

## CHAPTER 168

## AN ACT

To change the premium payable by governmental units and their employees for group life and health insurance, amending subsection (c) of Section 2, Ch. 151, SLA 1955; and providing for an effective date.

(H.B. 230)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Subsection (c) of Section 2, Ch. 151, SLA 1955, is hereby amended to read as follows:

(c) No eligible employee shall become insured unless he has given, to the governmental unit in which he is employed, a written authorization to withhold from his salary or wage his share of the premium contribution.

The state or other governmental unit which is the employer shall pay \$2.00 per month per employee who desires coverage on himself only; and \$4.50 per month per employee who desires coverage on himself and dependents. Each employee who desires coverage shall pay the balance of the premium, in the form of payroll deductions.

Sec. 2. This Act shall take effect July 1, 1959.

Became law without signature May 2, 1959

## CHAPTER 169

## AN ACT

Relating to Alaska lands and resources; establishing a Division of Lands within the Department of Natural Resources, the office of Land Director, and prescribing duties and powers; providing for the selection, acquisition, management, and disposal of Alaska lands and resources; repealing Ch. 189, SLA 1955 and Ch. 184, SLA 1957; and providing an effective date.

(S.C.S.S.B. 77)

Be it enacted by the Legislature of the State of Alaska:

**Preamble**

It is the policy of Alaska to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

**Article I****Title and Definitions**

Section 1. **Short Title.** This Act shall be known as the "Alaska Land Act".

Sec. 2. **Definitions.** For the purpose of this Act, the term defined shall have the meaning provided herein unless the context clearly requires otherwise:

(a) "Alaska" means the State of Alaska.

(b) "Alaska Lands" or "Lands" means all lands, including shore, tide and submerged lands, or resources belonging to or hereafter in any manner acquired by Alaska.

(c) "Agricultural Lands" and "Grazing Lands" means all lands chiefly valuable for agriculture or grazing purposes.

(d) "Commissioner" means the Commissioner of the Department of Natural Resources.

(e) "Director" means the Director of the Division of Lands of the Department of Natural Resources.

(f) "Department" means the Department of Natural Resources.

(g) "Industrial and Commercial Lands" means all Alaska lands chiefly

valuable for industrial trade, manufacturing or business use.

(h) "Lieu and Indemnity Lands" means lands which Alaska is entitled to or has selected under the provisions of 38 Stat. 1214, as amended (48 U.S.C. 353) or under any other similar statute to compensate for lands in lieu of surveyed rectangulars, which have been lost to Alaska by reason of deficient sections, prior rights, claims, withdrawals, reservations and other appropriations.

(i) "Mental Health Lands" means lands granted under the provisions of Title III, Section 2 (2) of Public Law 830, 84th Congress, 2nd Session as heretofore or hereafter amended.

(j) "Mineral Lands" means lands prospectively valuable for mineral deposits.

(k) "Acquired Lands" means lands belonging to Alaska which have been obtained by escheat, purchase, or any means other than by general land grants including tide, submerged and shore lands.

(l) "Park and Recreation Lands" means lands chiefly valuable for public park and recreation use.

(m) "School Lands" means all Sections 16 and 36 of surveyed rectangulars reserved to Alaska under the provisions of 38 Stat. 1214, as amended (48 U.S.C. 353), and any other lands which may be hereafter designated solely for school revenues.

(n) "Shore Lands" means all lands belonging to Alaska which are covered by nontidal waters that are navigable under the laws of the United States up to ordinary high water mark as heretofore or hereafter modified by accretion, erosion, or reliction.

(o) "Submerged Lands" means those lands covered by tidal waters between the line of mean low water and seaward to a distance of three geographical miles or further as may hereafter be properly claimed by the State.

(p) "Tide Lands" means those lands which are periodically covered by tidal waters between the elevation of mean high and mean low tides.

(q) "Timber Lands" and "Material Lands" means all Alaska lands chiefly valuable for materials, including, but not limited to, sand, stone, gravel, pumice, common clay, or timber and other forest products.

(r) "University Lands" means all Sections 33 reserved to the University under 38 Stat. 1214, as amended (48 U.S.C. 353) and all lands reserved for the benefit of the University.

## Article II

### Organization, Authority and Duty

Section 1. **Division of Lands.** The Division of Lands created and established under the Department of Natural Resources shall be under the control and supervision of the Commissioner. Administrative powers and other delegated duties, as prescribed by law or regulation, shall be vested in the Director.

Sec. 2. **Appointment of Director.** The Commissioner shall appoint a Director who shall be the executive officer of the Division of Lands.

Sec. 3. **Director Serves at Pleasure of Commissioner.** The Director shall serve at the pleasure of the Commissioner.

Sec. 4. **Authority and Duties of the Commissioner.**

(1) The Land Division shall be administered under the supervision of the Commissioner.

(2) The Commissioner, upon recommendation of the Director or otherwise, may establish reasonable procedures and make and promulgate reasonable rules and regulations necessary to carry on the provisions of this Act and may, whenever necessary, issue directives or orders to the Director to carry out specific functions and duties. All rules and regulations promulgated by the Commissioner shall be adopted pursuant to the Administrative Procedures Act.

(3) The Commissioner may enter into such contractual agreements as he deems necessary to carry out the purposes of this Act, including agreements with Federal and State agencies.

(4) The Commissioner shall have the authority to review any order or

action of the Director.

(5) The Commissioner may exercise all those powers and do all those acts necessary to carry out the provisions and objectives of this Act.

**Sec. 5. Powers and Duties of the Director.** The Director shall:

(1) Have general charge and supervision of the Division and may exercise the powers specifically delegated to him. He may employ and fix the compensation of such assistants and employees as are necessary for the operations of the Division. He shall also be the certifying officer of the Division, with the consent of the Commissioner, and may approve all lawful vouchers for disbursement of monies appropriated to the Division.

(2) Manage, inspect and control all Alaska lands and improvements thereon belonging to Alaska and under the jurisdiction of the Division.

(3) Execute all laws, rules, regulations and orders as are properly promulgated by the Commissioner.

(4) Prescribe application procedures and practices relative to the sale, lease or other disposition of available lands, resources, property, or interest therein.

(5) Prescribe fees or service charges, with the consent of the Commissioner, for any public service rendered.

(6) Under the conditions and limitations imposed by law and the Commissioner, issue any deed, lease or other conveyance disposing of available lands, resources, property or any interests therein.

(7) Have jurisdiction over all Alaska lands, except those lands which are acquired by the Alaska World War II Veterans Board and the Agricultural Loan Board or the departments or agencies succeeding to their respective functions through foreclosure or default. To this end the Director shall possess all of the powers and, with the approval of the Commissioner, perform all of the duties necessary to protect Alaska's rights and interest therein, including the taking of all necessary action, legal or otherwise, to protect and enforce Al-

aska's contractual or other property rights.

(8) Administer the Alaska Land Registration Acts, Ch. 134, SLA 1953, and Ch. 135, SLA 1955, as amended by Ch. 17, SLA 1957, and as may be amended hereafter, and do all acts necessary thereunder that will insure collection of all registration fees and penalties that may arise.

(9) Maintain such records as the Commissioner may deem necessary, administer oaths, and do all things incidental to the authority imposed.

