

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

April 18, 2001

1:30 p.m.

MEMBERS PRESENT

Representative Beverly Masek, Co-Chair
Representative Drew Scalzi, Co-Chair
Representative Hugh Fate, Vice Chair
Representative Joe Green
Representative Mike Chenault
Representative Lesil McGuire
Representative Gary Stevens
Representative Beth Kerttula

MEMBERS ABSENT

Representative Mary Kapsner

COMMITTEE CALENDAR

SENATE BILL NO. 143

"An Act authorizing the Department of Natural Resources to enter into agreements with a person or persons desiring to own an oil or natural gas pipeline proposed to be located on state land for the purposes of providing for payment of the reasonable costs incurred in preparing for activities before receipt of an application under the Alaska Right-of-Way Leasing Act and for activities relating to the processing of an application under that Act; and providing for an effective date."

- MOVED SB 143 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 156(RES)

"An Act amending the Alaska Land Act to clarify the requirement of a single written best interest finding required for the sale, lease, or other disposal of state land or resources or an interest in them, and relating to certain disposals involving multiphased development; and providing for an effective date."

- MOVED CSSB 156(RES) OUT OF COMMITTEE

HOUSE BILL NO. 159

"An Act relating to the management of state land."

- BILL HEARING POSTPONED

CONFIRMATION HEARING

Department of Natural Resources Commissioner

- CONFIRMATION HEARING POSTPONED TO 4/25

PREVIOUS ACTION

BILL: SB 143

SHORT TITLE:RIGHT-OF-WAY LEASING:PREAPPLICATION COSTS

SPONSOR(S): RESOURCES

Jrn-Date	Jrn-Page		Action
03/14/01	0659	(S)	READ THE FIRST TIME - REFERRALS
03/14/01	0659	(S)	RES, FIN
03/19/01		(S)	RES AT 3:30 PM BUTROVICH 205
03/19/01		(S)	Moved Out of Committee
03/19/01		(S)	MINUTE(RES)
03/20/01	0733	(S)	RES RPT 4DP 1NR
03/20/01	0733	(S)	DP: TORGERSON, TAYLOR, PEARCE, KELLY;
03/20/01	0733	(S)	NR: ELTON
03/20/01	0733	(S)	FN1: INDETERMINATE(DNR)
03/28/01	0837	(S)	FIN RPT 6DP 2NR
03/28/01	0837	(S)	DP: DONLEY, KELLY, GREEN, AUSTERMAN,
03/28/01	0837	(S)	WILKEN, LEMAN; NR: HOFFMAN, OLSON
03/28/01	0838	(S)	FN1: INDETERMINATE(DNR)
03/28/01		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/28/01		(S)	Moved Out of Committee
03/28/01		(S)	MINUTE(FIN)
03/30/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
03/30/01		(S)	MINUTE(RLS)
04/02/01	0902	(S)	RULES TO CALENDAR 4/2/01
04/02/01	0904	(S)	READ THE SECOND TIME
04/02/01	0904	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/02/01	0904	(S)	READ THE THIRD TIME SB 143
04/02/01	0904	(S)	PASSED Y18 N- A1 E1
04/02/01	0905	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE

04/02/01	0908	(S)	TRANSMITTED TO (H)
04/02/01	0908	(S)	VERSION: SB 143
04/03/01	0820	(H)	READ THE FIRST TIME - REFERRALS
04/03/01	0820	(H)	O&G, RES, FIN
04/10/01		(H)	O&G AT 5:00 PM CAPITOL 124
04/10/01		(H)	Moved Out of Committee
04/10/01		(H)	MINUTE(O&G)
04/11/01	0956	(H)	O&G RPT 4DP 2NR
04/11/01	0956	(H)	DP: KOHRING, DYSON, CHENAULT, FATE;
04/11/01	0956	(H)	NR: GUESS, JOULE
04/11/01	0956	(H)	FN1: INDETERMINATE(DNR)
04/18/01		(H)	RES AT 1:00 PM CAPITOL 124

