

OUTER

CONT.

SHELF

Alaska State Legislature

SENATOR
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DISTRICT G.
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Senate

KODIAK-ALEUTIAN
DISTRICT

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99801

TO: All members of the Senate

FROM: Senator Kay Poland, Chairman *KP*
Senate Resources Committee

DATE: February 11, 1975

The Bureau of Land Management sponsored hearings relative to the leasing of the Outer Continental Shelf were attended by the Chairman and Vice-Chairman of the Senate Resources Committee. Also present at the hearings in Anchorage on the 3rd and 4th of February were administrative and consultative staff available to the Committee.

Matters aired at the hearings can be categorized into four basic positions, as follows:

- A. The position of the U.S. Department of the Interior.
- B. The position of the Governor of the State of Alaska
- C. The position of the Oil and Gas Industry
- D. The position of the opposition.

Not aired at the hearings was any position the Legislature may take in developing and implementing a policy on the OCS leasing.

Attached to this message is a summary of the position statements of the parties enumerated above, plus some suggested starting guidelines for Senate action through its standing and interim committees. Detailed notes of the hearing are available at the Committee Office.

I have made arrangements to receive verbatim copies of all testimony given, identified by the presenter and the organizations represented. These are available to any member of the Legislature upon request.

It is my feeling that Committee sponsored legislation may evolve as a result of the OCS leasing matter in those areas under State control. Input from all members of the Senate is most welcome.

AGO 935535

REPORT OF
B.L.M. SPONSORED HEARINGS
ON THE
OUTER CONTINENTAL SHELF LEASING

HELD FEBRUARY 3 and 4, 1975

at

ANCHORAGE, ALASKA

* * * * *

SENATE NATURAL RESOURCES COMMITTEE

SENATOR KAY POLAND

CHAIRMAN

FEBRUARY 11, 1975

GALLIETT AND SILIDES
CONSULTANTS

A. POSITION OF THE DEPARTMENT OF THE INTERIOR.

GENERAL

The position of the U.S. Department of the Interior is based on its fundamental credo that "Natural considerations must prevail", and on the statement that it intends to "develop all available oil resources to the benefit of the entire nation while protecting environmental quality.

NEED

Despite attempts at energy conservation, crude oil and gas production is now declining at 8% per year. OCS is designed to protect current production rather than for any real hope of getting ahead of consumption.

DRAFT ENVIRONMENTAL IMPACT STATEMENT

The Department made no attempt to define ^{and} the many alleged inadequacies of the present Draft Environmental Statement. According to Undersecretary Royson Hughes, "We recognize that the present Draft Environmental Impact Statement is general in nature and should be regarded as a starting place for discussion on consideration to lease. If a decision is made to lease, specific Environmental Impact Statements and hearings will be carried out for each site.

PARTNERS IN DECISION - SHARED REVENUES

To the Governor's request that the State be made a "partner in decision", Undersecretary Hughes commented that "We probably cannot accomodate you under the Act". To the Governor's request that the Federal Government share the Outer Continental Shelf revenue with the State, he stated that, "This is impossible until the law is changed by the Congress to permit such sharing".

INCREASED LIABILITY

To the State's charge that the presently stated limits of liability by the Federal Government and Industry for environmental damage are too low, the Secretary indicated that this was not inflexible and that increased limits of liability would be studied.

EXPLORATORY LEASING

The Department cannot make a distinction between exploratory leasing and development leasing. The comment was made that Industry wishes development leasing only as a safeguard to individual company investment (note: This was verified by Industry spokesmen.)

FUTURE

At the close of the hearings, a statement from Secretary Rogers Morton was made public, to the effect that, "The Secretary has indicated that he wishes to adopt a posture of cooperation with the involved states, and wishes to investigate the concept of a Shared Revenue Formula". It was again pointed out that Shared Revenue must go through a complicated process and eventually to the Congress for decisions.

B. POSITION OF THE GOVERNOR OF THE STATE OF ALASKA

NEED

Governor Hammond stated that he recognizes the need for development and the taking of acceptable risks. The what, where, how and why of the development and the attendant risks are not now known.

ENVIRONMENTAL DANGER

Degradation will occur. Enhancement will not. The how and why has not been adequately addressed in the Draft Environmental Statement. The Governor's greatest stated fear is the destruction of fisheries, and he asks the question, "Are there not areas whose value as a food source exceeds the value to be derived from oil and gas development. If this is so", the Governor asserts, "the thrust should change."

SOCIAL IMPACT

Problems will be visited upon the state by virtue of shore based support facilities. The Department of Community and Regional Affairs estimated that the public service impact could amount to as much as \$600,000,000. (note: This is a highly extrapolated figure based on projected costs at Lost River.) In any event, the impact will be great and

and redress must be demanded from the Federal Government and Industry. The Governor pointed out that the problems to be visited upon the State should be reflected in any future Environmental Impact Statements.

POSITION SUMMARY

In summarizing, the Governor and his administrative spokesmen repeated their concern about the quantitative effect on the marine ecosystems. They pointed out that any imbalance caused could be global and certainly hemispheric in scope. Their important, unanswered question is "What will be the cost as opposed to gain?"

The Governor listed four demands:

1. The State of Alaska wishes to be a serious partner in decision making.
2. Cooperation from the government in analysis of public service impact, including funding through shared revenues to offset this impact.
3. Increase liability for environmental damage. The Federal Government to make up the time difference if Industry cannot or is not required to under the Act.
4. That the Federal Government seek alternative solutions to OCS leasing.

The Governor's closing statement was that, "The State of Alaska must not be shunted aside in the name of national consideration and that he would oppose - not delay - any OCS leasing until all factors are known."

C. POSITION OF THE OIL AND GAS INDUSTRY

NEED

The Gulf of Alaska cannot be ignored. There is a need to confirm or refute potential reserves through exploratory drilling.

If oil is there, it will significantly reduce the nation's dependence on foreign crude and restore balance of trade deficits and national economic security. Industry stated that the existing national economic chaos is due to the outflow of money to foreign governments.

If the reserves are not there, major alternatives must be undertaken. Thus, time gained by early exploratory drilling

is essential and a firm leasing schedule is needed. (note: In anticipation that such a schedule will be announced by the U. S. Government, Industry has 350 million dollars worth of new offshore drilling rigs and vessels under construction.)

SOCIAL IMPACT

Local economic benefits will outweigh the problems of impact. A socio-economic impact study of the Gulf of Alaska area has been underway for some time and will be available in May of 1975.

ENVIRONMENTAL AND RESOURCE PROTECTION

Industry recognizes the need for the protection of renewable resources, and strongly expresses its desire to afford that protection. They admit that some damage is inevitable. Nevertheless, concurrent development of renewable and non-renewable resources is essential.

Industry spokesmen affirmed that they have both the desire and the technological skills to cope with and keep any adverse effects to acceptable minimums. They cited long term studies on wind, wave, current (especially shoreward drift), geological and seismic conditions. The participating companies will form an oil spill cooperative with full capacity before exploratory drilling begins. "All Site Environmental Impact statements and all environmental considerations will be met."

TECHNOLOGY

Because of the North Sea operations where they have coped with 100 mph winds and 70 foot waves, their technology exists to cope with the Gulf of Alaska. They are not yet prepared to cope with the Beaufort Sea where severe ice conditions exist.

D. POSITION OF THE OPPOSITION

CONSERVATIONIST

Opposition in this context is not meant opposition to specific points but, rather, to the entire concept of oil exploration and development on the continental shelf. This opposition was inflexible in nature. Testimony for total abandonment was eloquent with lofty sentiments as to the preservation of Alaska.

This is not to belittle their concern which was shared by all Alaskans, and their comments did clearly focus on the deficiencies of the Draft Environmental Impact Statement. Unfortunately, their characteristic opposition was also

characterized by a distinct lack of concern for social or economic impact or of suggested alternatives. The entire concept of OCS leasing was branded as a fraud perpetrated on the people of America.

