

# Alaska State Legislature

*Session:*  
State Capitol, Room 121  
Juneau, AK 99801-1182  
Phone: (907) 465-4797  
Fax: (907) 465-3884



*Interim:*  
119 N. Cushman  
Fairbanks, AK 99701  
Phone: (907) 488-0857  
email: Senator\_Gene\_Therriault@legis.state.ak.us

## Senator Gene Therriault District Q

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**Contact:** Senator Gene Therriault, (907) 465-4797

### **Senate Extends Pipeline “Right-of-Way” Leases**

(JUNEAU) – A bill designed to make the state renewal period for oil and gas pipeline right-of-way leases consistent with federal law passed the Senate today.

Senate Bill 76, sponsored by Sen. Gene Therriault (R-North Pole) would increase the maximum term of right-of-way lease renewals from 10 years to 30 years. The 30-year term for renewal is consistent with that of federal grants of right-of-way for oil and gas pipelines.

“The new lease provisions will allow for longer renewal terms, however, the companies will still be monitored on an on-going basis to ensure they are in full compliance with the lease terms,” Therriault said.

A section of the bill allows for existing leases to be amended, upon request, to incorporate the new provision for renewal periods of up to 30 years. SB 76 changes the length of terms for renewals only, not the length of the original lease term, so the renewal process for several pipelines with leases that expire in 2004, including the Trans-Alaska Pipeline System, will proceed uninterrupted.

SB 76 also allows existing leases to be extended under the current terms if a lease expires during renewal negotiations. Under SB 76, the state would continue the lease subject to the terms and conditions that were applicable to the lease in effect at the time of expiration until the Commissioner of the Department of Natural Resources issues a final determination on the renewal.

“Current statutes give the commissioner of the Department of Natural Resources leeway to extend a right-of-way lease, but I think the lease-extension procedure needs to be set out in statute,” said Therriault. “The department believes it can adhere to a self-imposed deadline for renewing leases before they expire, but this causes unnecessary uncertainty in the renewal process.”

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