BILL: SB 156

SHORT TITLE: BEST INTEREST FINDING UNDER AK LAND ACT
SPONSOR(S): RESOURCES

Jrn-Date	Jrn-Page		Action
03/21/01	0756	(S)	READ THE FIRST TIME - REFERRALS
03/21/01	0756	(S)	RES
03/28/01		(S)	RES AT 3:30 PM BUTROVICH 205
03/28/01		(S)	Moved CS(RES) Out of Committee
03/28/01		(S)	MINUTE(RES)
03/29/01	0855	(S)	RES RPT CS 5DP 2NR SAME TITLE
03/29/01	0855	(S)	DP: TORGERSON, TAYLOR, HALFORD, PEARCE,
03/29/01	0855	(S)	KELLY; NR: LINCOLN, ELTON
03/29/01	0855	(S)	FN1: ZERO(DNR)
03/30/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
03/30/01		(S)	MINUTE(RLS)
04/02/01	0903	(S)	RULES TO CALENDAR 4/2/01
04/02/01	0905	(S)	READ THE SECOND TIME
04/02/01	0905	(S)	RES CS ADOPTED UNAN CONSENT
04/02/01	0905	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/02/01	0905	(S)	READ THE THIRD TIME CSSB 156(RES)
04/02/01	0906	(S)	PASSED Y14 N4 A1 E1
04/02/01	0906	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/02/01	0906	(S)	ELLIS NOTICE OF RECONSIDERATION

04/03/01	0922	(S)	RECONSIDERATION NOT TAKEN UP
04/03/01	0923	(S)	TRANSMITTED TO (H)
04/03/01	0923	(S)	VERSION: CSSB 156(RES)
04/04/01	0836	(H)	READ THE FIRST TIME - REFERRALS
04/04/01	0836	(H)	O&G, RES
04/10/01		(H)	O&G AT 5:00 PM CAPITOL 124
04/10/01		(H)	Moved Out of Committee
04/10/01		(H)	MINUTE(O&G)
04/11/01	0956	(H)	O&G RPT 4DP 2NR
04/11/01	0957	(H)	DP: KOHRING, DYSON, CHENAULT, FATE;
04/11/01	0957	(H)	NR: JOULE, GUESS
04/11/01	0957	(H)	FN1: ZERO(DNR)
04/18/01		(H)	RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

SENATOR JOHN TORGERSON
 Alaska State Legislature
 Capitol Building, Room 427
 Juneau, Alaska 99801
 POSITION STATEMENT: Presented SB 143 on behalf of the Senate
 Resources Committee, sponsor.

CHRISTY TIBBLES, Staff
 to Senator Drue Pearce
 Alaska State Legislature
 Capitol Building, Room 119
 Juneau, Alaska 99801
 POSITION STATEMENT: Spoke on behalf of the Senate Resources
 Committee, sponsor of SB 156.

SUSAN SCHRADER, Conservation Advocate
 Alaska Conservation Alliance and
 Alaska Conservation Voters (ACA/ACV)
 PO Box 22151
 Juneau, Alaska 99802
 POSITION STATEMENT: Testified on behalf of ACA/ACV in
 opposition to SB 156.

MARK MEYERS, Director
 Division of Oil & Gas
 Department of Natural Resources (DNR)
 550 West Seventh Avenue, Suite 800
 Anchorage, Alaska 99501-3560
 POSITION STATEMENT: Answered questions regarding SB 156.

JIM EASON

8611 Leeper Circle

Anchorage, Alaska 99504

POSITION STATEMENT: Clarified issues regarding SB 156.

ACTION NARRATIVE

TAPE 01-36, SIDE A

Number 0001

CO-CHAIR BEVERLY MASEK called the House Resources Standing Committee meeting to order at 1:30 p.m. Representatives Fate, Green, Stevens, Kerttula, Masek, and Scalzi were present at the call to order. Representatives McGuire and Chenault arrived as the meeting was in progress.

SB 143-RIGHT-OF-WAY LEASING:PREAPPLICATION COSTS

CO-CHAIR MASEK announced that the first order of business would be SENATE BILL NO. 143, "An Act authorizing the Department of Natural Resources to enter into agreements with a person or persons desiring to own an oil or natural gas pipeline proposed to be located on state land for the purposes of providing for payment of the reasonable costs incurred in preparing for activities before receipt of an application under the Alaska Right-of-Way Leasing Act and for activities relating to the processing of an application under that Act; and providing for an effective date."

Number 0159

SENATOR JOHN TORGERSON, Alaska State Legislature, came before the committee on behalf of the Senate Resources Committee, sponsor, to give an overview of SB 143. He explained that the bill would allow the Department of Natural Resources (DNR) to start collecting fees for its pre-application work regarding pipeline [right-of-way leases]. Currently, people must have an application on file before the department can enter into a memorandum of agreement.

