

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

April 27, 2005

3:37 p.m.

**MEMBERS PRESENT**

Senator Thomas Wagoner, Chair  
Senator Ralph Seekins, Vice Chair  
Senator Ben Stevens  
Senator Fred Dyson  
Senator Bert Stedman

**MEMBERS ABSENT**

Senator Kim Elton  
Senator Gretchen Guess

**COMMITTEE CALENDAR**

CONFIRMATION HEARINGS

Board of Fisheries - Rupert Andrews, John Jensen, Melvan Morris  
Board of Game - Carl Morgan, Ron Somerville, Ted Spraker  
Alaska Commercial Fisheries Entry Commission (ACFEC) - Peter  
Froehlich

CONFIRMATIONS FORWARDED

CS FOR HOUSE CONCURRENT RESOLUTION NO. 7(RES)

Urging the governor to direct the division of oil and gas, Department of Natural Resources, to undertake a comprehensive review of the subject of Cook Inlet oil and gas platform abandonment for the purpose of developing new oil and gas platform abandonment regulations and their adoption and implementation.

MOVED CSHCR 7(RES) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 71(FIN)

"An Act extending and amending the requirements applicable to the credit that may be claimed for certain oil and gas exploration expenses incurred in Cook Inlet against oil and gas properties production (severance) taxes, and amending the credit against those taxes for certain exploration expenditures from leases or properties in the state; and providing for an effective date."

SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HCR 7

SHORT TITLE: COOK INLET OIL & GAS PLATFORM ABANDONMENT

SPONSOR(S): REPRESENTATIVE(S) OLSON

04/07/05	(H)	READ THE FIRST TIME - REFERRALS
04/07/05	(H)	RES
04/18/05	(H)	RES AT 1:00 PM CAPITOL 124
04/18/05	(H)	Moved CSHCR 7(RES) Out of Committee
04/18/05	(H)	MINUTE(RES)
04/19/05	(H)	RES RPT CS(RES) 8DP
04/19/05	(H)	DP: OLSON, KAPSNER, GATTO, SEATON, ELKINS, CRAWFORD, RAMRAS, SAMUELS
04/22/05	(H)	TRANSMITTED TO (S)
04/22/05	(H)	VERSION: CSHCR 7(RES)
04/25/05	(S)	READ THE FIRST TIME - REFERRALS
04/25/05	(S)	RES
04/27/05	(S)	RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE KURT OLSON

Alaska State Capitol

Juneau, AK 99801-1182

**POSITION STATEMENT:** Sponsor of HCR 7.

RUPERT ANDREWS

Nominee to the Board of Fisheries

JOHN JENSEN

Nominee to the Board of Fisheries

MELVAN MORRIS

Nominee to the Board of Fisheries

CARL CROME

Petersburg AK

**POSITION STATEMENT:** Supported Mr. Jensen's and Mr. Morris' nomination to the Board of Fisheries.

REUBEN HANKE

Kenai AK

**POSITION STATEMENT:** Supported Mr. Andrews', Mr. Jensen's and Mr. Morris' nomination to the Board of Fisheries.

RICKY GEASE, Executive Director

Kenai River Sportfishing Association

Kenai AK

**POSITION STATEMENT:** Supported Mr. Andrews', Mr. Jensen's and Mr. Morris' nomination to the Board of Fisheries.

CARL MORGAN

Nominee to the Board of Game

TED SPRAKER

Nominee to the Board of Game

RON SOMERVILLE

Nominee to the Board of Game

**ACTION NARRATIVE**

**CHAIR THOMAS WAGONER** called the Senate Resources Standing Committee meeting to order at [3:37:59 PM](#). Present were Senators Stedman, Dyson and Chair Wagoner. Senator Ben Stevens joined the committee at 3:41.

^#HCR7

**CSHCR 7(RES)-COOK INLET OIL & GAS PLATFORM ABANDONMENT**

CHAIR THOMAS WAGONER announced CSHCR 7(RES) to be up for consideration.

