

ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE

March 24, 2023

1:04 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative George Rauscher, Vice Chair (via teleconference)
Representative Dan Saddler
Representative Jennie Armstrong (via teleconference)
Representative Donna Mears
Representative Maxine Dibert

MEMBERS ABSENT

Representative Josiah Patkotak
Representative Kevin McCabe
Representative Stanley Wright

OTHER LEGISLATORS PRESENT

Representative Mike Cronk

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Alaska Oil and Gas Conservation Commission

Gregory C. Wilson -Kenai Peninsula

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 104

"An Act relating to expedited timber sales."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 104

SHORT TITLE: EXPEDITED TIMBER SALES

SPONSOR(S): REPRESENTATIVE(S) CRONK

03/08/23 (H) READ THE FIRST TIME - REFERRALS

03/08/23 (H) RES

03/20/23 (H) RES AT 1:00 PM BARNES 124
03/20/23 (H) Heard & Held
03/20/23 (H) MINUTE (RES)
03/24/23 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

GREGORY C. WILSON, PhD, Appointee
Alaska Oil and Gas Conservation Commission
Alaska Department of Commerce, Community, and Economic
Development
Eagle River, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Oil
and Gas Conservation Commission.

DAN SEAMOUNT, representing self
No address provided

POSITION STATEMENT: Testified in support of Dr. Gregory C.
Wilson's appointment to the Alaska Oil and Gas Conservation
Commission.

TESSA AXELSON, Executive Director
Alaska Forest Association
Ketchikan, Alaska

POSITION STATEMENT: Testified in general support of HB 104.

MARANDA HAMME, Tongass Forest Program Manager
Southeast Alaska Conservation Council
Klawock, Alaska

POSITION STATEMENT: Testified in opposition to HB 104.

JOE YOUNG, Owner
Young's Timber Inc.
Tok, Alaska

POSITION STATEMENT: Testified in support of HB 104.

PARKER RITTGERS, Wood-Mizer Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified that several things in HB 104 are
worthy of consideration.

CHERYL FECKO, representing self
Craig, Alaska

POSITION STATEMENT: Testified in opposition to HB 104.

ANDREW TRAXLER, Owner
Papoose Milling

Big Lake, Alaska

POSITION STATEMENT: Testified in support of HB 104.

ACTION NARRATIVE

[1:04:26 PM](#)

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:04 p.m. Representatives Mears, Dibert, Saddler, Armstrong (via teleconference), and McKay were present at the call to order. Representative Rauscher arrived (via teleconference) as the meeting was in progress.

CONFIRMATION HEARING(S):

Alaska Oil and Gas Conservation Commission

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CHAIR MCKAY announced that the first order of business would be the confirmation hearing for the governor's appointee to the Alaska Oil and Gas Conservation Commission.

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GREGORY C. WILSON, PhD, Appointee, Alaska Oil and Gas Conservation Commission (AOGGC), Alaska Department of Commerce, Community, and Economic Development, testified as appointee to the geology seat on the Alaska Oil and Gas Conservation Commission. He noted he was appointed in September 2022 to finish the term of Daniel Seamont, Jr. and has now been reappointed to his own term. He related that he has a PhD in geology from the University of Wisconsin and over 31 years of experience as a petroleum geologist and manager with ARCO Alaska, Inc., Phillips Alaska, Inc., and ConocoPhillips Alaska, Inc. Serving as the AOGCC Geology Commissioner, he stated, is a way for him to translate his experiences and skills to an opportunity to serve the people of Alaska. He said the role is of critical importance to the issues of public safety, environment, conservation of resource, revenue, and now climate.

DR. WILSON detailed his extensive work experience that has made him familiar with all the fields on the North Slope, including identifying the Willow Field, working the Kuparuk Field's development, and exploring and delineating the Alpine Field. He further detailed his onshore and offshore management experience and said he retired in 2022. He acknowledged that challenges

would arise in the coming years, such as an evolving landscape of operators and always evolving technology, but that that is what makes AOGCC an exciting agency in which to be a part. He added that if Willow and Pika move ahead, Alaska will have its chance at a bridge in the economy that comes next, and he wants to be a part of using that time wisely.

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REPRESENTATIVE SADDLER inquired about the issues that Dr. Wilson anticipates he will be addressing over the next three years as AOGCC's geology commissioner.

DR. WILSON replied that AOGCC's routine business is processing the permits for drilling and for the sundry notices, which are the industry's bread and butter in Alaska. He said he anticipates that future issues before the AOGCC will include the occasional resolution of disputes, such as issues of correlative rights, aquifer protection, well spacing, and conservation of resource. A big issue, he continued, will be if there is offtake of gas from Prudhoe and Point Thomson on the North Slope and determining what is the best conservation of resource and the amount of gas offtake.

