

**ALASKA STATE LEGISLATURE**  
**HOUSE RESOURCES STANDING COMMITTEE**

February 23, 2004

1:36 p.m.

**MEMBERS PRESENT**

Representative Nancy Dahlstrom, Co-Chair  
Representative Beverly Masek, Co-Chair  
Representative Carl Gatto  
Representative Bob Lynn  
Representative Nick Stepovich  
Representative Kelly Wolf  
Representative Beth Kerttula  
Representative David Guttenberg

**MEMBERS ABSENT**

Representative Cheryll Heinze, Vice Chair

**COMMITTEE CALENDAR**

CONFIRMATION HEARING(S)

Alaska Royalty Oil and Gas Development Advisory Board

Charles E. Cole - Fairbanks  
Kenneth O. Stout - Anchorage

- CONFIRMATION(S) ADVANCED

Alaska Oil and Gas Conservation Commission

John K. Norman - Anchorage

- CONFIRMATION(S) ADVANCED

Alaska Commercial Fisheries Entry Commission

Frank M. Homan - Juneau

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 344

"An Act relating to annual rental fees for mining claims, and providing for reduced royalties during the first three years of production."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 344

SHORT TITLE: MINING FEES/LABOR/ROYALTIES/ABANDONMENT

SPONSOR(S): REPRESENTATIVE(S) FATE

01/12/04	(H)	PREFILE RELEASED (1/2/04)
01/12/04	(H)	READ THE FIRST TIME - REFERRALS
01/12/04	(H)	RES, FIN
02/04/04	(H)	RES AT 1:00 PM CAPITOL 124
02/04/04	(H)	Heard & Held
02/04/04	(H)	MINUTE(RES)
02/23/04	(H)	RES AT 1:00 PM CAPITOL 124

**WITNESS REGISTER**

KENNETH O. STOUT, Appointee

to the Alaska Royalty Oil and Gas Development Advisory Board  
Anchorage, Alaska

POSITION STATEMENT: As appointee to the Alaska Royalty Oil and Gas Development Advisory Board, discussed the position and answered questions from the committee.

CHARLES E. COLE, Appointee

to the Alaska Royalty Oil and Gas Development Advisory Board  
Fairbanks, Alaska

POSITION STATEMENT: As appointee to the Alaska Royalty Oil and Gas Development Advisory Board, discussed the position and answered questions from the committee.

JOHN K. NORMAN, Appointee

to the Alaska Oil and Gas Conservation Commission  
Anchorage, Alaska

POSITION STATEMENT: Discussed the position and answered questions from the committee.

FRANK M. HOMAN, Appointee

to the Alaska Commercial Fisheries Entry Commission  
Juneau, Alaska

POSITION STATEMENT: Discussed the position and answered questions from the committee.

JIM POUND, Staff

to Representative Hugh Fate

Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Testified on CSHB 344(RES) and spoke to changes on behalf of Representative Fate, sponsor.

**ACTION NARRATIVE**

**TAPE 04-07, SIDE A**

Number 0001

**CO-CHAIR BEVERLY MASEK** called the House Resources Standing Committee meeting to order at 1:36 p.m. Representatives Masek, Dahlstrom, Lynn, Stepovich, Guttenberg, and Kerttula were present at the call to order. Representatives Gatto and Wolf arrived as the meeting was in progress.

CO-CHAIR MASEK announced for the record that Representative Wolf had joined the meeting.

CONFIRMATION HEARING(S)

CO-CHAIR MASEK announced that the first order of business would be the confirmation hearings of the governor's appointments to various boards as listed above in the committee calendar.

Number 0064

CO-CHAIR MASEK brought before the committee the appointment of Kenneth O. Stout to the Alaska Royalty Oil and Gas Development Advisory Board. She asked Mr. Stout to comment on his appointment to the board.

Number 0172

KENNETH O. STOUT, Appointee to the Alaska Royalty Oil and Gas Development Advisory Board, discussed the position and answered questions from the committee. He told the members that the board attended a conference in Fairbanks and was well pleased with the recommendation to move ahead with the Black Hills purchase.

CO-CHAIR MASEK pointed out that Mr. Stout's resume is in the members' packet for review.

