

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 23, 2011

3:35 p.m.

MEMBERS PRESENT

Senator Joe Paskvan, Co-Chair
Senator Thomas Wagoner, Co-Chair
Senator Bill Wielechowski, Vice Chair
Senator Hollis French
Senator Gary Stevens

MEMBERS ABSENT

Senator Bert Stedman
Senator Lesil McGuire

COMMITTEE CALENDAR

CONFIRMATION HEARINGS:

CORA CAMPBELL, Commissioner-designee
Alaska Department of Fish and Game (ADF&G)

- HEARD

DAN SULLIVAN, Commissioner-designee
Department of Natural Resources (DNR)

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to consider.

WITNESS REGISTER

CORA CAMPBELL, Commissioner-designee
Alaska Department of Fish and Game (ADF&G), said she is a life-long Alaskan and was born and raised in Petersburg.

POSITION STATEMENT: Commented on her qualifications for ADF&G commissioner.

PAUL SHADURA, representing himself
Soldotna, AK

POSITION STATEMENT: Supported Ms. Campbell's appointment.

DAVE GODJA

Kenai River Professional Guide Association
Kenai, AK

POSITION STATEMENT: Supported Ms. Campbell's appointment.

RICKY GEASE, Executive Director
Kenai River Sportfishing Association
Kenai, AK

POSITION STATEMENT: Fully supported Ms. Campbell's and Mr. Sullivan's appointments as commissioners.

KEN LARSON, representing himself
North Pole and Valdez, AK

POSITION STATEMENT: Supported Ms. Campbell's appointment.

MELVIN GROVE, President
Prince William Sound Charter Boat Association
Valdez, AK

POSITION STATEMENT: Supported Ms. Campbell's and Mr. Sullivan's appointments as commissioners.

VIC VANBALLENBERG, representing himself
Anchorage, AK

POSITION STATEMENT: Opposed Ms. Campbell's appointment.

RUBEN HANKE, representing himself
Soldotna, AK

POSITION STATEMENT: Supported Ms. Campbell's appointment.

CARL JOHNSTONE, Vice-Chair
Board of Fisheries
State of Alaska

POSITION STATEMENT: Fully supported Ms. Campbell's appointment.

JOHN JENSEN, representing himself
Petersburg, AK

POSITION STATEMENT: Fully supported Ms. Campbell's appointment.

MIKE SMITH, Director, Subsistence Resources, Tanana Chief's Conference, Fairbanks, supported Ms. Campbell's nomination for commissioner of ADF&G.

POSITION STATEMENT:

SARAH JACKINSKY, representing herself
Homer, AK

POSITION STATEMENT: Opposed Ms. Campbell's appointment.

JERRY MCCUNE

United Fishermen of Alaska
Juneau, AK

POSITION STATEMENT: Supported Ms. Campbell's confirmation.

JIM PRESTON, representing himself

No address provided

POSITION STATEMENT: Supported Ms. Campbell's nomination.

DAN SULLIVAN, Commissioner-designee
Department of Natural Resources (DNR)
Juneau, AK

POSITION STATEMENT: Presented his background and qualifications for his appointment as commissioner of DNR.

ACTION NARRATIVE

[3:35:24 PM](#)

CO-CHAIR TOM WAGONER called the Senate Resources Standing Committee meeting to order at 3:35 p.m. Present at the call to order were Senators French, Stevens, Wielechowski, Wagoner and Paskvan. Senator McGuire was excused.

Confirmation Hearing

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CO-CHAIR WAGONER invited Cora Campbell, Alaska Department of Fish and Game (ADF&G) commissioner designee forward.

CORA CAMPBELL, Commissioner-designee, Alaska Department of Fish and Game (ADF&G), said she is a life-long Alaskan and was born and raised in Petersburg. She participated in a variety of Southeast Alaska commercial fisheries - herring, salmon seine, gillnet, troll, and crab - and put herself through college that way. After college she worked for a local fisheries association primarily representing it in the various regulatory forums that control the fishing industry - the Alaska Board of Fisheries, the North Pacific Fisheries Management Council and the International Pacific Halibut Commission; she also tracked state and federal legislation that could affect the group.