OTHER FEDERAL AGENCIES

Testimony was also presented quoting a report published earlier by the National Council on Environmental Quality. In the report, the Council indicated that, in their opinion, the Gulf of Alaska was the "least desirable" area for exploratory drilling and development.

Since the Anchorage hearings, it has been publicized that the Federal EPA has opposed OCS leasing on environmental grounds, as early as February 1973.

MONETARY CONSIDERATIONS

Former Attorney General John Havelock presented testimony relating to the capital necessary to carry out the OCS development program, and its economic and social effects. The testimony was cogent enough to warrant special comment here and as a topic for further exploration.

The testimony given was to the effect that internally available funds were not sufficiently available to the oil companies and thus must be borrowed. In Mr. Havelock's view, this condition made the published schedule precipitous since all bids, Federal and State, would be depressed to the eventual enrichment of the developers. He also opined that the use of such vast sums of money at this time would dry up housing, water and sewer projects, etc, and that the drag on money would cause more inflation.

E. LEGISLATIVE POSITION

The Legislature should evolve and publicly define its own position on OCS leasing, either as support to the Administration's position, or as an autonomous statement, or both.

Some action to be considered by the Senate Resources Committee could include:

1. Resolutions in support of the administration as to shared revenues, and increased limits of liability.
2. Legislation pertaining to the development, adoption and implementation of a statewide land use plan to cope

with shore based support facilities and upland impact.

3. Implementation of the Coastal Zone Act as it pertains to Alaska
4. Examine how areas under State's control can be used to strengthen our position and legislate to make it effective. As an example, tidelands must be crossed or leased. Existing and proposed facilities can be additionally taxed through ad-valorem, etc.
5. Develop and adopt an Alaskan Energy Plan
6. Establish a Gulf of Alaska Advisory Board
7. Examine the necessity of a further NEPA implementation as it pertains to the State in relation to OCS.

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

OCS Oil Development
- Costs To Alaska

Copy of Draft is available in
the State Library in Juneau.
Historical Library. HD242.5
U5
08

Assessment of the Northern Gulf of Alaska
Draft Environmental Impact Statement for Sale No. 39

I. Objective summary:

The purpose of this assessment is to document the gross inadequacies of the draft environmental impact statement (EIS) entitled, "Outer Continental Shelf--Proposed Oil and Gas Leasing in the Northern Gulf of Alaska--Sale No. 39", which has been prepared by the U.S. Department of Interior, Bureau of Land Management, Alaska Outer Continental Shelf Office, Anchorage, Alaska.

The cumulative shortfalls existent in this draft EIS demonstrate that the Department of Interior, Bureau of Land Management has not yet completed the responsible environmental impact analysis required under provisions of the National Environmental Policy Act (NEPA) of 1969. Barring the proper conclusion of this mandatory environmental impact analysis, the Department of Interior cannot legally proceed with the proposed Northern Gulf of Alaska--Sale No. 39 which is tentatively scheduled for December, 1975.

II. Organizational format:

To support the statement of fact that the draft EIS is inadequate for NEPA compliance purposes, the State of Alaska Department of Revenue will present evidence according to the following topical outline:

1. Discussion of the authors' self-admission that the draft EIS is inadequate,
2. Discussion of the negative socio-economic and financial "benefits" of the proposed draft EIS action, and
3. Discussion of general oversights, omissions, and contradictions inherent in the proposed draft EIS action

III. Analysis:

Topic 1. "Discussion of the authors' self-admission that the draft EIS is inadequate NEPA compliance"

The responsibility for preparation of the draft environmental impact statement for Sale No. 39 rests with the Department of Interior, Bureau of Land Management, Alaska Outer Continental Shelf Office located in Anchorage, Alaska. This was not an easy task. Moreover, in its efforts to complete this environmental analysis, the Alaska Outer Continental Shelf Office (AOCSO) did not undertake to share responsibilities or coordinate its activities with State of Alaska, Department of Revenue in order to simplify its research responsibilities. The AOCSO acted completely independent of the State of Alaska, Department of Revenue. Thus, it is not surprising

to find that the resultant draft EIS is inadequate, incomplete, and in error as to the socio-economic and financial impacts (hardships) caused by the proposed Sale No. 39.¹

Despite what appears to be a diligent effort to meet tight deadlines inherent in the BLM accelerated leasing schedule, the AOCSO recognized that its socio-economic and financial analysis was unfinished even as the Department of Interior, Bureau of Land Management in Washington, D.C. released the draft EIS for public review. An official BLM news release on July 14, 1975, announced the availability of the draft EIS as of June 27, 1975, and called for public hearings in Anchorage on August 12-3, 1975.² Given this July, 1975, action on the part of BLM officials in Washington, D.C., it is extremely interesting to review the AOCSO fiscal year 1976 and 1977 research budget requests, which were drafted sometime during June, 1975.

In the same month as the draft EIS was released (June 1975), the AOCSO produced a detailed "DRAFT STUDY PLAN OF STUDIES REQUIRED TO ANALYZE ASSESSMENT OF POTENTIAL SOCIAL AND ECONOMIC IMPACTS OF PETROLEUM DEVELOPMENT ON THE ALASKAN OUTER CONTINENTAL SHELF." While the draft EIS was published and distributed to the public, the above draft research proposal was not generally available.

The research and budgetary proposal begins by stating the rationale behind NEPA EIS analysis.

¹ AOCSO, draft EIS of Sale No. 39, page iii omits Department of Revenue from the list of State agencies consulted.

² Department of Interior, BLM NEWS RELEASE, July 14, 1975.

"Environmental Policy Act (NEPA) has required all federal agencies to ensure that adequate consideration is given to major federal actions affecting the environment. The intent of the act defines environment broadly to include the economic-social environment along with the natural environment.

Title I: Declaration of National Environmental Policy

101(a). The Congress ... declares that it is the continuing policy of the Federal gov't [sic] ... to use all practicable means and measures ... in a manner calculated to foster and promote the general welfare... and fulfill the social, economic and other requirements of present and future generations of Americans [emphasis is that of AOCSSO].

102. The Congress authorizes and directs that, to the fullest extent possible: (1) the policies, regulations and public laws of [omission] with the policies set forth in this Act, and (2) all agencies of the Federal government shall (A) utilize a systematic, inter-disciplinary approach which will insure the integrated use of the natural and social sciences and the environmental arts in planning and in decision-making which may have an impact on man's environment [emphasis is that of AOCSSO]."³

After explaining the requirements of NEPA to its superiors in the Department of Interior, Bureau of Land Management who were in Washington, D.C., the AOCSSO research proposal continues:

"BLM, in response to the CEQ guidelines and through its own directives, realizes the importance of anticipating social and economic impacts as a result of offshore development. In order to meet information requirements associated with the above legislation, the Bureau of Land Management is proposing to conduct a program of social and economic data acquisition and analysis of sections of Alaska which may be impacted by OCS now under consideration for oil and gas development... The draft study plan may be amended following intensive scientific and public planning workshops to be organized by BLM in August of this year."⁴

³AOCSSO, Draft Study Plan and Budget, June, 1975, pp. 2-3.

⁴Ibid., p. 3.

From the preceding paragraph, it is abundantly clear that the AOCSO had not even entered the data analysis stage of responsible EIS compliance with NEPA provisions. This conclusion is borne out by subsequent statements made by the AOCSO regarding the availability of economic data for the Alaskan economy.

"Research on Alaska's economic and social structure is in its infancy. An often repeated and overly used statement that Alaska is the "last frontier," describes why many people feel that the social and economic studies are required in Alaska as the result of offshore petroleum development. Other areas in the United States which may be impacted by petroleum development off their coasts already have large and well-established cultural and economic infrastructures which for all intents and purposes, can more easily absorb the impacts brought about by petroleum development. Alaska, on the other hand, is a new and emerging state lacking a large population base and intricate social and economic infrastructure. Most communities in the state of Alaska consist of less than 500 persons, while the bulk of the State's population is located in two cities--Anchorage and Fairbanks. Consequently, impacts that are considered nominal in most American Communities outside of Alaska will be quite pronounced because of the difference in human population scale"

"To compound the problem of polarized community development, i.e., Anchorage vs. the village, information regarding the various social and economic aspects of these communities is for the most part lacking. Without this information the BLM is unable to adequately anticipate impacts, therefore, studies must be initiated to gather needed information"
 [emphasis is added by State of Alaska, Department of Revenue].⁵

A state, regional, and national tragedy will occur should these statements, which were made by the AOCSO, be ignored by the decision-makers in the U.S. Department of Interior in Washington, D.C.