Number 0261

REPRESENTATIVE GUTTENBERG commented that his concern lies with a previous appointee who stepped down because of political involvement, and asked Mr. Stout to address the issue.

MR. STOUT asked for clarification that he has already been appointed and confirmed as a member of the board.

CO-CHAIR MASEK told Mr. Stout that while he has been appointed by the governor, he has not yet been confirmed by the legislature.

MR. STOUT thanked Co-Chair Masek for clarifying that point. He responded that his political affiliation will not have anything to do with the way he approaches his service to the board. Mr. Stout said as the members know, he is conservative and will work to get the biggest "bang for the buck." In the case of the Black Hills purchase he told the members that he believes it is in the best interest of the state to go forward with it. He confirmed that he has been a member of the Republican Party for many years, and reassured the members that fact would not have any effect on the way he votes on the board.

Number 0453

REPRESENTATIVE KERTTULA asked Mr. Stout if he currently holds any party office.

MR. STOUT replied that he does not. He commented that he is running for the city assembly, but clarified that it is a non-partisan election.

REPRESENTATIVE KERTTULA asked if he is elected to the city assembly does he believe he will have enough time to serve in both offices.

MR. STOUT responded that he will. He explained that neither the assembly position nor the position on the Alaska Royalty Oil and Gas Development Advisory Board are full time positions.

Number 0523

REPRESENTATIVE STEPOVICH commended Mr. Stout for his community activism in running for local office. He said that Representative Guttenberg's question must have been spurred by an individual stepping down from some other committee, as Representative Stepovich does not recall anyone on the Alaska Royalty Oil and Gas Development Advisory Board stepping down.

He asked Mr. Stout what he believes he can do to help the state through his service.

Number 0579

MR. STOUT replied that his past experience of working through problems and finding reasonable solutions will benefit the state of Alaska. He summarized that he is willing to do whatever he can to help the state.

CO-CHAIR MASEK announced for the record that Representative Gatto had joined the meeting.

CO-CHAIR DAHLSTROM thanked Mr. Stout for his military service to the United States. She noted that on Mr. Stout's resume the group called Common Sense for Alaska is listed under former and current professional organizations. Co-Chair Dahlstrom asked him to comment on his current involvement. She noted for the record that Common Sense for Alaska is a group that has been campaigning for the use of the earnings of the permanent fund.

Number 0735

MR. STOUT assured the members that he is not currently active in the group and has not been for many years. He commented that he listed groups that he has been involved with over the years, in some cases the list goes back 23 years.

MR. STOUT pointed out that he also currently serves on a veteran's commission. He just returned from Washington, D.C. where he attended a meeting. Part of that meeting included a visit to Walter Reed Army Medical Center, Ward 57, which is where amputees go to recuperate and have new limbs fitted for them. Mr. Stout explained that [in the current war on terrorism] with the new body armor soldiers are not being killed in as high a numbers as previous wars; however, they are losing a lot more limbs, he said. He told the members that he cannot stress the incredible respect he feels for the military who serve our country.

Number 0926

CO-CHAIR MASEK brought before the committee the appointment of Charles E. Cole to the Alaska Royalty Oil and Gas Development Advisory Board. She asked Mr. Cole to comment on his appointment to the board.

CHARLES E. COLE, Appointee to the Alaska Royalty Oil and Gas Development Advisory Board, discussed the position and answered questions from the committee. He told the members that he came to Alaska in January of 1954 and since that time has practiced law. In fact, as of January 27, 2004 he has practiced law in Alaska for 50 years. Mr. Cole said that he spent one year in Juneau working for the territorial commissioner of veterans' affairs which was a revolving loan program for veterans. After about six months in that position he went to work for Attorney General Williams and served as assistant attorney general for about six months. In December of 1954 he came to Fairbanks and met the U.S. District Attorney Ted Stevens who persuaded him to go to work for the newly appointed U.S. District Judge in Fairbanks, which he did for about 18 months. He shared that in 1956 he ran for and was elected to the city magistrate position. In April of 1957 he began the practice of law in Fairbanks and continued until December of 1990 when he was appointed Attorney General by Governor Hickel. He told the members that he served in that capacity until January of 1994, and then returned to private practice in Fairbanks, where he currently works.