After that she transitioned into working for a state-wide group that had a slightly different focus; she worked in a program that had an education outreach focus at the time that state and federal subsistence regulations were starting to diverge under dual management. The program educated Alaskans who could be affected by the new federal management system about the

activities of that regulatory body and how to become involved in that process. About four years ago she went to work in the Governor's Office. At first she was a fisheries policy advisor with duties primarily related to fisheries because most of her background was there. But throughout her time in the Governor's Office, her portfolio expanded to include other issues such as wildlife issues, issues related to the Department of Environmental Conservation, Arctic policy and the Department of Natural Resources. So, by the time she left she had a broad suite of responsibilities.

COMMISSIONER CAMPBELL said she was appointed as the acting commissioner of the ADF&G on December 1 and that is where she has been ever since.

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CO-CHAIR WAGONER opened up public comment.

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PAUL SHADURA, representing himself, Soldotna, said he is a member of the Kenai/Soldotna Advisory Committee and is an alternate on the Cook Inlet Regional Advisory Committee, a stakeholder in the Cook Inlet Beluga Recovery Team and a member of several commercial fishing advocacy groups. It is not often that they get the opportunity to promote a youthful Alaska person to public service. Ms. Campbell has the proven skills as specified in AS 16.05.10 that says the commissioner shall be a qualified executive with knowledge of the requirements for the protection, management, conservation and restoration of the fish and game resources of the state. In his personal experience with her, she has consistently shown a keen sense of understanding for her fellow Alaskans. She listens and is respectful. He thought she would revitalize the department and would continue to attract new expertise into a department that is currently suffering from an exodus of long-time experienced fish and game leadership.

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DAVE GODJA, Kenai River Professional Guide Association, Kenai, supported Ms. Campbell's appointment. He attended several meetings where she was present and felt confident that she would do a good job for Alaska's species.

RICKY GEASE, Executive Director, Kenai River Sportfishing Association, Kenai, fully supported Ms. Campbell's appointment. He has interacted with her on different levels; first as the fishery advisors in the Governor's Office and second during her

tenure so far as the commissioner designee for ADF&G. He found her to be sharp, articulate and respectful; she listens to people and has a balanced approach to fisheries management issues and a firm grasp on what the duties are. She understands completely about resource conservation and can digest and integrate scientific information and research and has surrounded herself with capable people.

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KEN LARSON, representing himself, North Pole resident for four months a year and Valdez/Prince William Sound for the rest of the year, said he fishes in Prince William Sound and has been running a halibut and salmon charter service since 1993. He had no objection to Ms. Campbell's appointment. He wanted to ask questions that she could answer now or later. One was about the increasing restrictions on the halibut charter industry and how it affects the tourism economy in his area. First he said the fishery has to be allowed to rebuild. While halibut is a federally regulated fish, Ms. Campbell will be one of the 11 voting members on the heavily commercial fisheries weighted North Pacific Management Council.

He advised that she has to consider conservation at all levels. ADF&G and International Pacific Halibut Commission (IPHC) catch data and NOAA/NMPPFS economic data illustrates what is really happening in the halibut fishery; it illustrates the relatively minor impacts that sport caught halibut has on the overall catch when you consider the commercial fishery catch and their by-catch wastage. The fact remains that "com fish" is historically responsible for 85-90 percent of the annual halibut catch and hence is responsible for the majority of the ongoing overfishing that is contributing to the steadily declining commercial fishery catch limits; 2011 will be the first year that com fishes' catch limit has actually been set below their 1995 startup IFQ of 48 million pounds.

He stated that published CFEC data indicates that com fish halibut ex-vessel revenue has increased over 350 percent from \$68 million in 1998 to \$241 million in 2010. That is with catch steadily declining from their 75 million pound peak in 2004. Com fish annual halibut by-catch and wastage has stayed consistently between 13-14 million pounds a year since at least 1996 (per IPHC records). It's not coming down with declining catch limits.