SENATOR TORGERSON mentioned looking at a \$10 million fiscal note from [Governor Knowles] for work the governor wants his administration to do next year regarding the pipeline. Senator Torgerson told the committee although a lot of that would still be reimbursable after an application is filed, he believes it

would be better to authorize [DNR] to enter into agreements now for pre-application work. He explained:

First of all, we're not going to be out spending money on things that they don't want, because they're not going to be willing to pay for something unless ... it's work that they actually deem necessary to have done, or, through our negotiations, we tell them it needs to be done.

But in any event, it leads to an agreement of understanding between the parties of what work will be done. And then, the ... producers who ... happen to have the application or route under consideration would sign the agreement and write us a check for the work that we're going to do.

SENATOR TORGERSON pointed out that the bill sunsets December 31, 2003. He said he doesn't necessarily want the administration cutting deals on pipeline routes indefinitely. [Legislators] know that the subject is gas lines and are familiar with the [proposed] routes and the major players, so there won't be any major surprises in the next couple of years; however, the issue should be brought back before the legislature in order to have better control over it, even in the pre-application stage.

SENATOR TORGERSON addressed the fiscal note, reporting that it shows that DNR estimates at least 50 percent of the reimbursable cost would be captured through this agreement; however, he believes that number would actually be much higher when negotiations are made regarding which duties the state will perform and which studies are needed during the pre-application stage.

Number 0435

REPRESENTATIVE FATE moved to report SB 143 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 143 was moved out of the House Resources Standing Committee.

SB 156-BEST INTEREST FINDING UNDER AK LAND ACT

Number 0500

CO-CHAIR MASEK announced that the next order of business would be CS FOR SENATE BILL NO. 156(RES), "An Act amending the Alaska

Land Act to clarify the requirement of a single written best interest finding required for the sale, lease, or other disposal of state land or resources or an interest in them, and relating to certain disposals involving multiphased development; and providing for an effective date."

Number 0531

CHRISTY TIBBLES, Staff to Senator Drue Pearce, Alaska State Legislature, came before the committee on behalf of the Senate Resources Committee, sponsor of SB 156, to give a brief overview. She presented the sponsor statement [included in the committee packet], which read as follows:

Senate Bill 156 amends the Alaska Land Act to clarify the requirement that the Department of Natural Resources prepare a single, written best interest finding for multiphased development projects. In 1994, the legislature passed SB 308 to amend the Alaska Land Act in response to several unfavorable Alaska Supreme Court decisions that threatened the state's leasing program.

The legislation explicitly allowed project phasing and precisely defined the scope of the best interest finding determination. Since its passage, recent court decisions have continued to threaten the program and have concluded that the department is "obliged, at each phase of development, to issue a best interests finding ... relating to that phase before the proposed development may proceed."

Under SB 308, the original legislation, the legislature intended that a Best Interest Finding would be prepared for the first phase; the disposal, and subsequent phases would be subject to the "department's approval" and to separate reviews by extensive permitting processes that include public input and scrutiny of other agencies.

The legislature did not intend "approval" to be defined as a best interest finding determination as the courts have misinterpreted. The legislature intended the department to exercise their discretion to impose conditions in the best interest finding determination, issued for the disposal, which would minimize future impacts. Preparation of a Best

Interest Finding determination for every phase would be a very costly and time-consuming process.

Senate Bill 156 elaborates the legislative findings for phasing under the Alaska Land Act and amends AS 38.05.035 so that it is clear that the Department of Natural Resources is required to issue a single written best interest finding for the disposal of state land. It also ensures the public the opportunity to comment at the exploration, production, and transportation phases of a project.

By clarifying the legislature's original intent, SB 156 will overturn the courts' erroneous interpretation. Senate Bill 156 provides clear guidance to the courts regarding the legislature's policy and will result in the avoidance of protracted litigation and associated delays or disruptions of the state's leasing program and development of already leased acreage.

MS. TIBBLES informed members she was available to answer questions, as were people from the Division of Oil & Gas.