Number 1150

REPRESENTATIVE GATTO asked if he is any good at baseball.

MR. COLE responded that he played professional baseball for three years; two years riding the buses in the California league in the early 1950s, and one year in the pioneer league in Idaho in 1953.

REPRESENTATIVE GATTO commented that he sees that Mr. Cole played for Stanford University. Did it have a decent season when you played for them, he asked.

MR. COLE responded that in the first year of law school the team won the California Inter-collegiate Baseball Association championship, and went to Washington to compete. Unfortunately, he said, due to his miserable performance the team was defeated by "WSC" [Washington State College]. Mr. Cole told the members that he played every inning and every game for three consecutive years.

REPRESENTATIVE GATTO asked if this position pays as well as the Stanford [University] position.

MR. COLE replied that when he played in Stockton in the California league he was paid \$350 per month and \$3 per day for

travel money for meals. It wasn't that lucrative in those days, he commented.

REPRESENTATIVE GATTO commented that this position pays a little more.

MR. COLE replied that he is not sure this appointment pays anything, but said that is okay with him because he is not looking for any compensation from this position.

Number 1280

CO-CHAIR DAHLSTROM thanked Mr. Cole for his service to the United States. She commented that she believes both he and Mr. Stout would be excellent resources for the veterans' committees. Co-Chair Dahlstrom said that HB 28 passed both the house and senate last session. That bill provided clarification of the Commissioner of the Department of Natural Resources' ability to adjust the state's royalties to encourage economic production. She asked Mr. Cole to comment on his experience with royalty modification issues and also what his general philosophy is in evaluating proposals that may or may not be on the table for royalty modification.

Number 1362

MR. COLE responded that it is hard to say what his general view is for royalty modification. He said he thinks that whenever agreements are modified it should be done with care and the modification must be supported with good solid reasons. That is true because there had to be good solid reasons for the initial formulation of the agreement, he explained. Mr. Cole reiterated that he would look upon modifications of existing agreements with great care.

REPRESENTATIVE DAHLSTROM said that with the stranded gas application, the Alaska Natural Gas Development Authority bringing natural gas development issues to the forefront, and the governor's statement that access to the North Slope gas is a crucial element to Alaska's negotiating platform, she asked what role Mr. Cole sees the Alaska Royalty Oil and Gas Development Advisory Board playing in these negotiations. How critical does Mr. Cole believe this board's role is, she asked.

MR. COLE said that he does not believe the board is a participant in any of the negotiations. He added that he has not been briefed on any negotiations so he is totally in the

dark with respect to it. He said that under the act he believes the board will be required to discharge its statutory responsibilities with respect to any such agreements.

Number 1511

REPRESENTATIVE STEPOVICH thanked Mr. Cole for his 50 years of service to Alaska, and asked him what he believes he can do on the board to enhance resource development.

Number 1558

MR. COLE said that he does not know what the board can do to enhance resource development because those are the primary responsibilities of the governor and the legislature. He said he thinks that his experiences in negotiations, formulations, and drafting of agreements over the years could be useful in reviewing and strengthening the agreements by looking for pitfalls and providing oversight. Mr. Cole said he generally sees his role one where he provides an oversight of the public interest with respect to those agreements. He commented that he would not rubber-stamp any agreement that the administration might make because the members of the board have a broad responsibility to the public. Mr. Cole stated that when he makes recommendations with respect to those agreements he expects that the legislature would hold him responsible for discharging his statutory duties and would therefore act with care.

REPRESENTATIVE STEPOVICH noted that Mr. Cole did do that with the Exxon Valdez case, and he thanked him for that work. He recommended that Mr. Cole be confirmed to the board.

REPRESENTATIVE GUTTENBERG thanked him for his service and said that he hopes he continues to hear his voice speaking out for all Alaskans.

CO-CHAIR MASEK asked Mr. Cole to speak on his opinion of the subsistence issue.