Sport fishes' catch peaked at about 12 million pounds in 2006 and was down a little over 9 million pounds in 2010. It will continue to decline with the LEP and catch herring plan as it's

now implemented. A lot of science says that the average size of the halibut is in decline, so catches will continue to decline without more drastic restrictions on the largest user of the resource. What will "Cora" do to help this situation?

With regard to ADF&G sportfish license sales, Mr. Larson said, 2010 non-resident licenses dropped by almost 18 percent with a related 14.5 percent drop in net sales revenue. The decline started in 2005 and when halibut restrictions were imposed. What are "Cora's" plans with regard to the millions of dollars lost to ADF&G? How are they to be replaced?

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MELVIN GROVE, President, Prince William Sound Charter Boat Association, said he has membership on a number of other fish related boards. He supported Ms. Campbell's nomination with the caveat that she doesn't use it just as a commercial fish position. She understands the sport fishermen's position in the state and that her role as a vote on the North Pacific Management Council is extremely important. Her decisions will affect not only the resource, but the families that depend on them.

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VIC VANBALLENBERG, representing himself, Anchorage, said he moved to Alaska in 1974 and worked as a wildlife biologist for the ADF&G and served on the Board of Game. He has worked with all fish and game commissioners since 1974, all mid or late-career professionals; many came up through the department starting as biologists and gaining administrative experience as region supervisors, division directors or deputy commissioners. He said it would be unprecedented to confirm a commissioner who lacks this kind of experience and background. It is one of the most important state agencies that affect the lives of many people in Alaska and someone with the best available credentials is needed. In recent years, public trust in the department has declined he said. It needs a strong well-qualified leader to rebuild this trust.

RUBEN HANKE, representing himself, Soldotna, supported Ms. Campbell's appointment saying she is up to speed in the game arena, as well. He has worked with her over the past few years in her capacity as a fish advisor for the governor; she has been easy to work with and has worked hard to understand the diverse dynamics of all Alaska fisheries. She is approachable and a good listener.

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CARL JOHNSTONE, Vice-Chair, Board of Fisheries, said he was speaking for himself. He has known Ms. Campbell for three years and has watched her grow in her position as a fisheries policy advisor and now as a commissioner-designee. He supported her confirmation. Some concern has been expressed about potential lack of scientific experience and background and he said that type of experience, while helpful, is not necessary for that position. For example the Board of Fisheries is a lay board without scientific background, yet they set policy on the use of the resource while using the information that is provided to them by the department.

The commissioner-designee is surrounded by managers and experts to provide information to her provides information to the board but they set policy decisions. The position does require good leadership capability and not all scientists have that. Her capability has been demonstrated by the type of "outstanding" people she has hired. Mr. Johnstone said that Ms. Campbell attends most Board of Fisheries meetings.

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JOHN JENSEN, representing himself, Petersburg, said he is a member of Board of Fisheries and the United Fishermen of Alaska. He was born and raised in Petersburg and has commercially fished for 45 years. He is an avid hunter, sport fisher and subsistence user and has been involved in fish politics for 20 years. He said he supported Ms. Campbell's nomination; she may be young, but she has a long history of involvement with resource issues as well as dealing with the multitude of federal issues. He is also impressed with her selection of staff.

MIKE SMITH, Director, Subsistence Resources, Tanana Chief's Conference, Fairbanks, supported Ms. Campbell's nomination for commissioner of ADF&G. He said the history of subsistence battles has left scares, but in this situation they were "extremely pleased" when they reached out to her about their subsistence concerns with her readiness to talk about them. He and others on the Conference were extremely impressed and hopeful that she would do her statutory duty and protect the subsistence uses for all Alaskans.

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SARAH JACKINSKY, representing herself, Homer, opposed Ms. Campbell's appointment. She said she is a Native Alaskan and has fished commercially with her family and hunted. She was disappointed in Ms. Campbell's verbal explanation of her

background in the House Resources Committee; neither did she give substantive answers to the committee questions. She is unqualified and has no background in any field that is pertinent to management of Alaska's fish and game; neither does she have any scientific, research, economic or conservation background.

