

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 15, 2013

1:07 p.m.

MEMBERS PRESENT

Representative Eric Feige, Co-Chair
Representative Dan Saddler, Co-Chair
Representative Peggy Wilson, Vice Chair
Representative Mike Hawker
Representative Craig Johnson
Representative Paul Seaton

MEMBERS ABSENT

Representative Kurt Olson
Representative Geran Tarr
Representative Chris Tuck

OTHER LEGISLATORS PRESENT

Representative Mia Costello

COMMITTEE CALENDAR

HOUSE BILL NO. 129

"An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date."

- MOVED HB 129 OUT OF COMMITTEE

HOUSE BILL NO. 158

"An Act authorizing the commissioner of natural resources to implement a hunting guide concession program or otherwise limit the number of individuals authorized to conduct big game commercial guiding on state land."

- HEARD & HELD

HOUSE JOINT RESOLUTION NO. 9

Supporting the continued and increased exploration, extraction, processing, and production of rare earth elements in the state; and urging the United States Congress to support efforts of the state to develop rare earth elements in the state for the

benefit of the economic and national security of the United States.

- BILL HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: HB 129

SHORT TITLE: OIL & GAS EXPLORATION/DEVELOPMENT AREAS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/20/13	(H)	READ THE FIRST TIME - REFERRALS
02/20/13	(H)	RES, FIN
03/15/13	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 158

SHORT TITLE: DNR HUNTING CONCESSIONS

SPONSOR(s): COSTELLO

03/05/13	(H)	READ THE FIRST TIME - REFERRALS
03/05/13	(H)	RES, JUD, FIN
03/11/13	(H)	RES AT 1:00 PM BARNES 124
03/11/13	(H)	Heard & Held
03/11/13	(H)	MINUTE(RES)
03/13/13	(H)	RES AT 1:00 PM BARNES 124
03/13/13	(H)	Heard & Held
03/13/13	(H)	MINUTE(RES)
03/15/13	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

DANIEL S. SULLIVAN, Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Provided an overview of HB 129.

WILLIAM C. BARRON, Director
Division of Oil & Gas
Department of Natural Resources (DOR)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the hearing on HB 129.

WENDY WOOLF, Petroleum Land Manager
Division of Oil & Gas
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation during discussion of HB 129.

VIRGIL UMPHENOUR, Master Guide 151
Hunt Alaska
North Pole, Alaska

POSITION STATEMENT: Testified in support of HB 158.

ROBERT A. JEWETT, Registered Guide 1231
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 158.

WAYNE WOODS, Master Guide 108
Palmer, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

BRAD DENNISON, Master Guide 138
Sitka, Alaska

POSITION STATEMENT: Testified in support of HB 158.

SAM ROHRER, Registered Guide 1098
Sam's Alaskan Adventures; President;
Alaska Professional Hunters Association (APHA)
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 158.

MIKE COWAN, Registered Guide 1126
Crosshairs Outfitters
Kenai, Alaska

POSITION STATEMENT: Testified in opposition to HB 158.

CLIFFORD SMITH, Registered Guide 1318
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 158.

KEVIN ADKINS, Assistant Guide 1132
Port Lions, Alaska

POSITION STATEMENT: Testified during the discussion of HB 158.

DICK ROHRER, Master Guide 69
Rohrer Bear Camp, Inc.
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 158.

ROBERT FITHIAN, Master Guide 126
Alaskan Mountain Safaris
Copper Center, Alaska

POSITION STATEMENT: Testified in support of HB 158.

MARK WAGNER, Registered Guide 1222
Boot Bay Guide Service
Edgewood, Washington

POSITION STATEMENT: Testified in opposition to HB 158.

ACTION NARRATIVE

[1:07:05 PM](#)

CO-CHAIR ERIC FEIGE called the House Resources Standing Committee meeting to order at 1:07 p.m. Representatives Hawker, Johnson, Seaton, Saddler, and Feige were present at the call to order. Representative P. Wilson arrived as the meeting was in progress. Representative Costello was also present.

HB 129-OIL & GAS EXPLORATION/DEVELOPMENT AREAS

[1:07:23 PM](#)

CO-CHAIR FEIGE announced that the first order of business would be HOUSE BILL NO. 129, "An Act relating to approval for oil and gas or gas only exploration and development in a geographical area; and providing for an effective date."

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DANIEL S. SULLIVAN, Commissioner, Department of Natural Resources (DNR), offered to discuss how HB 129 will fit into the broader strategic goals of the state. He has had an opportunity to pre-brief a number of members on the bill, but he understands some questions remain.

COMMISSIONER SULLIVAN recalled from previous discussions that the state has a comprehensive strategy focused on the Trans-Alaska Pipeline System (TAPS) throughput issue and its desire to reverse the TAPS decline. The DNR's strategy is comprised of four key parts: First, the DNR wants to enhance the state's global competitiveness and investment climate, the keystone part being tax reform. Second, the DNR wants to promote Alaska's resources and create positive investment opportunities throughout the U.S. and world. Third, the DNR wants to facilitate and incentivize the next phase of North Slope development, whether it will consist of large fields, shale oil, unconventionals, small pools, and big or small companies. Finally, the DNR wants to ensure that the permitting process is

structured, efficient, timely, and provides certainty, which is the main focus of HB 129, in particular, as it relates to oil and gas related development.

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COMMISSIONER SULLIVAN advised that part of the DNR's strategy has been to contact potential investors, current investors, including big and small companies. Certainly, the department has heard during the aforementioned discussion about the tax issue and competitiveness. However, the issue of permitting reform and modernization as it relates to efficient, timely, and certain permitting has also often been raised. In fact, recently senior Repsol officials focused not only on meaningful tax reform, but also expressed desire for such a system for permitting. This bill and the broader permitting strategy relate to many other things with respect to the state's interest, whether it's the TAPS throughput, gas commercialization of the North Slope, Cook Inlet oil and gas development, or strategic and critical minerals.

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COMMISSIONER SULLIVAN said HB 129 focuses more specifically on oil and gas activities. The DNR has found everyone interested in achieving a competitive environment, which is important not only with respect to fiscal issues, but also to extend beyond them. Whether it is federal delays or the large number of lawsuits, Alaska's reputation is not what is desired in terms of its permitting system. The department thinks that changes are necessary; however, it's also important to emphasize the DNR believes desirable changes can happen without lessening the very high standards critical for the environment and still achieve responsible resource development throughout the state.

COMMISSIONER SULLIVAN offered his belief HB 129 can achieve this while still maintaining the importance of public input on these issues. This bill maintains that it is particularly important to receive input at the beginning of exploration and development phases in geographical areas. This bill would allow deliberate decision-making and bring certainty into the DNR's system. This would benefit everyone, including Alaskans, the public, and investors, which is primarily what this bill intends to do.

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WILLIAM C. BARRON, Director, Division of Oil & Gas, Department of Natural Resources (DOR), stated that several years ago the division began reviewing general aspects of its oil and gas operations. The division continually attempts to reach out to citizens of the state as well as industry and discovered parties have an underpinning desire to have a broader understanding of all activities that might be associated with exploration or development in an area rather than to consider one project or one plan at a time. In short, communities want to understand holistically what is going to happen throughout an area.

MR. BARRON said the DNR's challenge in permitting has been similar to ones encountered during areawide lease sale planning. In that regard, communities and industry consider how to progress the lease sale, determine what areas to include, and extend that process when it considers the exploration and development phases. However, this not a question of whether oil and gas activity will occur, but rather is an effort to identify what kind of activity and how that activity will be performed. In fact, once the lease sale occurs, the state has made the decision that it's in the best interest of the state to proceed. Thus, the next logical progression is to determine the level of activity and how it will be performed.