Number 0698

SUSAN SCHRADER, Conservation Advocate, Alaska Conservation Alliance and Alaska Conservation Voters (ACA/ACV), paraphrased her written testimony [included in the committee packet], which read as follows:

Alaska Conservation Alliance and Alaska Conservation Voters are sister nonprofit organizations dedicated to protecting Alaska's environment through public education and advocacy. Our 44 member organizations and businesses represent over 35,000 registered Alaskans, many of whom participate in public notice and comment opportunities during the state's review of development projects of all types. This ability of concerned citizens to meaningfully express their opinion about activities that involve the disposal of state land or an interest in state land is a protected right under our Alaska constitution.

In essence, CSSB 156, in an effort to avoid inconvenience and cost for the oil and gas industry, significantly limits the public's ability to evaluate

disposals of state land. Why shouldn't DNR be obliged to take a "big picture" hard look and issue a best interest finding at subsequent phases of a multiphase project that may span six years or more?

This legislation provides for public notice and comment on subsequent phases through the Alaska Coastal Management Program (ACMP) process for projects within coastal districts. For projects outside of a coastal district, the bill is unclear whether or not DNR will adopt new regulations. The ACMP process for public participation is not a reasonable alternative to a best interest finding process. The Byzantine ACMP process is extremely difficult to navigate for any Alaskan who is not familiar with the intricacies of state law.

ACV encourages committee members, through amendments to SB 156, to provide DNR some direction as to what to include in the new public notice and comment regulations the agency may adopt for projects not covered by the ACMP. Unless SB 156 requires DNR to adopt rules that truly allow Alaskans a meaningful opportunity to evaluate subsequent phases of multiyear projects both within and outside of coastal districts, ACV urges you to oppose this legislation for the simple reason that while it may be in the oil industry's interests, it clearly is not in the public's.

Number 0961

REPRESENTATIVE FATE said the timeline in the permitting process has been shortened in [SB 156]. He asked Ms. Schrader if she believes it is not in the public's best interest to shorten the timeline of permitting. He gave a case-in-point of the gas pipeline, which people having been awaiting for 20 years. He said there are other situations in which thorough public input, "accompanied by the rapidity of which permitting can take place," is in the public's best interest.

MS. SCHRADER offered that if shortening a permitting process to make it more efficient comes at the expense of public comment, it would not be in Alaskans' best interest to do so. She indicated many states, as well as Congress, have passed laws that allow an opportunity for public comment, because history

has shown that many impacts of a project will be overlooked when there is no public comment.

REPRESENTATIVE FATE asked Ms. Schrader if she was saying that there is no opportunity for public input in this.

MS. SCHRADER clarified that she was suggesting the opportunities outlined in SB 156, particularly in the beginning where required permits are listed, do not substitute for the type of public comment period that is included with the best interest finding.

Number 1101

CO-CHAIR SCALZI asked Ms. Schrader to clarify what "Byzantine" means to her.

MS. SCHRADER answered, "Very complex and convoluted."

CO-CHAIR SCALZI read that section of her written statement, substituting the word "complex" for "Byzantine." He said his tendency would be to disagree. Having served on the Coastal Policy Council "back when [SB] 308 first came through," Co-Chair Scalzi said a lot of public comment inundated the system and overwhelmed him as a member. He also stated his belief that the people who testified were well informed. He asked Ms. Schrader to cite an example that would specifically outline why [SB 156] would be detrimental to the public process.

MS. SCHRADER responded that she has commented, mainly regarding local and Southeast [Alaska] issues, through the ACMP process "on consistency determination." Although not an attorney, she is relatively well-versed in state law.

MS. SCHRADER said private citizens of Alaska who comment upon developments that may impact their businesses and neighborhoods shouldn't be required to quote statutes and regulations in their testimony. Those who routinely comment through the ACMP process typically are professionals familiar with the laws, or they are attorneys. She said many of [ACA/ACV's] small volunteer organizations have to seek the advice of an attorney to assist with the comment process through the ACMP. She believes the best interest finding process is much more user-friendly than the ACMP process.

Number 1264

CO-CHAIR SCALZI noted the ACMP is made up of lay people. He stated his belief that the input from the public was "pretty much well-received by the council members." He said he disagreed with Ms. Schrader's comment.

Number 1300

REPRESENTATIVE KERTTULA noted that she had been the attorney for the Coastal Policy Council at that time and had information about how it all came about. She informed the committee that she had just checked with the Office of the Attorney General to see whether there was any ethical problem with her participating in the hearing. She reported, "None of us believe that there is." She then stated:

The way that I'm understanding the bill, if the director only has to prepare a single written finding, there still would have to be, before a next phase, ... a chance of public notice and opportunity to comment, and it looks like under regulations that are already provided before the department, unless there's a consistency review. Is that the way that you understand ... the bill works?