She urged committee members to examine the process by which Ms. Campbell was considered for appointment as she understands the state process was not adhered to. Usually the Board of Fish and Game submit a list to the governor to choose from; but in this case, Governor Parnell submitted the list and chose from one of his picks.

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JERRY MCCUNE, United Fishermen of Alaska, supported Ms. Campbell's confirmation. Two people had to leave, so he relayed that Linda Bacon, Alaska Long Line Fishermen's Association, and Julie Curry, Petersburg Vessel Owners' Association, both supported her as well. He said he has been around a long time and went through a lot of commissioners and he welcomes this choice; she is a youthful choice and has good ideas. He has worked with her over the past 10 years and has found her always prepared. In his opinion coming up through the department isn't always an advantage.

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JIM PRESTON, representing himself, supported Ms. Campbell's nomination. He actually worked with her on an advisory panel and even though she represented commercial interests in Petersburg, she went out of her way to work with him on halibut issues. He found her more qualified than some predecessors in terms of education and background.

SENATOR FRENCH asked Ms. Campbell to imagine she becomes governor and had to appoint people and if she would send him an attorney general who didn't have a law degree or a commissioner of education who didn't have a degree in education.

COMMISSIONER CAMPBELL replied that she wouldn't send him a commissioner of education who didn't have a degree in education because statute lays out specific requirements for that position. But his question goes more to how the fact that she doesn't have a biology degree relates to her qualifications as a commissioner for the Department of Fish and Game and her response was that over the course of her career dealing with the Department of Fish and Game she has had the opportunity of dealing with at least four different commissioners. Of those

folks, one was a career biologist; the other three were not. Based on her experience with them she wouldn't say that she found one of those models to be more successful than the other. The commissioner's job has a lot of aspects having to do with navigating the regulatory process, policy, management and administration and she has been exposed to them all over the course of her career. These qualities are probably more relevant to being a successful commissioner than having any particular degree.

Many well qualified scientists at the department carry out those duties. She surrounds herself with a team of people who have a variety of backgrounds perspectives and qualifications to be sure that she is getting the broadest picture. She said she relies on the judgment of folks with advanced scientific training for questions of science and if a commissioner came in and substituted their own judgment for that of the agency scientists she would be concerned. But that is not the approach she has taken.

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SENATOR PASKVAN said he was impressed by AFN's letter of support for her nomination and asked her to comment on the role of subsistence in the management of Alaska's fish and game resources.

COMMISSIONER CAMPBELL replied that subsistence is accorded a priority under state law when it comes to allocation of resources; also under federal law, rural subsistence users are given a preference on federal public lands and waters. She considers the use of subsistence and the carrying on of those traditions a very important part of the fabric of the state. It is something she would manage "to preserve and protect." She has talked with subsistence users about the desire of the department to work with them to find areas where they can work together to let them know the department has a true desire to live up to that obligation.

SENATOR WIELECHOWSKI said there was some testimony about an exodus of experienced biologists and managers at the Department of Fish and Game. Last year 40 biologists signed a letter of protest to an appointee and he understands there is low staff morale there. He asked if that was her experience and her assessment of the situation. What are her plans to address areas of weakness there?

COMMISSIONER CAMPBELL replied that she wouldn't characterize the situation at the department as one of low staff morale; most of the employees are proud to work there. But she said a significant portion of the workforce is eligible to retire and she is putting forth significant efforts towards recruitment, retention and workforce development within the department.

SENATOR WIELECHOWSKI said everyone he has seen is top notch, but he has still heard about morale problems. He said there were some proposals to limit dip netting on the Kenai and he wanted to know if she supported those proposals.

COMMISSIONER CAMPBELL replied that the Board of Fisheries had four proposals to limit the dip net fishery and none were adopted. It's the board's role to allocate the resource, but the department's role is to provide good harvest accounting.

SENATOR WIELECHOWSKI said he understood that, but at the same he asked her if any recommendations were made by the department to curtail dip netting.

COMMISSIONER CAMPBELL replied that the department has a policy when commenting on proposals to the Board of Fisheries or Game of not making comments or recommendations about allocative impacts.

