

**SENATE BILL NO. 62**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/29/21

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to surface use restrictions for oil and gas leases; relating to gas leases in**  
2 **Kachemak Bay; relating to the renewable energy grant fund; and providing for an**  
3 **effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** AS 38.05 is amended by adding a new section to read:

6 **Sec. 38.05.176. Effect of surface use restrictions in specified acreage.**

7 Unless specifically provided, a statute that restricts the surface use of an oil and gas  
8 lease or a gas only lease in specified acreage does not also restrict subsurface use for  
9 oil and gas resource development that can be accomplished by drilling from acreage  
10 that does not have surface use restrictions.

11 \* **Sec. 2.** AS 38.05.184(b) is amended to read:

12 (b) **Except as provided in (h) of this section, no** [NO] additional oil or gas  
13 leases may be issued by the department or any other state agency for the exploration  
14 for or the development or production of oil and gas on state-owned land and waters

1 seaward of the mean higher high water line, beginning at Anchor Point; then around  
 2 the perimeter of Kachemak Bay, to Point Pogibshi; then west to the three mile limit of  
 3 state land and waters; then north to a point three miles west of Anchor Point; then east  
 4 to the mean higher high water line of Anchor Point, the point of beginning.

5 \* **Sec. 3.** AS 38.05.184 is amended by adding a new subsection to read:

6 (h) The director may offer gas only leases within Township 5 South, Range 15  
 7 West, Seward Meridian, Alaska. A lessee shall

8 (1) have no right to surface use; and

9 (2) be limited to drilling from onshore leased lands for all exploration  
 10 for or development or production of gas.

11 \* **Sec. 4.** AS 42.45.045(b) is amended to read:

12 (b) The authority shall administer the fund as a fund distinct from other funds  
 13 of the authority. The fund consists of

14 (1) money appropriated to the fund by the legislature to provide grants  
 15 for certain energy projects determined by the legislature;

16 (2) gifts, bequests, contributions from other sources, and federal  
 17 money;

18 (3) interest earned on the fund balance; and

19 (4) **money appropriated to the fund by the legislature from the**  
 20 **state's rentals, royalties, lease sale proceeds, and net profit shares under**  
 21 **AS 38.05.180(f) and (g) from gas only leases under AS 38.05.184(h); an**  
 22 **appropriation under this paragraph may be made after deposits to the Alaska**  
 23 **permanent fund of amounts required under art. IX, sec. 15, Constitution of the**  
 24 **State of Alaska** [INVESTMENTS TO BE MANAGED BY THE DEPARTMENT OF  
 25 REVENUE, WHICH SHALL BE THE FIDUCIARY OF THE FUND UNDER  
 26 AS 37.10.071].

27 \* **Sec. 5.** AS 42.45.045(c) is amended to read:

28 (c) The fund is not a dedicated fund. **Investments of the fund shall be**  
 29 **managed by the Department of Revenue, which shall be the fiduciary of the fund**  
 30 **under AS 37.10.071.**

31 \* **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).