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WENDY WOOLF, Petroleum Land Manager, Division of Oil & Gas, Department of Natural Resources (DNR), stated she would discuss how the division currently approves exploration and development activities on state oil and gas leases. Next, she would explain how HB 129 will help the department to streamline its process for approving exploration and development activities.

MS. WOOLF turned to slide 2 entitled, "Areawide Oil & Gas Lease Sales." She began with a review of the division's current system for leasing and permitting, such that the DNR offers oil and gas leases in five geographical areas called areawide lease sales, including the North Slope, the North Slope Foothills, the Beaufort Sea, Cook Inlet, and the Alaska Peninsula.

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MS. WOOLF said HB 129 takes the statutory requirement to provide notice at the beginning of each phase of a multi-phased project and allows the department to review the phase across the entire geographical area rather than to conduct finite reviews on individual projects [slide 3]. In this instance, it relates to

oil and gas development, in general, and the phases include exploration, development, and transportation. The initial leasing phase occurs with the decision to offer leases through a public process, which is the oil and gas lease sale process. She identified the decision the department reaches at that time as the best interest finding (BIF). Again, at this stage the DNR defines how oil and gas development will occur, not whether it will occur. The bill will allow the DNR to examine a broader geographical area when evaluating how that development should occur.

MS. WOOLF explained how the process would change under HB 129 [slide 4]. The bill would allow the DNR to authorize oil and gas exploration and development activities holistically across a geographical area. The process would still preserve the requirement for public participation at the beginning of an exploration or development phase, which she deemed as being very important. The public benefits since people can comprehensively evaluate oil and gas activities within a geographical area and have an opportunity for input at the beginning of the lease, before the development phase happens. In reality, this bill is really about planning at the onset, which is something the public has requested. Similarly, the industry benefits because it will know at the outset the parameters of the project so they can submit plans accordingly, which gives industry predictable results.

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MS. WOOLF next offered to step through the oil and gas lease sale process [slide 5]. The first step in the proposed areawide oil and gas lease sale is to provide a broad public notice and opportunity to comment. The DNR initially evaluates certain statutory criteria and develops mitigation measures for each lease. The oil and gas director issues a final finding which is valid for up to 10 years. However, the final finding requires a general - not site specific - public notice and an opportunity to comment prior to the exploration phase, the development phase, and the transportation or pipeline phase.

MS. WOOLF stated that the best interest finding (BIF) is the leasing phase, which defines the oil and gas exploration allowed. Additionally, subsequent notices are held at the beginning of each phase, as required by statute.

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MS. WOOLF reviewed the life of an oil and gas lease [slide 6]. After the final finding by the director is made the oil and gas lease is issued. Initially, an operator would submit the first plan of operation, for example, for a seismic operation spanning several leases, with an opportunity to comment. The DNR will then issue an approval of the plan of operation, subject to any special stipulations. Next, once the seismic work is finished, the operator would submit the next plan of operation, perhaps a few years later, for an exploration well. Such a plan of operation might consist of an ice road with an ice pad, which would require a public notice and comment period. Subsequently, the DNR would approve the plan of operation for the first well.

MS. WOOLF said if the operator was successful with the well, the operator might present a plan for a second well within the same lease. The DNR would issue a public notice and hold a comment period prior to approving the plan of operation for the exploration well. If the operator is successful with a discovery, the lessee would formulate a development plan and initially submit a conceptual development plan to DNR to outline how the lease will be developed, followed by an initial development plan of operation for the first pad.

MS. WOOLF highlighted that once again, the DNR would issue a public notice and would hold a comment period for the beginning of the development phase. If the operator needs to modify the plan after this phase is approved, the operator would submit a modified development plan, which would require an additional public notice and comment period.

MS. WOOLF said that finally, once the operator is ready for a pipeline that the operator must come in with a separate application for the pipeline. Under HB 129, the pipeline process will not change since pipeline applications will continue to be processed for common carriers under AS 38.35 or for an easement under AS 38.05.850.

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REPRESENTATIVE JOHNSON asked whether she has been outlining the current lease process.

MS. WOOLF confirmed the aforementioned procedure is the current process.

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REPRESENTATIVE P. WILSON asked the presenter to point out the steps on the slide as she proceeds.

MS. WOOLF agreed to do so. She identified she is currently covering year 8, slide 6.

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MS. WOOLF said in the event an operator had additional development plans or need enhanced recovery that once again, the operator would be required to submit a plan of development, with a plan of operation for the new pad and the DNR would issue a public notice and comment period prior to issuing a decision. Even though this process still pertains to the same operator, the same lease, and the same reservoir being developed, each piece will require separate public noticing, which is how the DNR has been implementing leases.

MS. WOOLF, in the event an adjacent lease is issued, the aforementioned process would begin again, with public noticing necessary for additional exploration wells and the plan of development, even if the operation will tie into existing facilities. However, the transportation process is performed separately once the pipeline is constructed.

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MS. WOOLF explained changes to the lease process under HB 129. Primarily HB 129 will allow an [oil and gas lease] to be evaluated over a broader geographical area [slide 7]. She related a scenario, in which the geographical area on the North Slope might be defined as the Western North Slope. In fact, this area has been extensively developed and is separate from the North Slope parcels that are not as well developed. She pointed out potential geographical areas for exploration activities on the slide. Specifically, the proposed geographical areas would consist of broader areas, but the overall area would be smaller than the areawide lease sale boundaries.

MS. WOOLF explained that at the beginning of an exploration phase, the DNR would provide a public notice with an opportunity to comment. At this time, the public will be able to evaluate where exploration should occur in the broader area and identify any specific concerns. For example, on the North Slope the activities would include such things as ice roads, ice pads,

portable drilling equipment, off-road vehicle use, and temporary housing.

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MS. WOOLF said the geographical areas for development activities, by definition, would be more focused [slide 9]. Once an operator has reached the development phase, more permanent activities will happen. Thus the geographical areas are typically smaller and may encompass a number of leases that are being planned for development. Further, the geographical area may include an existing oil and gas unit with discussions of future development. Additionally, the DNR may want to focus on the core area that is already fully developed in a large legacy field such as Kuparuk or Prudhoe Bay.

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MS. WOOLF, for the purpose of discussion, suggested how leasing would happen under HB 129 on a small area located between some of the legacy fields to further demonstrate how the process would work [slide 10]. The DNR would define the geographical area and prepare a public notice and an opportunity to comment for the exploration activities - defining what the activities would consist of. Meanwhile, the DNR would solicit information from other state, federal, and local agencies, as well as the industry with respect to the exploration phase decision. Based on the input, the DNR would finalize and approve the exploration phase decision. Once that happens an operator would submit a plan of operation. However, at this point the DNR will not public notice each plan of operation since the geographical area is included in the exploration phase.

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CO-CHAIR SADDLER asked her to clarify the public notice process.

MS. WOOLF answered that the public notice process is tied to AS 38 and specifically to AS 38.05.945 (b) and (c), which is a 30-day process. She further explained that AS 38.05.945 requires a broad public notice.

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REPRESENTATIVE P. WILSON related her understanding that since the oil and gas activities under the lease would cover a geographical area that the authorization is broad and would not

necessitate individual public noticing for subsequent plans, largely since the public will have already provided comments.

