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PROPOSED COOK INLET LAND TRADE

(NOTEBOOK)

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GOVERNOR'S TRANSMITTAL LETTER

COOK INLET

LAND EXCHANGE

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

1/23/76

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In my State of the State message, I laid before the Legislature the issue of the Cook Inlet Land Exchange. In doing so, I made the following statement:

> Alaska's land, perhaps more than the offshore oil and gas programs, hits Alaskans where they live. This administration believes that sound land ownership patterns and practices are important and we will not hesitate to use State power to influence them when in the public interest.

I continued by expressing the further commitment of the administration to take a major role in land decisions seeking to "balance the proper rights of Alaska's Natives with the long-term interests of the entire Alaska public."

Setting forth the Cook Inlet exchange specifically, I indicated the importance of the matter and my desire that it be the subject of thorough Legislative scrutiny:

> Perhaps the boldest of these (land) actions has been the Cook Inlet Land Exchange. Controversial from the first, this transaction is as large and complex as the issue it was intended to resolve. Pursuant to a Congressional request, we worked for months with the other parties for a settlement. More important, support for it has grown as its logic becomes apparent.
>
> Now, though not obligated, I am bringing it to the legislature with confidence, having seen it move through Congress supported by our entire delegation. Should you disapprove it, I will not act, but I earnestly solicit your approval.

By now, this issue is well-known to many Alaskans, as it has had extensive press coverage, has been the subject of an extensive public process, has been reviewed by a special Legislative Council subcommittee, and has been the subject of full Congressional review and action.

In spite of this, and in spite of my conclusion that State participation in the agreement is authorized by existing law, I believe full Legislative review is in the broadest public interest on a matter of this importance and scale.

By the terms of the document entitled "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area", incorporated in Section 12 of the recently passed amendments to the Alaska Native Claims Settlement Act (P.L. 94-204), the consent of the State to the agreement must be given within 60 days of the commencement of the 1976 Session of the Alaska Legislature. I have stated my intent that such consent shall be given unless the Legislature disapproves State participation within this period. Should disapproval occur, I will withhold my consent for State participation.

The matter is thus submitted to you for oversight and policy review, and the attached material should be considered in addition to other public information on this matter and material earlier submitted to the special Legislative Council Subcommittee. Additionally, you have my pledge of full administration cooperation to further explain and illuminate the exchange agreement as your procedures indicate.

The materials attached are intended to permit an orderly analysis of the agreement, touching on the issues critical for Legislative review. In particular, there is a discussion of the considerations that entered into the deliberations, the alternatives as perceived by the State, and the economic evaluations that have been made. Most important, the documents trace the history of public participation and input into the agreement and the extent to which the final agreement reflects concerns stated by legislators, local governments, other Native Corporations and the public at large.

The exchange agreement, the legal and historical conditions which necessitated and permitted it, and the process by which it was formed are unique and critical to an understanding of the entire issue. So is an understanding of the paths not taken, or the consequences of a failure to take such an action. The entire Alaska delegation supported the agreement, and Congress acted to carry it into Federal law. When the bill was signed by the President on January 2, 1976, it placed the matter before the State and I am seeking your review.

In the House report that accompanied the federal legislation on the exchange, the Committee on the Interior and Insular Affairs noted that the document "harmonizes conflicting interest, seeking to adjust an equitable settlement for Cook Inlet Region consistent with the needs of Alaska and the public at large... It seeks to resolve harmful jurisdictional conflicts and arbitrary ownership and conserves for public use lands that should have that status." I agree.

I submit this set of documents to you cognizant of the care, delicateness and thoroughness that has been the hallmark of the evolution of the agreement, and seek your consideration of the land exchange agreement as the final step in this important endeavor.

Sincerely,

Jay S. Hammond
Governor

JAY S. HAMMOND
GOVERNOR

rec'd 2-20

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 20, 1976

The Honorable Nels A. Anderson, Jr.
Chairman
House Resources Committee
Alaska State Legislature
Pouch V Capitol Building
Juneau, Alaska 99811

Dear Chairman Anderson:

I would like to cooperate with the Senate and House Resources Committees in their efforts to evaluate the Cook Inlet-State of Alaska Land Trade.

However, I cannot grant your request of February 16 for a 30-day extension of the March 12 deadline because it is out of my power to do so. Subsection 1 of Section 12 of the Act incorporates by reference the terms of the agreement of the parties (see page 42 of the House Report accompanying 6644).

Three conditions must exist before the Secretary of the Interior may act, the first of which is that the State of Alaska, within 60 days of the effective date of the Act, January 12, 1975, must irrevocably commit to the transaction: "Upon consent by the State of Alaska to be bound by the terms and conditions of this Document, which consent must be given, if at all, within 60 days of the commencement of the 1976 Session of the Alaska State Legislature, the State of Alaska shall convey to the United States for reconveyance to CIRI the lands described in Appendix C to this Document."

I believe that it is not only unrealistic to expect the federal Congress to pass yet another bill, but also inappropriate for us to expect them to do so when a little extra energy and committment by all of us can accommodate the March 12 deadline.

I assure you that I will do what I can to encourage the joint State-Federal Land Use Planning Commission to expedite their deliberation.

Sincerely,

Jay S. Hammond
Governor

February 20, 1976

The Honorable Kay Poland
Chairperson
Senate Resources Committee
Alaska State Legislature
Pouch V Capitol Building
Juneau, Alaska 99811

Dear Kay:

I would like to cooperate with the Senate and House Resources Committees in their efforts to evaluate the Cook Inlet-State of Alaska Land Trade.

However, I cannot grant your request of February 16 for a 30-day extension of the March 12 deadline because it is out of my power to do so. Subsection 1 of Section 12 of the Act incorporates by reference the terms of the agreement of the parties (see page 42 of the House Report accompanying 6644).

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I believe that it is not only unrealistic to expect the federal Congress to pass yet another bill, but also inappropriate for us to expect them to do so when a little extra energy and committment by all of us can accommodate the March 12 deadline.