⁵Ibid., pp. 4-5

In Part III of the draft research proposal and budget, the AOCSO continued to demonstrate the need for additional research before the impacts of Sale No 39 could be known with reasonable certainty.

"The research program described in the following sections is anticipated to require four to five years to complete. Very generally, within this period, the objectives are to:

- 1) describe aspects of the economic and social structures of Alaska;
- 2) use this baseline information as a basis for anticipating impacts caused by petroleum development on the Alaskan OCS;
- 3) provide information on how these structures may be impacted by OCS petroleum development;
- 4) determine how rapidly impacts will cause changes in social and economic structures;
- 5) suggest alternatives which may mitigate impacts." [emphasis added by State of Alaska, Department of Revenue]⁶

Following this exposition of basic areas of inadequacy, the AOCSO presents in concise form a 23 page list of major research projects which need to be completed before the BLM can continue in the NEPA EIS process for Sale No. 39 or any other lease sale in the Alaskan OCS area.⁷

Given the fact that AOCSO raises such serious questions concerning the completeness of its own work (June, 1975), it is amazing to note that high Department of Interior

⁶Ibid., p. 12.

⁷Ibid., pp.12-34. After reading the questions that the AOCSO states remain unanswered, one asks what was answered?

officials deny the State of Alaska (and congressional leaders) the right to delay Sale No. 39 by claiming that proper EIS analysis has already been done by the AOCSSO. The budget request in the draft research proposal reveals the dollar cost of only two years of the four to five year project that AOCSSO depicts as remaining in the EIS process.

PROPOSED BUDGET SUMMARY BY DISCIPLINE
X1000

	Beaufort Sea		Bering Sea		Gulf of Alaska		Cook Inlet		Total	
	FY		FY		FY		FY		FY	
	1976	1977	1976	1977	1976	1977	1976	1977	1976	1977
Social	500	500	500	500	1000	1000	750	150	2250	2150
Economics	100	200	200	200	300	300	150	50	750	650
Transportation	100	100	100	100	150	150	125	50	475	400
Land Use	250	250	500	500	500	500	700	150	1450	1400
Impacts	175	80	375	175	500	250	250	125	1300	650
Recreation	50	50	100	75	100	100	125	60	375	265
Cultural Resources	100	200	250	250	175	110	100	75	625	535
TOTAL	1275	1100	1975	1500	2725	2450	1800	690	7175	6050

source: AOCSSO, Draft Research Proposal, June, 1975, p. 35.

It should be noted that for the Gulf of Alaska alone, FY 1976-1977 estimates show need for an additional \$5.2 million dollars in research.

III. Analysis: (continued)

Topic 2. "Discussion of the negative socio-economic and financial 'benefits' of the proposed draft EIS action"

To evaluate a proposal, such as that advocated in the Northern Gulf of Alaska draft EIS, State of Alaska, Department of Revenue officials employ standardized methods used long ago by business managers who were faced with capital investment alternatives. Among these analytical techniques are cash flow analysis and net present value analysis.

While the draft EIS never addresses the question of the cost/benefit of Sale No. 39 to State and local governments in Alaska, it is possible to project revenue and expenditure patterns which result from the draft EIS proposal. Taxes flowing to Alaskan governments are generated by petroleum property and general property taxes onshore, income taxes onshore and offshore (Alaskan residents), and federal income sharing under provisions of measures such as S.B. 586 (k). Expenditure estimates can be projected based on per capita current costs of State and local government in Alaska. Following this methodology and using the draft EIS capital, labor force, and population estimates, net cash flows resultant from Sale No. 39 to State of Alaska and other local governments are projected in Table 1. Given the assumptions of Table 1., the cash flow patterns are unfavorable until 1985 when S.B. 586 (k) revenue sharing would generate seven years of positive net cash flows.

By discounting the cash flows in Table 1., present values can be estimated for cash inflows from revenues,

for cash outflows caused by expenditures, and for the net cash flows to the State and local governments of Alaska. Using a 10% discount rate in Table 2, the present value of cash expenditures by State and local governments is \$99.9 million and the present value of cash revenues is \$80.7 million. Thus, the proposed EIS action has a negative net present value to Alaska of \$19.2 million or roughly -\$55.00 per capita. If, for sake of comparison, an 8% discount rate is used, the resultant net present value of Sale No. 39 to Alaska is \$22.8 million or about -\$65.00. Independent of the discount rate used, the cash flow pattern is adverse, federal revenue sharing is too little and too late, and the net present value is negative. These results are obtained by analyzing the draft EIS economic development model as presented.

It is unlikely, however, that petroleum development would follow the draft EIS economic model in terms of onshore terminal facilities and labor force employed in development drilling. The State of Alaska, Department of Natural Resources, Division of Geophysical and Geological Survey has pointed out that source documents have been altered in the draft EIS statement so as to reduce the number of onshore terminals from 3 to 1. In addition, this Division has pointed out that the proposed well completion schedule and well completion matrix implied by the draft EIS is unrealistic and illogical. For these reasons, the Department of Revenue has adjusted the original draft EIS

economic model to show the effects of additional onshore oil terminals, larger construction forces and support forces onshore, and larger development drilling forces. In all cases, the incremental changes were based on the draft EIS economic model personnel requirements. The net effect resulting from these modelling changes is seen in Table 3. Once again, the cash flow profile is adverse. However, by discounting the cash flows by 10% (in Table 4) and by 8% (in Table 4A), the real effect of expanded plant and associated labor forces can be shown. Surprisingly, while the socio-economic impact associated with the OCS development increases approximately \$20 to \$25 million dollars, the adjusted EIS economic model generates sufficient new tax revenues to offset the increased level of cash outflows. While the net present value per capita was -\$55.00 at 10% and -\$65.00 at 8% in the draft EIS case, the new respective values resulted from the corrected draft EIS case are -\$53.00 and -\$64.00. As a result of correcting the original draft EIS economic model, the net cash flow pattern remains adverse, federal revenue sharing is again too little and too late, and the net present value per capita is again negative for Alaskans.

After assessing the draft EIS, the Department of Natural Resources, Division of Geophysical and Geological Survey decided that the original draft EIS model was a serious understatement of personnel and population impact. The resulting cash flow projections caused by the DGGs model are depicted in Table 5. These cash flows are discounted

at 10% and 8%, respectively, in Tables 6 and 6A. Under the assumptions of this alternative OCS petroleum development scenario, the socio-economic impact associated with Sale No. 39 is approximately five times greater than in the base and corrected draft EIS economic model cases. The economic "benefit", actually a cost, of the proposed draft EIS lease sale ranges between -\$271.00 and -\$304.00, in terms of net present value per capita in Alaska.

The net cash flow patterns available to the United States Government after the lease sale and the net present value of those flows are revealed in Tables 7, 8, and 8A. It should be noted that Table 7 shows that at no time in the proposal does the United States government face an adverse cash flow pattern. Little difference is seen by changing the discount rates between Tables 8 and 8A. In each case the net present value of the proposed sale is approximately \$1940 million and \$1960 million, respectively.

The stark difference in situation confronted by the United States government and the State and local governments of Alaska is emphasized by Table 9. The State of Alaska acquires the vast majority of the liabilities associated with OCS development off its coast, but inadequate revenues to support that activity, even assuming federal revenue sharing such as SB 586(k). In essence, the United States government is requiring the State of Alaska to subsidize OCS exploration, development, and production. The inequalities of this kind of federal action have already been documented

by other coastal states adjacent to federal OCS producing areas. For example, the negative economic benefits projected by the State of Alaska, Department of Revenue, are very similar to those projected by the State of Texas. Texans estimate that federal OCS operations cost their state and local governments \$62 million per year.⁸ The cost of state and local government in Alaska is significantly higher than in Texas.