MS. WOOLF answered that is correct; that individual plans will not be public noticed, but the geographical area plan will be public noticed. Further, individual plans must comply with the mitigation measures in the lease and cover all of the parameters and special stipulations in the exploration phase approval. In fact, any time a plan of operation is submitted that does not comply or is one that contains an exception, the DNR would need to public notice since the plan of operation would not meet the lease parameters. Therefore, nothing in HB 129 would prevent the DNR from reviewing specific portions of a [plan of operation] and request public comment for specific activities that are out of the norm.

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CO-CHAIR SADDLER asked for further explanation of the chart.

MS. WOOLF explained that this means is that when the lease plan of exploration is submitted, public notice and opportunity to comment does not need to be performed for each individual plan of operation. The public notice portion will already have been done. However, the plan of operation will still require approval by the division. Of course, when the oil and gas division approves a plan of operation - and the division is currently working on its regulations covering the approval process - it goes through an agency review. She emphasized that internal review does not change under the bill. In fact, the plan of operation is subject to lease mitigation factors, which have already undergone an extensive public process. In response to a question, Ms. Woolf pointed out the purple lines on the chart for "Exploration Phase" and for "Development Phase" on slide 9 indicate points at which additional public notice and opportunity are not required.

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REPRESENTATIVE P. WILSON asked whether the reason the public notice and opportunity to comment is not required is that it has already been done for the geographical area. She understood if anything changed, that a subsequent public comment period could be held.

MS. WOOLF said that is correct.

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MS. WOOLF resumed her presentation. She predicted that the development phase decisions would be tied to a more specific development, such as an operator might submit a group of leases for an oil and gas unit that will be operated by one company. First, the companies would come in with an overall conceptual plan for developing the lease, group of leases, or the unit. At that point, the DNR would issue a public notice on the smaller, more focused geographical area, indicating the type of proposed activity for the oil and gas development, including any pads, roads, or pipelines. At the time the DNR issues its decision, it will have the parameters of how operators will submit their plans of operation. So long as the operator submits plans of operations in compliance with the lease mitigation measures and the development phase parameters, the operator could proceed with its site specific plans of operation. In fact, the operator can proceed with its site specific plans of operation without the need for additional public notice for each of those phases.

MS. WOOLF highlighted that under HB 129, the public notice periods will be deleted for the individual plan, the amended plan, and the modified or enhanced recovery plan. However, the bill would not change the public notice requirement for transportation, which, as mentioned earlier is a separate not addressed by the bill.

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MS. WOOLF emphasized the department will continue to approve plans of operation as part of the lease requirement, which doesn't change under the bill. Additionally, the bill will not change any other permitting requirements oil and gas development is subject to such as permits from Alaska Oil and Gas Conservation Commission (AOGCC), local permits, or permits from the Department of Environmental Conservation (DEC). For instance, the proposed changes will not affect wetland permits necessary for dredge and fill, or other kinds of permitting activities. In essence, what this bill does is to allow the DNR to review oil and gas leases more holistically. In essence, the public will provide input on a geographical area rather than be asked to react to an individual project.

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MS. WOOLF discussed results [slide 10]. Again, HB 129 would provide the state, the public, local agencies, and industry an opportunity for a holistic, comprehensive review of oil and gas activities prior to exploration or development. The department would define a geographical area, prepare the public notice, define the activities and types of activities allowed, and request public comment on the exploration phase. Once the exploration phase is approved, the division would approve specific plans of operation in compliance with the conditions of the approved exploration phase. Using the process established under HB 129, it would not be necessary to seek additional public noticing for each of the exploration phase activities.

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MS. WOOLF said once operators are successful and the lease moves to a development phase, the DNR would prepare a public notice, define the development activities for the geographical area, and solicit public comments. Once the development phase approval is complete, so long as the operators are in compliance with the lease mitigation measures and all the stipulations in the development phase approval, they can proceed with the development activities and their plans of operations will be approved by the division without the further need for additional public notice. Again, the pipeline process would be dealt with separately.

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REPRESENTATIVE SEATON expressed concern that geographical areas might be broad since they are not defined. For example, a geographical area might include all of Cook Inlet lease area. He expressed further concern that the public would only have one opportunity to comment prior to the seismic activity or other activity through the development phase. In fact, the area for the development phase would be so broad that the public really would not have an opportunity to comment. At the time public comment is solicited, the pad location would be unknown and they won't know if development will occur in multiple places in the basin. Without some constraints, the public could assume there could be 20 wells drilled at Anchor Point because the potential exists since the leases exist. Consequently, the public will only have "one shot" at it.

MR. BARRON agreed that Representative Seaton has raised good concerns. However, he characterized Representative Seaton's comments as "mixing some things in a bucket and stirring them

around." He said the aforementioned activities wouldn't take place in that way in Cook Inlet. First, the exploration phase, by definition, would be a broader area than the development phase. Second, the development phase could be the size of the unit itself or smaller if the department chose to make it so. Finally, seismic activities currently undergo extreme public disclosure relative to the National Marine Fisheries Service (NMFS), which is also part of the process. Hence, the public would know what oil and gas activity would be occurring in the specific geographical areas.

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MR. BARRON highlighted that the division would establish, by regulation, the geographical areas for the exploration or development using a public process. For example, the DNR would identify the geographical areas in the Kenai area for exploration, which might encompass the entire west side of Cook Inlet, but it would likely also identify small discrete packages for the actual exploration. He envisioned this would be done by regulation. Additionally, the public process associated with establishing those geographical areas will engage with the public upfront.

MR. BARRON characterized the process under the bill as "getting ahead of the overall work activity." Certainly, this will allow people to know a given area will be part of a broad geographical area for exploration. Further, the development phase would consist of a more defined finite area. This is the process department has developed to ensure public involvement; however, Representative Seaton raises some very valid points on whether the public will only have one time for a "bite at the apple." Keep in mind that every decision the division makes is appealable, he said.

MS. WOOLF confirmed that is correct. The plan of operation that would still require approval for the very specific activities, which an appealable decision.

MR. BARRON concurred that the public will have an opportunity to appeal the decision to the commissioner.

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REPRESENTATIVE SEATON [referring to slide 9], said the exploration phase includes exploration wells on any of the leases. For example, Apache has leases on the west side of Cook

Inlet and has also been performing seismic operations from Anchor Point to Kenai on the east side of Cook Inlet. Under the bill as depicted on the slide, he understood Apache could indicate the plan to perform seismic operations, exploration pads, and wells for the entire area on multiple leases, but only be subject to a single public noticing and comment period for the initial proposed oil and gas lease exploration plan. He expressed concern that Ninilchik residents would not likely comment on seismic or exploration pad activity on the west side of Cook Inlet; however, they would want to comment if exploration pads were planned for downtown Ninilchik. In any event, once, once the statewide lease sales occurred the comment period will be closed. In other words, he predicted residents would wish to comment on noise activity or exploration pads in their own neighborhood, but not necessarily for activity in remote areas. He wondered if the effect of HB 129 will be to cause people to prematurely react when they normally would not desire to comment.