MS. SCHRADER answered that she believed so. She stated her belief that testimony in the Senate regarding this bill suggested that there would be new regulations for public notice and comments, adopted by DNR, for those projects outside of a coastal district. In a coastal district, it would be covered by the ACMP.

REPRESENTATIVE KERTTULA noted that since she and Co-Chair Scalzi were involved with the Coastal Policy Council, there have been some radical changes regarding how public comment is taken and the ACMP. She asked Ms. Schrader to briefly describe how that has changed.

MS. SCHRADER responded that she probably could not effectively [describe the change], because "my frustration was trying to get comments." She recounted one instance, before she served in her present position, when she had submitted comments but had not quoted the correct statutes or regulations; therefore, she was told she would have to redo her comments before they could be considered. She reiterated that she thought that was too much to ask most Alaskans to do in their spare time.

Number 1501

MARK MEYERS, Director, Division of Oil & Gas, Department of Natural Resources (DNR), testified via teleconference:

Just a few comments: One is, the division understands the need and the department understands the need to promulgate regulations for dealing with the development outside of the (indisc.) area. So, that's truly our intention; that's our understanding that that's the legislative intention of the bill

The second issue is, just in terms of implementation of a program: If we were to do a best interest finding at each stage of exploring the development and transportation - if we took a quick look at some of the costs involved, the issues involved, and looked at progress going on this year that would qualify for that - I come up with a list of a minimum of at least 12 projects, major projects that would involve that best interest finding.

They're finding a significant increase in staffing size. We estimate about eleven people. That would include six best-interest writers; a couple [of] vendors, one of them being a supervisor; a permitting coordinator, to make sure things were in line with the permitting processes that are listed out in the legislation; and (indisc.).

So we'd have a ... significant expansion; in fact, we're going to have a much larger staff than we currently do, but that might near what the Minerals Management Service has So, we would have to significantly enlarge our staff ... if we were to implement ... best interest findings at each of the phases. And that, of course, ... is something that we have not ... done at this point in time.

The other issue is: Could we do it in a timely manner? It would be very difficult, in terms of the exploration phase, because our exploration is currently a very narrow window within the winter. To come up with a multiple plan, even by area, we'd have to really have contract workers, in addition to the staff, ... to be able to do that.

[It's] the same thing with development projects: I think we would see a significant slowdown of the process of permitting and development because of this, simply because it's an additional demand on our staff; it's an additional review of the other committee processes that would go on.

And I just mentioned some of the things that affect us in the Division of Oil & Gas that also have an effect on other organizations that input into the current permitting processes, including DEC [the Department of Environmental Conservation] and [the Alaska Department of] Fish and Game.

Number 1669

MR. MEYERS, in response to a question from Representative Fate, explained:

At the disposal phase, we ... have the best interest finding currently. If we were to implement - as the Kachemak Bay position suggests - one at each ... of the major phases of development, that's what I was discussing in terms of the additional personnel costs and time and (indisc.) involved.

CO-CHAIR MASEK pointed out a copy of the Alaska Supreme Court opinion in Kachemak Bay Conservation Society v. State [included in the committee packet].

Number 1724

REPRESENTATIVE KERTTULA asked how Mr. Meyers' review would work at every stage as a safe process if he didn't have to do a best interest finding. She also asked how he would deal with cumulative impacts of a project and how the coastal management program review would work if he were not doing it. She said she wanted to clearly understand how he would take into account all the court-ruled considerations regarding impacts and projects being "phased."

MR. MEYERS responded that currently [DNR] doesn't do a best interest finding at later phases, and the bill would add to what [DNR] is currently doing regarding public input and process. He mentioned a permitting process for gold exploration and development projects. He said, "In addition, we have, of

course, the unitization processes, which do have, in fact, a public comment period."

MR. MEYERS noted that much of [DNR's] information comes via its permitting process. Additional information comes through the typical requirement for environmental assessment or environmental impact statement that goes along with the development stage, "which does deal with issues like cumulative impact that you had suggested." He added:

Again, I think part of our concern ... with not having this clarification in the bill is the redundancy of the other processes, as relating to what a best interest finding would add in value. There probably are some areas that you've mentioned in cumulative, that if there were not an EA or EIS, or a noticeable borough review of the process - which, again, occurs on North Slope projects - there might be a few areas there that we do not cover, that would be covered under best interest finding. I think those areas are relatively minimal, and the cost of implementing those and the effort and delay [are] pretty severe.