REPRESENTATIVE KURT OLSON, sponsor, explained that currently most of the platforms are at least 40 years old and four of the 16 have been lighthoused already. During a recent Resources meeting in Kenai, industry representatives showed an interest in having regulations reviewed and updated to define abandonment requirements and their ultimate liability. In 1996 the Alaska Oil and Gas Conservation Commission (AOGCC) proposed implementation of revised regulations, but the attorney general decided the issue fell under the purview of the Department of Natural Resources (DNR) rather than the AOGCC. Defined regulations would also be of value to independent companies that will assume operations of several of these platforms. Environmental groups, industry, DNR, DEC and AOGCC and several federal agencies are interested in the review that would take place.

[3:40:41 PM](#)

SENATOR DYSON asked if there was any major criticism of his resolution.

REPRESENTATIVE OLSON replied no.

CHAIR WAGONER commented that oil companies endorse this resolution because they want to know what their liability is in removing platforms and negotiating with independents.

[3:41:21 PM](#) At ease [3:44:27 PM](#)

SENATOR BEN STEVENS joined the committee.

[3:44:49 PM](#)

SENATOR DYSON moved to pass CSHCR 7(RES) from committee with individual recommendations and zero fiscal note. There were no objections and it was so ordered.

#

^CONFIRMATION HEARINGS

^BOARD OF FISHERIES

RUPERT ANDREWS, nominee to the Board of Fisheries, said serving on the board is an extraordinary way to serve the people of Alaska.

[3:48:19 PM](#)

SENATOR DYSON said he didn't see the National Rifle Association (NRA) mentioned in his resume'.

MR. ANDREWS responded that it's mentioned in his biography that he was the NRA's first field representative in 1954 and served through 1991. He complimented the ADF&G personnel for their good work.

[3:50:39 PM](#)

SENATOR SEEKINS asked what has been the most significant accomplishment for the Board of Fisheries over the three years he has served on it.

MR. ANDREWS replied that he feels good about every vote he ever made on the board and it's hard to pick one. Conservation issues come first. When the board liberalized the False Pass and Shumigan Islands in area M it was a highlight because of the complicated politics involved. The Bay was looking at having a 37-million fish harvest and the concern was that they would be intercepted at False Pass.

[3:53:24 PM](#)

SENATOR BEN STEVENS asked what would be the board's most important decision during his reappointment.

MR. ANDREWS replied that the state just lost the Chignik Co-op Fishery case in the Supreme Court in which the Board of Fisheries lost its authority to regulate co-ops. He felt it was critical to get the authority back in order to move forward on restructuring the salmon fisheries.

He said that people can't make a living in the coastal communities in Alaska anymore and communities are disappearing. The price of salmon, which is the major fishery, has gone down and further depressed the industry. He related that the Chignik sockeye is the best product out there because they are processed within minutes after they are caught. However, it now takes only 15 boats catch what it used to take 100 boats to catch. That brings him to the point that it is an overcapitalized industry and a way needs to be found to reduce that while at the same time increasing the quality of the product and thus the income to more Alaskan fishermen.

[3:57:26 PM](#)

CHAIR WAGONER said he was surprised because as chairman of the Resources Committee he had only one person contact his office about the Chignik fishery decision and he was in Iowa. He asked if the board had any more contact than that.

MR. ANDREWS replied that the board has had a lot of contact from families in Chignik. "I'm going to tell you flat right now. There's 50 families going to go under this year unless something happens. We're going to try to correct it with emergency regulations."

[3:58:14 PM](#)

SENATOR SEEKINS said he had quite a few people contact him about it. He said the legislature gives the board the authority it operates under. Protection of the resource is number one, then value enhancement and how that can protect the health of the industry.

[4:01:39 PM](#)

JOHN JENSEN, nominee to the Board of Fisheries, said his last three years on it have been an intense learning experience. He is a firm supporter of sustainable fisheries.

[4:02:55 PM](#)

SENATOR BEN STEVENS asked what is going to be the board's biggest challenge in the future.

MR. JENSEN replied the salmon restructuring in Chignik and groundfish rationalization.

4:04:09 PM

CHAIR WAGONER asked what he thought about changing from three-year cycles to four-year cycles. "At least that way the area biologists could come in with some rational approach as to what data they have gained over the four years of the cycle of the fish."