MR. BARRON offered his belief it would verge on being irresponsible for the division to put the entire Cook Inlet in one geographical area. First, he pointed out unique differences exist between the east and west side of Cook Inlet. Second, the division has held this discussion internally, and he recalled suggestions that perhaps the two portions of the west side of Cook Inlet would fall in different geographical areas. Meanwhile, he predicted the east side of Cook Inlet could contain numerous geographical areas, even for exploration. He understood residents on the east side of Cook Inlet might be interested in the west side of Cook Inlet but not know when to comment; however, part of the public process will be to establish geographical areas for the exploration phase in public forums so residents are informed of the size and location of the geographical areas. Once the aforementioned geographical areas are established, the DNR intends to reach out to the public and industry to evaluate what activities should occur on the west side in each geographical area. Specifically, he envisioned the process would occur in an open forum in order to determine which activities should take place. For example, the discussion would identify whether issues will arise with respect to subsistence hunting and fishing. Further, that type of activity could be identified in smaller areas rather than over the entire lease sale.

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MR. BARRON highlighted the intent of HB 129 is to initially identify areas and concerns in a public process to inform the public that certain areas are protected. Meanwhile, the industry will also know what needs to happen to mitigate their operations to satisfy the findings of the geographical area. Actually, he envisioned the geographical areas for the development phase will be even more fine-tuned. Once an exploration well has reached total depth (TD) and the operator seeks to identify a unit, the operator would need to submit a development plan. Perhaps the unit might actually be the geographical area. Again, at that point, the public associated with the geographical area could clearly weigh in while the industry will know exactly how to proceed in the specific area. Certainly, each area will be different, such as North Slope as compared to Kenai.

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REPRESENTATIVE SEATON allowed it would be nice if that process happened, but he did not see anything in the statute that requires the lease to unfold in that fashion. After all, currently, Apache has performed seismic operations in the whole Cook Inlet. Under the bill, their activity would not only include the seismic program, but the exploration pads and wells in all of its leased areas. He asked whether anything in this statute constrains activities so an operator's activity wouldn't encompass the entire geographical area.

MS. WOOLF emphasized it is important to remember this process is not required, but only represents an approach that could be taken. Keep in mind that the Cook Inlet area and Southcentral, Alaska have already undergone an extensive planning effort on state lands. For instance, the Kenai Peninsula Area plan and the Susitna Area Plan are finished, yet those plans will still undergo an extensive public process every 10 years. That's the point at which the state and local government decides how should the state's surface lands be used, she said. For example, the area plan review considers the highest and best use and the multiple resource values that need to be protected. Specifically, all oil and gas development is subject to area plans and must be in compliance with those plans. Basically, the process under the bill represents yet another layer of planning on top of the area plan. In fact, at least in the Cook Inlet, the base layer area plans lay out the foundation for state land management, including wildlife habitat and industrial settlement. If oil and gas development will be allowed, the oil and gas leasing process will happen.

MS. WOOLF highlighted that the way the division performs its BIF, which is a phased review of the lease, effectively postpones exploration, development, and transportation phase analysis reviews until a later date. This allows the department to holistically consider the geographical area instead of undergo individual consideration. In terms of the previous example of Apache's seismic activity, if Apache requested the entire Cook Inlet area be considered and the division made a decision that covers the west side of Cook Inlet, then Apache wouldn't be included in the decision since the activity would not cover the entire Cook Inlet geographical area. Furthermore, anytime a plan doesn't meet lease mitigation measures or any of the parameters, the division would need to hold a specific public notice for that particular operation.

MS. WOOLF pointed out the public notice being used is the [AS 38.05.945] noticing, which means that if the division described the whole Kenai Peninsula as an area, the statute is very broad, which would require notices be posted in all post offices in the Kenai Peninsula Borough. The notice would state the entire geographical area in the Kenai Peninsula, ranging from Homer to Soldotna. It would be incumbent upon the resident to note the planned activity at "their back door" and to investigate and comment on the plan. This is precisely why the division tied the noticing to the AS 38.05.945 requirements - to make it clear that the division wants public input from across the entire geographical area, in particular, to identify any concerns prior to exploration and development.

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REPRESENTATIVE SEATON expressed additional concern that once the lease moves to the development phase, any modifications made to the operation plan would not be subject to further public notice or comment periods. He related a scenario in which one development plan is approved, but subsequently modified, which would not allow for additional public comment.

MS. WOOLF, with respect to the development phase, indicated the operator will define a reservoir, which will be more focused and specific. By contrast this will allow the division to consider the project holistically. She related a scenario in which the geographical area included Anchor Point and Homer but the entire area is underlied by oil and gas. The proposed plan might be to develop the area using three to four pads, with one pipeline and feeder lines, as well as build a processing facility.

Certainly, all the aforementioned activities would be listed in the notice since it is very specific to oil and gas development. If the public comment includes concerns about noise, truck traffic close to residents, or the location of the pipeline bisects public recreational opportunities, it is important to learn those concerns at the beginning of the project. After all, this allows the division to define the criteria in its decision so the operator can plan around the public's concerns. Furthermore, if the operator isn't able to do so, the division would need to issue another public notice based on the operator's inability to work within the parameters of the decision.

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CO-CHAIR SADDLER offered his belief the current situation has substantial feedback loops. He asked the department to characterize the types of comments the division receives and whether the comments are consistent or if new points are raised throughout the process. He further asked how the comments are processed by the division.

MR. BARRON answered that with very rare exception, the division does not receive many comments on the plans. Typically, the comments the division receives are usually extreme ones opposing any oil and gas development in the area. Incidentally, the comments on projects are not generally addressing localized concerns. Surprisingly, the vast majority of the projects have almost no comments. As a matter of fact, the division started examining the process and began wondering whether people didn't understand what was happening in the whole area or that it was a localized issue. Moreover, the division wanted to find ways to better represent the citizens and achieve better planning. Ultimately, he said division is interested in acting as good land management stewards and seeks to enhance and expand its knowledge base to encompass a broader base of the public in a way that allows them to comment more holistically.

MR. BARRON, in response to the second question, said that any public comments made under the current system are addressed by the decision, for example, when four or five people say the same thing, such as submitting a form letter. In the event only one person commented, the division's response would be to answer why the decision is being made.

CO-CHAIR SADDLER understood that the division receives comments and acknowledges them. He asked whether the division integrates or changes any plans.

MR. BARRON answered yes; the division has frequently gone back to the industry to identify a reasonable concern and has modified the plan accordingly.

[1:58:43 PM](#)

CO-CHAIR SADDLER asked how this system compares to systems used in other states, and for federal notices. He asked whether the DNR's current system is excessive or if it is insufficient.

MR. BARRON said it is difficult to do any significant comparison to the Lower 48 because most of the land in the Lower 48 is privately owned rather than being state land. With respect to the federal structure, he believed Alaska's structure is more onerous. He related his experiences have been limited to the Kenai Peninsula, in particular, to Bureau of Land Management (BLM) properties. Otherwise, the lead agency had been the U.S. Fish and Wildlife Service (USFWS). The division typically works with the lead agency on the process. Ironically, he stated that one of the ideas for the bill originated with USFWS, since that agency wanted to know upfront all of the activities that would occur. In other words, the USFWS did not want to know "bite by bite" or "year by year" what activity would happen. Again, the division would like to establish the activities in advance.

[2:00:05 PM](#)

CO-CHAIR SADDLER surmised that criticism might be that the DNR is trying to avoid public's opportunity to comment. He asked whether the intent of the bill is to block public comment for oil and gas exploration and development.

MR. BARRON answered absolutely not. Instead, the DNR would prefer to identify the public's concerns in advance of the activity and let the public "lean in real hard" and "be very specific" about the activities associated with the exploration or development in an attempt to holistically inform people rather than inform them piecemeal.

