

STATE OF ALASKA
THE LEGISLATURE

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Resolve No.
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Relating to the state's interest in oil and gas company mergers and establishing a Joint Special Committee on Mergers as a joint committee of the legislature.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS BP Amoco and Atlantic Richfield Co. (ARCO) have announced their agreement for BP Amoco to merge with ARCO; and

WHEREAS BP Amoco is the single largest producer of oil and gas in the state, owning approximately 36 percent of the oil located on the North Slope; and ARCO is the second largest producer in the state, owning approximately 28 percent of the oil located on the North Slope; and

WHEREAS the oil and gas industry generally, and BP Amoco and ARCO in particular, through the payment of royalty, severance tax, property tax, and corporate income tax, are responsible for a significant portion of total revenues received by the state and some municipal governments of the state; provide significant employment opportunities in the state; and alter the state's environment through their exploration, pipeline, and marine transportation activities; and

WHEREAS the Alaska State Legislature finds that the merger of BP Amoco and ARCO will result in a significant increase in BP Amoco's ownership of the total oil and gas

assets located on the North Slope of Alaska and elsewhere in the state and will eliminate BP Amoco's most significant competitor with respect to exploration and development of oil and gas in the state; and

WHEREAS the Alaska State Legislature finds the merger may have significant consequences for the state in many areas, including state revenue, employment opportunities in the state, environmental impacts, future exploration and development of as yet undiscovered oil and gas fields and reservoirs, and the sale of natural gas from the North Slope; and

WHEREAS the Alaska State Legislature finds that, as a general matter, the concentration of economic power is a matter of serious concern to the people of the state, and that the merger may have significant and irreversible effects on the future course of oil and gas development in the state; and

WHEREAS, given the importance of the merger, it is imperative that the state administration and the Alaska State Legislature conduct a comprehensive, expedited review of the effects of the merger on the state and its people; and

WHEREAS the Alaska State Legislature finds that the following effects, among others, should be examined as part of this review: future oil and gas leasing; future state revenues from oil and gas exploration and production; sale and transportation of natural gas from the North Slope; future technological developments relating to North Slope exploration and production; and future environmental compliance; and

WHEREAS the pre-merger approval process of the Federal Trade Commission will likely be concluded during the interim between regular legislative sessions and decisions will be made by the attorney general or the Federal Trade Commission about what remedies are available and appropriate; and

WHEREAS, if the results of the analysis indicate that state or federal antitrust laws are violated, decisions will have to be made and actions taken before January 2000; and

WHEREAS Governor Knowles has indicated strong support for a joint and cooperative merger review process between the executive branch and the Alaska State Legislature;

BE IT RESOLVED by the Alaska State Legislature that a Joint Special Committee on Mergers is established to study issues relating to the proposed merger of BP Amoco and Atlantic Richfield Co., and to collect information, including the holding of hearings should the committee consider hearings desirable with the power to compel attendance by subpoena

if necessary, to hire consultants and experts, to work with the governor, the governor's staff, and outside consultants, and to take whatever other action may be appropriate to ensure that the best interests of the state are protected; and be it

FURTHER RESOLVED that among other matters the Joint Special Committee on Mergers shall consider are whether the best interests of the state require that a suit be brought for the purpose of prohibiting the merger or of requiring divestiture of oil and gas assets in Alaska, the types of conditions and commitments that may be required of BP Amoco in the event a consent decree is negotiated either by the Federal Trade Commission or the attorney general, and, in the event the merger does occur, what legislation should be adopted in the Second Session of the Twenty-First Legislature to ameliorate any adverse effects on state revenues or on the economic and physical environments of the state; the committee shall report to the legislature within 15 days of the commencement of the Second Session on any action taken; and be it

FURTHER RESOLVED that the President of the Senate and the Speaker of the House shall jointly determine the number of senators and representatives to be members of the committee, appoint the committee members, and jointly designate a member to chair the committee; and be it

FURTHER RESOLVED that the presiding officer of each body shall apportion minority members to the joint committee as provided in Rule 1(e), Uniform Rules of the Alaska State Legislature; and be it

FURTHER RESOLVED that the Joint Special Committee on Mergers may meet during and between sessions of the Twenty-First Alaska State Legislature, and is terminated on the convening of the First Session of the Twenty-Second Alaska State Legislature.