I assure you that I will do what I can to encourage the joint State-Federal Land Use Planning Commission to expedite their deliberation.

Sincerely,

Jay S. Hammond
Governor

TABLE I.

ESTIMATED ECONOMIC VALUES, IN PRESENT DOLLARS, OF LANDS GIVEN AND RECEIVED BY THE STATE

LANDS GIVEN BY STATE

LOCATION	ACREAGE	VALUES (SMILLIONS) LAND	MINERALS	TIMBER	TOTAL
Scattered Tracts	69,721	15.7	---	1.8	17.5
Kenai Penn.	107,650	16.1	---	1.3	17.4
Beluga	314,640	22.0	15.9[a]	1.2	39.1
TOTAL	492,011	53.8	15.9	4.3	74.0

LANDS RECEIVED BY STATE

LOCATION	ACREAGE	VALUES (SMILLIONS) LAND	MINERALS	TIMBER	TOTAL
Kamishak Bay	276,480	11.1	---	.2	11.3
Koksetna R.	161,280	6.4	---	.2	6.6
Talkeetna Mts.	161,280	6.4	---	.1	6.5
Bristol Bay	576,000	23.0	---	---	23.0
Campbell Tract	3,930	5.9[b]	c	c	5.9
Pt. Campbell	1,179	6.6[d]	---	---	6.6
Pt. Woronzoff	595	4.2[d]	---	---	4.2
Capt. Cook Rec. Area	4,800	.8	---	.1	.9
TOTAL	1,228,742	64.4	---	.6	65.0

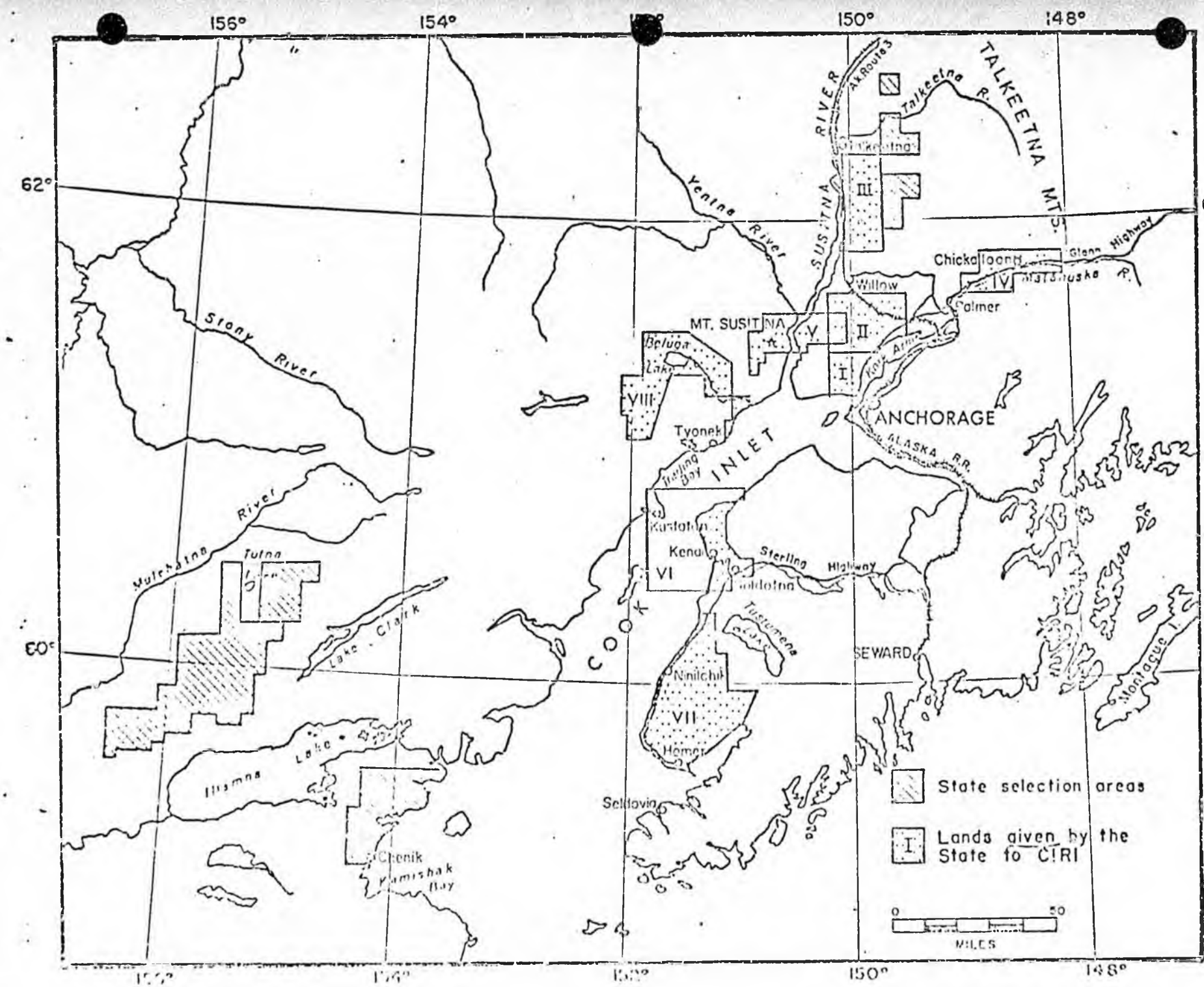
NOTE:

a. The 15.9 value for the Beluga Coal resources is based on the middle of three scenarios for production in that area (pessimistic, medium, optimistic). The value has been discounted at eight percent from future revenues to present dollar values. The most optimistic scenario, which makes several very optimistic assumptions, would yield a discounted value of $38.2 million (figures attached to memo).

b. A very conservative figure of three thousand dollars per acre has been assigned for the Campbell tract. This figure has then been discounted fifty percent under the assumption that if the State did not gain immediate title to the area under this proposal it would still stand a respectable chance of obtaining the land at some time in the future.