[2:00:41 PM](#)

CO-CHAIR FEIGE asked whether [the upfront comments are preferable] rather than to have individual leasees react to individual public comments throughout the process.

MR. BARRON answered yes.

[2:00:49 PM](#)

CO-CHAIR SADDLER whether he anticipated any meaningful reduction in public comment.

MS. WOOLF replied that she expects more public comments under the bill, because it will allow the public to comment in the beginning and help plan and evaluate a project prior to moving forward with land management. She offered her belief that the public finds that a much more meaningful dialogue. She suggested that there is a lot more participation in the DNR's planning processes than in the reaction to a specific plan of operation. She surmised that one reason few comments are received so since people have the sense that their comments will not make a difference. However, at the initial planning point, the division is defining the parameters in which future exploration and development will occur.

[MR. BARRON nodded yes.]

[2:01:56 PM](#)

REPRESENTATIVE JOHNSON said it seemed to him that this bill would front-end load the permitting process. He wondered how this change will affect the department's workload. It seemed as though a lot of work would need to happen initially.

MR. BARRON replied the DNR has discussed this aspect internally and the description of "front-end loading" is an accurate one. He anticipated that projects would move through the process more quickly since the process currently includes a 30-40 day public comment period, along with a 10-day public review at each step, which is time consuming. Additionally, it's time-consuming for the DNR to answer comments on each phase. Thus he thought HB 129 would speed up the process by identifying the activities in an area, which will be more meaningful. He suggested the primary points as being to know in advance and to be able to anticipate project management. Finally, it is better to plan upfront rather than stop and plan again, which also adds costs.

[2:04:12 PM](#)

CO-CHAIR FEIGE asked whether the DNR would have more time for permit enforcement.

MR. BARRON answered that should be one of the benefits.

[2:04:37 PM](#)

REPRESENTATIVE JOHNSON asked whether different producers would be working in the same area.

MR. BARRON answered he identified part of the reason the division is doing this now. He related a scenario in which three leases are adjacent to one another in a geographical area, but the operators need to go through the entire process to submit applications and obtain public comment on each lease. If one operator undergoes the process and the next operator wants to use the same rig, the second operator must undergo the entire process. He pointed out under the bill, it won't matter which operator is involved, if the division establishes the right geographical area and people know the activity that will occur the process works much smoother.

REPRESENTATIVE JOHNSON wanted to make sure that is how it would work and he said he is now satisfied.

[2:06:36 PM](#)

REPRESENTATIVE HAWKER inquired as to the reason this legislation is needed. He wondered whether the department already has the authority and it's more a matter of regulation than necessitating a change in statute.

MR. BARRON answered that when this process was started a year ago, the opinion was split in terms of whether the statutory change was necessary.

[2:07:42 PM](#)

REPRESENTATIVE HAWKER queried as to who was giving the advice.

MR. BARRON responded the department engaged numerous people in the division, within DNR, and in the Department of Law. The division's goal has been to avoid court. However, since there has not been a unified sense within the department, it was thought best to go the legislative route.

[2:08:49 PM](#)

REPRESENTATIVE HAWKER understood. However, he highlighted his concern, which is the exclusionary problem, such that when the statutes say something is allowed, implicitly, it identifies something that can't be done. He suggested that this wouldn't be necessary unless the division is otherwise prohibited from doing something. He expressed his concern that this validates that the division is prohibited from doing "something." He cautioned the DNR to be sure the department isn't inadvertently compromising some other authority, since the department already has the authority - in his view. He characterized his question as being a rhetorical question. He offered to support the DNR's decision to pass the bill out of committee. He further requested the director to hold a discussion with him prior to the bill going to the floor for a vote.

[2:11:01 PM](#)

REPRESENTATIVE P. WILSON shared Representative Hawker's concern. She suggested this will give certainty to companies and the public on what the DNR can do and if something different will occur, it means starting the process over in a certain area. However, she anticipated some people would use this bill to drive the process. She said she can see both sides, but was concerned about unintended consequences.

MR. BARRON appreciated the comments.

[2:12:45 PM](#)

REPRESENTATIVE SEATON stated he is concerned about public comment, such that there is one generalized comment period but not a specific comment phase. He asked at what point besides the broad general area people would have the opportunity to comment on development taking place in their area. He recalled temporary water use permits were allowed to be rolled over for five years but general DEC air quality permits do not require public comment. Additionally, an AOGCC permit to drill doesn't require public comment, he said.

MR. BARRON responded that when the DNR defines and works with the public on exploration activities, it can identify seismic activities and exploration drilling. At that time, the public can raise concerns about specific areas and identify areas that need to be avoided or stipulate what needs to be put in place. In fact, what's really important is to be able to consider on a

broader basis the activities that could take place in the area. Again, the fine tuning would happen with the development of the geographical area. In fact, it is focused and upfront comments on how to develop, but not whether development will happen. Furthermore, the lease sale identifies that oil and gas exploration development will take place, which is why the parcel is up for lease. He offered his belief that including the public in the planning phase is much more important than understanding each individual activity. He agreed there might be three operators performing the activity, but what's important is people will know what activity will take place and what rules govern the activity.

[2:17:08 PM](#)

REPRESENTATIVE SEATON understood Mr. Barron's position is that people in the central Kenai Peninsula will have sufficient understanding of the impacts of a gas plant on the whole Kenai Peninsula if they know that type of facility is being planned.

MR. BARRON offered his belief it comes down to how well the geographical areas are established. He characterized this as the crux of the question. If the areas are established through the public process when the DNR develops its regulations, the public has yet another opportunity to weigh in and specify the size, location, and purpose of a geographical area. He anticipated that would be the type of engagement with the public the DNR would encourage.

[2:18:44 PM](#)

REPRESENTATIVE SEATON asked whether this bill would require the DNR to develop regulatory conditions on geographical areas.

MS. WOOLF answered that the DNR has regulation requirements under the department's lease sale provisions. It states that when the department chooses to hold a phased oil and gas lease sale, public notice will be provided under regulations adopted by the department. Consequently, the DNR has been actively working on regulations related to how the DNR approves plans of operation. If this bill were to pass, the department would incorporate any additional regulations into the existing regulation project. While the current regulation project isn't specifically tied to this bill, it is how the department would address the regulations. She indicated this relates to a phase under the DNR's lease sale, not a project phase under the plan of operation.

[2:19:40 PM](#)

CO-CHAIR SADDLER asked whether any exploration and development would occur outside of the geographical areas or if it is all covered under the bill.

MR. BARRON answered this activity would be associated with state lands that are part of a lease sale so any state land that is part of a lease sale would be rolled into this package.

[2:20:23 PM](#)

REPRESENTATIVE JOHNSON asked to discuss the difference between public notice and public notification. He offered his belief that public notice requires a 30-day comment period. He related a scenario in which in a well is planned, whether the public can contest it after the comment period, perhaps on-line, so if the operator decides to put in a platform, the public can comment.

MS. WOOLF responded that the department is actively working on this. In fact, the DNR's decisions are public information and the information on decisions, along with any non-confidential information the department receives from the other agencies is available. Specifically, the department has been working internally to try to make this information more accessible to enable the public to readily view individual decisions on the DNR's website. However, people can currently obtain the information, she said.

[2:22:06 PM](#)

REPRESENTATIVE JOHNSON acknowledged that is what he was interested in hearing. Since the department has transparency and is working to make the process even more transparent gives him a certain amount of comfort.

[2:22:43 PM](#)

CO-CHAIR FEIGE, after first determining no one else wished to testify, closed public testimony on HB 129.