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SENATOR WIELECHOWSKI said he had heard some testimony on halibut take and asked what her opinions on that are.

COMMISSIONER CAMPBELL answered that halibut is federally managed. The ADF&G doesn't have any ability to develop specific management measures; so her interaction with halibut management is primarily through her vote on the North Pacific Fisheries Management Council. But the department is responsible for data gathering for that fishery and estimation of harvest in the sport charter fishery. One of the things they have been working on over the past several weeks is an analysis of a restriction that was adopted by the International Pacific Halibut Commission that would restrict charter anglers in Southeast to one fish no larger than 37 inches. The best information available to the department indicates that that is likely overly restrictive and would cause that sector to undershoot their allocation by about 22 percent. So, they have provided analysis and recommendations to the commission suggesting that they reconsider that and adopt something that is less restrictive and would allow them to get in the neighborhood of their allocation.

She said that is one short term issue they have been working on, but halibut management has other issues that are going to have to be considered by the council including development of a mechanism to allow halibut quota to flow between the commercial and charter sectors.

CO-CHAIR WAGONER said he was turning the gavel over to Co-Chair Paskvan who would hold the gavel on the hearings for Mr. Sullivan, but invited her stay later for questions if there is time at the end of the meeting.

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CO-CHAIR PASKVAN welcomed Dan Sullivan, Department of Natural Resources (DNR) commissioner-designee to committee.

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DAN SULLIVAN, Commissioner-designee, Department of Natural Resources (DNR), said he was Alaska's attorney general before this appointment. He briefed the committee on his background and work experience saying he recently completed being the state's attorney general for the last year and a half. During that time his number one priority was to reduce the epidemic of sexual assault and domestic violence in the State of Alaska, but he was also very involved in resource development issues, particularly as they related to the Endangered Species Act, Outer Continental Shelf development and federal overreach issues.

Prior to being the attorney general, Commissioner Sullivan said he was in and out of Washington D.C. for a few years primarily working for Condoleezza Rice when she was National Security Advisor; he worked as a director on the International Economics Directorate at the National Security Council and more relevant to this position as assistant secretary of state for the Economic and Energy Affairs Bureau where he had the responsibility for global energy, economic, finance issues with her and other senior U.S. government officials. In that position, he focused a lot on energy issues and was the U.S. governing board member to the International Energy Agency, which is considered the premier energy security agency in the world. He was a leader on Central Asia and Caspian energy development projects for the U.S. and worked closely with the federal coordinator for the Arctic Pipeline issue and worked very closely with the chairman of the Arctic Research Commission, and now with Lieutenant Governor Mead Treadwell and Senator Murkowski on the federal government's new Arctic policy that has a significant resource development component.

COMMISSIONER SULLIVAN said prior to moving to Washington, he was an attorney in Alaska and worked as a law clerk in Fairbanks for Judge Kleinfeld on the U.S. Court of Appeals for the Ninth Circuit, was a law clerk for Chief Justice Warren Matthews on the Alaska Supreme Court and was in private practice focusing a lot on commercial transactions representing small businesses, mostly Native corporations. He is also a U.S. Marine being either in active duty or reserve status since 1993. He has served as a rifle team commander, a task force commander of a special operations search and rescue mission and staff officer to the commander of U.S. Central Command which had a lot to do with energy related policies (currently in command of the Middle East). He is currently the commander of an anti-terrorism unit that has Marines based in Alaska and Montana.

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Finally, he said he is the father of three daughters and is a husband to a wonderful wife. After three months on the job, he is just scratching surface in many ways. But despite not having a full grasp, he has the background and experience that provides him with the skill set and knowledge on certain broader issues that are helpful if he is confirmed. First, he has managed and led large organizations successfully, particularly in the public sector; he has worked on developing and implementing high level strategy; he has led several complex negotiations either for the U.S. or the State of Alaska; and he has a decent perspective, understanding and involvement with global energy issues and markets. Finally, he said through his experience he has seen firsthand the importance of partnership among key stakeholders in terms of getting big projects completed. The number one thing he has been working on is trying to foster the notion of partnership throughout the state.