MR. JENSEN answered that the change could be good.

4:05:27 PM

SENATOR SEEKINS asked if a way could be found to allocate fish from commercial fishermen for upstream use by Interior fishermen.

MR. JENSEN replied that according to the constitution everyone is entitled to a fair chance to get the fish.

4:06:28 PM

CHAIR WAGONER said the Kenai River has a very viable dip net fishery, but he has found that about 3,000 people per year refuse to remit their dip net information to the department. So, it doesn't have the exact biological information it is trying to gather.

The law says when people refuse to participate by remitting their permit, they are subject to a \$200 fine. Over the last five years that would have amounted to over \$4 million to the state treasury, which could be used in furthering fish studies. He asked Mr. Jensen if those fines should be enforced and should there be an additional \$5 or \$10 fee for personal use dip net fisheries.

MR. JENSEN answered that participants already pay a fee through their sportfishing license and he thought it was okay to have a fee for management of a personal use fishery.

He understood that if you don't turn in your harvest data for one season, you wouldn't get a permit for the following season.

CHAIR WAGONER said that was supposed to happen, but by not levying the \$200 fine, there is no follow-up as to whether those people received a permit the following year or not.

4:09:19 PM

SENATOR SEEKINS asked if he supported a fee for people who fish in other fisheries to put food on the table for their families.

MR. JENSEN said he didn't have a good answer for that question.

[4:10:08 PM](#)

SENATOR STEDMAN asked how long it takes for someone to become a fully functioning board member.

[4:10:45 PM](#)

MR. JENSEN replied that there is a big learning curve and it takes a while because of unique problems in unique areas among many different user groups.

[4:11:56 PM](#)

SENATOR BEN STEVENS asked if his boat is the same F/V Johnny L that Billy Fitzgerald burned up at Middle Bluff.

MR. JENSEN replied that he hadn't seen the boat for some time and didn't know what happened to it, but that is one of the places it used to fish.

CHAIR WAGONER thanked Mr. Jensen for his service.

[4:12:52 PM](#)

MELVAN MORRIS, nominee to the Board of Fisheries, said his first term was a very rewarding experience and he looks forward to serving a second time. He said he would try to make good decisions on the many important issues coming before the board in the next cycle.

[4:15:43 PM](#)

CHAIR WAGONER said Mr. Morris was conflicted out in a lot votes during this year's hearings and asked him how important it would be to pass laws, similar to last year's, on conflicts of interest for board members.

MR. MORRIS replied that he has a small business and in reality has no conflict of interest, but he always took the conservative approach. He should be able to participate, because he has unique insights and would support a bill like that.

[4:18:42 PM](#)

SENATOR SEEKINS asked what he thought the goals of the board would be in the near future.

MR. MORRIS replied that the Gulf groundfish rationalization issue is important, although it is still not in a crisis situation.

[4:23:01 PM](#)

SENATOR SEEKINS asked if he thought the board should become professional.

MR. MORRIS replied if the board became professional, serving on it might become less of a labor of love and more of an opportunity to generate earnings. A person has to be open-minded and committed to the public process - not have a credentialed agenda.

[4:25:49 PM](#)

CARL CROME, Petersburg commercial fisherman, supported both John Jensen and Mel Morris. He supported legislation that would allow conflicted board members to be able to vote.

[4:29:40 PM](#)

REUBEN HANKE, Kenai, supported all three from personal professional experience.

[4:30:38 PM](#)

CHAIR WAGONER asked him his view on the conflicting issue.

MR. HANKE replied if people are allowed to have seats on boards who have vested interests, there might be problems. "Right now I think we have a pretty good system."

[4:32:12 PM](#)

RICKY GEASE, Executive Director, Kenai River Sportfishing Association, said he was confident in all three candidates' ability to analyze and synthesize the data that comes before them and their ability to make sound decisions.

[4:33:23 PM](#)

SENATOR DYSON moved to forward all three names to the full body. There were no objections and it was so ordered.

[4:33:38 PM](#) At ease [4:35:27 PM](#)

^BOARD OF GAME

CARL MORGAN, nominee to the Board of Game, gave a brief statement of his background.