[2:23:08 PM](#)

REPRESENTATIVE SEATON expressed concern that the bill will create public distrust of the process. For example, if a geographical area encompassed all of Southeast Alaska, Wrangell

residents would not likely testify during the exploration phase. However, if the operator made a subsequent decision to drill a well in Wrangell, he wondered if residents would have an opportunity to weigh in [since the public comment period would be closed at that point]. Overall, the changes could distress people, especially since the DNR's [statutes would] not limit the scope of the geographical areas. He concluded that if the geographical area an areawide lease sale on the Kenai Peninsula is large, he will have problems with this [bill].

2:25:03 PM

REPRESENTATIVE JOHNSON shared Representative Seaton's concern; however, he predicted an initial lawsuit will charge that a geographical area is too big. Therefore, he encouraged the department to make the geographical areas as small as possible. He offered his support for the concept noting that this [bill represents] good mega-project management, especially since history indicates a project is most successful when all the information is available upfront. He understood that each time a project is slowed it becomes more expensive. Anyway, he felt certain numerous people will challenge oil and gas projects if the DNR goes beyond a large area. He supported the committee moving the bill along.

CO-CHAIR SADDLER said he likes the idea of HB 129. He takes comfort in the department's testimony that a significant amount of public testimony would not be cut off by the bill and that dialogue will occur. He predicted there would be more public comment upfront if people realize that they have the opportunity to influence the process.

2:27:12 PM

CO-CHAIR SADDLER moved to report HB 129 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE SEATON objected for the purpose of discussion. He said he wasn't necessarily opposed to "getting a handle" [on geographical areas]; however, he did not think "we've got enough meat on the bones, currently." For one thing, the committee has not considered any amendments since this is the first hearing the on the bill. He was unsure whether the public even has an awareness of HB 129. Therefore, he objected, not because he's opposed to larger geographical areas, but because there currently isn't any restraint on the size of the geographical

areas. In conclusion, he did not think this would serve the public well.

REPRESENTATIVE SEATON maintained his objection.

[2:28:24 PM](#)

A roll call vote was taken. Representatives Hawker, Johnson, P. Wilson, Saddler, and Feige voted in favor of reporting HB 129 out of the committee. Representative Seaton voted against it. Therefore, HB 129 was reported out of the House Resources Standing Committee by a vote of 5-1.

HB 158-DNR HUNTING CONCESSIONS

[2:29:08 PM](#)

CO-CHAIR FEIGE announced that the final order of business would be HOUSE BILL NO. 158, "An Act authorizing the commissioner of natural resources to implement a hunting guide concession program or otherwise limit the number of individuals authorized to conduct big game commercial guiding on state land."

[2:29:47 PM](#)

REPRESENTATIVE HAWKER reported back to the committee that as HB 4 was moved out of committee last week he had committed to taking the regulatory provisions of the Regulatory Commission of Alaska (RCA), the AS 08.42 provisions to the RCA for comment and review. He confirmed the RCA held that hearing and the commitment has been fulfilled.

[2:30:48 PM](#)

VIRGIL UMPHENOUR, Master Guide 151, Hunt Alaska, stated his son, Eric Umphenour is also a master guide [license number 184]. He said they are both members of the Alaska Professional Hunters Association (APHA) and the GCP will stabilize the industry and make it responsible. He offered his support for HB 158. He said he averages about 20 clients per year and his son averages about 15 clients. He explained his guiding operation consists of 16 Alaska Natives and 5 Caucasians that operate in the Alaska Range and Huslia, Kaltag, and Unalakleet.

MR. UMPHENOUR offered his belief what this bill will do is stabilize the guiding industry. Most guides would like to have sustainable businesses.

2:32:23 PM

REPRESENTATIVE JOHNSON requested whether he has a federal concession or if he operates on state lands.

MR. UMPHENOUR responded that he has a federal concession in the Koyukuk National Wildlife Refuge. He indicated state land is in the middle of the refuge, which is where his base camp is located so he also operates on state lands. Additionally, he and his son have Bureau of Land Management (BLM) permits and his son also operates on state lands.

2:33:29 PM

ROBERT A. JEWETT, Registered Guide 1231, said he has been in the guide industry for 33 years, has worked as a registered guide for eight years, and derives the majority of his income from guiding. He offered his viewpoint on how the bill would affect the majority of the current registered guides. As previously mentioned, about 400 guides sign contracts using licenses. However, under DNR's plan only about 298 leases will be available. Under the DNR plan each guide will be able to apply for three leases by qualification. This means 100 guides could take up to three leases, or essentially obtain all of the DNR leases. Therefore, he surmised that 300 of the 400 guides would not be eligible for leases.

MR. JEWETT indicated substantial discussion has ensued relating that fewer guides would manage the wildlife resources. This [proposal] has many flaws, the biggest one related to contracts. As pointed out by Steve Perrin, guides have contracts signed contracts three years in advance. He stated that he signs a contract with a client and accepts his deposit, which is subsequently spent on business, equipment, fuel, and home needs. Two years later, as per contract, he is supposed to guide the client. If a bad winter happens, he asked whether he would cancel the hunt. He said he not think HB 158 addresses the wildlife populations.

2:36:16 PM

MR. JEWETT, regarding overcrowding, said he agreed conflicts exist in some areas. He said he has also guided in the same area as Mr. Umphenour in unit 20A, and specifically in guide use area 20-04. He pointed out he has had several repeat clients, which is an indicator that the clients have had a good

experience. Additionally, he has guided in unit 16, which is a high use area and he has also experienced repeat clients in that area. In closing, he said that he qualified as a registered guide after working as an assistant guide for many years, then tested to become a registered guide. He offered his belief he should be able to guide on state land as well as all other legal guides who have undergone the testing. Furthermore, the bill will not change the number of hunters in the field. He asked members to please consider the impact of removing the livelihood of 75 percent of the guides by putting them out of business and creating a monopoly for 25 percent of the guides, but not solving any of the real issues.

[2:37:44 PM](#)

WAYNE WOODS, Master Guide 108, indicated he would submit [written] testimony.

[2:38:10 PM](#)

BRAD DENNISON, Master Guide 138, stated he is a master guide living in Sitka. He said he is testifying in support of HB 158. He also supported the testimony previously presented by the Alaska Professional Hunters Association. He provided his background, such that he operates on the Tongass National Forest under a special use permit that allows him to conduct approximately 25 hunts, including approximately one-third for brown bear hunts and two-thirds for black bear hunts. He and his wife live in Sitka and their assistant guides who help them in their business reside in Sitka, as well.

MR. DENNISON said the current situation of overcrowding of hunters and guides on state land is very similar to the what happened in Southeast Alaska on federal lands, when a proliferation of guiding activities impacted the hunting experience and eventually became a biological concern for ADF&G. The U.S. Forest Service (USFS) went to a restrictive permitting system in the 1990s to limit the number of guides, as well as the allocation to each qualifying guide. That system has worked well in Southeast Alaska, which has a healthy bear population, good resident hunting opportunities, and a healthy guiding industry.

MR. DENNISON said the DNR's guide concession program (GCP) for state lands is similar to what has worked in Southeast Alaska in the Tongass National Forest. He indicated he does not operate on state lands so the proposed GCP will not impact him for the

short term. However, he could be impacted over the long term since big game management may lead to competitive drawing hunts on a statewide basis, including on federal lands in which he currently operates. He offered his belief that his guiding business will suffer if drawing permit hunts are held. In fact, he was unsure if his business would be profitable if the state changes to drawing permit hunts. In addition to the current problems being experienced on state lands, the long term impact of allowing guides unlimited growth on state lands eventually is likely to impact the guiding industry all across Alaska. For these reasons, he encouraged members to support HB 158.