III. Analysis: (continued)

Topic 3. "Discussion of general oversights, omissions, and contradictions inherent in the proposed draft EIS action"

Because of the numerous issues which have not yet been adequately addressed by the draft EIS, the general oversights, omissions, and contradictions in the proposed Sale No. 39 will be addressed in the form of questions:

1. In presenting the draft EIS analysis for Sale No. 39, did AOCSSO quantify the effect of multiple OCS lease Sales in an accelerated schedule or merely view the first Northern Gulf of Alaska Sale proposal in disaggregated isolation?
2. Did the BLM or AOCSSO analyze how increased supplies of petroleum and natural gas would reach energy short consumer markets in the U.S. Midwest and East Coast? If only limited West-East oil pipelines exist in Canada and lower California by the year 1985, how will increased exports of energy to Japan free the U.S. economy from dependence on OPEC oil?

⁸William C. McCray and Herbert W. Grubb, Management Science Division, Office of Information Services, Office of the Governor, State of Texas, "Benefits and Costs to the State and Local Governments in Texas Resulting from Offshore Petroleum Leases on Federal Lands", November, 1974, pp.1,3,6,8.

3. Why does the BLM continue to advocate an accelerated transfer of public assets to the privately-owned major oil companies when it is apparent to the General Accounting Office that such a program is not needed? GAO reports in its March 19, 1975 study, "Outlook for Federal Goals to Accelerate Leasing of Oil and Gas Resources on the Outer Continental Shelf", that:
- a. the goal of BLM is unrealistically high.
 - b. the goal is not related to Project Independence.
 - c. the goal was hastily conceived.
 - d. the goal is being implemented without proper EIS safeguards.
 - e. the goal jeopardizes an already weak BLM valuation program for lease sale evaluation.

It is apparent that the Department of Interior has ignored these criticisms in continuing to pursue its present accelerated program, especially in the Alaskan OCS area.

In addition, the comments of the Environmental protection Agency point to the fact (letter of 10 January 1975) that Department of Interior, Bureau of Land Management has also disregarded the advice of the CEQ report and failed to take proper environmental analysis before continuing the "accelerated leasing program."

4. Why does the Department of Interior, Bureau of Land Management conduct its EIS analysis in isolation and in apparent total disregard for the legitimate economic and social concerns of States adjacent to proposed OCS development areas?

Is BLM attempting to force all coastal states to adopt restrictive tidelands pipeline control measures? Is BLM attempting to force coastal states impacted by federal OCS development to tax onshore producers and onshore facilities at higher rates?

TABLE 1

Projected Net Cash Flows Generated from the North Gulf of Alaska OCS Sale to the State of Alaska and Other Local Governments based on the draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Cash Outflow</u>	<u>Cash Inflow</u>	<u>Net Cash Flow</u>
1975			
76	9000		(9000)
77	6000		(6000)
78	3626	700	(2926)
79	626	1320	694
1980	5935	4140	(1795)
81	10346	5200	(5146)
82	12893	9120	(3773)
83	13553	14275	(4278)
84	20677	20640	(37)
1985	20677	22340	1663
86	18900	25155	6255
87	18900	25690	6790
88	17100	25405	8305
89	17100	24840	7740
1990	15300	23995	8695
91	14940	23130	8190
92	14580	8625	(5955)
93	14216	8340	(5876)
94	14216	8055	(6161)
1995	14216	7770	(6446)
96	14216	7485	(6731)
97	14216	7200	(7016)
98	14216	6875	(7341)
99	14216	6550	(7666)
2000	14216	6245	(7971)
01	14216	5940	(8276)
02	14216	5635	(8581)
03	14216	5330	(8886)
04	14216	4985	(9231)
2005	14216	4600	(9616)

Assumptions:

1. State impact funds of \$9.0, \$6.0, and \$3.0 million are granted to the impacted communities in 1976, 1977, and 1978.
2. Per capita cost of state and local government is estimated to be \$1800 (1975 dollars). Note: due to bureaucratic lag and organizational inefficiencies cost and scale of government does not fall off as quickly as the population, 1984-1994.
3. Government cash inflow is comprised of: property taxes, petroleum property taxes, state income taxes, and federal OCS income sharing.
4. State and Local Cash Outflow projections make no allowance for locally generated funds. Thus, cash outflow figures are understated.

TABLE 2

Projected Present Value of the North Gulf of Alaska OCS
Sale to the State of Alaska and Other Local Governments
based on the draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76	7434	
77	4506	
78	2477	478
79	389	820
1980	3347	2335
81	5307	2668
82	6021	4259
83	7866	6053
84	7981	7967
1985	7237	7819
86	6029	8024
87	5481	7450
88	4497	6682
89	4087	5937
1990	3335	5231
91	3029	4580
92	2689	1552
93	2391	1368
94	2118	1200
1995	1919	1049
96	1749	921
97	1592	806
98	1450	701
99	1308	602
2000	1194	525
01	1080	451
02	981	309
03	896	336
04	810	284
2005	739	239
TOTAL	99,939	80,726

Thus, the Net Present Value of this project (based on the uncorrected EIS base case assumption) is a negative \$19,213,000 or -\$55 per capita.

Assumption: All cash flows are discounted at 10%.

TABLE 2A

Projected Present Value of the North Gulf of Alaska OCS
Sale to the State of Alaska and Other Local Governments
based on the draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76	7713	
77	4764	
78	2665	515
79	426	898
1980	3739	2608
81	6032	3032
82	6962	4925
83	9277	7138
84	9573	9556
1985	8870	9584
86	7503	9987
87	6955	9454
88	5814	8639
89	5387	7825
1990	4468	7007
91	4034	6245
92	3645	2156
93	3298	1935
94	3042	1724
1995	2829	1546
96	2616	1377
97	2417	1224
98	2246	1086
99	2076	956
2000	1919	843
01	1777	743
02	1649	654
03	1521	570
04	1407	494
2005	1308	423
TOTAL	125,932	103,143

Thus, the Net Present Value of this project (assuming the draft EIS economic model) is a negative \$22,789,000 or -\$65 per capita.

Assumption: 1. All cash flows are discounted at 8%.

TABLE 3

Projected Net Cash Flows Generated from the North Gulf of Alaska
OCS Sale to the State of Alaska and Other Local Governments
based on the corrected draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Cash Outflows</u>	<u>Cash Inflows</u>	<u>Net Cash Flows</u>
1975			
76	9000		(9000)
77	6000		(6000)
78	3626	603	(2818)
79	626	1528	902
1980	6557	4934	(1623)
81	13640	7262	(6378)
82	18226	12422	(5804)
83	23976	22659	(1317)
84	24678	27220	2542
1985	24678	27040	2364
86	22860	29147	6285
87	22860	29560	6700
88	21060	29195	8135
89	21060	28510	7450
1990	19260	27505	8245
91	19260	26480	7220
92	17460	10475	(6985)
93	17460	10090	(7370)
94	15660	9725	(5935)
1995	15462	9360	(6102)
96	15462	8995	(6467)
97	15462	8630	(6832)
98	15462	8205	(7257)
99	15462	7760	(7702)
2000	15462	7355	(8107)
01	15462	6950	(8512)
02	15462	6545	(8917)
03	15462	6160	(9302)
04	15462	5735	(9727)
2005	15462	5190	(10272)

Assumptions:

1. State impact funds of \$9.0, \$6.0, and \$3.0 million are granted to the impacted communities in 1976, 1977, and 1978.
2. Per capita cost of state and local government is estimated to be \$1800 (1975 dollars). Note: due to bureaucratic lag and organizational inefficiencies cost and scale of government does not fall off as quickly as the population, 1984-1994.
3. Government cash inflow is comprised of: property taxes, petroleum property taxes, state income taxes, and federal OCS income sharing.
4. State and Local Cash Outflow projections make no allowance for locally generated funds. Thus, cash outflow figures are understated.