c. Although other values including timber and specifically gravel are found on the Campbell Tract, sufficient data were not immediately available to make a good estimate of value. However, the value of gravel alone, located as it is within the center of the Anchorage Bowl, would be very substantial, certainly totaling in the millions of dollars.

d. As with the Campbell Tract the values of the Point Campbell and Point Woronzoff surplus lands has been discounted to recognize that the State might obtain these lands at some unknown future date in other ways if the proposal is not executed. However, because these lands are outside of the two-mile radius of the city boundaries, and because they are not as important as the Campbell Tract for other



PROPOSED COOK INLET LAND TRADE

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Geological & Geophysical Surveys

TO: Michael C.T. Smith, Director
Division of Lands

DATE: January 2, 1976

FILE NO:

THRU: Guy R. Martin, Commissioner
Department of Natural Resources

TELEPHONE NO:

FROM: Cleland N. Conwell CNC
Mining Engineer

SUBJECT: Mineral Analysis of Proposed Cook Inlet Land Trade

On or about the 8th of October, Ross Schaff, Don McGee, and I met with you in your office to advise you of the value of coal land the State was proposing to give away. It is my recollection that we advised you at that time of the value of coal on these lands and of work in progress by the private sector in exploring the Beluga coal field. As I recall, all three of us, especially Ross and I, expressed personal disproval of the trade. It was and is our opinion that some of the most valuable land in the State is being traded for land that has little or no economic potential.

In direct comment on the articles by Mr. Galliett:

Don McGee and K. O'Connor in AOF 51, page 7, estimate 7.8 billion tons of coal in the Beluga field. Therefore, Mr. Galliett has a reference from a report of the Alaska Geological Survey. My only comment on the first article is that recovery of 50% of the coal is low by todays standards.

In reference to the second article, it is my understanding that Fish and Game have control of fishing and the streams. I believe that this is covered in Section 16 of the State Statuates, so there is no need to control the Lake Clark or Iliamna areas for the fishing potential.

In the 3rd article, Galliett appears to be accurate. I am sure we could check on the number of natives and the allocation, but the figures are approximately those that I have read.

With regard to the specific "Lands to be given by the State to CIRI":

Pt. MacKenzie (Appendix C - 1.B)and This is within the Anchorage area and is a valuable section for port facilities.

Knik-Willow (Appendix C - 1.B and 3) — This is an excellent recreation area near Anchorage. It contains the Nancy Lake State Recreation area, Meadow Creek Campground, and many lakes. There is both a coal potential and oil and gas potential in the area. Coal at one time was mined at Huston.

Kashwitna (Appendix C - 1.B) -- This is prime agricultural land - Ref: Alaskas Agricultural Potential, Alaska Rural Development Council, Publication No. 1, 1974. It also contains a site selected for the future capitol of Alaska. It is accessable by road and railroad, and has many home sites. The land has potential for fossil fuels and uranium.

Chickaloon (Appendix C - 1.D and 3) — This is excellent coal land and part is under coal lease. Coals in this area have a higher calorific value than the Beluga area, i.e., 7,200 Btu Beluga vs. 12,000+ Btu Matanuska. Some of the Matanuska coals have coking qualities. Therefore, Matanuska coals have a higher market value than Beluga coals. The railroad right-of-way to the area is retained by the Alaska Railroads. There are excellent home sites in this area.

Alexander Creek (Appendix C - 1.D and 3) — Coal, oil, gas, and uranium potential.

Salamatof (Appendix C - 3) and Kenai Peninsula (Appendix C - 1.E and 3) — These are excellent coal lands. The coals are nearly horizontal, therefore, favorable for mining. Several beds at least 5 feet thick underlie the area. Undoubtedly there are at least 11.7 billion tons of coal in these areas. In addition to the loss of coal there would be a loss of recreation along the beaches of the peninsula. This includes both clam digging and fishing. I have been informed by native groups that they intend to protect these rights, and prohibit non-natives from trespassing. A law suit on this matter is presently in court (Edwardsen vs. Morton). These lands also have a high agricultural potential. In the case of strip mining the agricultural potential could be utilized the year following cessation of mining.

Beluga (Appendix C - 2(a)) — This area contains the outcrops of the Capps and Waterfall coal beds which can have respective thicknesses of 27 and 50 feet. Some sections could contain 70 million tons of coal with a stripping ratio of less than 3 to 1. One township could contain 2.5 billion tons of coal. This is also an area of high agricultural potential, and experimental work has proven that reclamation can be done after strip mining.

In regard to the lands to be given to the State by the Federal Government:

a In general, these lands are underlain by Jurassic intrusives that have a low mineral potential for hard minerals, lack equivalent agricultural potential, lack the recreational value, because of inaccessability, and, if not selected by the natives might still be open to selection by the State.

In regard to the report by Dobey, Welch, and O'Conner:

There are many misleading statements in the report. I find errors in the calculations regarding the discounted cash flows. The Stanford Research Institute has a report issued in 1975 that gives figures that conflict with those of Robert Bottge. Nevertheless, assuming the inaccurate figures do have meaning, should the State give away such valuable revenue producing land?

By a separate memorandum I am requesting the report by Dobey et. all, be kept for in house use and not issued as an open-file report by the Division of Geological and Geophysical Surveys.

02-0010 (REV. 06-73)

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Geological & Geophysical Surveys

TO: Guy Martin, Commissioner of Natural Resources
Thru: Gil Eakings, Acting State Geologist DLE

DATE: January 2, 1976

FILE NO:

TELEPHONE NO:

FROM: Clela[illegible] N. Conwell CNC
Mining Engineer

SUBJECT: Economic Resource Analysis of Measured and Indicated Coals
November 28 1975
P.L. Dobey, J. Welch, K.M. O'Connor

At the request of Gil Eakins, Acting State Geologist, I have reviewed the subject report. I find that the report is misleading, contradicts Alaska Geological Survey open file report 951, is inaccurate and biased. I respectfully request that the report not be published as an open file report under your name and that of Ross G. Schaff. It may be of some use to Mike Smith within the department, but I feel that the quality is too low to justify publications as a Division Report. If published, the report certainly should be reviewed by Ross Schaff beforehand.