(10) Account for all fees, licenses, taxes or other monies received in the administration of the Act from any source including the sale or leasing of any land, identify their source, and promptly transmit them to the proper fiscal department after crediting them to the proper fund.

(11) May select and employ or obtain at reasonable compensation cadastral, appraisal, or other professional personnel he deems necessary for the proper operations of the Division.

(12) Shall be the certifying agent of Alaska to select, accept and secure by any necessary action in the name of Alaska, by deed, sale, gift, devise, judgment, operation of law, or any other means any lands, of whatever nature or interest, available to Alaska, and shall be the certifying agent of Alaska, to select, accept or secure by any necessary action in the name of Alaska any lands, or any title or interest thereto, available, granted, or subject to being transferred to Alaska for any purpose.

(13) Is charged with the selection, administration and disposal of mental health lands for the support of the mental health program.

(14) When he finds that the interests of Alaska will be best served, he may, with the consent of the Commissioner, approve all contracts respecting the sale, lease, or other disposal of available lands, resources, property or any interest therein, and in addition to the conditions and limitations imposed by law, he may impose any additional conditions or limitations in such contracts

as he, with the consent of the Commissioner, determines will best serve the interests of Alaska. No contract respecting the sale, lease, or other disposal of available lands or any interest therein, shall be legally binding on Alaska until the Commissioner has formally recorded his consent to any contract; provided, however, if the appraised value is not greater than \$10,000.00 in the case of the sale of any land or an interest therein, or \$1,000.00 in the case of the rental of any land or interest therein, the Director may approve and issue such contracts without the consent or approval of the Commissioner being necessary. Nor shall this subsection apply to other exceptions set forth in this Act.

(15) The Director may delegate any of the administrative duties, functions or powers imposed upon him to any responsible employee within the Division.

**Sec. 6. Director Shall Be Bonded.** Prior to entering upon the performance of his duties, the Director shall execute a corporate surety bond to Alaska in the sum of \$150,000.00 conditioned among other things upon the faithful performance of his duties under this Act and upon the prompt and faithful accounting of all monies collected by him or his deputies, assistants, employees or agents. The said bond, together with any additional conditions or limitations as may be deemed necessary, shall be approved by the Attorney General and filed in the office of the Governor. The premium upon said bond shall be payable from such monies as may be appropriated for operation of the Division.

### Article III

#### General

**Section 1. Classification.** The Director shall make a preliminary classification for surface use of all lands in areas where he deems it necessary and proper for future development. Such classification, together with a land use plan, shall be transmitted to the Commissioner for his approval, modification or rejection. Nothing herein shall prevent reclassification of any lands where the public interest warrants such action, nor preclude multiple purpose use of all lands whenever the different uses are com-

patible. No Alaska land, water, or land and water area shall, except by act of the State Legislature, be (1) withdrawn from settlement, location, sale or entry; (2) reserved for special use; or (3) restricted from operation of the mining and mineral leasing provisions of this Act, if the area involved in such withdrawal, reservation, or restriction exceeds in the aggregate 640 acres.

**Sec. 2. Review.** Except for land disposed of under the provisions of Sections 4, 5 and 6 of this Article, no land within or adjacent to an incorporated municipality or other organized community may be sold or leased, or a renewal lease issued, until the proposed use of the land has been studied and reviewed jointly by the Director and local authorized planning agencies.

**Sec. 3. Notice and Appraisal.** No lands shall be sold or leased, or a renewal lease issued, without public notice as provided hereafter, unless the same, except in the case of an oil or gas or mineral lease, has been appraised within ninety days prior to the date fixed for the sale or leasing, provided that when lands have been offered at public sale but were not sold and are available at private sale, no reappraisal is required unless the Director deems that a change in value of the lands may have occurred. No such lands shall be sold or leased for less than the approved, appraised market value, except as provided in Sections 4 and 5 of this Article.

**Sec. 4. Public Use.** The lease, sale, or other disposal of any Alaska lands or resources may be made to any Alaska or Federal agency or political subdivision for less than the appraised value, as may be determined by the Director and approved by the Commissioner, to be fair and proper and in the best interests of the public, with due consideration being given to the nature of the public services or function rendered by the said agency or subdivision making application therefor, and of the terms of the grant under which the land was acquired by Alaska.

**Sec. 5. Occupied Tide Lands and Submerged Lands.**

(1) It is the policy of the State to allow preference rights as hereinafter defined for the acquisition of tide lands

and submerged lands occupied or developed for municipal business, residential or other beneficial purposes on and prior to the date of admission of Alaska into the Union, provided, nothing herein shall be construed as vesting any right in any person to acquire such lands until a conveyance from this State is delivered to the grantee.

(2) For the purposes of this section the following terms shall have the meanings stated herein except as otherwise required by the context in which used:

a. "Occupant" means any person, as defined herein, or his successor in interest, who actually occupied for any business, residential or other beneficial purpose, tide lands, or tide lands and submerged lands contiguous thereto, within the State, on and prior to January 3, 1959, with substantial permanent improvements. The holder of a permit or clearance in respect to interference of navigation, or of a special use permit from a government agency will not qualify as an "occupant" unless such entry on the land had, through exercise of reasonable diligence, resulted in actual occupancy and substantial permanent improvements as hereinabove mentioned. No person shall be considered an occupant by reason of having (1) placed a fish trap in position for operation or upon the tide or submerged land for storage, (2) placed a set net or piling therefor, or any other device or facility for taking fish, (3) placed pilings or dolphins for log storage or other moorage, (4) placed floats or vessels upon the tide or submerged land, (5) placed telephone, power or other transmission facilities, roads, trails or other improvements not requiring exclusive use or possession of tide or submerged lands, or (6) claimed the land by virtue of some form of constructive occupancy. Where land is occupied by a person other than the owner of the improvements thereon, the owner of the improvements shall, for the purposes of this section, be considered the occupant of such lands.

b. "Person" means any person, firm, corporation, cooperative association, partnership or other entity legally capable of owning land or an interest

therein.

c. "Preference right", subject to the classifications thereof established in this section, means and includes the right of an occupant to acquire, by lease, purchase, or otherwise, at the election of the occupant, except as otherwise limited or prescribed in this Act, any tract or tracts of tide land, or tide land and submerged land contiguous thereto, occupied or developed by such occupant on and prior to January 3, 1959.

d. "Occupied or developed" means the actual use, occupancy and control of tide lands or submerged land by the establishment thereon of substantial permanent improvements other than those uses, facilities and improvements not qualifying a person to be an occupant.

e. "Class I preference right" means the right of any occupant to acquire tide lands and submerged lands for a consideration not in excess of the costs of surveying, transferring and conveying the title thereto.

f. "Class II preference right" means the right to acquire tide or submerged lands as defined in Public Law 85-303 (71 Stat. 623) for a consideration not in excess of the costs of surveying, transferring and conveying the title thereto.

g. "Class III preference right" means the right of any occupant to acquire tide lands and submerged lands for a consideration not in excess of the cost of appraisal, administration and transfer plus the appraised fair market value thereof, exclusive of any value accruing from improvements or development, such as fill material, buildings or structures thereon, by such occupant or his predecessor in interest or reflecting equities of the occupant.