TABLE 4

Projected Present Value of the North Gulf of Alaska OCS
 Sale to State of Alaska and Other Local Governments
 Assuming Corrected draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76	7434	
77	4506	
78	2477	552
79	389	947
1980	3698	2783
81	6997	3725
82	8512	5801
83	10166	9607
84	9526	10507
1985	8637	9464
86	7292	9297
87	6629	8572
88	5539	7678
89	5033	6814
1990	4199	5996
91	3813	5243
92	3143	1886
93	2863	1655
94	2333	1443
1995	2087	1264
96	1902	1105
97	1732	967
98	1577	840
99	1422	714
2000	1299	618
01	1175	528
02	1067	452
03	974	388
04	881	327
2005	804	270
TOTAL	118,106	99,450

Thus, the Net Present Value of this project (based on the corrected EIS base case assumptions) is a negative \$18,656,000 or -\$53 per capita.

Assumption: All cash flows are discounted at 10%.

TABLE 4A

Projected Present Value of the North Gulf of Alaska OCS
Sale to State of Alaska and Other Local Governments
Assuming Corrected draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76	7713	
77	4764	
78	2665	594
79	426	1039
1980	4131	3108
81	7952	4234
82	9842	6708
83	11988	11330
84	11426	12603
1985	10587	11600
86	9075	11571
87	8412	10878
88	7160	9926
89	6634	8981
1990	5624	8031
91	5200	7150
92	4365	2619
93	4051	2341
94	3351	2081
1995	3077	1863
96	2845	1655
97	2629	1467
98	2443	1296
99	2257	1133
2000	2087	993
01	1933	869
02	1794	759
03	1654	659
04	1531	568
2005	1423	477
Total	149,039	126,533

Thus, the Net Present Value of this project (assuming the corrected draft EIS economic model) is a negative \$22,506,000 or -\$64 per capita.

Assumption: 1. All cash flows are discounted at 8%.

TABLE 5

Projected Net Cash Flows Generated from the North Gulf of Alaska
OCS Sale to the State of Alaska and Other Local Governments
based on the State of Alaska DiReconomic model.

(in thousands of dollars)

<u>Year</u>	<u>Cash Outflows</u>	<u>Cash Inflows</u>	<u>Net Cash Flow</u>
1975			
76	20599	4261	(16338)
77	25661	7225	(18436)
78	26594	8994	(17600)
79	27180	11229	(15951)
1980	32584	14543	(18041)
81	32263	15609	(16654)
82	33746	18281	(15465)
83	48029	31051	(16978)
84	45000	29421	(15579)
1985	41400	29278	(12122)
86	37800	29522	(8278)
87	34200	31332	(2868)
88	32400	32497	(97)
89	28800	32072	3272
1990	25200	31080	5880
91	21600	30685	9085
92	18000	30010	12010
93	14400	9080	(5320)
94	10800	8645	(2155)
1995	10139	8215	(1924)
96	10139	7760	(2379)
97	10139	7330	(2809)
98	10139	6830	(3309)
99	10139	6405	(3734)
2000	10139	5950	(4189)
01	10139	5500	(4639)
02	10139	5030	(5109)
03	10139	4555	(5584)
04	10139	4065	(6074)
2005	10139	3695	(6444)

Assumptions:

1. State impact funds of \$9.0, \$6.0, and \$3.0 million are granted to the impacted communities in 1976, 1977, and 1978.
2. Per capita cost of state and local government is estimated to be \$1800 (1975 dollars). Note: due to bureaucratic lag and organizational inefficiencies cost and scale of government does not fall off as quickly as the population, 1984-1994.
3. Government cash inflow is comprised of: property taxes, petroleum property taxes, state income taxes, and federal OCS income sharing.
4. State and Local Cash Outflow projections make no allowance for locally generated funds. Thus, cash outflow figures are understated.

TABLE 6

Projected Present Value of the North Gulf of Alaska OCS Sale to
State of Alaska and Other Local Governments assuming
State of Alaska DNR NOAA economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76	17014	3520
77	19271	5420
78	18164	6143
79	16879	6973
1980	18377	8202
81	16551	8007
82	15759	8537
83	20364	13166
84	17370	11356
1985	14490	10247
86	12058	9418
87	9918	9086
88	8521	8547
89	6883	7665
1990	5494	6775
91	4277	6076
92	3240	5402
93	2362	1489
94	1609	1288
1995	1369	1109
96	1247	954
97	1136	821
98	1032	697
99	939	589
2000	853	500
01	776	418
02	705	347
03	641	287
04	583	232
2005	<u>530</u>	<u>192</u>
TOTAL	238,416	143,469

Thus, the net present value of this project (assuming the DOR economic model) is a negative \$94,947,000 or -\$271 per capita.

Assumption: All cash flows are discounted at 10%.

TABLE 6A

Projected Present Value of the North Gulf of Alaska OCS Sale to
State of Alaska and Other Local Governments assuming
State of Alaska DNR NGOA economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76	17653	3652
77	20375	5737
78	19547	6611
79	18482	7636
1980	20528	9162
81	18809	9100
82	18223	9872
83	24015	15526
84	20835	13622
1985	17761	12560
86	15007	11720
87	12586	11530
88	11016	11049
89	9072	10103
1990	7358	9075
91	5832	8285
92	4500	7503
93	3341	2107
94	2311	1850
95	2018	1635
96	1866	1428
97	1724	1246
98	1602	1079
99	1480	935
2000	1369	803
01	1267	688
02	1176	583
03	1085	487
04	1004	402
2005	<u>933</u>	<u>340</u>
Total	282,775	176,326

Thus, the Net Present Value of this project (assuming the Department of Revenue economic model) is a negative \$106,449,000 or-\$304 per capita.

Assumption: 1. All cash flows are discounted at 8%.

TABLE 7

Projected Net Cash Flows Generated from the North Gulf of Alaska
OCS Sale to the U. S. Government assuming the
draft EIS economic model.

<u>Year</u>	<u>Cash Outflows</u>	<u>Cash Inflows</u>	<u>Net Cash Flow</u>
1975		436000	436000
76			
77			
78			
79		1000	1000
1980		3000	3000
81		34000	34000
82	1500	88000	86500
83	3375	182000	178625
84	7700	290000	282300
1985	10160	434000	423840
86	14760	463000	448240
87	15600	484000	468400
88	15600	453000	437400
89	15320	433000	417680
1990	14760	412000	397300
91	14200	405000	390800
92		385000	385000
93		364000	364000
94		343000	343000
1995		322000	322000
96		302000	302000
97		281000	281000
98		255000	255000
99		239000	239000
2000		218000	218000
01		197000	197000
02		166000	166000
03		145000	145000
04		125000	125000
2005		104000	104000

Assumptions:

1. Bonus payments of \$436 million are received by the Federal Government in December, 1975.
2. Royalties paid to the U. S. Government are computed on the basis of 16.67%.
3. Oil is valued at a constant \$2.50 per barrel at the wellhead.
4. Gas is valued at a constant \$1.00 per M.c.f. at the wellhead.
5. Cash outflows are based upon federal revenue sharing provisions set forth in SB 586(k).

TABLE 8

Projected Net Present Value of the North Gulf of Alaska
OCS Lease Sale to the U. S. Government
assuming draft EIS economic model.

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		414000
76		
77		
78		
79		621
1980		1692
81		18468
82	701	46700
83	1431	81832
84	2972	116958
1985	3556	157150
86	4708	152801
87	4524	138910
88	4103	123084
89	3661	106833
1990	3218	92868
91	2812	80190
92		69300
93		59696
94		51107
1995		43470
96		37146
97		31472
98		26010
99		21988
2000		18312
01		14972
02		11454
03		9135
04		7125
2005		5408
TOTAL	31,686	1,938,702

Thus, the net present value of this project (assuming the draft EIS economic model) is a positive \$1,907,015,000.

Assumption: All cash flows are discounted at 10%.

TABLE 8A

Projected Net Present Value of the North Gulf of Alaska
OCS Lease Sale to the U. S. Government
assuming draft EIS economic model.