MR. COLE said he is pleased to say that he believes the state needs to adopt a constitutional amendment to obtain as much power to act on the subsistence issue as is possible under Alaska National Interest Lands Conservation Act (ANILCA). It is important for Alaskans on all sides of the issue that the state come together and achieve as much control over subsistence as possible, he said. Mr. Cole told the members that he believes

it is in the best interest of Native people, and the fishing and hunting population of Alaska. He said he will continue to exert any efforts to achieve that end. Mr. Cole warned that he believes it will be a terrible mistake if it is not done. The possibilities of achieving that end are rapidly slipping away, and he looks upon that with great regret, he added.

Number 1843

CO-CHAIR MASEK asked if he believes changes need to be made in ANILCA before tinkering with the Alaska State Constitution.

MR. COLE commented that he would like to see changes in ANILCA, but believes it would be very difficult to obtain. However, if the state went to Senator Stevens with a unified position some changes are possible.

REPRESENTATIVE STEPOVICH commented that Mr. Cole will only be getting per diem if he is confirmed to the board.

MR. COLE replied that he is not that interested in per diem; he is just pleased to make a contribution to the system. He told the members that he hopes the legislature approves Mr. Stout because he has served with him on the review of the Foothills Pipe Lines Ltd. contract for the North Pole refinery and found that Mr. Stout had a lot of constructive comments in that process.

Number 1964

CO-CHAIR MASEK said next appointment for review is that of John K. Norman to the Alaska Oil and Gas Conservation Commission (AOGCC). She asked Mr. Norman to comment on his appointment to the commission.

Number 1990

JOHN K. NORMAN, Appointee to the Alaska Oil and Gas Conservation Commission, discussed the position and answered questions from the committee. He told the members that he came to Alaska 1968 when he was transferred here by an oil company in Texas. He explained that he had joined the oil company after finishing military service. In 1968 the Prudhoe Bay discovery was announced, and he joined the Department of Law as council for the Department of Natural Resources and had a good opportunity work on oil and gas matters. He shared that he also served as

the legal council for the Alaska Oil and Gas Conservation Commission. He worked as an assistant attorney general until November of 1971 when he went into private practice where he has worked for the last 32 years. Recently, Governor Murkowski called to ask him to serve in this position and he said he believes he is qualified. This is not a stepping-stone to any other position or aspiration. If confirmed by the legislature he said he looks forward to bringing to this position the experience that he has had gained over the last 32 years, he summarized.

Number 2130

CO-CHAIR MASEK noted that his statement in the letter to Governor Murkowski [dated January 21, 2004] sites that this commission is a regulatory body that must remain independent of the Division of Oil and Gas.

CO-CHAIR DAHLSTROM asked Mr. Norman to comment on the fact that he was named to the commission just hours after a former public member resigned. She asked if he would also comment on the statutory situation with the commission. Both drilling and disposal regulations have advanced quite a lot in the last few years. The commission has been operating on basically the same framework in which it was created.

MR. NORMAN replied that for at least the last 30 years he has closely followed and has been familiar with the work of the AOGCC. He commented that he knew the first members of the committee. Mr. Norman told the members that he lamented the amount of publicity in the paper and the lack of understanding of the important work of the AOGCC. When the opening occurred several people talked to him about whether he would be interested in applying. Mr. Norman said he believed it was time for him to give something back to the state, and it was then that he wrote the letter to the governor. He shared that he did not know if he would be appointed or not, but had heard that there might be some discussion concerning changes in the AOGCC. With that in mind he wrote the last paragraphs in the letter to clarify that he believed it would be definite mistake to put the regulatory responsibilities of the commission under the same roof as the state Department of Natural Resources. Mr. Norman explained that he felt it should remain an independent commission and not slip backwards, as had been done previously. He said he thought that within a short period of time there would be an effort to make it independent again if that change were made. Alaska's industry is dependent on a well-regulated

carefully watched oil and gas industry for a significant part of the revenues of state government and contributions to the private economy, he added. Mr. Norman summarized that he believed an independent regulatory commission is essential to meet industry needs in timely permitting, but more importantly he said believed it is important for all Alaskans to know that there is a commission who is on watch 24-hours per day. Every time a hole is drilled the AOGCC monitors and follows it until years later when that project may be plugged and abandoned.

MR. NORMAN told the members that he had a sense that some of the professionalism that he had known in years passed was slipping away, and that is what motivated him to write the letter. He added that he had no idea why he was called so quickly, but noted that according to statute two members are required. When one member resigned the AOGCC was down to one member. Mr. Norman said if he had been able to control the timing he would have provided more time to wrap up the things he was working on and then move into the position.