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SENATOR STEVENS remarked that he has a stellar background and that they had "enormous trust" in him when he was attorney general. What personal goals does he have? How do you work with an organization this large? Are there any skills he needs to work on?

COMMISSIONER SULLIVAN responded that his goals are very focused right now on DNR, but everyone is working on some goals together that DNR is going to play a big role in. The number one issue in the state in that regard is the TAPS throughput issue. He said a lot of them are involved in public service and his is driven largely by the fact that he wants to leave his girls with a good

home state they want to live in. Integrity is of first importance as well as input from the professionals. He believes in a good offense on a lot of initiatives and getting those ideas from the staff is a good way to keep people motivated and excited about their work.

SENATOR FRENCH said he appreciates his understanding of the collaborative nature between the administration and legislature; his outreach and communication skills are good and he would have been happy for Mr. Sullivan to remain as attorney general. He asked if it's true that he doesn't have a degree in natural resources.

COMMISSIONER SULLIVAN replied that is very true. He commented that as a witness for the last nominee that she would be an excellent commissioner.

SENATOR FRENCH said the legislature constantly needs information and his department sits on a hoard of information that is extremely valuable to the public, industry and the legislature. The Division of Oil and Gas is an obvious example. Some weeks he needs information from them maybe two or three times a day as they try to set policy. He asked Mr. Sullivan what his policy is with respect to communications between the subunits of his department and the legislature.

COMMISSIONER SULLIVAN responded that he believes in being transparent with the legislature. He understands the value of data and that the state is the resource owner, but sometimes data is confidential for statutory or other reasons. It's important to look at how that balance is undertaken whether in statute or regulation; it's there for a reason. Companies spend a lot of money to get certain commercial data and they want to guard it, which is reasonable; but it's also important because the state is the resource owner and manager of the land. Balancing how and to what degree that data is released, made public or provided to other policy makers is a complicated issue.

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SENATOR FRENCH said he wanted to touch on the confidential data issue and said that he doesn't want it nor does he want it released to him, but he thought it would be worth considering as a state not so much what data is confidential but how much it actually gets from the industry. Administration consultants for the oil and gas tax debate have said the state is handicapped in terms of getting information and that is wrong. He doesn't need

to see it, but certainly the Department of Natural Resources and the Department of Revenue need to see it. Has he set any policies or procedures with respect to the ability the department's employees' ability to communicate outside the department? Are they free to speak to the public and to the legislature or do they have to channel their communications through the commissioner?

COMMISSIONER SULLIVAN responded that it is fine for directors to testify, but from the management perspective of an agency it's very important for them to understand what they are saying and on some key issues making sure they are "all singing from the same sheet of music." He has told his directors that it's most important to establish a very good strong relationship with the legislature and they have been testifying quite a lot. Important issues are coordinated through him.

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CO-CHAIR WAGONER said Fairbanks game management unit 20 has had some access problems mainly due to overuse of that Rex Trail that DNR closed. His information is that DNR wasn't connecting with ADF&G; therefore the trail got overused and it had to be closed. That trail is one of the main accesses for that game management unit, which is very productive because of predator control. What will he do to establish better communications between the two departments to make sure that doesn't happen in the future?

COMMISSIONER SULLIVAN answered he had no idea of the anger that exists in Fairbanks on RS2477 access issues to state lands and he is already taking aggressive action. The governor gets resource commissioners together on a regular basis to better coordinate on issues that cross agency boundaries. Just last week, he had a meeting last week with Commissioner Campbell over contentious coastal zone management issues.

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SENATOR WIELECHOWSKI said the concern with a lack of data the state has compared to what most other sovereign jurisdictions have has become clear to everyone as they work on the oil tax issue. Other jurisdictions require specific levels of investment and/or production within a set time frame and have requirements to provide the state with data. Alaska seems to be much more lax than those jurisdictions. If this is a problem, what is he doing to rectify that? Is he looking at the future oil and gas leases for ongoing investment to determine whether or not they protect Alaska's interests?