(in thousands of dollars)

<u>Year</u>	<u>Present Value of Cash Outflows</u>	<u>Present Value of Cash Inflows</u>
1975		
76		
77		
78		
79		680
1980		1890
81		19822
82	810	47520
83	1688	91000
84	3565	134270
1985	4359	186186
86	5860	183811
87	5741	170752
88	5304	154020
89	4826	136395
1990	4310	120304
91	3834	109350
92		96250
93		84448
94		73402
1995		64078
96		55568
97		47770
98		40290
99		34894
2000		29430
01		24625
02		19256
03		15515
04		12375
2005		9568
Total	40,297	1,963,469

Thus, the Net Present Value of this project (Assuming the draft EIS economic model is a positive \$1,923,172,000.

Assumption: 1. All cash flows are discounted at 8%.

TABLE 9

Comparison of Net Cash Flow Patterns of the North Gulf of Alaska
OCS Lease Sale to State of Alaska and the U.S. Government.

(in thousands of dollars)

Year	Net Cash Flow to State of Alaska			Net Cash Flows to U.S. Government
	draft EIS model	draft EIS model corrected	DIRR model	draft EIS model
1975				436000
76	(9000)	(9000)	(16338)	
77	(6000)	(6000)	(18436)	
78	(2926)	(2818)	(17600)	
79	694	902	(15951)	1000
1980	(1795)	(1623)	(18041)	3000
81	(5146)	(6378)	(16654)	34000
82	(3773)	(5804)	(15465)	86500
83	(4278)	(1317)	(16978)	178625
84	(37)	2542	(15579)	282300
1985	1663	2364	(12122)	423840
86	6255	6285	(8278)	448240
87	6790	6700	(2868)	448400
88	8305	8135	(97)	437400
89	7740	7450	3272	417680
1990	8695	8245	5810	397300
91	8190	20	9085	390800
92	(5955)	(6985)	12010	385000
93	(5876)	(7370)	(5320)	364000
94	(6161)	(5935)	(2155)	343000
1995	(6446)	(6102)	(1924)	322000
96	(6731)	(6467)	(2379)	302000
97	(7016)	(6832)	(2809)	281000
98	(7341)	(7257)	(3309)	255000
99	(7666)	(7702)	(3734)	239000
2000	(7971)	(8107)	(4189)	218000
01	(8276)	(8512)	(39)	197000
02	(8581)	(8917)	(5109)	166000
03	(8886)	(9302)	(5584)	145000
04	(9231)	(9727)	(6074)	125000
2005	(9616)	(10272)	(6444)	104000

TABLE 9

Comparison of Net Cash Flow Patterns of the North Gulf of Alaska
OCS Lease Sale to State of Alaska and the U.S. Government.

(in thousands of dollars)

Year	Net Cash Flow to State of Alaska			Net Cash Flows to U.S. Government
	draft EIS model	draft EIS model corrected	DNR model	draft EIS model
1975				436000
76	(9000)	(9000)	(16338)	
77	(6000)	(6000)	(18436)	
78	(2926)	(2818)	(17600)	
79	694	902	(15951)	1000
1980	(1795)	(1623)	(12041)	3000
81	(5146)	(6378)	(16654)	34000
82	(3773)	(5804)	(15465)	86500
83	(4278)	(1317)	(16978)	178625
84	(37)	2542	(15579)	282300
1985	1663	2364	(12122)	423840
86	6255	6285	(8278)	448240
87	6790	6700	(2868)	448400
88	8305	8135	(97)	437400
89	7740	7450	3272	417680
1990	8695	8245	5810	397300
91	8190	7220	9085	390800
92	(5955)	(6985)	12010	385000
93	(5876)	(7370)	(5320)	364000
94	(6161)	(5935)	(2155)	343000
1995	(6446)	(6102)	(1924)	322000
96	(6731)	(6467)	(2379)	302000
97	(7016)	(6832)	(2809)	281000
98	(7341)	(7257)	(3309)	255000
99	(7666)	(7702)	(3734)	239000
2000	(7971)	(8107)	(4189)	218000
01	(8276)	(8512)	(4639)	197000
02	(8581)	(8917)	(5109)	166000
03	(8886)	(9302)	(5584)	145000
04	(9231)	(9727)	(6074)	125000
2005	(9616)	(10272)	(6444)	104000

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

INTERIOR MAKES TRACT LIST AVAILABLE FOR POSSIBLE OFFSHORE SALE (OCS #39)

The Department of the Interior announced today that it is making available a list of 330 tracts totaling 726,127 hectares (1.8 million acres) which are being considered for a possible oil and gas lease sale on the outer continental shelf (OCS) in the Gulf of Alaska tentatively scheduled for late 1975.

Interior's Bureau of Land Management said that the submerged areas are considered primary tracts, offering the highest priority for leasing based on the number of industry nominations, the promising geological structures involved, and the degree of environmental risk.

This selection of tracts for the proposed OCS Sale #39 follows a November 27, 1974, request by Interior for tract priority bidding preferences from the petroleum industry and an identification from other Federal agencies, State, and local governments, and all segments of the general public of tracts which should not be offered for lease sale because of environmental risk.

Based on the industry and public response, Interior's tract selection announcement defines the area for the tentative lease sale, and provides the focus for the preparation of a draft environmental impact statement (EIS) which weighs the environmental risks and considers alternatives to leasing.

A multidisciplinary team of environmental specialists assigned to the Bureau of Land Management's Alaska OCS Office in Anchorage is preparing the draft statement which is tentatively scheduled for publication this spring.

These orderly and sequential steps in the process of a proposed lease sale are defined by the National Environmental Policy Act of 1969 (NEPA), guidelines issued by the President's Council on Environmental Quality (CEQ), and Departmental Regulations.

When the draft statement has been published, and after the public has had time to study the planning document, public hearings will be held. The hearing record is used as the basis for a final environmental impact statement.

None of these steps constitutes an actual decision to hold an OCS oil and gas lease sale. No decision can be made until at least 30 days after the final EIS has been submitted to CEQ for evaluation and public comment again invited. When all these requirements have been met, Secretary of the Interior Rogers C. B. Morton is authorized to make a decision.

He may decide to hold a sale, not to hold a sale, or to hold a sale on only part of the area originally considered in today's tract selection announcement. He may also determine what tough environmental stipulations should be written into the terms of the proposed lease sale.

The interval between the call for nominations and comments and the actual decision on whether to hold sale is generally at least a year.

The Gulf of Alaska is in what has been termed "frontier areas." These are areas in which no oil and gas drilling has been done, and no actual lease sales have been held.

Frontier areas are along the Atlantic seaboard, offshore California and the outer reaches of the Gulf of Mexico, as well as in offshore Alaskan waters.

The Federal Government is attempting to accelerate oil and gas leasing into OCS frontier areas in an effort to achieve greater energy self-sufficiency.

The area of the proposed sale extends off the State of Alaska's southern shores seaward from the three-mile territorial waters boundary out to the 200-meter line (approximately 600 feet of depth) from north of Middleton Island east to Icy Bay. The area is on a general East-West line north of Juneau.

All frontier OCS areas are being described in metric system measurements as the Nation begins to move into widespread useage of the metric system. A hectare is about 2.5 acres, and a frontier area OCS tract is 5,760 acres in size. In establishing OCS areas of leasing in the Gulf of Mexico, however, tracts are described in acres and are about 5,000 acres in size.

A list of the tracts will be mailed upon request to the Manager, Bureau of Land Management, Alaska OCS Office, P.O. Box 1159, Anchorage, Alaska 99510; street address: 800 A Street, Anchorage, Alaska, or to the Bureau of Land Management (730), Washington, D.C. 20240.