Number 2551

MR. NORMAN said in conclusion he read something he wrote for a publication for the Alaska Bar Association over 30 years ago as follows:

The concern for all Alaskans for orderly development of the state's natural resources is reflected in the attitudes and policies of the state's Oil and Gas Conservation Committee.

MR. NORMAN commented that at that time AOGCC was called the Oil and Gas Conservation Committee, but functioned much as the commission does today. He continued reading his statement:

This committee can be expected to play a significant role in shaping the future of the natural gas industry in Alaska.

MR. NORMAN summarized that he is not a newcomer to the commission and is very well familiar with this and other commissions. He said he is also cognizant of the fact that Alaskans demands a leading place in the area of oil and gas development. Alaska is looked to as a leader and has been viewed as having a first-class, professional commission. He told the members that he has not sought other positions in the past 33 years even though he has been approached for federal

positions. It is his wish to make a contribution to the state of Alaska, he concluded.

Number 2600

CO-CHAIR DAHLSTROM asked Mr. Norman what he believes the commission can do to attract smaller independent oil companies to the North Slope.

MR. NORMAN responded that the AOGCC can look at its regulations, which it has already been doing, he added. He commented that Alaska is a very expensive place to operate and that is particularly true on the North Slope. Mr. Norman explained that new companies look for infrastructure and support facilities. One thing AOGCC could do is update its records to provide data electronically. The drilling wells are being regulated to the West across the boundary line into the National Petroleum Reserve - Alaska (NPR-A), and that is a positive development, he added. Mr. Norman told the members that he believes the AOGCC should be responsive to the new companies that come into Alaska. He added that he is very impressed with the staff in the agency. There is a sense of urgency in the agency that could be a model for many other agencies, he said. The oil industry operates 24-hours per day and the standby cost for a rig is thousands and thousands of dollars. Mr. Norman noted that to have a one or two day delay in a permit application can be extremely costly. The more that can be done to take the uncertainty out of the process and streamline the process, while at the same time carefully regulating the industry will help attract more companies to Alaska. Companies that come into an area look at the regulatory climate and want an independent regulatory agency, he explained. The smaller companies look for that because when operating next to larger companies it is important that the small companies are not improperly excluded from the unit, and that they are allowed to produce their fair share of any resource, Mr. Norman said. In summary, he said the biggest thing that can be done is to assure land availability.

Number 2841

CO-CHAIR DAHLSTROM commented that one of his web sites says that one of the functions is to "protect fresh water from contamination by oil, gas, and mud during drilling, production, and abandonment operations." She asked if the commission has been out to the Matanuska-Susitna Valley assuring people that there are laws and an agency already in place that will protect

their drinking waters from the shallow gas development that has been such a controversial issue.

Number 2860

MR. NORMAN replied yes. He told the members that AOGCC has participated in a series of meetings there. The next meeting will consist of a presentation this Saturday. The focus will be on two areas that are of considerable concern to the residents of the Matanuska-Susitna Valley in the area of shallow gas leasing. One of those areas is the question of whether there should be an allowance for production from the same aquifer where people get drinking water. The area the commission is focusing on is to assure the people that their drinking water will be protected by the proper completion of wells by using techniques that will seal off any potential contamination of aquifers. Another area that is being looked at is the stimulation of wells, or the fracturing of wells, where fluids are put under pressure into a reservoir to open it up and allow it to flow more freely, he said. Mr. Norman assured the members that AOGCC will be looking at this extremely closely to ensure that if development occurs it will not proceed in a way that contaminates or degrade any aquifer from which any Alaskan gets their drinking water.

CO-CHAIR DAHLSTROM thanked Mr. Norman. There is much "doom and gloom" being spread on that issue. She said she does not believe that citizens are convinced of the safety and urged the AOGCC to step up its efforts and move efficiently as possible to get that information out to the public.

REPRESENTATIVE STEPOVICH asked Mr. Norman how many grievances by the public and producers are before the AOGCC currently.