[4:37:44 PM](#)

SENATOR SEEKINS asked if he was still on the federal advisory board and if he thought that conflicted with being on the Board of Game in terms of allocation issues.

MR. MORGAN replied that he sits on an advisory board only and he would resign his seat if a conflict were found.

[4:38:45 PM](#)

TED SPRAKER, nominee to the Board of Game, said he had a career with ADF&G and he doesn't want to see it end. That is why he wants to continue on the board. He hopes to help restore depressed game populations and improve the state's regulatory process. He thought the board currently has a lot of unfinished business as far as management of predators and prey across the state, even though five new programs are on the books right now. More information needs to be gathered so that programs in other areas can go forward. He also said they were trying to adjust the Tier 2 hunts in Unit 13 to protect the resource while better serving Alaskans.

[4:42:47 PM](#)

SENATOR SEEKINS asked how many board members are former department employees.

MR. SPRAKER replied himself and Mr. Somerville.

[4:43:34 PM](#)

SENATOR SEEKINS asked if he has a tendency to protect his alma mater.

MR. SPRAKER replied that his vote and record stand for his actions. He is concerned with protecting the resource and turning the declining game populations around. If he goes against the department in doing that, that's too bad.

[4:46:04 PM](#)

SENATOR SEEKINS asked why the board rescinded its action on same-day airborne on bears in the Tok area this last year.

MR. SPRAKER replied there was a lot of controversy about starting same-day hunting of brown bears in Unit 12 and portions of 20E. At first most of the board supported it. It rescinded its action because it may have moved too fast in that direction. One of the board's main concerns is with maintaining strong support from the Governor, the legislature and a majority of the

public on the decisions it makes - assuming they are biologically sound. He elaborated:

Changing our mind on that decision? I guess I'd rather look at that as postponing that decision. I'm not trying to sidestep the issue at all. We've also increased the bag limit to two bears; we've dropped the tag in the area. We've allowed for the first time baiting of brown bears in the area. And in my opinion, I think we've put a lot of pressure on brown bears in the area and if those don't work, we'll be back in two years to look at it again. Then we'll be on really strong ground to take a very aggressive step in going to same-day airborne, because that's something that we haven't had in the state since 1974. It's going to be a step that's going to be looked at from a lot of different segments of the public. There will be a lot of animosity against hunters and against the board, I think for taking that step unless we go through all these different smaller steps first.

[4:49:06 PM](#)

SENATOR SEEKINS asked if that decision had an outside influence.

MR. SPRAKER replied that the Governor advised the board that it might be moving too fast and he agreed.

CHAIR WAGONER thanked him for his service.

[4:51:35 PM](#)

RON SOMERVILLE, nominee to the Board of Game, gave a brief statement about why he wanted to continue serving - for some of the same reasons that Mr. Spraker stated. He has lived in Alaska all of his life and worked for the department of 24 years and for the legislature and the governor. His interest is the resource and most of his career was dedicated to that.

He was interested in working with the board again because it has been proactive and he thought game management needed some serious changes. Because of the urban-rural divide it has created, people have not paid attention to the things that most matter - like animal husbandry.

In the last eight years I think you've seen management become observers rather than documenting what's been going on and not really participating in the process of managing and I'd like to see us change that.

The subsistence law is a new concept based on exclusive use and people are working with the idea of identifying specific areas for subsistence use. It's a fairly simple concept and fits within the confines and objectives of the state's subsistence laws. He also favored helping the state retain authority over the federal government on important issues.

MR. SOMERVILLE said another area of concern of his is the tremendous disconnect between the Board of Game, the legislature and the department. "A lot of it has to do with just getting people together and honestly dealing with the issues, disagreeing when it's appropriate, but making sure that there are communications."

[4:57:04 PM](#)

SENATOR SEEKINS asked how long he has served on the board already.

MR. SOMERVILLE replied two years, but he has been an observer for 24 years.

SENATOR SEEKINS asked if he feels the board's budget within the department's budget is adequate for it to function properly.