List of Tracts Proposed for Leasing
 Gulf of Alaska, Sale #39
 March 20, 1975

Middleton Island Area, Map 6-2

<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>
18	2304	228	2304	312	2304
19	2304	229	2304	319	2304
103	2304	230	2304	320	2304
104	2304	231	2304	321	2304
105	2304	232	2304	322	2304
106	2304	233	2304	323	2304
107	2304	234	2304	324	2304
108	2304	235	2304	325	2304
144	2304	236	2304	326	2304
146	2304	237	2304	327	2304
147	2304	238	2304	328	2304
148	2304	239	2304	338	2304
149	2304	240	2304	339	2304
150	2304	241	2304	340	2304
151	2304	243	2304	341	2304
152	2304	251	2304	342	2304
153	2304	252	2304	343	2304
154	2304	253	2304	344	495.38 est
155	2304	254	2304	356	2304
156	2304	255	2304	357	2304
183	2304	256	286.87 est	358	2304
184	2304	275	2304	363	2304
185	2304	276	2304	364	2304
186	2304	277	2304	365	2304
187	2304	278	2304	366	2304
188	2304	279	2304	367	2304
189	2304	280	2304	368	2304
190	2304	281	2304	369	2304
191	2304	282	2304	370	2304
192	2304	283	2304	382	2304
193	2304	284	2304	383	2304
194	2304	294	2250 est	384	2304
195	2304	295	2304	385	2304
196	2304	296	2304	386	2304
197	2304	297	2304	387	2304
198	2304	298	2304	388	599.56 est
199	2304	299	2304	400	2304
211	2304	300	391.15 est	401	2304
212	182.55	311	2304	402	2304

List of Tracts Proposed for Leasing
 Gulf of Alaska, Sale #39
 March 20, 1975

Middleton Island Area, Map 6-2

<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>
407	2304	414	2304	458	2304
408	2304	420	2304	463	2304
409	2304	453	2304	464	2304
410	2304	454	2304	501	2304
411	2304	455	2304	502	2304
412	2304	456	2304		
413	2304	457	2304		

Icy Bay, Map 7-1

3	2000 est	76	2304	150	2304
4	2100 est	77	2295 est	151	2304
5	2175 est	78	1900 est	152	2304
6	2150 est	79	250 est	153	2304
7	1400 est	99	2304	154	2304
9	150.00 est	100	2304	155	2304
23	2304	101	2304	156	2304
24	2304	104	2304	157	2304
25	2304	105	2304	158	2304
26	2304	106	2304	159	2304
27	2300 est	107	2304	160	2304
28	2250 est	108	2304	161	2304
29	2300 est	109	2304	162	2304
30	2200 est	110	2304	163	2304
31	1200 est	111	2304	164	2304
32	650 est	112	2304	165	2304
33	200 est	113	2304	166	2304
59	2304	114	2304	167	2304
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61	2304	116	2304	169	2150 est
62	2304	117	2304	185	182.55 est
63	2304	118	2304	186	2304
64	2304	119	2304	187	2304
65	2304	120	2304	188	2304
66	2304	121	2304	189	2304
67	2304	122	2304	193	2304
68	2304	123	2000 est	194	2304
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70	2304	125	400 est	196	2304
71	2304	142	2304	197	2304
72	2304	143	2304	198	2304
73	2304	144	2304	199	2304
74	2304	145	2304	200	2304
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List of Tracts Proposed for Leasing
 Gulf of Alaska, Sale #39
 March 20, 1975

Icy Bay, Map 7-1

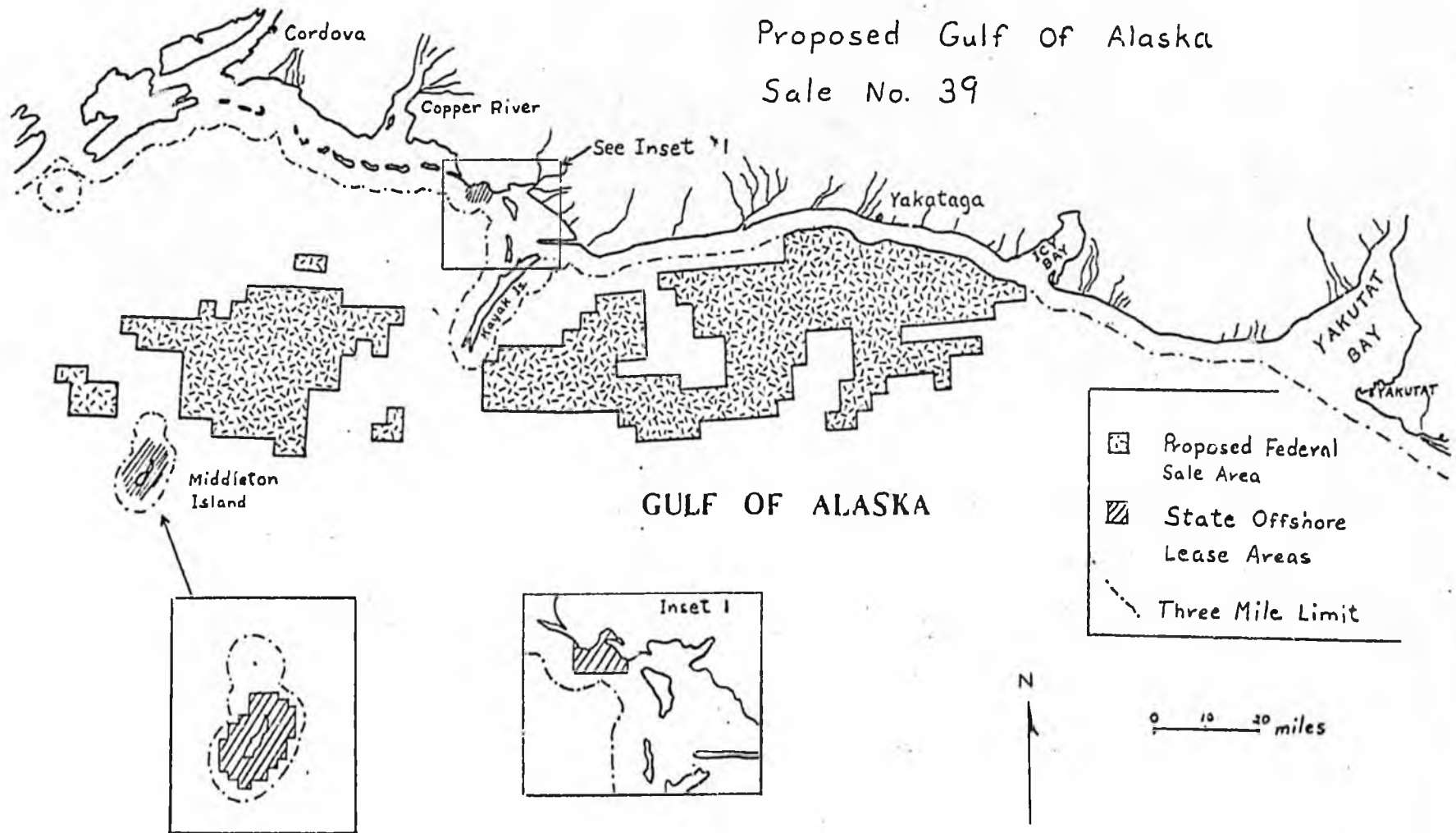
<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>
202	2304	291	2304	367	2304
203	2304	292	2304	368	2304
204	2304	293	2304	369	2304
205	2304	294	2304	370	2304
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207	2304	296	2304	372	2304
208	2304	297	2304	373	2304
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210	2304	317	495.38 est	378	2304
211	2304	318	2304	379	2304
229	286.87 est	319	2304	380	2304
230	2304	320	2304	384	2304
231	2304	321	2304	408	2304
232	2304	322	2304	409	2304
233	2304	323	2304	410	2304
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248	2304	337	2304	417	2304
249	2304	338	2304	422	2304
273	391.15 est	339	2304	423	2304
274	2304	340	2304	453	2304
275	2304	361	599.56 est	454	2304
283	2304	362	2304	455	2304
284	2304	363	2304	456	2304
285	2304	364	2304	465	2304
286	2304	365	2304	466	2304
287	2304	366	2304		

List of Tracts Proposed for Leasing
Gulf of Alaska, Sale #39
March 20, 1975

Icy Bay, Map 7-1

<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>	<u>Block</u>	<u>Hectares</u>
202	2304	291	2304	367	2304
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243	2304	335	2304	415	2304
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248	2304	337	2304	417	2304
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286	2304	365	2304	466	2304
287	2304	366	2304		