(3) a. Any municipal corporation incorporated on or before January 3, 1959, may apply, in the manner prescribed by the Director, within three years from the date of determination by regulation as being the first date upon which applications will be accepted by the Director, for a convey-

ance to such corporation of all lands seaward of such municipal corporation which are between the mean high tide line in, or forming the boundary of, such corporation, and a line to be shown on a plat made a part of such application which shall be the pierhead line established under the Act of September 7, 1957, or the harbor line established under the Act of March 3, 1899, or if no such pierhead line or harbor line has been established, then a line subject to approval by the Director, with the concurrence of the Commissioner, which shall be seaward of all tide lands and submerged lands occupied or suitable for occupation and development without unreasonable interference with navigation. It shall be mandatory for the Director to convey such tide and submerged lands to such municipal corporations.

b. Each municipal corporation granted such conveyance shall prepare an official subdivision plat of the area conveyed showing all structures and improvements thereon and the boundaries of each tract occupied or developed, together with the name of the owner or claimant thereof. Such subdivisional plate shall include within the boundaries of each tract occupied or developed such surrounding tide and submerged lands as shall be reasonably necessary in the opinion of the governing body of such municipal corporation for the use and enjoyment of the structures and improvements thereon by the owner or claimant, but shall not include any tide or submerged lands which if granted to such occupant would unjustly deprive any occupant of adjoining lands from his reasonable use and enjoyment thereof.

c. Any occupant of land included in such conveyance to a municipal corporation, who occupied or developed the same on and prior to September 7, 1957, shall have a Class I preference right to such lands from such municipal corporation upon the execution of a waiver to the State and such municipal corporation of all rights such occupant may have acquired pursuant to Public Law 85-303 (71 Stat. 623).

d. Any occupant of land included

in such conveyance to a municipal corporation, who has a Class II preference right by reason of such conveyance to a municipal corporation, and is unwilling to waive such right shall have a preference right to such lands which it shall be mandatory for such municipal corporation to expeditiously honor upon application from the occupant after the Secretary of the Army has submitted to the Secretary of the Interior and the Governor of the State maps showing the pierhead line established by the Corps of Engineers with respect to the tract so granted.

e. Any occupant of land included in such conveyance to a municipal corporation, who occupied or developed the same after September 7, 1957 and before January 3, 1959 and who continued to occupy the same on January 3, 1959, shall have a class III preference right to such lands from such municipal corporation.

f. The preference rights hereinabove granted any occupant shall be lost unless the occupant makes application to exercise such preference right within two years from the date the municipal corporation determines by ordinance that it will accept applications for the exercise of such preference rights respectively.

g. In making any conveyance to an occupant, the municipal corporation shall include as a part of the tract conveyed and in addition to the occupied or developed lands, such additional tide and submerged lands as shall be reasonably necessary in the opinion of the governing body of such municipal corporation for such occupant's use and enjoyment of the occupied or developed land, but such conveyance shall not include any area which would unjustly deprive any occupant of adjoining lands from reasonable use and enjoyment thereof or which, if developed, will interfere with navigation.

h. Each municipal corporation receiving such conveyances shall by ordinance provide for reasonable regulations governing the filing and processing of applications, publication of notices and the adjudication of disputes between claimants by the gov-

erning body of the corporation. Any party aggrieved by its determination shall have a right of appeal to the Superior Court.

i. When no preference right has been granted to purchase or lease tide-lands, the municipal corporation may sell or lease any such lands conveyed to it, and may impose any terms or conditions for such sale or lease.

(4) a. Any occupant, of tide or submerged land which is not seaward of any municipal corporation, who occupied or developed the same on and prior to September 7, 1957, shall have a Class I preference right to such lands from the State; provided, however, that if any such land is seaward of a surveyed townsite, such occupant shall be required to execute a waiver to the State of all rights which such occupant may have acquired pursuant to Public Law 85-303 (71 Stat. 623), before such preference right shall be exercised.

b. Any person, who has a Class II preference right in the disposition of any such land by the State not provided for under section (3) d, and who is unwilling to waive such right, shall have a preference right to such lands which it shall be mandatory for the Director to expeditiously honor upon application from the occupant after the Secretary of the Army has submitted to the Secretary of the Interior and the Governor of the State maps showing the pierhead line established by the Corps of Engineers with respect to the tract so granted.

c. Any occupant, of tide or submerged land which is not seaward of a municipal corporation, who occupied or developed the same after September 7, 1957 and before January 3, 1959, and who continued to occupy the same on January 3, 1959, shall have a Class III preference right to such lands from the State.

d. The preference rights hereinabove granted any occupant in this subsection (4) shall be lost unless the occupant makes application to the Director to exercise such preference right within two years from the date the Director determines by regulation that he will accept applications for the

exercise of such respective preference rights.

e. Each occupant shall at his cost furnish a plat showing the exterior boundaries of the tide lands and submerged lands covered by the application, in form and with proof of accuracy as set forth in regulations of the Director, and shall show thereon the location and nature of all fill material, buildings, structures and improvements, which form the basis of the application and which are situated upon the tract applied for. The applicant may include within the boundaries of the tract applied for such surrounding tide and submerged lands as shall be reasonably necessary in the opinion of the applicant for the use and enjoyment of the structures and improvements thereon by the occupant, but shall not include any tide or submerged lands which if granted to such occupant would unjustly deprive any occupant of adjoining lands from his reasonable use and enjoyment thereof.

f. In making any conveyance to an occupant, the Director shall include as a part of the tract conveyed, and in addition to the occupied or developed lands, such additional tide and submerged lands as shall be reasonably necessary in the opinion of the Director for such occupant's use and enjoyment of the occupied or developed land, but such conveyance shall not include any area which would unjustly deprive any occupant of adjoining lands from reasonable use and enjoyment thereof or which, if developed, will interfere with navigation.

g. The Director shall by regulation provide for reasonable regulations governing the filing and processing of applications, publication of notices and the adjudication of disputes between claimants. Any party aggrieved by such adjudication shall have a right of appeal to the superior court.

Sec. 6. **Homestead Entry.** The Director, with the approval of the Commissioner, may authorize homestead entry on lands not under grazing lease or otherwise appropriated and which are classified as agricultural lands and grazing lands, if they are not school lands,

mental health lands or lands conveyed to Alaska by the Federal Government for the specific purpose of producing revenue.

**Sec. 7. Permits.** The Director, without the prior approval of the Commissioner, may issue permits, rights-of-way or easements on Alaska lands for secondary roads, trails, ditches, pipelines, telephone and transmission lines, log storage and other similar uses or improvements, or for the limited personal use of timber or materials. The Commissioner, upon recommendation of the Director, shall establish a reasonable rate or fee schedule to be charged for all such use. In the granting, renewal, suspension or revocation of any permit, easement or lease of tide or submerged lands, the Director shall give preference to such use of the land as will be of greatest economic benefit to the State and the development of its resources; provided, however, first preference shall be granted to the upland owner for the use of any tract of tide land, or tide land and contiguous submerged land, which is seaward of the upland property of such upland owner and which is needed by such upland owner for any of the purposes for which such use may be granted.