[2:40:41 PM](#)

SAM ROHRER, Registered Guide 1098, Sam's Alaskan Adventures; President, Alaska Professional Hunters Association (APHA), stated that guiding represents 60 percent of his income and he is an APHA member. Additionally, he holds a federal concession on Kodiak Island and he also hunts on state land. He strongly encouraged members to support HB 158 and the development of a guide concession program (GCP) on state lands. He stated that he is a lifelong rural resident of Alaska and a second generation hunting guide. It is through guiding that he supports his family. He reported that APHA represents approximately one-third of the contracting registered guides in Alaska.

MR. ROHRER offered his personal viewpoint, such that the proposed GCP will benefit long-term wildlife conservation and will benefit resident hunters by reducing the number of guide operations in any given area. Additionally, the proposed GCP will contribute to the long-term sustainability of the guiding industry, which in turn, brings important long-term economic benefits to Alaska's small communities. He has heard some people express concern that a GCP will eliminate opportunities and entrance to the guiding industry for up and coming guides. However, he did not believe this is the case. He has successfully competed for a federal area on Kodiak, which is one of the most competitive areas in the state. Even so, at age 21 he was successful in being awarded an area. He recalled Mr. Becker's testimony on 3/13/13, that if a young guide commits himself to the industry, works hard, and follows the law, he can be successful in a concession-style program. For these reasons, he asked members to support HB 158.

[2:43:08 PM](#)

MIKE COWAN, Registered Guide 1126, Crosshairs Outfitters, stated he has guided in Alaska for over 30 years, having acquired his assistant guide license in 1981 and his registered guide license in 2002. He said he guides fly-out fisherman and their families each summer. Each year he contracts a minimum of 15 clients for hunting and 350 clients for fly-out fishing on state land. He stated that guiding provides 100 percent of his income and he is a member of the APHA. He agrees with the APHA's lobbying in many instances, but not with respect to HB 158.

MR. COWAN said that the language and format of HB 158 is too complex, plus it does not entirely address the problem of overcrowding. He agreed that something must be done, but only a small part of the problem is being addressed by the bill. It is not just guides, but air taxis and transporters who also impact the issues.

MR. COWAN wondered why a study has not been done. He predicted that reducing guides in some areas will help reduce overcrowding, but it will create other problems for air taxi operators and transporters. He said there is significant hearsay alleging too many guides; however, it is unfair to single out just the guides. Therefore, he cannot support a concession program (GCP) since it is not complete.

MR. COWAN recalled Mr. Spraker [Board of Game] testifying that there are way too many hunters. He said he couldn't have said it better. "It's about conservation," he said. He asked members to address the entire problem, not just part of it. Moreover, non-resident hunters bring in significant revenue to Alaska and help many programs in communities. He predicted that if the GCP is adopted, thousands of dollars will benefit the DNR and not the state. As mentioned on 3/13/13, DNR cannot fix the current problems, let alone take on a huge project like this, which will cost over \$1 million each year to operate. He was unsure of the source of funding, but he suspected the DNR is banking on the outfitters and guides to book hunts each year in order to fund the program. He offered his belief that currently, the economy is too unstable and unpredictable. Thus some people are not booking hunts. He once asked Mr. Cox, DNR, once asked how much guide fees were. He also asked whether it is "all about the money." He said he wasn't surprised when he did not receive a response.

MR. COWAN expressed his concern that the bill lacks of a provision for emergency transferability of a permit in case of a guide's death, heart attack or major illness. He wondered what

happens to the clients, or to the guides and their families who have worked so hard to build their business and are burdened by the program. He predicted the DNR would just give the business to the next guy in line. He felt this was unfair, that the U.S. Constitution was based on free enterprise, liberty, and life. He did not support more government control. In conclusion, he said he would not sign any contracts without protecting the business he has worked so hard to build and he did not think the GCP would provide any protection to businesses.

[2:46:53 PM](#)

REPRESENTATIVE P. WILSON asked for clarification on his concern about the bill's lack of permit transferability.

MR. COWAN explained that the program only allows emergency transferability of permits due to death. Thus, the concession would go to the next guide in line for a permit. For example, in the event a guide has a major illness, the program does not have a provision for his/her guides to work the guide areas if the guide is in the Lower 48 obtaining treatment since by statute the guide must be in the area.

REPRESENTATIVE P. WILSON understood his point. She envisioned numerous scenarios, including an individual guide who does not have a family to fill in. She also wondered how an individual concession would be handled in the aforementioned scenario.

MR. COWAN agreed in some instances it would be best to have the concession transferred to the next person in line; however, he would like a provision for a family member to finish out the season.

REPRESENTATIVE P. WILSON pointed out that some guides do not have family members who can take over for them so the program would need to address some situations.

MR. COWAN agreed.

[2:50:10 PM](#)

CLIFFORD SMITH, Registered Guide 1318, stated that he is not an APHA member, but he conducts 100 percent of his business on state land and derives 100 percent of his income from guiding. He indicated he just received his license last year, but prior to that he worked for many years to gain his license. He said he has invested substantial money in his area. He expressed

concern that he could be put out of business if the state goes to a DNR concession. Actually, the program is set up on competitive process based on experience and the number of guides who can operate in an area. He felt resigned to the fact that he is not likely to get a concession, but if he does, it could be a limited concession that would only allow him to take out four hunters, which would not provide an adequate income for his family. In conclusion, he did not believe the GCP has any biological or scientific data backing it. While the APHA accomplishes a significant number of positive things, he offered his belief that the organization is working to create a monopoly. While he's learned a great deal from some [APHA] members, he did not think it was right to eliminate new guides. He hoped members would take this into consideration before approving the program.

[Co-Chair Feige passed the gavel to Co-Chair Saddler.]

[2:52:30 PM](#)

KEVIN ADKINS, Assistant Guide 1132, expressed concern that the legislature is considering a bill from a state agency's standpoint that is not cohesive with other state agencies. He said he is not a member of the APHA and he doesn't understand the reason the committee would need to know his affiliation with the professional society. He stated that the bill is trying to address land use, but the permits would be awarded on the number of animals the guides intend to take and other criteria over which the DNR doesn't have any jurisdiction. Actually, the BOG sets the bag limits, the BGCSB sets up the parameters for guide operations. He encouraged members to pass a bill in which all the state agencies affected by the bill are also involved.

[2:54:26 PM](#)

MR. ADKINS said represents the guide "living the nightmare" that guides predict will happen to them if the GCP is passed and they don't get a permit. He explained that he obtained his experience in the federal system in Kodiak. He said he also has a fishing lodge and a family to support and earns 80 percent or more of his income from either big game guiding or fishing.

MR. ADKINS said he doesn't want to overcrowd the area directly behind his home so he's had to seek private land. He has been affiliated with different organizations. Sometimes he doesn't go home for months on end in order to continue to be a guide and

act in a responsible, ethical, and respectful manner to the people already operating on state land where he lives.

MR. ADKINS indicated that Kodiak Island is a drawing permit hunt area, and if the state goes to a drawing permit area, not enough private land will exist. He encouraged members to coordinate between departments (ADF&G and DNR).