02-001B (REV. 06-73)

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Geological & Geophysical Surveys

TO: Michael C.T. Smith, Director
Divisi n of Lands

THRU: Guy R. Martin, Commissioner
Department of Natural Resources

FROM: Gilbert R. Eakin GRE
Acting State Geologist

DATE: January 2, 1976

FILE NO:

TELEPHONE NO:

SUBJECT: Mineral Analysis of Proposed Cook Inlet Land Trade

In response to your letter of December 29, 1975 to Ro.. Schaff, I requested Cleland Conwell, State Mining Engineer, to review the three newspaper articles by Harold Galliett and again to assess the tracts of lands involved in the proposed land trade.

I concur with Mr. Conwell's assessment that it is not in the best interests of the State to make the proposed land trade. A purely economic view indicates a high potential dollar value of the tracts to be traded to the Cook Inlet Native Association. Large reserves of quality coal are known, agricultural lands are present, and a reasonably good potential exists for petroleum and uranium. In addition, the lands to be given to CINA have wisely been selected near populated areas and where industrial and population growth may be expected. We believe the potential revenues are very significant and that an attempt to put a discounted cash value on the resources today is not a fair evaluation.

In contrast, the lands to be received by the State in the trade do not appear to have an important mineral potential, are relatively inaccessable, and are not suitable for development.

cc: Ross Schaff, State Geologist

02-001B

STATE
of ALASKA
DEPARTMENT OF NATURAL RESOURCES

MEMORANDUM

TO: Guy R. Martin
Commissioner

DATE : December 6, 1975

FROM: Michael C. T. Smith, Director
Division of Lands

SUBJECT: Proposed Cook Inlet Land Trade

PROPOSED COOK INLET LAND TRADE

Brief History

Because of existing federal withdrawals, state land selections and non-Native settlement patterns within Cook Inlet Region, Cook Inlet Region, Inc., unlike the other regional corporations created under ANCSA, has not been able to select lands which it considered of like and similar character under the formulae established by the Act. For approximately three years following enactment of ANCSA, Cook Inlet Region, Inc. ("CIRI") carried on a long series of discussions with the Secretary of the Interior in an attempt to insure its ability to select lands considered of like and similar character. While the Secretary made a number of withdrawal adjustments, he was not able to satisfy the Region and CIRI went to court seeking redress. Discussions continued between the two parties while litigation ensued and in approximately September of 1974, Interior solicitor Kent Frizzel made an offer to Cook Inlet which specified certain lands which the Secretary would convey to Cook Inlet in settlement of the suit. The "Frizzel offer" proposed, in part, to convey to CIRI ten surface and 15 subsurface townships within the Kenai National Moose Range, including the Swanson River oil field, as well as additional federal lands in the then Greater Anchorage Area Borough. These latter lands included certain parcels which had been eyed by the Greater Anchorage Area Borough for public open space and recreation purposes, more specifically Point Woronzof, Point Campbell, and at least a sizeable portion of the Campbell Airstrip tract. The State did not participate in these discussions and thus was not aware of all contents of the

"Frizzel offer" and the tremendous impact that it would have had upon State interests, particularly financially. CIRI declined the initial offer although it apparently later changed its mind. However, the offer had been withdrawn by that time.

The U.S. District Court ruled in favor of the Secretary in February of 1975, by which point CIRI had gone to Congress to gain support for its problem. Congressional support for some form of amelioration of Cook Inlet's troubles was found with Senator Jackson and Congressman Meedls. These Members of Congress, both Chairmen and both strongest and most effective advocates for Natives and Indians in their respective House, have each publically pledged to see that Congress protects Cook Inlet Region's ANCSA rights. This guarantee must be taken very seriously. Proposals were introduced which were essentially identical to the "Frizzel offer" and hearings were scheduled on these bills for May. At the same time, CIRI had indicated that they were going to appeal the District Court decision in the 9th Circuit. At this time, the Alaska Delegation and others in Congress suggested to the State that it explore the possibility of entering the discussions between CIRI and the Secretary to see if some mutually agreeable solution to Cook Inlet's land selection problem could be agreed upon which involved State land. Th was suggested for the reason that inadequate Federal land was available in e Region, and this was at the heart of the problem.

The State was thus faced with the following factors:

1. Some seven months previous an offer, largely unacceptable to the State, had been offered by the Secretary without significant notice to the State. Such an out-of-court or pre-legislative action offer might be again proposed by the Secretary without

State participation. This is a risk of not taking any State action.

2. Although CIRI had lost in District Court, its appeal to the 9th Circuit included a request that the court nullify the September 1972 agreement between the Secretary and the State of Alaska which gave Alaska selection rights to lands south and southwest of Mount McKinley National Park which CIRI claimed it should have been entitled to select. Should the court find in favor of Cook Inlet, the Secretary would be directed to make available to CIRI for its selection a more acceptable array of lands. The Secretary might then have to reject the State's approximately 484,000 acre selection in this area in favor of making these lands available to CIRI for selection. Additionally, if this should happen and the Secretary can respond to a reversal by the Ninth Circuit by seeking to recover from the State the 484,000 acres sought by CIRI, he might also be forced to recover, on behalf of other Regions, conservation groups and other parties aggrieved by the September 1972 settlement, the other of the remaining forty-three and one-half million acres covered by the September 1972 State-Federal settlement. Although the State would oppose any such legal result it remains a distinct possibility to this day. It is a risk of taking no action.

3. Assurances had been given by members of Congress (Congressman Meeds and Senator Jackson) that Cook Inlet would receive favorable legislation if their problem could not be settled by other means. The bills before the Congress at that time were essentially identical to the largely unacceptable "Frizzel offer." A similar bill is before Congress today as an alternative to the proposal below, and is a risk of taking no

State action.

4. The Congressional Delegation had asked that the State take a more active role in discussions to seek an equitable solution to the problem.