**Sec. 8. Deposits.** The Director may require any applicant seeking the sale, lease or other disposal of lands, other than under an oil and gas or mineral lease, to deposit an amount covering the estimated cost of an appraisal, survey and necessary advertising. All deposited funds not expended shall be refunded to the applicant. In the event lands are sold or leased to other than the applicant making the deposit, the party awarded the lands shall pay the total actual cost of appraising and surveying the said lands, together with the total actual cost of advertising, and the deposit shall be returned to the original applicant.

**Sec. 9. Assignment.** All contracts of purchase or lease of lands or interests therein shall, on the affirmative approval of the Director, be assignable in whole or in part in writing by the contract holder or lessee, and the assignee shall be subject to and governed by the provisions of laws and regulations applicable to such contract or lease.

**Sec. 10. Notices.** All public notice of any sale, lease or disposal of lands or any interest therein, when required, shall be substantially as follows:

Notice shall be published once a week for three consecutive weeks next preceding the time of sale stated in the notice, in at least one newspaper of general circulation published in the vicinity in which the land, property or interest therein is to be sold, leased or otherwise disposed of; provided that where no newspaper of general circulation is published in the vicinity, notices shall also be posted in three public places near the land to be sold, leased or otherwise disposed of. Notice shall set forth a description of the land, and interest therein to be sold, leased or otherwise disposed of and the time, place, and general terms of the sale, lease or disposal.

**Sec. 11. Waste or Injury to Land: Penalty.** If any person shall commit waste, or trespass or other injury upon Alaska land, the person so offending shall, in addition to being civilly liable for any damages caused, upon conviction thereof be fined in any sum not exceeding \$1,000.00.

#### Article IV

##### Sale of Lands

**Section 1. General.** All lands, to which Alaska may hold fee title or to which Alaska may become entitled, excepting tide, submerged or shore lands, and timber or grazing lands, may be sold in the manner provided hereafter; provided however, that nothing in this section shall prevent the disposition of lands as provided in Article III of this Act.

(1) The Director, with the approval of the Commissioner, shall determine those lands which shall be sold, the limitations and conditions which shall attach to the lands sold, and the terms that shall accompany the sale.

(2) The date of sale and notice thereof shall be made by the Director.

(3) The sale shall take place at the time and location specified in the notice of sale and within the recording district

where the designated property is located.

**Sec. 2. Sale Procedures.** The sale shall be made at public auction to the highest qualified bidder as shall be determined by the Director; provided, however, an aggrieved bidder may appeal to the Commissioner within five days after such sale for a review of the Director's determination. The sale shall be conducted by the Director or his representative, and at the time of sale the successful bidder shall deposit, in cash, or by certified check, an amount equal to one-tenth of the purchase price, whereupon the Director or his representative shall immediately issue a receipt containing a description of the land or property purchased, the price bid and the terms of sale, which receipt shall be acknowledged in writing by the bidder. A contract of sale on a form approved by the Attorney General shall be signed by the purchaser and following the approval of the Commissioner, the contract shall also be signed by the Director on behalf of Alaska. Provided, however, and prior to the signing of the formal conveyance by the Director, the Commissioner may reject any and all bids when the best interests of Alaska justify such action. Lands that have been offered at public sale but were not sold may be made available at private sale for not less than the appraised value of such lands.

**Sec. 3. Contract Provisions.** The contract of sale shall require the remainder of the purchase price to be paid in annual installments of not less than ten per cent of the purchase price, with interest at the rate of not less than five per cent per annum. The Director, with the consent of the Commissioner, may also impose such conditions, limitations and terms as he deems necessary and proper to protect the interest of the State. Violations of any provisions of this Act or the terms of the contract of sale shall subject the purchaser to appropriate legal action, including, but not limited to, a foreclosure action in accordance with applicable Alaska law.

## Article V

### Leasing of Lands Other Than for the Extraction of Natural Resources

**Section 1. General.** All lands, includ-

ing any tide, submerged or shore lands, to which Alaska holds title or to which Alaska may become entitled, may be leased, except for the extraction of natural resources, in the manner provided in this Article.

(1) The Director, with the approval of the Commissioner, shall determine those lands which shall be leased and the limitations and conditions that shall attach to the lands and the terms that shall accompany the lease; provided, however, if the total appraised value of the transaction is \$250.00 per annum or less the Director may negotiate a lease without advertisement for a period not to exceed five years, and on such limitations, conditions and terms as he deems are in the best interests of Alaska.

(2) Leases may be issued for a period up to fifty-five years, if it appears to be in the best interests of Alaska and if approved by the Commissioner. Grazing leases may be declared null and void in whole or in part if the Commissioner determines that the land or a part thereof is not being used for the purpose issued.

**Sec. 2. Leasing Procedures.** The leasing shall be made at public auction to the highest qualified bidder as shall be determined by the Director; provided, however, an aggrieved bidder may appeal to the Commissioner within five days for a review of the Director's determination. The leasing shall be conducted by the Director, or his representative, and the successful bidder shall deposit the first year's rental, or such portion thereof as the Commissioner may require, in cash or by certified check, in accordance with his bid, whereupon the Director or his representative shall immediately issue a receipt containing a description of the land or interest therein leased, the price bid and terms of the lease, which receipt shall be acknowledged in writing by the bidder. A lease, on a form approved by the Attorney General, shall be signed by the lessee and upon approval by the Commissioner, shall also be signed by the Director. Provided, however, and prior to the signing of the formal lease by the Director, the Commissioner may reject any and all bids for leases when the best interest of Alaska justifies such action.

**Sec. 3. Leasing Provisions.** The lease shall require advance payment of the annual rent or such portion thereof as the Director, with the approval of the Commissioner, may require, as determined by the accepted bid. Such conditions, limitations and terms may also be imposed by the Director, with the approval of the Commissioner, as he shall deem necessary and proper to protect the interests of Alaska. Violations of any provision of this Act or the terms of the lease shall subject the purchaser to appropriate legal action, including, but not limited to, a forfeiture of the lease. Due notice of all action by the Commissioner or Director affecting the rights of the lease shall be given the lessee.

**Sec. 4. Removal or Reversion of Improvements Upon Termination of Leases.** Improvements owned by a lessee on Alaska lands shall, within 60 days after the termination of the lease, be removed by him; provided, such removal will not cause injury or damage to the lands; and further provided, that the Director may extend the time for removing such improvements in cases where hardship is proven. The retiring lessee or permittee may, with the consent of the Director, sell his improvements to the succeeding lessee or permittee.

If any improvements and/or chattels having an appraised value in excess of \$10,000.00 as determined by the Director are not removed within the time allowed, such improvements and/or chattels shall upon due notice to the lessee, be sold at public sale under the direction of the Director. The proceeds of sale shall inure to the lessee who placed such improvements and/or chattels on the lands after paying to Alaska all rents due and owing and expenses incurred in making such sale. In case there are no other bidders at any such sales, the Director is authorized to bid, in the name of Alaska, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong and the said fund shall receive all monies or other value subsequently derived from the sale or leasing of such improvements and/or chattels. Alaska shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by

reason of said purchase.

If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Director, are not removed within the time allowed, such improvements and/or chattels shall revert to and absolute title shall vest in Alaska.

**Sec. 5. Subleases.** Any lessee may sublease or assign the lands or portion thereof upon which he has a lease; provided, that before any lessee shall be permitted to sublet or assign any of such lands or portion thereof, he shall make application to the Director for a permit and the Director may issue such permit if he finds it in the best interests of Alaska.