Number 1887

REPRESENTATIVE KERTTULA stated that "we" know the lineup of the cases, which originally stood at no phasing. Then phased projects were allowed. She remarked, "The danger of that is that if you're not looking at cumulative impact, you can miss important things." She asked Mr. Meyers how [the department] would ensure that it would be reviewing for those cumulative impacts at the following stages. She asked if the EISs and EAs would be reviewed, or other information would be relied upon. She also asked if public testimony would be allowed.

MR. MEYERS stated his belief that Representative Kerttula had answered the question. He said "we" rely heavily on the other processes. He mentioned issuing permits for exploration wells, for example. He said that is one of the time-consuming challenges. That information is integrated into the permitting process. In addition, any public information that is provided is taken into account. He said it perhaps isn't as direct and straightforward as it would be in terms of a separate best interest finding, but in most areas it overlaps heavily the (indisc.) committee process and DNR's review of those permits.

Number 1984

REPRESENTATIVE KERTTULA asked Mr. Meyers about the coastal management review and whether there would be just the one written finding "and then continuing at each phase."

MR. MEYERS replied with the following:

Right now ... there's a single best interest finding done after this whole (indisc.). ... Assuming there [are] additional operations - seismic operations, as well as drilling operations, development (indisc.), that's for initial phase of development, unitization, [and] participating areas - then in that process there is ... another review. And in some of those processes right now - not all of them - we have a public comment period.

I think this bill requires us, especially when we're outside the coastal zone, to add a number of additional public comment periods, external to what we currently have. So, again, I think we strengthen the input that we get into the ... decisions that we then write for units, or for (indisc.) areas for permits for a well. I think, as far as the ... ACMP process, it's best to have DGC [Division of Governmental Coordination] describe it, since they're the real drivers in that.

Number 2079

REPRESENTATIVE KERTTULA asked, "Will you make more written findings, after the public comment period, that you're going to consider in the subsequent phases?"

MR. MEYERS stated his belief that at this point [DNR] doesn't intend on doing additional written comments, but would integrate [existing] written comments into the current processes.

REPRESENTATIVE KERTTULA asked how anyone would appeal if there were no written decision.

Number 2113

MR. MEYERS indicated public input would go into the process of deciding whether to issue the permit. In that process [DNR] is reviewing additional information from all sources available, in order to evaluate the following processes: permits, unit

applications, participating-area decisions, and exploration-well permitting, for example.

REPRESENTATIVE KERTTULA clarified that concerns would be brought out at the end of the permit process.

MR. MEYERS concurred. He added that the public would always have the ability to appeal a process or permit decision, for example.

CO-CHAIR MASEK closed public comment.

Number 2185

REPRESENTATIVE KERTTULA stated concern that no one was present to describe how the ACMP process, with which she has not been involved in four years, would work if it were not done by DNR.

Number 2226

JIM EASON came before the committee, noting that he formerly was the director of the Division of Oil & Gas during the period when the initial legislation - SB 308 - was drafted. He stated his understanding that [SB 165] will in no way affect the operation of the ACMP; whatever review processes are underway or have been underway, since the initial bill was passed, will continue.

MR. EASON explained that this only affects the court's determination that DNR has to draft a separate best interest finding for every phase. Based upon his experience at the time, he said it was clear that the intent, as expressed in statute, has always been that there be one best interest finding at the disposal phase. He explained that the disposal phase of an oil and gas lease bill is at [the time of] the decision to offer the lease to a person.

MR. EASON told members that the series of court cases, which triggered the need to come back to clarify or reinforce the decision that the legislature made in passing SB 308, began to graft onto the initial process of a disposal best interest finding the requirement that separate findings be done in separate phases. He stated his understanding that [SB 156] will not affect the ACMP process. There will be an ACMP review of the disposal and of the best interest finding process at the lease sale. Additionally, there are ACMP reviews of permits for exploration, as well as development, that will continue as before.

Number 2339

REPRESENTATIVE FATE moved to report CSSB 156(RES) out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSSB 156(RES) was moved out of the House Resources Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:07 p.m.