REPRESENTATIVE SADDLER offered his understanding that Dr. Wilson's work at AOGCC deals with the subsurface but asked whether Dr. Wilson is willing to provide his thoughts on the quality, age, and capacity of the above ground infrastructure that makes the subsurface development possible.

DR. WILSON responded that that is beyond his expertise. He said the North Slope's aging infrastructure does impact the AOGCC in that it requires more vigilance as AOGCC looks at sundry work on the existing aging wells and the condition of each of the wells.

REPRESENTATIVE SADDLER requested Dr. Wilson's thoughts about the likelihood of ease for the State of Alaska to obtain primacy for Class 6 injection wells on the North Slope should [the legislature] proceed with the governor's carbon capture and sequestration efforts.

DR. WILSON qualified that "ease" is not the word he wants to use, but that it is doable. He related that a framework Alaska can operate within has been set by North Dakota, Wyoming, and others currently in the queue. He further related that expert Kevin Connors has talked AOGCC through the North Dakota regulations to satisfy the Environmental Protection Agency's

(EPA's) requirements. So, he continued, AOGCC believes that working closely with the states that have achieved primacy is doable and will take less time than it did for those states.

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REPRESENTATIVE ARMSTRONG requested Dr. Wilson's perspective on the recent ConocoPhillips gas leak.

DR. WILSON answered that he recused himself from yesterday's meeting and will not be a part of future deliberations on the [ConocoPhillips gas leak]. However, regarding such issues, he advised that it's going to require close work between industry and the AOGCC to identify potential problem intervals that may not necessarily be quantifiable as pay at first look. Issues can be identified based on the histories that are had, he further advised, so that cementing operations and other barriers of safety will prevent such issues from happening in the future.

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REPRESENTATIVE MEARS asked whether climate change is having an impact on the North Slope's aging infrastructure with resulting safety concerns.

DR. WILSON replied that currently the issue of melting of the permafrost is more associated with the heat generated from the wells, which is localized to the wells and all effort is made to keep that heat from working its way out into the permafrost. In a general sense, he continued, melting of the permafrost, should it occur and as it occurs, is going to be an issue in maintaining the integrity of the facilities and well bores on the North Slope.

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CHAIR MCKAY requested Dr. Wilson to talk about Cook Inlet's gas potential and his experience in Cook Inlet.

DR. WILSON responded that while he has never worked the field operations in Cook Inlet, he is familiar with the Cook Inlet's geology, gas fields, oil fields, and liquified natural gas (LNG) facilities through field trips as part of his work with Phillips and ConocoPhillips. As manager of operations and technology, he continued, he had a role over all the data, including the seismic data, owned by ConocoPhillips, and when ConocoPhillips was divesting of its assets in the Cook Inlet area he was part

of the entitlement work for the seismic. He added that he is keenly aware of Cook Inlet's role in employment opportunities, heating homes, and generating electricity, and will do whatever he can to see that issues are resolved and services not disrupted in Southcentral Alaska.

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DAN SEAMOUNT, representing self, testified in support of Dr. Gregory C. Wilson's appointment to the Alaska Oil and Gas Conservation Commission. He said he recently retired after 22 years seated in the geologist chair on AOGCC. He stated that Dr. Wilson is extremely qualified for the position given his experience in oil and gas development, at least 23 years of prior interactions with the AOGCC, and his knowledge of the regulations, statutes, policies, and workings of the agency. He urged that Dr. Wilson's appointment be advanced.

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CHAIR MCKAY moved to advance the confirmation of Greg Wilson, Alaska Oil and Gas Conservation Commission, to the joint session for consideration. He reminded the committee that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointee, and the nominations are merely forwarded to the full legislature for confirmation or rejection.

HB 104-EXPEDITED TIMBER SALES

[1:26:15 PM](#)

CHAIR MCKAY announced that the final order of business would be HOUSE BILL NO. 104, "An Act relating to expedited timber sales."

CHAIR MCKAY noted that his goal for today is to take public testimony, get additional information from the administration, and set the bill aside while working on a committee substitute that will properly balance the management of the state's timber resources for sustainable development, public safety, and appropriate conservation.

CHAIR MCKAY opened public testimony on HB 104.