**Sec. 6. Renewal of Lease.** If, at the expiration of any lease of any lands, the lessee desires a renewal lease on the lands, properties, or interests covered thereby, he shall within 30 days before the expiration of his lease make application in writing for a renewal lease, certifying under oath as to the character and value of all improvements existing on the land, properties, or interests therein, the purpose for which he desires a renewal lease and such other information as the Director may require. The applicant shall deposit with such application the sum equivalent to 50 percent of the annual rental payment still in effect but not to exceed \$50.00. The Director may thereafter lease said lands in compliance with all Sections of this Article with a preference being allowed the former lessee if all other pertinent factors are substantially equivalent.

**Sec. 7. Periodical Rental Adjustments.** All leases shall stipulate that the annual rental payment shall be subject to adjustment at five-year intervals and any charges or adjustments shall be based primarily on a reappraised annual rental value.

## Article VI

### Disposal of Timber and Materials

**Section 1. Sale of Timber and Materials.** The Director shall provide for cruises of timber and appraisals of other materials in or upon lands and transmit all such data with respect to such cruises

and appraisals to the Commissioner, together with his recommendations with respect to (a) the timber and other materials which should be offered for sale, and (b) the terms of sale of such timber or other materials thereon.

**Sec. 2. Limitations and Conditions of Sale.** The Commissioner, upon recommendation of the Director, shall determine the timber and other materials which shall be sold, and the limitations and conditions that shall attach to the timber and materials sold, and the terms of sale; said limitations, conditions and terms to include the utilization, development and maintenance of the sustained yield principle, subject to preference among other beneficial uses; provided that timber sales not exceeding 500 M.B.M., or materials sales not exceeding the appraised value of \$2,500.00, may be negotiated by the Director without advertisement and on such limitations, conditions and terms as he deems are in the best interests of Alaska, subject to the approval of the Commissioner; provided, further, that not more than one non-advertised, negotiated sale of timber or material shall be made to the same purchaser within a one-year period.

**Sec. 3. Disposal Procedure.** Timber and other materials shall be sold at public auction to the highest, qualified bidder as shall be determined by the Director; provided, however, an aggrieved bidder may appeal to the Commissioner within five days after such sale for a review of the Director's determination. The sale shall be conducted by the Director or his representative, and at the time of sale the successful bidder shall deposit, in cash or by certified check, an amount equal to one-tenth of the purchase price, whereupon the Director or his representative shall immediately issue a receipt containing a description of the timber or materials purchased, the price bid, and the terms of sale, which receipt shall be acknowledged in writing by the bidder. A contract of sale, on a form approved by the Attorney General, shall be signed by the purchaser, and following the approval of the Commissioner, the contract shall also be signed by the Director on behalf of Alaska. The Director, with the approval of the Commissioner, may impose such conditions, limitations and terms as he shall deem

necessary and proper to protect the interests of Alaska. Violations of any provisions of this Act or the terms of the contract of sale shall subject the purchaser to appropriate legal action.

## Article VII

### Reservation of Rights to Alaska

**Section 1. Reservation.** Each and every contract for the sale, lease or grant of, and each deed to Alaska land, properties or interest therein, made pursuant to Section 4, 5, and 6 of Article III or Articles IV, V or VI herein, shall be subject to the following reservations: "The party of the first part, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing and working mines thereon, and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of

the property and rights hereby expressly reserved."

**Sec. 2. Damages.** No rights shall be exercised under the foregoing reservation, by Alaska, its lessees, successors or assigns, until provision has been made by Alaska, its lessees, successors or assigns, to pay to the owner of the land, upon which the rights, herein reserved to Alaska, its lessees, successors, or assigns, are sought to be exercised, full payment for all damages sustained by said owner, by reason of entering upon said land; Provided, that if said owner for any cause whatever refuses or neglects to settle said damages, Alaska, its lessees, successors, assigns, or any applicant for a lease or contract from Alaska for the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the owner of such lands may suffer.

## Article VIII

### Leasing of Mineral Lands

**Section 1. General.** Except as otherwise provided, all valuable mineral deposits in lands belonging to Alaska shall be open to exploration, development, and the extraction of minerals. All lands, together with any tide, submerged or shore lands, to which Alaska holds title or to which Alaska may become entitled, may be obtained by permit or lease for the purpose of exploration, development, and the extraction of minerals. As hereinafter provided, lands may be withheld from lease application on a first-come, first-served basis, and offered only on a competitive bid basis when determined by the Commissioner to be in the best interests of Alaska. In unproven areas the Commissioner may offer additional incentive and other terms in granting permit for exploration and development whenever it appears to be in the best interests of Alaska to do so.

**Sec. 2. Limitations.** No person, asso-

ciation, or corporation, except as herein provided, shall take or hold coal leases or permits during the life of such lease on Alaska lands exceeding an aggregate of 10,240 acres; provided, that a person, association or corporation may apply for coal leases or permits for acreage in addition to said 10,240 acres, which application or applications shall be in multiples of 40 acres, not exceeding a total of 5,120 additional acres of Alaska land, and shall contain a statement that the granting of a lease for such additional lands is necessary for the person, association, or corporation to carry on business economically and is in the public interest. On the filing of said application, the coal deposits in such lands covered thereby shall be temporarily set aside and withdrawn from all other forms of disposal provided under this Article. The Commissioner shall, after posting notice of the pending application in the local Land Office, conduct public hearings on such application, or applications, for additional acreage. After such public hearings, to such extent as he finds to be in the public interest and necessary for the applicant in order to carry on business economically, the Commissioner may, under such regulations as he may prescribe, permit such person, association, or corporation to take or hold coal leases or permits for an additional aggregate acreage of not more than 5,120 acres. No person, association, or corporation shall take or hold at one time phosphate leases on Alaska lands exceeding in the aggregate 10,240 acres. No person, association, or corporation, except as herein provided, shall take or hold sodium leases or permits during the life of such lease on Alaska lands, exceeding in the aggregate acreage 5,120 acres; provided, that the Commissioner may, in his discretion where it is necessary in order to secure the economic mining of sodium compounds permit a person, association or corporation to take or hold sodium leases or permits for up to 15,360 acres. No person, association, or corporation, except as herein provided, shall take or hold at any one time oil or gas leases exceeding in the aggregate 500,000 acres granted hereunder on tide and submerged lands, and 500,000 acres on all lands other than tide and submerged lands; such acreage to include leases held both as lessee and

under option or operating agreement from others. Where more than a single person, association, or corporation holds an interest in any oil or gas lease, each of such persons, associations, or corporations shall be charged only with that percentage of the total acreage which corresponds to its percentage share of the total beneficial interest in such lease. The Commissioner, for the purpose of encouraging the greatest ultimate recovery of coal, oil, gas, oil shale, phosphate, sodium, potassium, and sulphur, and in the interest of conservation of natural resources, is authorized, after public hearing, to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, or on any tract or portion thereof segregated for royalty purposes, whenever in his judgment it is necessary to do so in order to promote development, or whenever in his judgment the leases cannot be successfully operated under the terms provided therein. In the event the Commissioner, in the interest of conservation, shall direct or shall assent to the suspension of operations and production under any lease granted, any payment of acreage rental or of minimum royalty prescribed by such lease likewise may be suspended during such period of suspension of operations and production; and the term of such lease shall be extended by adding any such suspension period thereto.

