

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

January 19, 2001

1:04 p.m.

**COMMITTEE CALENDAR**

OVERVIEW: DEPT OF NATURAL RESOURCES

**TAPES**

01-2, SIDES A & B

01-3, SIDE A

**CALL TO ORDER**

REPRESENTATIVE DREW SCALZI, Chair, called the House Resources Standing Committee meeting to order at 1:04 p.m.

**PRESENT**

Committee members present were Representatives Scalzi, Masek, Fate, Green, Stevens, McGuire, Kapsner, and Kerttula. Representative Chenault was excused.

**SUMMARY OF INFORMATION**

PAT POURCHOT, Commissioner, Department of Natural Resources (DNR), prefaced the overview by stating that the department has opened a Joint Pipeline Office to facilitate and coordinate permit renewal with the federal government for the 2004 Trans-Alaska Pipeline System (TAPS) deadline. State regulations have been changed to synchronize with the federal deadlines.

MARK MYERS, Director, Division of Oil & Gas, Department of Natural Resources (DNR), told the committee that the overall level of activity in this division increased greatly last year due to the BP merger. Exploration has doubled due to new 3-D seismic technology with a one in three success rate from a one in ten rate using the former technology. The cost for 3-D seismic exploration ranges from \$30,000 to \$50,000 per mile. The state, he explained, has limited ability at this time to utilize this technology because of personal and software limitations. It is very important for the state to be able to mimic the efforts of private industry so that it has comparable bargaining skills

when lease negotiations take place. Asset teams are composed of highly skilled individuals, such as geologists, physicists, cartographers, land negotiators and attorneys, economists, and transportation experts. For example, he said, royalties could range from 5 to 33 percent; therefore, it is important to be negotiating with the same information as that of the oil company's team. At the present time seven division positions are vacant because of the greater salaries in the private sector.

CHAIRMAN SCALZI told Commissioner Pourchot and Mr. Myers that he would entertain holding an executive session to discuss payroll needs for the department to attract the level of professionalism needed to compete with the oil industry.

COMMISSIONER POURCHOT gave a brief overview of the Division of Mining, Land and Water. He stated that last year over 12,000 mining claims were staked - a record despite low prices. Last year SB 115 was passed, which streamlined the permitting process. Although there was a fiscal note attached, the bill encouraged many more applications than the division could handle. The backlog is being addressed and the public is more easily able to access more and more information online. Over 500 water permits are currently being processed on a priority basis until more funds are allocated for more personnel. Meanwhile, because of the back-up, the department is vulnerable to court action, such as the North Star matter last year. Regulations are being drafted to better prioritize applications and to set up a fee structure to offset some of the handling costs.

BOB LOEFFLER, Director, Division of Mining, Land and Water, testifying via teleconference, explained that the "stake your own" program designated for remote areas has meant a profitable return to the state. An increase in the number of new claims staked can be directly linked to the recent airborne survey program. He added that 40-45 million board feet of timber is the average harvested amount per year, although 53 million board feet was cut last year.

JEFF JANKE, Director, Division of Forestry, testifying via teleconference, discussed fire fighting and training. Last season was very moderate for Alaska; however, firefighters received valuable training due to their deployment to the numerous Lower-48 fires. Equipment, manpower, and materials were loaned, with a \$4 million return on equipment, either new or in good condition. He said that local firefighters are trained in most communities as a first response and comprise 20 percent of the state's program.

COMMISSIONER POURCHOT explained that the state presently has 120 park units, which received 3.8 million visits the past year. He stated it is a financial struggle to man all the units in such a far-flung state. He noted there is a \$38 million request in the capital budget for more park personnel.

JIM STRATTON, Director, Division of Parks and Outdoor Recreation, testifying via teleconference, addressed the park fee increases for in-state day and annual use. He said that the annual pass for out-of-state residents was eliminated to discourage "living" in a campsite all summer.

COMMISSIONER POURCHOT added that new grant and fee programs, such as trails, education, and safe boating, would be helpful to the division's budget.

ROB WELLS, Director, Division of State Agriculture, testified via teleconference. He and Commissioner Pourchot reported a successful year for land sales, which were \$3.5 million, which was split between the agriculture revolving land fund and general funds. On July 1, 2000, the Board of Agriculture was put into effect. The seven-member board has met four times, approving \$1.1 million in loans to borrowers, disposing of 11 land parcels, and reducing the interest rate on short-term loans. The board has the flexibility to adjust the lending rate to be comparable to the private sector.

MARTY RUTHERFORD, Deputy Commissioner, Department of Natural Resources, listed three state and three federal members who sit on the trustee council of the Exxon Valdez Oil Spill, stating that all of their large decisions have already been made.

COMMISSIONER POURCHOT concluded the overview by saying he would appreciate the opportunity to discuss salary issues in executive session at a later date, after his department had the opportunity to organize a presentation on this subject.

#### **ANNOUNCEMENTS**

There were no announcements.

#### **COMMITTEE ACTION**

The committee took no action.

#### **ADJOURNMENT**

CHAIR SCALZI adjourned the House Resources Standing Committee overview meeting at 2:45 p.m.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Second Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.