5. By entering the discussions, the State could seek to effect other land trades within the region which would guarantee certain favorable land ownership patterns as well as bring under state control specified areas which the State wished to select itself, but would be unable to select if a CIRI settlement were finalized without State participation.

On the basis of the above the State began discussions with CIRI and the Department of Interior in approximately April of 1975. The discussions continued, becoming particularly intense preceding the Congressional hearings in the middle of May. Because of the complicated nature of the discussions, and with additional time available following the May hearings, the discussions progressed throughout the summer and early autumn. At each hearing, the State responded to Congressional requests, and testified regarding progress on a negotiated settlement. Each time, the State and the other parties were requested and encouraged to continue the discussions, and were advised of Congressional time restraints. Following Congressional hearings in the latter part of September, the land trade proposal was almost complete and the State publicly presented the proposal on October 2, concomitantly holding numerous briefings of smaller, more specialized groups interested in the trade (borough governments, conservation groups, Chamber of Commerce, Legislators, etc.). A thorough press briefing was also held. Following public input, additional discussions were held with Cook Inlet Region and the Department of Interior to reflect public sentiment of the

proposal. Details of the public input and subsequent changes in the proposal based upon that input are documented in greater detail below.

Implications

If the State endorses the proposal and it is passed by Congress and implemented, the benefits outlined later will accrue to the State and other parties involved. If the State does not support the proposal, or if the proposal is not implemented for other reasons, a significant number of possible permutations exist with respect to the final outcome of Cook Inlet's selection problem. The four most likely are listed here, but others which would have profound effects are possible.

1. Cook Inlet loses its suit--The CIRI appeal is now in the 9th Circuit. Should the suit ultimately be lost, and no other remedy found, the Region would select according to the withdrawals presently in existence which precipitated the litigation. Selections would be in conflict with over 20 townships the State had previously selected and between 10 to 20 townships that the State would now like to select (including Kamishak Bay which is the prime lower west side harbor site in Cook Inlet). The pattern of Cook Inlet Region selections would be dispersed and would create difficult management patterns throughout the Region. Substantial land would be selected which is deemed more appropriate for public ownership and use (such as the harbor site and lands in the Lake Clark area).

   It should be pointed out that this result is somewhat unlikely, even if the suit is lost, because its loss would very likely precipatate unilateral Congressional action for the reason that these selections are generally regarded as inequitable to the Region.

2. CIRI wins its suit--ramifications of this alternative would depend largely upon the court's directives. Cook Inlet would undoubtedly receive lands of more like and similar character which would be more physically suitable for settlement and development, but such lands are likely to conflict with land uses thought more appropriate by the State. Swanson River revenues might also be included. Sizeable portions of the Kenai National Moose Range, which is also a State wildlife refuge, might be selectable by the Region. The State could lose selections totaling approximately 600,000 acres in the Upper Susitna Valley near Chalatna Lake if the court concurred with one of CIRI's requests for redress (further details are indicated on the attached maps). Much more importantly, the entire Alaska v. Morton out-of-court settlement of September 1, 1972 will be threatened in that the remaining forty-three and one-half million acres of state selected lands pursuant to that agreement would be in jeopardy from other Native regions or other groups who might like to see substantial portions of that state acreage in other ownership.

3. Congressional action--having made commitments to help Cook Inlet, and having waited a considerable amount of time for discussions among the three parties to prove fruitful, Congress might well legislate an alternative amendment over any objections made by the State or others. It is hard to be specific about the form such an amendment might take, however, there is good reason to believe that some alternate form of the "Frizzel offer" might emerge. As discussed earlier, this proposal has extremely unfavorable consequences for the State.

4. Administrative settlement--although the least likely of the four, some administrative settlement between Cook Inlet and the Secretary might be arrived at which would not be in the interests of the state. Past experience indicates that any settlement proposed by Interior must be, because of land availability in the Region, either unacceptable to the Region or if acceptable, then probably extremely unfavorable for the State.

Additionally, certain advantages which the State has been able to gain through the discussions would not accrue. Specifically, the ability of the State to guarantee its selection and ownership of lands in the Talkeetna Mountains, Kamishak Bay and, more importantly, lands in the Bristol Bay areas. If Cook Inlet is forced to select lands in the Lake Clark area, the State's bargaining chip of guaranteeing that those lands remain in public ownership would be lost, and our leverage to bargain decisively for state selection rights within the Lake Iliamna-Bristol Bay proposed National Resource Refuge would be lost. One of the most compelling advantages of this proposal is the leverage which ownership of lands in the Bristol Bay area may give the State in what may be the most important single post-ANCSA federal political decision in the State's history: The 17(d)(2) question.

Basic Objectives Of Proposal

Each of the three parties had its own objectives in the discussions and would emerge with certain specific benefits.

State--The objectives of the State were basically two.

1. State land ownership--by trading 21.4 townships the State would gain selection rights and control substantially larger areas of the Talkeetna Mountains, Chakachamna Lake, Kamishak Bay, and the Lake Iliamna

and Bristol Bay areas. In these cases the State has operated from the standpoint that the State is much more capable, because of governmental infrastructure and location, to more effectively meet the needs of its people by owning these lands than can the federal government which lacks the "local" governmental structure needed to respond effectively to Alaska's needs. The juxtaposition of the Talkeetna Mountains to the rapidly expanding population in southcentral Alaska will become even more critical upon the possible establishment of a new capital city, very possibly immediately adjacent to Talkeetna Mountain lands which CIRI presently plans to select. In the Lake Iliamna and Bristol Bay National Resource Range proposal approximately 15 percent of the lands will be under the control of private Native corporations. The State can more effectively administer to the requirements of its citizens in those areas if it owns the other lands within that region. Additionally, the tremendous dependence upon the salmon fishery resources of that region, and the current responsibility of the State to manage those resources, argue cogently that the State should also control the uplands in that area.

faulty logic

2. Land ownership pattern--as it is the State which must provide those services and governmental functions based upon the land ownership pattern which emerges from Cook Inlet's ultimate selections, it is very much in the State's interest to assure a favorable selection pattern. Under the proposal, ownership patterns would:

A. provide CIRI with lands physically well suited to settlement and development.

B. guarantee that such developable lands would be located in close proximity to existing government services and, therefore, significantly reduce future expense in providing communication, education, transportation, and public safety services to these areas.