**TAPE 04-7, SIDE B**

Number 2955

MR. NORMAN responded that there are no active protests currently before the commission; however, there is one matter in litigation in the Alaska Superior Court.

MR. STEPOVICH commented that there are grievances that come from people who have difficulty working with government agencies. He agreed with Mr. Norman that it is important the AOGCC be independent of those agencies. He asked if the Attorney General's Office is doing any work for the commission.

MR. NORMAN responded that there is one assistant attorney general that is assigned to the AOGCC. He said to his knowledge his work does not cross over to other agencies, and he is able to give the commission independent advice.

Number 2892

REPRESENTATIVE STEPOVICH said it is his understanding that Alaska statutes say that the AOGCC is required to be independent of the Department of Natural Resources and the Attorney General's Office. He asked Mr. Norman if that is how he understands it.

MR. NORMAN replied that is correct.

REPRESENTATIVE STEPOVICH asked if Mr. Norman believes the commission and the agencies collided in the past.

MR. NORMAN said that it is his personal viewpoint that there may have been a collision in the past. However, he would not want to say any more on that point without further investigation. He assured the members that whatever the case in the past, it will not occur in the future.

REPRESENTATIVE STEPOVICH asked how many staff work for the commission and how many members are on the commission right now.

MR. NORMAN replied that there are 23 full-time employees. They are geologists, petroleum engineers, and reservoir engineers. Of those particular professionals there are two teams that operate and regulate the industry statewide. Each team consists of a geologists, a reservoir engineer, and a petroleum engineer. Those six professionals have a responsibility to oversee literally hundreds of industry professionals across the state. There are also inspectors on the wells inspecting a number of operations. The commission maintains a repository with historical records of every well that has ever been drilled in Alaska. There are three commissioners provided for by statute and the commission currently has two.

Number 2829

REPRESENTATIVE STEPOVICH asked Mr. Norman if he believes there is a movement to phase out the AOGCC.

MR. NORMAN responded that he does not see a movement to phase out the commission. He said he believes if that were to occur it would be huge mistake for the state of Alaska.

REPRESENTATIVE STEPOVICH asked if Mr. Norman is pushing to add another member to the commission.

MR. NORMAN told the members that he is looking at the work of the commission and plans to submit a recommendation to the governor. He said currently he has not recommended that a third member be appointed because he believes the work can be done by two commissioners. Mr. Norman requested that the position be held open until the completion of his review, when he will make a recommendation.

CO-CHAIR MASEK pointed out that the AOGCC does not appoint members to the commission; the governor makes the appointments.

REPRESENTATIVE STEPOVICH commented that when there was no one on the commission it left a void. Alaska Oil and Gas Conservation Commission has a strong role, and he said he has not seen the commission fulfill that role in past administrations. He said he was concerned with the recent "back biting" that was going on within the commission. He said he wants a commission and Mr. Norman to stand independent of the Department of Natural Resources, the Attorney General's Office, and work for the good of all Alaskans.

Number 2700

REPRESENTATIVE GUTTENBERG referred to one of Mr. Norman's published works, Considerations When Entering the Alaska Energy Market, [IBC Global Conferences] in September 2002. He asked if it is Mr. Norman's opinion that the bar has been raised too high for the energy industry.

MR. NORMAN responded that there is no question that the bar is high here in Alaska. Some of it is simply the fact that this is a state where infrastructure costs are higher and it is required that development proceed in an orderly, well regulated way. That's not bad, he said. He said he does not believe the bar is high, but acknowledged that there is a problem with land availability and access. Mr. Norman pointed out that the Arctic National Wildlife Refuge (ANWR) is the most striking example of that problem, but that is beyond the state's control. He noted that there is a trend over the last 18 to 36 months of a number of smaller, independent companies coming into the state and

taking up a position. Very often these are the companies that find the oil and gas, he added.

Number 2595

CO-CHAIR DAHLSTOM said the next appointment for review is that of Commissioner Frank M. Homan to the Alaska Commercial Fisheries Entry Commission (CFEC). She asked Mr. Homan to comment on his appointment to the commission.