COMMISSIONER SULLIVAN answered it's a two-part question, but the answer to both is it's a balance that state officials and industry need to talk about. It's reasonable that industry safeguards certain data, but having certain data will make the state a better manager. There are different realms of confidentiality; the Division of Oil and Gas gets data that the public doesn't. For instance, he has looked at a few things like getting more cost and budget data and information on physical core slabs at the Eagle River Geological Materials Center, "an unbelievable resource for the state that has core data on wells that have been drilled that go back decades." To this day industry still comes in and uses it to make major investment decisions. Most of the information is provided on a voluntary basis; it has no statutory requirement, but the state doesn't have a lot of access to data even interpretive data.

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On the issue of leases, he sent Senator Wagoner a letter on some things they are looking at with regard to leases that might encourage work commitments and shorter leases that might encourage accelerated production. But those things need to be looked at in terms of a balance. He hopes Alaska has not been driving away potential bidders.

SENATOR WIELECHOWSKI asked how freely members of his staff can be to talk to legislators. Have some employees at DNR been instructed not to meet or assist legislators, particularly on oil tax issues?

MR. SULLIVAN answered not through him. His answer to Senator French on the same questions is that it is important to keep him apprised of what kind of conversations people have with legislators. His general guidance to his directors, in particular, has been respect and responsiveness to the legislature.

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CO-CHAIR WAGONER went back to last year's lease sale with Great Bear and Armstrong; maybe they were smarter than average and got in on the ground floor, but it seems when there are plays like that in the shale and the tight sands, that the state should consider decreasing the size of leases, because 500,000 acres is pretty large for small companies or even a large company. Is he thinking about decreasing the size next time?

MR. SULLIVAN answered that 500,000 acres is the maximum lease size under statute. He wasn't here then, but it's positive in that a couple of companies are up here creating a buzz and are hopefully on the cutting edge of what could be a new phase of development in Alaska. If he is confirmed he intends to "get out and create more of a buzz" and in the fall maybe a lot of people will show up. Alaska doesn't compare that well to other states in terms of lease activity. Companies are giving back leases early and that is not a good trend.

CO-CHAIR PASKVAN asked regarding the administration's goal of increasing pipeline throughput his thoughts on the future of unconventional oil including shale oil and the department's readiness and duty to produce. Part of the question is when one has that large an acreage and their duty to produce conventional and unconventional plays.

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COMMISSIONER SULLIVAN replied that Armstrong and Great Bear is a wakeup call for staff, but they are getting in front of it. They are trying to think through to what degree those leases would need to be unitized. They are thinking through ways to accelerate possible development. He is trying to not let the state get in the way and to support an aggressive timetable. Shale plays have new issues like water use and infrastructure that don't concern traditional oil development. BP's heavy oil pilot project has a lot more aggressive timetable than he has heard of and he is having discussions internally and externally.

He said he has been meeting with companies and with the North Dakota DNR equivalents to get their views. He is pretty focused on it; DNR has a lot of good people and there is excitement about it.

CO-CHAIR PASKVAN opened public testimony.

[4:52:22 PM](#)

RICKY GEASE, Executive Director, Kenai River Sportfishing Association (KRSA), supported Mr. Sullivan's appointment. He brings a fresh approach to management and has chosen to surround himself with good directors - Ben Ellis, in particular with State Parks and with Mr. Balash and Mr. Fogels as deputy commissioners.

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MELVIN GROVE, President, Alaska Outdoor Access Alliance, supported Mr. Sullivan's appointment. Current staff changes with

DNR have been positive. Mr. Grove said he is part of the litigation that sued over closure of the Rex Trail and it is an extremely important issue to people in the area. Access to their fish and game is critical in order to be able to hunt. Some people say there was overuse of the trail, but he disagreed. It was a needed use; it's a trail and most of those complaining had cabins in that area and didn't like the competition for that resource.

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Finding no further comments Co-Chair Paskvan closed public testimony. He thanked both commissioner designees for coming before the Senate Resources Committee today. He moved to forward both names to the full body for consideration saying this in no way obligated anyone to vote for or against the person on the floor. There were no objections and it was so ordered.

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CO-CHAIR PASKVAN adjourned the meeting at 4:56 p.m.