C. hasten the development of these suitable lands in a much shorter time frame than could be expected for the remote lands which CIRI would otherwise be forced to select.

D. a sophisticated but critical point is the fact that certain State selection rights, such as the 11(a)(1) (ANCSA) issue, will have to be resolved very shortly. The State believes it can select in these areas, and if it prevails, such 11(a)(1) selections, in combination with the selections under this proposal, would result in a highly desirable State resource ownership patter, particularly in the Iliamna area.

faulty

It might well be emphasized that, although the State believes that its own ownership in this area is critical, an equally high value must be placed on simple consolidation of ownership under as few owner-managers as possible (regardless of who is the owner). This is so far the reason that it is a "mix" of ownership and management patterns that creates the greatest difficulties over the

long view for a large resource area.

CIRI--The basic objectives of CIRI are to obtain lands of more like and similar character to those historically occupied by their ancestors within the Cook Inlet Basin. The proposal would largely accomplish this, although the Region will have reduced its entitlement significantly in obtaining these more suitable lands and would be taking over 50 percent of its entitlement outside the Region. The benefits to the 6,000+ members of Cook Inlet Region, Inc. would be increased, and as members of the Southcentral Alaska community these benefits would have substantial favorable economic and social impacts upon the State. Most important, the Region would finally have accomplished certainty in its selections, which is extremely important for the stability of the Corporation.

Federal Government--The objectives of the Federal Government were to settle the responsibilities of the Secretary with respect to the requirements of ANCSA and to accomplish this in a manner which would have minimal impacts upon other values for which the Secretary is charged with protection. More specifically, the proposal would permit a more acceptable incursion into the Kenai National Moose Range, thus protecting fish, wildlife and their habitat as well as the substantial recreational values of the Refuge. The proposal would also leave certain key areas in the Lake Clark area under Federal control and management. This makes sense in terms of other Federal ownership in the area. Most important, it would settle with finality one of the most difficult and complex legal and resource issues under ANCSA, one which has

required substantial governmental resources.

Negotiation Process

The first approach to the State requesting State participation in land trade discussions occurred in mid-February when Andy Johnson, President of CIRI, met with the Director at the Division of Lands. Following the loss of its District Court suit, and the resultant hardening of the Department of Interior's bargaining position, Cook Inlet then took the legislative solution route and only occasional discussions among and between the three parties occurred during the remainder of February, March, and early April. However, as it became obvious that a legislative solution not in the State's interest was a real probability, and following a request for State participation during Congressional hearings, a decision was made to pursue discussions concerning the proposed trade. At this time, the Commissioner and Governor were briefed, guidelines and general policies and objectives were set, and authorization was procured.

Somewhat regular meetings began in approximately mid-April and intensified considerably toward the latter part of April and the first week of May. By this time considerable public interest had been generated by media reports of the proposed amendment and the Anchorage Area Borough, in addition to the State, was working with representatives of CIRI on a very regular basis. Discussions on the part of the State were led by the Director of Lands. Staff assistance was requested when necessary and various staff attended certain of the meetings. Other divisions within the Department of Natural Resources, particularly the Divisions of Oil and Gas and Parks were consulted to a significant extent and other departments were asked to input when it was felt certain terms in the discussions affected their areas of interest. The Division of Aviation and the Department of Fish and Game were particularly involved. The ongoing progress of the discussions was regularly transmitted to the Commissioner of Natural Resources.

By the end of the first week in May substantial progress had been made and it appeared that CIRI would be willing to withdraw its proposed amendment on the basis of the tentatively proposed agreement. However, it was explicitly stated to the Region and Interior Department that final State concurrence could not be had until a public review and comment process had been effected. CIRI understood this and agreed to request that Congress not act immediately on their proposed amendment, but rather allow enough additional time for the proposed land trade to be agreed to by all parties. On May 7 a briefing was conducted by the Director of Lands for the Commissioner, the Governor, and the several appropriate department heads in Juneau. On the basis of that presentation and ensuing discussions, the decision was made for the State to also request that Congress refrain from acting on Cook Inlet's proposed amendment immediately and to allow additional time within which the parties could move to a final agreement following public input in Alaska.

On May 16 the Commissioner and the Director presented such testimony to the appropriate House and Senate Interior Subcommittees respectively. Prior to this testimony the three members of the Alaska Congressional Delegation and appropriate staff were briefed in considerable detail concerning the tentative proposal as it then existed.

Shortly following the Congressional testimony, the Cook Inlet Region, Inc. Board of Directors, for internal reasons not fully understood, voted to reject the then existing proposal and this led to an approximately three week period during which little discussion occurred between the State and CIRI. The lack of agreement was based primarily upon the Region's insistence that it ultimately obtain full surface entitlement under ANCSA, even if outside the Region. The State felt that full entitlement in addition to the lands which the State had proposed to trade to CIRI

was unacceptable. The latter part of June, following some Region concession on the full entitlement issue, discussions began again and continued intermittantly throughout July, August, and September as Congressional deadlines for action continued to recede. The extra time available was invaluable in allowing the State to more closely scrutinize various aspects of the proposal and to work with the Interior Department to insure the State could agree with the concessions which Interior was proposing. During this period additional meetings with the Congressional Delegation, other division and departmental staff and representatives from CIRI occurred. Documentation of these meetings is contained in greater detail in the file.

On September 24 additional testimony was presented before Senator Haskell's Interior Subcommittee concerning the proposal. Presentations and discussions were held with various interested parties in Washington, including the Congressional Delegation, and a more detailed presentation concerning the state-federal aspects of the proposal was made by the Commissioner and Director to the Department of Interior's Alaska Task Force.