**Sec. 3. Leasing Procedure.** Deposits of coal, phosphates, oil shale, sodium, potassium, oil, gas, and lands containing such deposits owned by Alaska shall be subject to disposition under rules and regulations, recommended by the Director and promulgated by the Commissioner, and the following provisions:

(1) Coal. The Commissioner is authorized to, and upon the petition of any qualified applicant shall, divide any of the coal lands or the deposits of coal owned by Alaska into leasing tracts of forty acres each, or multiples thereof, and in such form as will permit the economical mining of the coal in such tract, but in no case exceeding 2,560 acres in any one leasing tract. Thereafter the Commissioner shall, in his discretion, upon the request of any qualified applicant or on his own motion,

from time to time, offer such lands or deposits of coal for leasing and shall award leases thereon by competitive bidding or by such method as he may by general regulation adopt, to any qualified applicant. Where prospecting or exploration work is necessary to determine the existence or workability of coal deposits in any unclaimed, undeveloped areas, the Commissioner may issue to qualified applicants prospecting permits for a term of two years, not exceeding 2,560 acres; and if within said period of two years thereafter the permittee shows to the Commissioner that the land contains coal in commercial quantities, the permittee shall be entitled to a lease for all or part of the land in his permit. Any coal prospecting permit issued hereunder may be extended by the Commissioner for a period of two years, if he shall find that the permittee has been unable, with the exercise of reasonable diligence, to determine the existence or workability of coal deposits in the area covered by the permit and desires to prosecute further prospecting or exploration, or for other reasons in the opinion of the Commissioner warranting such extension. For the privilege of mining or extracting the coal in the lands covered by the lease, the lessee shall pay to Alaska such royalties as may be specified in the lease, which shall be fixed in advance of offering the same, and which shall not be less than 5 cents per ton of 2,000 pounds, and an annual rental, payable at the date of the lease and annually thereafter, on the lands or coal deposits covered by such lease, at such rate as may be fixed by the Commissioner prior to offering the same which shall not be less than 25 cents per acre for the first year thereafter, not less than 50 cents per acre for the second, third, fourth, and fifth years, respectively, and not less than \$1 per acre for each and every year thereafter during the continuance of the lease, except that such rental for any year shall be credited against the royalties as they accrue for that year. Leases shall be for indeterminate periods upon condition of diligent development and continued operation of the mine or mines, except when such operation shall be interrupted by strikes, the elements, or casualties not attributed to the lessee.

(2) Phosphates. The Commissioner

is authorized to lease to qualified applicants any lands belonging to Alaska containing deposits of phosphates through advertisement, competitive bidding, or such other methods as he may by general regulation adopt, including associated and related minerals, when in his judgment the public interest will be best served thereby. The land shall be leased in units reasonably compact in form of not to exceed 2,560 acres. All leases shall be conditioned upon the payment to Alaska of such royalties as may be specified in the lease, which shall be fixed by the Commissioner in advance of offering the same, at not less than 5 per centum of the gross value, at the point of shipment to market, of the output of phosphates or phosphate rock, and associated or related minerals. Each lease shall provide for the payment of a rental payable at the date of the lease and annually thereafter, which shall be not less than 25 cents per acre for the first year, 50 cents per acre for the second and third years, respectively, and \$1 per acre for each year thereafter, during the continuance of the lease. The rental paid for any year shall be credited against the royalties for that year. Leases shall be for a term of twenty years and so long thereafter as the lessee complies with the terms and conditions of the lease.

(3) Oil Shale. The Commissioner is authorized to lease to any qualified person or corporation any deposits of oil shale belonging to Alaska and the surface of so much of the lands containing such deposits, or land adjacent thereto, as may be required for the extraction and reduction of the leased minerals. No lease hereunder shall exceed 5,120 acres of land, nor shall the terms of the lease permit the extraction of minerals from other than the oil shale so leased. Leases may be for indeterminate periods upon such conditions as may be imposed by the Commissioner. For the privilege of mining, extracting, and disposing of the oil or other minerals covered by a lease hereunder, the lessee shall pay to Alaska such royalties as shall be specified in the lease and an annual rental at the rate of 50 cents per acre, for the lands included in the lease, the rental paid for any one year to be credited against the royalties accruing for that year. For the

purpose of encouraging the production of petroleum products from shales, the Commissioner may, in his discretion, waive the payment of any royalty and rental during the first five years of any lease.

(4) Sodium. The Commissioner is authorized to grant to any qualified applicant a prospecting permit which shall give the exclusive right to prospect for chlorides, sulphates, carbonates, borates, silicates, or nitrates of sodium, in lands belonging to Alaska, for a period of not to exceed two years; provided, that the area to be included in such a permit shall not exceed 2,560 acres of land in reasonably compact form. Upon showing to the satisfaction of the Commissioner that valuable deposits of sodium minerals have been discovered by the permittee within the area covered by his permit, and that such land is chiefly valuable therefor, the permittee shall be entitled to a lease for any or all of the land embraced in the prospecting permit at a royalty of not less than 2 per centum of the quantity or gross value of the output of sodium compounds and other related products at the point of shipment to market. Lands known to contain valuable deposits of sodium compounds and not covered by permits or leases shall be subject to lease by the Commissioner through advertisement, competitive bidding, or such other methods as he may by general regulation adopt in such areas as he shall fix, not exceeding 2,560 acres. All such leases shall be conditioned upon the same royalty payment as mentioned above and the payment in advance of a rental of 25 cents per acre for the first calendar year or fraction thereof, 50 cents per acre for the second, third, fourth, and fifth calendar years, respectively; and \$1 per acre per annum thereafter during the continuance of the lease, such rental for any one year to be credited against royalties accruing for that year. Leases shall be for a period of twenty years with preferential right in the lessee to renew for successive periods of ten years upon such terms and conditions as may be prescribed by the Commissioner.

(5) Sulphur. The Commissioner is authorized and directed, under such rules

and regulations as he may prescribe, to grant to any qualified applicant a prospecting permit which shall give the exclusive right to prospect for sulphur, in lands belonging to Alaska, for a period not to exceed two years; provided, that the area to be included in such a permit shall not exceed 2,560 acres of land in reasonably compact form. Upon showing to the satisfaction of the Commissioner that valuable deposits of sulphur have been discovered by the permittee within the area covered by his permit, and that the land is chiefly valuable therefor, the permittee shall be entitled to a lease for any or all of the land embraced in the prospecting permit, at a royalty of 5 per centum of the quantity or gross value of the output of sulphur at the point of shipment to market. Lands known to contain valuable deposits of sulphur and not covered by permits or leases, shall be held subject to lease by the Commissioner through advertisement, competitive bidding, or such other methods as he may by general regulation adopt, and in such areas as he shall fix, not to exceed 2,560 acres; all leases to be conditioned upon the payment by the lessee of such royalty as may be fixed in the lease and the payment in advance of a rental of 50 cents per acre per annum, the rental for any one year to be credited against the royalties accruing for that year.