MR. SOMERVILLE replied no. He explained that people prefer to deal with the federal board because it deals with issues every year and the board deals with issues only on a three-year cycle unless an appeal is made for an out-of-cycle considerations.

We get a lot of out-of-cycle requests. I'm just illustrating something to you - why is this disconnect, again, occurring? Part of it has to do with money. The Board of Fish cut back on number of days; the Board of Game - we had a four-day meeting here last fall in Juneau - two days dedicated to public testimony. We didn't have time to finish our official business. We had two days to do that and it's just not enough time.

The other things is, in dealing with things like subsistence, for instance, and trying to fix this Tier 2 thing in Unit 13, which I think we'll be successful in doing. It takes a tremendous amount of time to overcome the record. Our attorneys keep telling us when those things were set into motion a tremendous

amount of information went on the record and in order to survive litigation, you have to somehow counter why is the board changing this record....

5:00:51 PM

SENATOR SEEKINS asked if he thought the board process is immune from the public process.

5:01:14 PM

MR. SOMERVILLE replied:

First I think that we're not immune to the - I can honestly say having worked on both sides of the table - and I've heard many people from other states say the same thing - Alaska's board regulatory process is the most democratic of any state in the union - bar none.

But he said the process can be improved.

SENATOR SEEKINS said he thought the legislature could provide more adequate funding in terms of consideration of the time the members have to deliberate and to expand the hearing process.

MR. SOMERVILLE added that he is the one who took the call from the governor's office on Units 12 and 20E. They talked about allowing the use of aircraft to land and taking an animal within 300 yards or so from the plane - taking same-day air borne, which was allowed in Alaska up to the late 60s. At first the governor's office felt that would be okay, but he was later informed otherwise. He didn't want to get into a pissing match with the governor's office and felt that the department had already come a long ways. So, he made the motion to rescind the board's action. He concluded:

I want to assure you that we're committed to reducing predators in that area until those prey populations, as your instructions are in the intensive management law, have told us to do. The board will do that. In this case, there was some political discussion. I take the responsibility.

5:04:13 PM

SENATOR SEEKINS said it was noticed that one of the "no" votes to rescind was not renominated for confirmation to the Board of Game and asked if that kind of perception of political interference has a chilling effect on future board decisions.

MR. SOMERVILLE replied that he didn't think so - at least not this board. He thought it was in their best interests to work with the governor otherwise he would have voted the other way.

CHAIR WAGONER thanked him for his service.

[5:06:05 PM](#)

SENATOR DYSON moved to forward all the names to the full body. There were no objections and it was so ordered.

[5:06:24 PM](#) At ease [5:07:30 PM](#)

^COMMERCIAL FISHERIES ENTRY COMMISSION

PETER FROEHLICH, nominee to the Commercial Fisheries Entry Commission (CFEC), said he is excited to start a new career.

It is completing a circle for me - I actually earned my way through law school commercial fishing. Shortly after becoming an attorney, I worked for the attorney general's office in this building in '78. It took me a couple of years to get around to fisheries issues assignments and I represented the Commercial Fisheries Entry Commission for several years and later worked on their regulations along with other agencies.... I've always been interested in fishing, fishing in general, commercial fishing in particular, fisheries regulation. The limited entry setup we have, which took a constitutional amendment to accomplish is pretty unique. It is a model that's been looked to by other nations...and works pretty well.

He said the Carlson fee differential issue is still floating around and there are a lot of appeals by applicants who were around in the '70s and he hoped he could help get some of those resolved. He said he has experience with dispute resolution in trial court and is looking forward to a change of pace and subject matter.

MR. FROEHLICH said he also thought the Chignik issue, which has to do with salmon restructuring and balancing efficiency of harvest versus the common use principle, is one of the most important issues that face the board today. It ties in with buyback and reducing units of gear. "I think that kind of stuff - that's where we're headed." State control out to the three-mile limit is also an issue that the commission will be involved in.

CHAIR WAGONER thanked him for volunteering to serve on the board.

5:14:18 PM

SENATOR DYSON moved to forward Mr. Froehlich's name to the full body. There were no objections and it was so ordered.

CHAIR WAGONER adjourned the meeting at 5:14:49 PM.