On September 26 the Director announced that a public briefing of the proposal would be held in Anchorage on October 2 with public testimony to be received orally on October 3 with an additional period for written input. On September 30 a very detailed briefing of the proposal was made to both Division of Lands staff and a second briefing to representatives from other divisions within the Department of Natural Resources and representatives of other State departments. On October 1 another very detailed briefing was given to the Press, radio, and television media. Before the public presentation additional detailed presentations were made to various groups which had expressed considerable interest in the ongoing discussions. These included representatives of three affected municipal governments (Anchorage, Matanuska-Susitna Borough, Kenai Borough),

Legislators, and environmental groups. Public presentation on October 2 and the meeting the following night for public input were very well attended and, in response to requests for a similar hearing in Fairbanks, another presentation was made in Fairbanks on October 7. As a result of the media campaign and the public meetings, significant public input was received and a number of meetings were held between the Director and interested parties as well as several additional detailed briefings to groups specifically requesting them. These latter included the Bureau of Land Management, Anchorage Chamber of Commerce, Kenai Borough Assembly, Capital Site Selection Committee, and the Federal-State Land Use Planning Commission. A summary of the input from the public and the various interested groups, as well as the State's response to this input, is detailed later.

Specific Nature of Proposal

The proposal is basically composed of three different parts; a State-CIRI agreement, a CIRI-Federal agreement, and a State-Federal agreement. All aspects of each sub-agreement must be executed before the entire proposal would be binding. In essence, the State of Alaska would make available to CIRI State lands which the Region feels are of like and similar character to those lands which it has historically used. In return, the State would fall heir to approximately one-half of Cook Inlet's 12(c) entitlement in the Talkeetna Mountains, Chakachamna Lake, Lake Clark, and the Kamishak Bay areas. The remaining approximately one-half of Cook Inlet Region's 12(c) entitlement would remain in federal hands and the Federal Government would in turn convey to the State an equivalent amount of acreage in the Bristol Bay area. Additionally, the Federal Government would convey to Cook Inlet certain other lands within the region, including lands from the Kenai National Moose Range, as well as a total of approximately 26 townships to be selected from federal lands outside of Cook Inlet Region.

Because certain Cook Inlet Region village selections have or are likely to impact state, federal or CIRI interests related to Cook Inlet's selections, smaller sub-agreement proposals have been discussed with approximately seven villages or groups. These proposals function very rationally within the framework of the Cook Inlet Region selection proposal. Without the inclusion of these sub-agreements the interests of one or more of the three major parties would be likely frustrated by the existing village or group selection patterns.

Attached as Appendix A to this document is a more detailed breakdown of the specific asnects of the "original" proposal as presented publicly on October 2. Each aspect of the proposal was specifically keyed by number to an attached map which shows the location of that particular aspect of the proposal. Each aspect was also briefly explained as it pertained to the overall proposal. With only a few exceptions those aspects were the same ones which we had been discussing since last May and, therefore, there was relatively little new with respect to the proposal at that time. Following public input, as described below, and as a result of the U.S. District Court's finding Salamatof and Alexander Creek as certified villages, the proposal was modified and is shown in its final form under the "Current Status" hearing below.

Characterization of Public and Agency Input

The more or less finalized "original" proposal was presented to state agencies and the public in detail during the first week of October. As a result of this process input was received from many sources, primarily the public. This input was used for a series of additional sessions with CIRI in which significant modifications were made. This resulted in the "modified" proposal described later. The characterization below represents agency and public input with respect to the "original" proposal before modification.

As with the public input, other state agencies generally supported the concept of the State's attempts at insuring rational land ownership patterns. One aspect of the proposal, that of the approximately 12 township selection in the Beluga area, generated significant comment from the Division of Geological and Geophysical Survey as well as the Minerals Section within the Division of Lands. This input, both oral and written, emphasized both the amount of known and inferred coal reserves as well as the potential for coal exploitation under various conditions. While general parameters of the coal resource in the Beluga area had been known during the discussions with CIRI, more detailed and specific input from those agencies was requested and received. The specifics of this input may be found in the case file. Input from other state agencies which requested specific alterations or suggestions, e.g. the Department of Highways, was inputted during the modification discussions and this input may again be found in the file. Other agencies generally expressed approval either orally or written of the basic aspects of the proposal.

Public input following presentation of the "original" proposal came in both oral and written form. The vast majority of respondents indicated favorable support for the concept of the State entering the discussions and the general expression was that, with the exception of certain aspects of the proposal, the overall benefit which accrues to the State outweighed any deficits involved. Against this background of significant public support for the concept of the proposal, eight specific areas were singled out which received comment.

1. Mental Health Lands - Testimony brought out the fact, inadvertently overlooked by all parties, that approximately six and one-half townships from within the original pool of land CIRI could select from in the Beluga area had been selected by the State as mental health lands. Input and interest concerning these lands was received not only at the public hearings but

also through several telephone calls from interested members of the public. It might be noted that this finding alone made the extensive public process invaluable, and demonstrates the need for public exposure on all similar complex issues.

2. Coal Deposits - By far the most controversial aspect brought out by the public hearings and subsequent input concerned the inclusion of the "Beluga Coal Fields" in the proposal. Concern was genuinely expressed, although facts, figures and questions were often uninformed in nature. However, the sum total of input at the public hearings, from interested calls and appearances at the Division of Lands by interested parties, and inquiries from several groups indicated a definite feeling that significant acreage of lands with coal potential were felt to be "too much."

3. Insufficient Time - A number of comments were received which indicated that because of the complexity of the proposal insufficient time was available within which to satisfactorily study and comment. Interested parties were understanding of the fact that the "deadlines" were largely a result of a Congressional time schedule beyond our direct control, but the feeling of inappropriate time constraints was still evident. Later announcements by the State that over five weeks were available for public input ameliorated this feeling considerably.

4. State Agency Input - A few respondents indicated that they felt that insufficient input had been received from some State agencies during the negotiation process. While such comments generally indicated an understanding that specific recommendations from all agencies could not necessarily be accommodated in the proposal, the feelings were that all resource aspects should be addressed equally before a final decision is made on the proposal.