(6) Potassium. The Commissioner is hereby authorized, under such rules and regulations as he may prescribe, to grant to any qualified applicant a prospecting permit which shall give the exclusive right to prospect for chlorides, sulphates, carbonates, borates, silicates, or nitrates of potassium, in lands belonging to Alaska, for a period not to exceed two years; provided, that the area to be included in such a permit shall not exceed 2,560 acres of land in reasonably compact form. Upon showing to the satisfaction of the Commissioner that valuable deposits of potassium compounds have been discovered by the permittee within the area covered by his permit, and that such land is chiefly valuable therefor, the permittee shall be entitled to a lease for any or all of the land embraced in the prospecting permit, at a royalty of not less than 2 per centum of the quantity or gross value of the out-

put of potassium compounds and other related products, except sodium, at the point of shipment to market. Lands known to contain valuable deposits of potassium compounds and not covered by permits or leases shall be held subject to lease by the Commissioner through advertisement, competitive bidding, or such other methods as he may by general regulation adopt, in such areas as he shall fix, not to exceed 2,560 acres; all leases to be conditioned upon payment by the lessee of a royalty of not less than 2 per centum of the quantity or gross value of the output of potassium compounds and other related products, except sodium, at the point of shipment to market, and the payment in advance of a rental of 25 cents per acre for the first calendar year or fraction thereof; 50 cents per acre for the second, third, fourth, and fifth years, respectively; and \$1 per acre per annum thereafter during the continuance of the lease, such rental for any one year being credited against royalties accruing for that year. Leases shall be for a term of twenty years and so long thereafter as the lessee complies with the terms and conditions of the lease.

(7) Oil and Gas. All tide and submerged lands shall be leased by competitive bidding, and whenever oil or gas is discovered in any well on Alaska land in commercial quantities, the Commissioner shall determine the extent of the area of any lands in addition to tide and submerged lands in the same general area of the discovery well, which by reason of such discovery the Commissioner reasonably believes to be capable of producing oil or gas, and such additional lands shall be leased by competitive bidding. Such competitive lands shall be leased to the highest responsible qualified bidder by competitive bidding under general regulations, in units of not exceeding 640 acres (except that tide and submerged lands shall be leased in units of not exceeding 5,760 acres), which shall be as nearly compact in form as possible, upon the payment by the lessee of such bonus as may be accepted by the Commissioner and of such royalty as may be fixed in the lease which shall be not less than 12½ per centum in amount or value of the production removed or sold from the lease; provided, that any holder of a

lease who shall drill and make the first discovery of oil or gas in commercial quantities in any geologic structure shall pay a royalty on all production under the lease of 5 per centum for ten years following the date of such discovery and thereafter the royalty rate shall be not less than 12½ per centum. All lands other than those above provided to be leased by competitive bidding shall be leased without competitive bidding to the first qualified person making application therefor. Noncompetitive leases shall be issued in units of not exceeding 2,560 acres in any one lease. Such noncompetitive leases shall be conditioned upon the payment by the lessee of a royalty of 12½ per centum in amount or value of the production removed or sold from the lease; provided, that any holder of a lease who shall drill and make the first discovery of oil or gas in commercial quantities in any geologic structure shall pay a royalty on all production under the lease of 5 per centum for ten years following the date of such discovery and thereafter the royalty rate shall be 12½ per centum. Leases issued under this subsection shall be for a primary term of five years and shall continue so long thereafter as oil or gas is produced in paying quantities.

Any oil or gas lease issued under this subsection which is subject to termination by reason of cessation of production shall not terminate if, within sixty days after production ceases, reworking or drilling operations are commenced on the land under lease and are thereafter conducted with reasonable diligence during such period of nonproduction. No lease issued under the provisions of this subsection shall expire because operations or production is suspended under any order, or with the consent, of the Commissioner. No lease issued under the provisions of this subsection covering lands on which there is a well capable of producing oil or gas in paying quantities shall expire because the lessee fails to produce the same, unless the lessee is allowed a reasonable time, within which to place such well on a producing status; provided, that after such status is established production shall continue on the leased premises unless and until suspension of production is allowed by the Commissioner.

Upon the expiration of the initial five-year term of any noncompetitive lease maintained in accordance with applicable requirements and regulations, the record title holder thereof shall be entitled to a single extension of the lease, unless then otherwise provided by law, for such lands covered but which are not on the expiration date of the lease determined by the Commissioner to be competitive lands as above provided. A noncompetitive lease, as to lands not determined by the Commissioner to be competitive lands, shall be extended for a period of five years and so long thereafter as oil or gas is produced in paying quantities. A noncompetitive lease, as to lands determined by the Commissioner to be competitive lands, shall be extended for a period of two years and so long thereafter as oil or gas is produced in paying quantities. Any noncompetitive lease extended under this paragraph shall be subject to the rules and regulations in force at the expiration of the initial five-year term of the lease. No extension shall be granted, however, unless within a period of ninety days prior to such expiration date an application therefor is filed by the record title holder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval.

The Commissioner may, in his discretion, provide for extension beyond the ten-year period of leases which, although not then productive, are at that time included in an approved unit plan or program of secondary recovery operation to bring about or restore production.

All noncompetitive oil or gas leases issued under this subsection shall be conditioned upon the payment by the lessee in advance of an annual rental of 50 cents per acre or fraction thereof. All competitive oil and gas leases issued under this subsection shall be conditioned upon the payment of an annual rental, prior to discovery on the leased lands, of \$1 per acre or fraction thereof. A minimum royalty of \$1 per acre in lieu of rental shall be payable at the expiration of each lease year beginning on or after a discovery of oil or gas in paying quantities on the lands leased.

Should Alaska select or otherwise ac-

quire any Federal land which, at the effective date of the selection or acquisition, is subject to a valid existing offer for a noncompetitive United States oil and gas lease under the Federal Act of Feb. 25, 1920 (41 Stat. 437 as amended), the offeror for the Federal lease, if a qualified applicant hereunder, shall be deemed to be the first qualified applicant for an Alaska noncompetitive oil and gas lease under the provisions of this Section 3 (7) of this Article VIII, and shall be entitled to an Alaska noncompetitive oil and gas lease upon compliance with the provisions of the regulation covering such applications within 60 days after receipt of written notice from the Commissioner of such selection or acquisition. The priority herein provided for shall not be effective if the land covered by such Federal offer to lease is classified by the Commissioner as competitive lands as herein provided within 90 days after the selection of such land is finally approved by the Secretary of the Interior or such land is otherwise acquired.

For the purpose of more properly conserving the natural resources of any oil or gas pool, field, or like area, or any part thereof (whether or not any part of said oil or gas pool, field, or like area is then subject to any cooperative or unit plan of development or operation), lessees thereof and their representatives may unite with each other, or jointly or separately with others, in collectively adopting or operating under a cooperative or unit plan of development or operation of such pool, field, or like area, or any part thereof, whenever determined and certified by the Commissioner to be necessary or advisable in the public interest. The Commissioner is thereunto authorized, in his discretion, with the consent of the holders of leases involved, to establish, alter, change, or revoke drilling, producing, rental, minimum royalty, and royalty requirements of such leases and to make such regulations with reference to such leases, with like consent on the part of the lessees, in connection with the institution and operation of any such cooperative or unit plan as he may determine necessary or proper to secure the proper protection of the public interest. The Commissioner may provide that oil and gas leases issued under this sub-

section shall contain a provision requiring the lessee to operate under such a reasonable cooperative or unit plan, and he may prescribe such a plan under which such a lessee shall operate, which shall adequately protect all parties in interest, including Alaska.