Number 2578

FRANK M. HOMAN, Appointee to the Alaska Commercial Fisheries Entry Commission, discussed the position and answered questions from the committee. He told the members that in the summer of 1946 he arrived in Ketchikan on the Canadian steamship, Prince Rupert, which was the beginning of his adventure in Alaska. During World War II his father worked on the Alaska Highway for a couple of years so that was his introduction to Alaska. Originally, his family was from San Francisco. He said he started 1st grade in Ketchikan and been in Alaska ever since. In the early days his family was in the fish buying business in Southeast Alaska. They had a series of fish buying stations around Prince of Wales, he explained. This was in the days before iceboats. Fish was purchased daily and then a scow came once a week to pick up the fish and deliver them. That was his life experience until he went to college. During his college days he worked in the pulp mill in the summers. Mr. Homan summarized that his background has always been in resources. Part way through college he went into the U.S. Army, and after his military service he returned to college. When he finished college in 1967 he came to Juneau because he had an opportunity to work on resource issues as an economist in the newly created Department of Economic Development.

MR. HOMAN said that in 1971 he left the state and created his own business for a number of years where the company did economic analysis for businesses and communities. The company was known as the Homan-McDowell Associates, and is now known as the McDowell Group. In the mid-1980s he had the opportunity to work for Senator Arliss Sturgulewski as a resource development specialist and went on to work for her for many years. In 1991 he was appointed to the Limited Entry Commission for five years. After that service he did private consulting and a number of other interesting jobs, his favorite was working with the cruise

ship industry, a company that provided shore support services to the cruise ships. Last year another opportunity occurred where he was offered a position as a special assistant to Governor Murkowski in resource development. When the position came open in the Alaska Commercial Fisheries Entry Commission he was pleased that the governor appointed him, he said.

Number 2320

CO-CHAIR DAHLSTROM told the members that the Commercial Fisheries Entry Commission position is a salaried. The salary is \$85,397 per year, and the commission meets throughout the year. She commended Mr. Homan for his military service to the United States.

Number 2291

REPRESENTATIVE WOLF asked if he currently serves on the Alaska Commercial Fishing and Agriculture Bank (CFAB).

MR. NORMAN responded that in the early 1980 he was chairman of the Alaska Commercial Fishing and Agriculture Bank.

Number 2258

CO-CHAIR DAHLSTROM moved to forward the names of Charles E. Cole, Kenneth O. Stout for the Alaska Oil And Gas Development Advisory Board; the name of John K. Norman for the Alaska Oil and Gas Conservation Commission; and the name of Frank M. Homan for the Alaska Commercial Fisheries Entry Commission to the joint session of the House and Senate for confirmation. There being no objection, the confirmations of Charles E. Cole, Kenneth O. Stout, John K. Norman, and Frank M. Homan were advanced from the House Resources Standing Committee.

HB 344-MINING FEES/LABOR/ROYALTIES/ABANDONMENT

Number 2204

CO-CHAIR DAHLSTROM announced that the final order of business would be HOUSE BILL NO. 344, "An Act relating to annual rental fees for mining claims, and providing for reduced royalties during the first three years of production."

Number 2192

CO-CHAIR MASEK moved to adopt the proposed committee substitute (CS), Version 23-LS1298\I, Bullock, 2/20/04 as a work draft. There being no objection, Version I was before the committee.

Number 2167

JIM POUND, Staff to Representative Hugh Fate, Alaska State Legislature, speaking on behalf of Representative Fate, sponsor, told the committee that the sponsor is in support of the CS. He explained that under current statute if a miner files his or her paperwork - a statement of annual labor or the payment of rent or royalties - one day late, the state considers the mine abandoned. Mr. Pound said CSHB 344(RES) will change that by allowing a "cure" for the miner, but it does not prevent the miner from meeting the requirements in statute, nor does it allow the miner the right to "let it slide without there being a penalty." Under the penalty clause of CSHB 344(RES), the miner will have to pay a late fee equal to at least one year's rent. He said the CS accomplishes what was intended in the original bill, which was to keep the miners working and "bring their local economy stimulus" to Alaska. He urged the committee's support.

Number 2100

CO-CHAIR MASEK clarified that her motion to adopt CSHB 344(RES) was for purposes of discussion.

Number 2076

CO-CHAIR DAHLSTROM announced that HB 344 would be held over.

#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:42 p.m.