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TESSA AXELSON, Executive Director, Alaska Forest Association (AFA), testified in general support of HB 104. She stated that AFA is a trade organization with members across Alaska who have an interest in the forest products industry. She said the forest industry relies significantly on sales that are provided by the Department of Natural Resources (DNR), Division of Forestry (DOF). The supply of sales, she noted, allows the industry to provide millions of dollars in communities across Southeast Alaska through secondary and tertiary components of the economy like transportation, freight costs, local grocers, equipment suppliers, barge and tug operators, and stevedores. Additionally, she continued, the industry provides year-round jobs that provide direct benefit to communities. Ms. Axelson further stated that the industry takes very seriously the management of Alaska's forests to address fire concerns and infestations, thereby managing for a healthy forest and utilizing of dead and dying trees.

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REPRESENTATIVE SADDLER requested Ms. Axelson's perspective on bill's provisions, as related to the kind of sales that would first be applied, should the bill become law.

MS. AXELSON replied that the AFA board has not taken a formal position on HB 104 regarding that component. She said AFA will be developing specific responses to the bill in the coming week and will get back to the committee.

REPRESENTATIVE SADDLER inquired about the forest industry's general attitude towards beetle killed timber, such as whether it is a resource that should be exploited quickly.

MS. AXELSON responded that beetle kill is being seen in specific locations in Alaska, such as the Kenai Peninsula where micro-mill operators are utilizing some of that wood. She stated that from the industry's perspective there is a need to address those types of trees with those infestations because they do pose fire risk in certain parts of the state.

REPRESENTATIVE SADDLER inquired about the Division of Forestry's current speed, in general, in offering timber for sale without HB 104.

MS. AXELSON answered that from the industry's perspective, the division is working actively to move out sales based on the division's current process. She said industry would like to see

longer-term sales provided so that it can meet the needs of its customers. She further stated that industry would like for there to be enough sales that are cleared through the internal processes so that there are sales ready to move forward over the long term and industry knows what those sales will be into the future. The supply component is a critical issue for the industry, she stressed, as the industry needs 18 to 32 months of supply in advance to meet its needs. Ensuring speedy movement by the division to follow its processes that get sales out in the different regions is also important, she added.

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MARANDA HAMME, Tongass Forest Program Manager, Southeast Alaska Conservation Council (SEACC), testified that SEACC's opposition to HB 104 is based on three reasons. First, she related, HB 104 would allow state timber sales to be offered quickly in areas deemed threatened or affected by fire, insects, or disease, yet the bill doesn't specify or define the information or scientific methods that are to be used to deem an area as threatened. Second, she said, HB 104 would bypass public comment and give the DNR commissioner ultimate discretion in deciding to expedite timber sales in any area deemed threatened or affected, plus there is no sales size limitation. Third, she pointed out, Alaska already has a salvage sale law that provides for these types of timber sales in a two-year window. Last year House Bill 98 would have also eliminated important public processes, she added, and HB 104 is just another bill that will bypass that public comment process.

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JOE YOUNG, Owner, Young's Timber Inc., testified in support of HB 104. He said Young's Timber has been in business since 1993 and has four types of sawmills with 12 employees producing a wide range of value-added products. Three-year timber sale contracts don't work for value-added producers, he stated, because business planning and financing is almost impossible unless producers can show they have a reliable, long-term timber supply for replacing existing machines or financing expansions. Each of Alaska's three forest regions, he maintained, are over mature, dying, and dense, creating stressed out forests that attract insects which kill the trees, causing fire danger situations with associated fire suppression costs to the state. Having HB 104 in the DNR commissioner's toolbox, he continued, would expedite timber harvesting for forest health, protect citizens from fire, reduce wildlife protection costs, and

provide a long-term reliable timber supply to Alaska's value-added producers.

MR. YOUNG addressed Representative Saddler's earlier questions. He related that currently when a timber sale is requested to be put into the five-year plan, it takes almost four years before a sale comes up. He further noted that a timber sale hasn't been put up in the Tok area since 2019.

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REPRESENTATIVE SADDLER requested Mr. Young's view on the amount of public input on timber sales now and whether Mr. Young believes that under HB 104 there would be too much, not enough, or just the right amount of opportunity for public comment on expedited timber sales.

MR. YOUNG offered his belief that the public comment would stay the same. He specified that the five-year schedule of timber sale must first be put together, which takes time, then it goes to the Tanana Valley State Forest Citizens' Advisory Committee for approval, then it goes out for approval after the Tanana Valley State Forest reviews it and asks for public comments, and then it is out for another 30 days of public comment. Once the best interest finding (BIF) is put together and put into the Forest Land Use Plan (FLUP), he stated, it again goes out for public comment. He said he therefore thinks the public has plenty of time to review the schedule of five-year timber sales, a process that must be done by law. His understanding of expedited timber sales, he continued, is that it just jabs the Division of Forestry to move a little bit faster.

REPRESENTATIVE SADDLER requested Mr. Young's opinion on whether there is risk of allowing too much timber to be cut in Alaska.