[2:56:39 PM](#)

CO-CHAIR SADDLER asked whether Mr. Adkins currently has a federal concession, the number of clients he guides each year, and the percentage of income derived from guiding.

MR. ADKINS responded that he has moved away from hunting big game and only signed one contract last year. He said he currently guides 20 sportsmen each year on the Aleutian Islands to harvest reindeer. He said 100 percent of his income is derived from activity associated with guiding sportsmen, not necessarily for big game, although he took one bear hunter on private land on the Alaska Peninsula. In response to Representative Saddler, he answered that he does not have a federal concession.

[2:57:39 PM](#)

[Co-Chair Saddler passed the gavel back to Co-Chair Feige.]

[2:57:44 PM](#)

DICK ROHRER, Master Guide 69, Rohrer Bear Camp, Inc., asked to testify in favor of HB 158. He said he contracts approximately 30 hunts each year, with approximately 50 percent for guided brown bear hunts and the other half for Sitka blacktail deer. He spends about six months in the field and earns approximately 75 percent of his income from guide-related activities and the remainder from investments. He recently served for two terms on the BGCSB. He came to Alaska in 1965 at the age of 22 and was introduced to the guiding industry. In 1976, he became a registered guide and a member of the APHA and he has contracted hunts since 1982. He characterized himself as a "boots on the ground" contracting guide. What this means is that he personally guides all of his contracted clients in the field, he said. For the past 20 years he has operated under the federal competitive guide concession program on Kodiak Island. He will start his next 10-year federal concession period in the spring under the same process. Since he will be 80 years old at when

the next concession ends, it is unlikely that he'll personally compete for or financially benefit from guide concession programs on state land. However, he offered his professional opinion that the guide profession as a whole will benefit more under a guide concession program on all lands in Alaska, in particular for current assistant guides who are interested in a lifelong profession. He noted his son, Sam Rohrer, testified earlier. He encouraged members to vote in favor of HB 158 and move it out of committee today.

[3:00:34 PM](#)

ROBERT FITHIAN, Master Guide 126, Alaskan Mountain Safaris, stated that 75 percent of his annual income is derived from a family guiding operation. He has averaged eight multiple species clients per year for the past 25 years. He has previously held a federal concession, but no longer holds one. He currently operates primarily on state lands with a couple of private land use authorizations.

MR. FITHIAN said he is in full support of HB 158, which simply clarifies the authority of the DNR's commissioner to develop the much needed, long overdue, well-vetted guide concession program (GCP). This bill would address and clarify the legislature's historic concerns on whether the DNR has the authority to provide the proposed stewardship oversight, as it does with other natural resource based industries. He said his comments are based on a long history as a leader of professional hunting, and as a guide and wildlife advocate for Alaska, the U.S., and other countries throughout the world, as well as a personal 30-year guide professional guide history in Alaska. He said he was appointed to represent the guide, outfitter, and tourism industries in America by the Secretaries of Departments of Interior and Agriculture to serve on the bi-partisan Wildlife Hunting Heritage Conservation Council under the U.S. Fish and Wildlife Service (USFWS).

[3:02:09 PM](#)

MR. FITHIAN said his family has a long history and affiliation with Alaska's mining, forestry, agriculture, and natural resources industries. Without question, the GCP will provide Alaska, rural communities, and professional guide service providers with a viable and important long-term sustainable future. He predicted that without the DNR's GCP, the state will have restrictions on non-resident hunter opportunities that will reduce and in many cases eliminate the viable future of the

guiding profession. He remarked that serving on a committee committed to enhancing, protecting and finding maximum benefit from our public trust resources has given members the perspective that a competitive commercial profession dependent upon public trust resources cannot run unrestrained without serious conservation, social, and industry stewardship failure.

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MR. FITHIAN said the ADF&G's mission statement reads, "... to protect, maintain, and improve the fish, game, aquatic plant resources of the state, manage their use, and development in the best interests of the economy and the well-being of the people of this state consistent with the sustained yield principle." He offered his belief that if members review the ADF&G's guiding principle, core purpose, and goals, they will see that the state cannot provide for these best-interest mandates without a system like the GCP to provide for and protect them. He highlighted that the problem lies with the inability of the state to regulate the amount of commercial enterprise from the hunting guide profession that impacts the state's wildlife, social atmospheres, other wilderness users, law enforcement, and prevents Alaska from being able to obtain maximum benefit and sustained yield constitutional mandates.

MR. FITHIAN said as a person who has attended more Board of Game (BOG) meetings than any other sitting BOG member, he can assure members that the BOG will have no choice but to eventually pass restrictions on non-resident hunter opportunities with restrictive measures. He predicted such measures will close the door on the economic viability of professional guide services providers. He has seen this same equation play out in numerous Western states throughout the U.S. In each case, elimination of long-established guide businesses occurs, significant reduced rural community economics, significant loss of important conservation funding relative to non-resident license fails, substantial loss of Pittman-Robertson Wildlife Restoration matching funds occurs, and reduced overall wildlife conservation and stewardship. When the state failed to develop a GCP program or similar program, the federal agencies took over control of the guided hunting profession on the majority of federal lands in Alaska.

[3:05:06 PM](#)

MR. FIFTHIAN said his family has provided guiding services in an area that prior to 1988 was limited to three guides. During

that time the guides developed a respected relationship with the local communities and experienced little or no conflict. This same region now averages eight operators per year, all vying for what's left of dwindling harvestable surpluses, which has deteriorated the quality of experience for clients, caused considerable frustration to local residents, which has resulted in costly law enforcement efforts due, in part, to poor accountability of guides. He said the failures go on and on. He said his sons and grandsons have grown up here but do not have viable future to guide on state lands without this GCP being implemented. He encouraged members to move the bill and help provide sustainability and viability of the guide industry.

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MARK WAGNER, Registered Guide 1222, Boot Bay Guide Service, stated he earns about 20-25 percent of his income from guiding and 100 percent of his income from a combination of guiding, trapping, and commercial fishing. In February 2009, he attended a meeting between the guides and the DNR to consider a concession program. At the outset, interested parties were told that any plan would need to be approved by the legislature. He stated he is opposed to HB 158 for several reasons. First, he believes it is premature to consider a bill without a final plan to consider. In fact, the public comment period ended for the 2013 proposal just ended two weeks ago so the final plan has not yet been drawn up. At the very least, any legislative action should be tabled until the plan is available, he said.

[3:07:58 PM](#)

MR. WAGNER said he guides bear hunts on state land on the Alaska Peninsula and also has a federal concession on Adak Island in unit 912, in which historically four to five guides have operated. However, he has not guided on Adak Island for the past three seasons due to the poor trophy quality of the herd. The 2012 proposed GCP plan would have allowed four fulltime guides in the area. However, the DNR's current 2013 concession plan has reduced that to one fulltime guide and one limited guide. He expressed concern over the reduction so he asked Mr. Cox the reason the unit had been reduced. He said that Mr. Cox's response indicated the reduction was made due to a lack of demand for guided hunts in that unit as evidenced by such light hunting pressure. He questioned why DNR would reduce the number of guides. Basically, this makes no sense to him, since there is not any biological reason to do so. Further, he doesn't hunt moose in the area since the local hunters need them. Instead,

he primarily hunts bears since a reduction in bears is welcomed by local residents. He previously held an APHA membership, which he dropped once he found out the organization did not represent his interests. He urged members to table any action on HB 158. He suggested that the process should be started over with legislative oversight.

[3:10:05 PM](#)

CO-CHAIR FEIGE held over HB 158.

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ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:10 p.m.