Proposed Gulf of Alaska
Sale No. 39



COASTAL ZONE MANAGEMENT: A SUMMARY

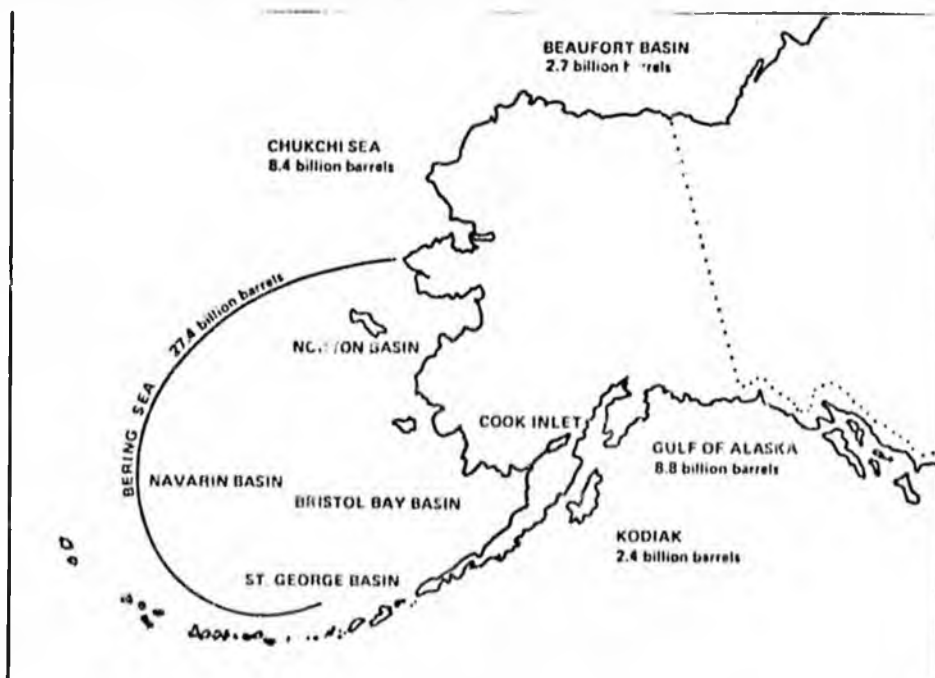
I

The Need for Early Passage of Coastal Zone Management Legislation

The need for early passage of coastal zone management legislation is related to the Department of the Interior's program to accelerate the leasing of oil and gas in the outer continental shelf surrounding Alaska (OCS). Below is a map depicting the proposed lease areas and tentative leasing schedules:

Leasing Schedule

Sale Area	Tentative Sale Date
Cook Inlet	Aug. '75
Gulf of Alaska	Nov. '75
Bering Sea-St. Geo.	Oct. '76
Gulf of Ak.-Kodiak	Dec. '76
Beaufort Sea	Sept. '77
Outer Bristol Basin	Oct. '77
Bering Sea-Norton	July '78
Gulf of Ak.-Aleutian	Sept. '78
Chukchi Sea	Dec. '78



* From "Alaska Seas and Coast", Alaska Sea Grant Program (April 15, 1975)

The rapid development of the OCS resources will result in onshore support centers for offshore activity. The exploration and development stages will result in such facilities as tank farms, ports, harbors, facilities for processing natural gas, dredging and laying of pipelines, warehouses, oil rig fabricating yards, as well as the secondary developments needed to service

the primary industry. Much of the development will occur in small coastal communities completely unprepared for this development.

Coastal zone legislation can help to channel onshore development in a constructive, reasoned way. The Scottish communities on the North Sea subjected to similar OCS activities learned that the only way to control onshore OCS development was to engage in what can be characterized as coastal zone planning. *

II

Relationship of State Legislation to the Federal Coastal Zone Management Act of 1972

A state coastal zone management program would result in reasoned allocation of space in the coastal zone considering broad social, economic and environmental values. Additionally, if the state program is "approved" by the Department of Commerce as complying with the federal Coastal Zone Management Act of 1972, two additional benefits flow to the state. First, the state receives grants from the Department of Commerce to aid the state in both coastal zone planning and in administration of the program. Approximately \$900,000 will come to the state in the coming fiscal year for coastal zone planning. Second, and most important, is that once the state program is "approved", federal agencies conducting or supporting activities or undertaking development projects in the coastal zone must perform, "to the

* Baldwin, "Onshore Planning For Offshore Oil, Lessons From Scotland". Conservation Foundation (1975)

maximum extent practicable, consistent with approved state management programs." Finally, federal licensees and permittees performing activities in the coastal zone must certify that their proposed activities comply and are consistent with the approved programs. Also a coastal state can establish procedures, including public hearings regarding the certification of activities of federal permittees and licensees in the coastal zone and may render objections to the activities if inconsistent with the state management program. While the federal "consistency" requirements will not give the state complete control over federal activities in the coastal zone, including OCS activities, it will give the state greater leverage in relation to the federal OCS leasing program and a greater voice than presently exists.

III

Sponsor Substitute for SB No. 175
The Administration Bill Relating to
Coastal Zone Management

After extensive public debate, the administration has introduced a sponsor substitute for SB 175, attempting to utilize the best concepts raised by the debate. The administration also largely utilized the recommendations of the Alaska Growth Policy Council.

The policy of the sponsor substitute is:

"to improve and coordinate land and water use planning in the coastal zone of the state, in cooperation with the regions, local governments, other public and private organizations and concerned individuals, through the development and implementation

of a coastal zone plan designed to achieve wise use of the land and water uses of the coastal zone giving full consideration to economic, ecological, historic and aesthetic values."

The bill divides the planning and the regulating responsibilities of coastal zone management. Planning begins with the creation of the Alaska Coastal Zone Planning Council composed of five Commissioners, the Lieutenant Governor, and seven public members. Three of the seven members are selected by the Governor and four by the legislature. The council, after public hearings, establishes guidelines for preparation of the coastal zone plan at the local level. Municipalities with planning and zoning capability may elect to participate in the coastal zone management program and prepare coastal zone plans for their municipalities. The plans of the municipalities are reviewed by the council for consistency with the guidelines and are incorporated as a part of the statewide plan.

In the unorganized borough, regional planning advisory boards are created which prepare recommendations for coastal zone plans in their regions in the unorganized borough. The recommendations for coastal zone plans of the boards must be followed by the council to the largest extent feasible.

The council itself may define and develop additional standards for "large-scale development", "geographical areas of particular concern", and "uses of regional benefit", concepts which, because of their nature or magnitude, are clearly of greater than local concern. These particular areas or uses will entail a higher degree of state involvement than matters of local concern. The guidelines and regulations prepared by the council, as well as the coastal zone plan itself, are filed with the legislature for

45 days before taking effect. The legislature may disapprove the guidelines, regulations or plans, in which case they do not take effect.

Implementation of the Alaska Coastal Zone Plan occurs at the local level in the municipalities which have elected to participate in coastal zone management. Subject to guidelines prepared by the council, the municipalities would develop regulatory mechanisms for implementing the plan within their jurisdictions.

In the unorganized borough, and with respect to large-scale development, the Department of Environmental Conservation would administer the plan.

Finally, the bill provides for interim regulation of coastal zone activities in three areas of the state targeted for early OCS activity: the northeastern Gulf of Alaska, the southeastern Bering Sea, and the Beaufort Sea. Any large-scale development of the type associated with offshore oil and gas development would require a permit from the council. A permit would be granted if the net social, economic and environmental benefits of the development outweighed the net social, economic, and environmental detriments of the development. The information developed in the permit procedures, hopefully, would result in early flagging of problems and stimulate a reasoned response by state and local government.

In sum, coastal zone management provides a coordinated approach to the allocation of space in the coastal zone. It would bring together the jurisdictional fragmentation of authorities over regulation of the coastal zone and allow quick, responsive, reasoned mechanisms to coastal zone planning and regulation. It would provide a local voice and legislative oversight.