internal Revenue Code, except that in the case of employees whose wage or salary includes a cost-of-living allowance which is exempt from the Federal income tax, the amount to be deducted and withheld hereunder shall be determined as if such cost-of-living allowance had not been so exempt. Every employer making a deduction and withholding as outlined above, shall furnish to the employee upon request a record of the amount of tax withheld from such employee on forms to be prescribed, prepared and furnished by the Tax Commissioner.

Section 4. An emergency is hereby declared to exist, and this Act shall be in effect on and after its passage and approval, or upon its taking effect without such approval.

Approved March 28, 1955

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## CHAPTER 189

### AN ACT

Pertaining to the leasing of petroleum and natural gas in Alaska's public, tide and shore lands; and declaring an effective date.

(H. B. 216)

**Be it Enacted by the Legislature of the Territory of Alaska:**

**Section 1. Definitions.**

When used in this Act the term—

(a) "Public lands" means all lands of Alaska acquired by purchase, exchange, escheat, right of eminent domain, or in any other manner whatever, and includes Alaska lands, harbors, tidelands, shore lands and the beds of navigable waters belonging to or which may hereafter belong to Alaska.

(b) "Tidelands" means all lands belonging to Alaska which are periodically covered by tidal waters up to but not above the line of mean high tide and seaward to a line three geographical miles distant from the coast line of Alaska.

(c) "Shore lands" means all lands, submerged or otherwise, belonging and within the boundaries of Alaska which are covered by non-tidal or fresh waters.

(d) "Person" means any citizen of the United States or person who has in good faith declared his intention of becoming a citizen of the United States or any corporation organized and existing under and by virtue of the laws of any state or territory of the United States and authorized to do business in Alaska.

(e) "Commissioner" means the Commissioner of Lands.

**Section 2. Authority to Lease.**

The power to lease all public, tide and shore lands belonging to

Alaska for the purposes of developing and extracting oil and gas shall be vested in the Commissioner of Public Lands, who shall have authority to make such leases thereon to such persons and upon such terms and conditions conformable to this Act, as he may prescribe with the approval of the Attorney General and the Commissioner of Mines. The Commissioner shall make such rules and regulations as may be necessary to carry out the provisions of this Act.

**Section 3. Methods of Leasing: Award to Highest Bidder.**

The Commissioner, with the approval of the Attorney General and the Commissioner of Mines, is authorized to grant to the highest responsible qualified bidder by competitive bidding, under regulations promulgated in advance, oil and gas leases. The bidding shall be by sealed bids on the basis of the highest cash bonuses, with a royalty fixed by the Commissioner, with the approval of the Attorney General and the Commissioner of Mines, at not less than five per centum (5%) the first ten years of new production, and twelve and one-half per centum (12½%) each year thereafter, in an amount or value of the production saved, removed or sold.

**Section 4. Terms and Provisions of Leases.**

Any one lease issued by the Commissioner, with the approval of the Attorney General and the Commissioner of Mines, shall (1) cover a contiguous area not exceeding 2,560

acres and be rectangular in shape as nearly as possible, as the said Commissioner may determine; (2) be for a period of five years and as long thereafter as such minerals may be produced from the area in paying quantities; (3) require the payment of a royalty of not less than five percentum (5%) the first ten years and twelve and one-half percentum (12½%) each year thereafter, in the amount or value of the production saved, removed or sold from the leased property; (4) charge an annual rent, payable in advance, of twenty-five cents for each acre or fraction thereof for the first year; no rental is required for the second and third years unless a discovery of a valuable deposit of oil or gas is made within the limits of the geological structure on which all or part of the leased lands are situated, in which case the rental will be one dollar for each acre or fraction thereof, beginning with the first anniversary of the lease following the discovery. In the absence of any discovery, an annual rental of twenty-five cents for each acre or fraction thereof must be paid for the fourth and fifth lease years; one dollar shall be paid thereafter for each acre or fraction of an acre, the rental paid for any one lease year to be credited on the royalty for that year; and (5) contain such other terms and provisions as the Commissioner may prescribe at the time of offering the area for lease. Every lease shall provide that the rental shall be payable to the Commissioner and for cancellation by the said Commissioner upon sixty

(60) days' written notice for any breach of the conditions thereof. Every lessee shall furnish a bond, with surety satisfactory to the Commissioner, in such amount as he may prescribe, but, not less than five hundred dollars, conditioned for the faithful performance of the terms of the lease and the payment of the rent when due. If the Commissioner at any time deems any bond insufficient, he may require the lessee to file a new and sufficient bond within thirty (30) days after receiving notice to so do.

Upon written application to the Commissioner by the lessee, made thirty days prior to the expiration of the initial lease, the Commissioner may, with the approval of the Attorney General and the Commissioner of Mines, grant the lessee one renewal of five years for further exploration purposes; provided however, the lessee shows that he has, in good faith, pursued diligently all efforts and means to discover oil or gas.

#### Section 5. **Maximum Holdings.**

No one person, association or corporation may hold acreage under this Act in an amount exceeding 100,000 acres, unless the leased land is committed to an approved unit plan.

#### Section 6. **Publication of Notices of Sale and Terms of Bidding.**

Notice of sale of leases and the terms of bidding authorized by this Act shall be published in a newspaper of general circulation in the Territory on three separate dates,

at least thirty (30) days before the date of sale, in accordance with rules and regulations promulgated by the Commissioner.

**Section 7. Assignment of Leases Prohibited Without Consent.**

The lessee may not assign any lease awarded under this Act without the written consent of the Commissioner, the Attorney General and the Commissioner of Mines. The contract of assignment, along with the qualifications of the assignee must accompany the request for consent. If the assignment is permitted, the assignee shall execute a bond and be subject to the original lease and all rules and regulations promulgated under this Act.

**Section 8. Additional Authority.**

The Commissioner, with the approval of the Attorney General and the Commissioner of Mines, shall have the power and authority to do all things on behalf of the Territory necessary to carry out the purposes of this Act.

**Section 9. Cancellation of Lease.**

Whenever a lessee fails to comply with any of the provisions of this Act, or of the lease, or of the regulations issued under this Act and in force and effect on the date of the issuance of the lease, such lease may be cancelled by the Commissioner, with the approval of the Attorney General and the Commissioner of Mines, subject to the right

of judicial review in a court of competent jurisdiction in Alaska.

**Section 10. Rights and Powers of the United States.**

(a) Nothing contained in this Act shall affect the use, development, improvement or control by or under the constitutional authority of the United States of any lands and water reserved to it; and the jurisdiction and control of the United States is confirmed.

(b) In time of war or when necessary for national defense, and the Congress or the President shall so declare, the United States shall have the right of first refusal to purchase at the prevailing market price, all or any portion of any lands or water not reserved to it in accordance with due process of law and paying just compensation therefor.

**Section 11. Disposition of Revenues.**

All rentals, royalties, and other sums paid to the Commission under any lease or otherwise shall be deposited in the General Fund of the Territorial Treasury.

**Section 12. Effective Date.**

This Act shall become effective at such time as the Congress of the United States grants and conveys the tidelands and shore lands, in fee simple or otherwise, to Alaska.

Approved March 28, 1955