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| Introduced by: | Mayor                 |
| Date:          | 01/05/10              |
| Hearing:       | 02/16/10              |
| Action:        | Enacted as Amended    |
| Vote:          | 8 Yes, 0 No, 1 Absent |

**KENAI PENINSULA BOROUGH  
ORDINANCE 2010-03**

**AN ORDINANCE AMENDING KPB 17.10.100, METHODS OF DISPOSITION, BY  
ADDING SUBSECTION 17.10.100 (J), OIL AND GAS LEASING**

**WHEREAS,** KPB 17.10.100 provides various methods for disposition of borough land and interests but does not contain specific provisions for oil and gas leasing; and

**WHEREAS,** the borough holds a limited amount of oil and gas interests, some of which may be located in formations with commercial viability or included within recognized Oil and Gas Unit boundaries; and

**WHEREAS,** it is in the borough's best interest to manage oil and gas interests separately from surface interests, thus allowing for oil and gas leasing but retaining controls on surface uses under other existing vehicles such as surface leases, land use permits, and easements; and

**WHEREAS,** oil and gas leasing that does not provide for surface infrastructural development can reasonably be excluded from existing code provisions which are extraneous to oil and gas extraction agreements; and

**WHEREAS,** the KPB Planning Commission at its regularly scheduled meeting of January 25, 2010 recommended enactment by unanimous consent.

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That KPB 17.10.100 is hereby amended by adding a subsection J as follows:


**17.10.100. J.** Oil and Gas Lease. The assembly may by ordinance authorize the lease of borough oil and gas interests at a minimum of the prevailing state royalty rate and under other such terms as are standard and customary in the industry, except that such a lease shall not authorize surface use of the land. Separate authorization as otherwise provided in this chapter shall be required for surface use. Oil and gas leases may be excluded from all other provisions for disposition contained in this chapter where the assembly finds that such provisions are not

compatible with the intent and purposes of the proposed oil and gas leases.

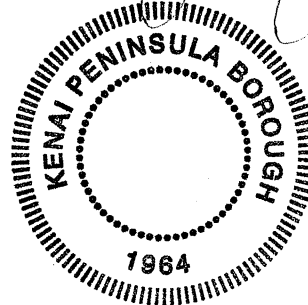
**SECTION 2.** That this ordinance shall take effect immediately upon its enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 16TH DAY OF FEBRUARY, 2010.**

ATTEST:

  
Pete Sprague, Assembly President

  
John Blankenship, Borough Clerk



Yes: Fischer, Haggerty, McClure, Pierce, Smalley, Smith, Superman, Sprague  
No: None  
Absent: Knopp