Any plan authorized by the preceding paragraph, which includes lands owned by Alaska, may, in the discretion of the Commissioner, contain a provision whereby authority is vested in the Commissioner, or any such person, committee, or State agency as may be designated in the plan, to alter or modify from time to time the rate of prospecting and development and the quantity and rate of production under such plan. All leases operated under any such plan approved or prescribed by the Commissioner shall be excepted in determining holdings or control under the provisions of Section 2 of this Article. The provisions of this Subsection 3 (7) of this Article VIII concerning cooperative or unit plans are in addition to, and shall in no way repeal, diminish, change or abrogate the provisions of Chapter 40, SLA 1955.

Producing acreage on a known geologic structure of a producing oil or gas field shall be excluded from chargeability as against the acreage limitation provisions of Section 2 of this Article.

When separate tracts cannot be individually developed and operated in conformity with an established well-spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by Alaska under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Commissioner to be in the public interest, and operations or production pursuant to such an agreement shall be determined to be operations or production as to each such lease committed thereto.

The Commissioner is hereby authorized, on such conditions as he may prescribe, to approve drilling, or development contracts made by one or more lessees of oil or gas leases, with one or more persons, associations, or corpora-

tions, whenever, in his discretion, the conservation of natural products or the public convenience or necessity may require it or the interests of Alaska may be best served thereby. All leases operated under such approved drilling, or development contracts, and interests thereunder, shall be excepted in determining holdings or control under the provisions of Section 2 of this Article.

The Commissioner, to avoid waste or to promote conservation of natural resources, may authorize the subsurface storage of oil or gas whether or not produced from Alaska lands, in lands leased or subject to lease under this subsection. Such authorization may provide for the payment of a storage fee or rental on such stored oil or gas, or, in lieu of such fee or rental, for a royalty other than that prescribed in the lease when such stored oil or gas is produced in conjunction with oil or gas not previously produced. Any lease on which storage is so authorized shall be extended at least for the period of storage and so long thereafter as oil or gas not previously produced is produced in paying quantities.

#### **Article IX**

##### **Mining Rights**

**Section 1. Discovery and Appropriation Rights.** Except as herein provided, all minerals which are subject to location under the mining laws of the United States, and the mineral lands in which they are contained, shall be subject to discovery, appropriation and location under the provisions of Sections 47-3-9 through 47-3-60 and Sections 47-3-81 through 47-3-92, ACLA 1949, as amended. In the case of tide and submerged lands, and acquired lands known to contain such minerals, or lands which have been sold, granted, deeded, or patented reserving such minerals to Alaska, the right to mine and remove such minerals may be acquired only by lease on such terms and conditions as may be recommended by the Director and approved by the Commissioner.

#### **Article X**

##### **Multiple Mineral Development of the Same Tracts**

**Section 1. Multiple Use.** Disposal and use of Alaska lands as provided for in this Act shall at all times be in conformity with the provisions of the Constitution of the State of Alaska and the principles of multiple purpose use consistent with the public interest.

#### **Article XI**

##### **Land Selection**

**Section 1. Selection Practice.** The selection of all grant, lieu and indemnity lands shall conform to the provisions of this Act and to the policy, orders, rules and regulations adopted by the Commissioner. Preference of selection by the Commissioner shall be given to the land which will provide the maximum benefits to the people of Alaska.

#### **Article XII**

##### **Parks and Recreation Areas**

**Section 1. Park and Recreation Areas.** The Commissioner shall establish a policy and prescribe rules and regulations whereby parks and recreation areas, including public scenic overlooks and cultural sites, shall be developed and managed in a manner that will best serve the interests of the people of Alaska. The Commissioner may classify certain public lands as parks, scenic overlooks, cultural sites and recreation areas; provided, that the general intent of this Act is maintained.

#### **Article XIII**

##### **Miscellaneous**

**Section 1. Transfer, Appropriations, Records, Etc.** All appropriations, records, reports, papers, documents, equipment, forms, supplies, memoranda and other public property of whatever kind held by the Department of Public Lands, created under Chapter 126, SLA 1953, as amended by Chapter 183, SLA 1955, shall be turned over to the Director when and as requested.

**Sec. 2. Continuing Rules, Regulations, Agreements, Etc.** All rules, regulations, procedures, funds, contracts and agreements which have been established or entered into by the Department of Lands prior to the effective date of this Act under the authority of Chapter 126, SLA

1953, as amended, and Chapter 184, SLA 1957, are hereby continued, and subject to any further amendments by the Commissioner except where inconsistent with the provisions of this Act.

Until such time as the Commissioner is appointed under the reorganization of the State executive branch of government the acting Director, or his successor, now serving as Director of the Department of Lands, shall continue to perform the duties herein delegated to the Director.

**Sec. 3. Exceptions.**

(a) The Commissioner shall have no jurisdiction over University lands except when such jurisdiction has been conferred on the Commissioner by the Board of Regents of the University of Alaska.

(b) Any power, duty or authority now or in the future granted to either the Alaska Highway and Public Works Department, or its successor, or to the Alaska Department of Aviation, or its successor, to acquire, use, lease or exchange real property, or any interest therein, shall be exercised by either of said Departments in conformity with the

provisions of this Act.

(c) The foregoing agencies shall give written notification of the fact of said acquisition, lease or exchange to the Division of Lands within three months after the date that the foregoing agencies make said acquisition, lease or exchange.

(d) Any real property acquired by, and under the management of, the foregoing agencies, which is no longer needed for its intended use, will be returned to the jurisdiction of the Division of Lands.

**Sec. 4. Repealer.** Chapter 189, SLA 1955, and Chapter 184, SLA 1957, are hereby repealed.

**Sec. 5. Severability Clause.** If any provision of this Act, or application thereof to any person or circumstance is held invalid, the remainder of the Act and such application to other persons or circumstances shall not be affected thereby.

**Sec. 6. Effective Date.** This Act shall take effect immediately upon its passage and approval or upon its becoming law without such approval.

Approved May 2, 1959

CHAPTER 170

AN ACT

**Appropriating the sum of \$533,400 for the mental health program; and providing for an effective date.**

(H.B. 242)

**Be it enacted by the Legislature of the State of Alaska:**

Section 1. The sum of \$533,400, or so much thereof as shall be found necessary is hereby appropriated out of any moneys in the general fund of the State of Alaska not otherwise appropriated, to the Department of Health, or its successor, for the period ending June 30, 1960, said sum to be apportioned according to the following schedule:

Partial Payment to Harborview, Inc. on purchase (Total cost: to be negotiated by office of Governor based on such factors as owners' acquisition cost plus cost of necessary betterments, prorate taxes and insurance plus a fair and reasonable profit to the owner thereon, provided, that in no event shall the cost exceed \$150,000.00) of facilities at Valdez for the care of certain mental patients ..... 30,000

Off-site expenditures for improvements necessary to Mental Health Hospital in Anchorage area .....\$105,000