MR. YOUNG answered he doesn't think so because the Tanana Valley State Forest is not even at 10 percent of the allowable cut, so a lot more harvesting could be done while staying within the yearly allowable cut.

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PARKER RITTGERS, Wood-Mizer Alaska, testified that several things in HB 104 are worthy of consideration, such as keeping forest habitat healthy and reducing fire which translates into property and personal safety. He said his business is directly affected by the availability of timber for his customers that

are primarily private users, although in the past he has had professional users. He noted that he is testifying from a tract of land on Anchorage's Hillside that is being cleared to mitigate fire danger and the timber used for lumber. He maintained that a forest is kept healthy by ridding or mitigating beetle damage so that habitat for beetles is moved away. He related that a recent customer from a village near Marshall, Alaska, told him that the cost for a sheet of plywood for the new village is \$130 and the cost for an eight-foot-long two-by-four is \$65. That area is rich in timber, he continued, and in his opinion that timber should be made available to the corporation and to residents for personal use. He concluded by saying that excellent testimony has already been heard on the other good parts of HB 104.

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CHERYL FECKO, representing self, testified in opposition to HB 104. She expressed her worry that if HB 104 becomes law as written, the public will have little or no opportunity to comment on expedited state timber sales. She said she understands the need to protect property from forest fires or to prevent the spread of serious disease epidemics but feels the bill's intent is to bypass the public process to access timber outside of other state harvest programs and to shortcut other agency input and review. She stated she would like to know what consultation and coordination there would be agencies like the Alaska Department of Fish and Game (ADF&G) and the Department of Environmental Conservation (DEC) to ensure that critical salmon and wildlife habitat will be left intact. Ms. Fecko pointed out that Prince of Wales Island is already a fractured landscape from decades of intensive timber harvest and from a patchwork of land ownership. She submitted that HB 104 may not be needed to accomplish what the state has in mind since Alaska has salvage laws that should apply to these conditions without sacrificing public input, habitat degradation, and the time that is needed to do things for the right reason.

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REPRESENTATIVE SADDLER said his reading of the bill is that [expedited timber sales] do not obviate or bypass any of the existing protections for forest management, streams, wildlife habitat, or public comment. He requested Ms. Fecko to point out where in the bill it does that.

MS. FECKO replied that HB 104 leaves so much discretion to the commissioner once a timber sale is thought to be not necessarily impacted by fire, disease, or infestation, but the "threat of." With that being determined by just the commissioner alone, she continued, she fears that "threat" is not clearly defined.

REPRESENTATIVE SADDLER said he doesn't see any language in the bill that would obviate continuing any existing protections of habitat, public comment, or other concerns raised by Ms. Fecko.

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ANDREW TRAXLER, Owner, Papoose Milling, testified in support of HB 104. He stated he has never met Mr. Young but would like to shake his hand for his testimony. Mr. Traxler said he would like to add to Mr. Young's testimony by saying that the [legislature's] protection is needed since many sawmill business owners in Alaska are small, mom-and-pop businesses. He argued that everybody wants more and more of the public comment period and small businesses cannot compete in the timber sale process where lobbyists and highly funded groups "spread so much disinformation about our forest to bring out the public against us." This expedited process, he continued, may make it feasible for small businesses. He added that he would like to see the timber sales extended to a longer timeframe to provide businesses with stability in knowing that they will have logs for another year.

MR. TRAXLER, in response to Chair McKay, stated his appreciation for legislators trying to make it so [small businesses] can produce for the industry. He related that due to the present lack of log supply, he produces about 30 percent of what he is asked to do.

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CHAIR MCKAY, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 104.

CHAIR MCKAY opined that Alaska's forests are natural resources and there is a constitutional obligation to utilize, develop, and conserve those resources for the maximum benefit of Alaska's people. He said the challenge is balancing the responsibilities to develop and conserve, which are opposite goals and why timber harvest is done according to the sustainable yield principle. He maintained that HB 104 is not a timber grab, but rather an attempt to strike balance between over-development and over-

conservation. He said he fears the state is currently in over-conservation because the state isn't providing an adequate amount of supply to sustain and actively manage the forest. He assured the public that the legislative intent of HB 104 is for the state's resources to be managed appropriately. He announced that HB 104 is being held over until a [proposed] committee substitute is ready to discuss.

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REPRESENTATIVE MEARS commented that "the rub" is that public testimony has come prior to the expected substantial committee substitute. She asked the chair whether she is correct that the public can still provide written testimony via e-mail.

CHAIR MCKAY answered that he believes this is correct and that e-mails can be sent to house.resources@akleg.gov.

[HB 104 was held over.]

[1:55:35 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 1:55 p.m.