

HOUSE CONCURRENT RESOLUTION NO. 12
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE PORTER

Introduced: 5/8/99

Referred: Rules

A RESOLUTION

1 Relating to the state's interest in oil and gas company mergers and establishing
2 a Joint Special Committee on Mergers as a joint committee of the legislature.

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

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

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

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

16 WHEREAS the Alaska State Legislature finds that the merger of BP Amoco and

1 ARCO will result in a significant increase in BP Amoco's ownership of the total oil and gas
2 assets located on the North Slope of Alaska and elsewhere in the state and will eliminate BP
3 Amoco's most significant competitor with respect to exploration and development of oil and
4 gas in the state; and

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

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

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

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

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

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

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

29 **BE IT RESOLVED** by the Alaska State Legislature that a Joint Special Committee
30 on Mergers is established to study issues relating to the proposed merger of BP Amoco and
31 Atlantic Richfield Co., and to collect information, including the holding of hearings should

1 the committee consider hearings desirable with the power to compel attendance by subpoena
2 if necessary, to hire consultants and experts, to work with the governor, the governor's staff,
3 and outside consultants, and to take whatever other action may be appropriate to ensure that
4 the best interests of the state are protected; and be it

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

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

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