5. Legal Aspects - Two respondents raised the question of the authority of the State to enter into such a proposed trade. Their comments were almost exclusively directed at the authority of the State to alienate sub-surface resources in apparent contradiction to the Alaska Statehood Act and to the process by which "equal value" was determined.

6. Parks and Recreation Protection - A very significant number of respondents indicated approval of those few aspects of the proposal which offered some measure of protection for future open space and/or recreational options.

7. Accelerated Development - Several respondents indicated a favorable disposition to those aspects of the proposal which, by providing the Native corporations with lands appropriately located and suitable for development, would hasten the settlement and development of these lands in a manner which would favorably impact the State's economy. It was also felt that the location of private development in the Cook Inlet basin was appropriate and timely.

8. Extra-Regional Selection - Comments were received from three regional corporations which protested the out-of-region entitlement for Cook Inlet. These comments centered largely on a fear that CIRI's interests would not be compatible with those of Native residents of other regions, particularly with respect to CIRI's responsiveness to their life styles and subsistence needs. A fourth region, however, testified in favor of the proposal.

At a meeting of the Alaska Legislative Council in Anchorage on November 4, a presentation to the Council concerning the proposed Cook Inlet land trade was made by Mr. Harold H. Gallett, Jr. Mr. Gallett was particularly concerned with the Beluga lands aspect of the proposal. Not being familiar with the

"modified" proposal which resulted from public input of the preceding month, Mr. Gallett's presentation unfortunately conveyed some erroneous information. As a result of the presentation and an ensuing discussion, the Council became very interested in the proposal, and a subcommittee, chaired by Senator Kay Poland of Kodiak, was appointed to look into the matter and to report back to the Council. This subcommittee met in Juneau with the Governor, Commissioner of Natural Resources, and Director of Lands on November 7. In addition to Senator Poland, other Legislators present included Senator Rader and Representatives Smith, Miller, and Specking. The session included a detailed presentation of all aspects of the proposal followed by extensive questioning. The session lasted approximately three and one-half hours. On Monday, November 10, a conference telephone call was held among members of the Legislative Council concerning the proposal and the response of the Council was made in a letter from Council Chairman Genie Chance to Commissioner Martin on November 12. The Council felt that because of the early time deadlines and complexity of the proposal that the Council was in no position to either condone or oppose the trade proposal. Senator Chance did, however, indicate that members of the Council were free to express individual opinions on this or future land trade proposals.

The press was somewhat indecisive in commenting on the entire proposal. The "Daily News" did not discuss specifics, but rather applauded this attempt by government to actively participate in a proposal which would have such a great effect on the State. The "Daily Times" pointed out some of the benefits to be accrued, particularly the aspects of putting lands more suitable for development into native hands at an early time, but also questioned whether all aspects of the trade had been publicized so that a full and complete judgement might be made by the public. More recently, following the interest expressed by the Legislative Council in early November, the "Times" questioned

why the State was even involved in the matter in light of the paper's feeling that the problem was really one between the Federal Government and the Natives.

Generally, press coverage of the entire process has been extensive, and it is safe to conclude that public exposure, for those who chose to follow the issue, was extremely hig The Press briefing given by the State regarding the initial proposal was probably the most extensive ever given on any issue regarding State lands.

Current Status

As a result of public and agency input certain substantial changes were made to the tentative proposal which was made public during the first week of October. In addition, the decision by Judge Gazell in the United States District Court, which found that the villages of Salamatof and Alexander Creek were certified and therefore entitled to select large acreage within areas very important to the agreement, caused other necessary changes to the original proposal since certain aspects of the proposal sought an agreement before a decision was rendered. The significant changes to the "original" proposal, which have resulted in a "modified" proposal, are outlined below.

1. Beluga Area--the original proposal would have permitted CIRI to select 12 townships from a pool of approximately 22.5 townships in the Beluga Area. The modified proposal would permit CIRI to select 13.5 townships out of a pool of approximately 16 townships. The reduced pool reflects the 6½ townships of Mental Health lands which were withdrawn from the pool. This reduction would leave approximately 75 per cent of the measured or indicated coal reserves in State ownership. Despite this very significant diminu-

tion of value to Cook Inlet Region, the modified proposal calls for only 1.5 additional townships which may be selected from the diminished pool. In addition, a much larger area on the coast southwest of the Tyonek Reservation would remain in State ownership for future resource development in that area. Rather than CIRI owning a land corridor from its selected lands to the coast, the State would guarantee a public right-of-way for various resource and other transportation needs.

2. Bristol Bay Area--the original total of approximately 30 townships in the area of the Interior Department's Lake Clark d(2) proposal which were to be traded by the State in return for an equal number of townships in the Bristol Bay Area has been reduced to approximately 25. This change resulted from a determination by the State that it would be of greater benefit for the State to receive title to approximately 5 townships in the Lake Chakachamna Lake area. In addition to the inherent value of these lands, the Interior Department is very interested in these townships for inclusion in its d(2) proposal. For this reason, the State would retain a very strong bargaining position by obtaining title at this time to those lands.

3. Anchorage Bowl Federal Surplus Lands--while the original proposal specifically prevented CIRI from obtaining title to Federal Surplus Lands in the Campbell Tract, Point Campbell and Point Woronzof withdrawals, the modified proposal goes further in also protecting the Goose Lake withdrawal and in guaranteeing transfer of the Campbell

Tract to the State immediately and the Point Campbell and Point Woronzof of those surplus properties to the State or the Anchorage Municipality surplus properties as soon thereafter as possible.

4. Other Federal Surplus Lands Or Withdrawals--the original proposal permitted CIRI to select up to 3 townships of Federal lands in the Cook Inlet region from a pool of Federal surplus property, revoked Federal withdrawals and unperfected public land entries such as homesteads, etc., on an acreage basis. The modified proposal recognizes that such Federal lands may have significant economic values and there is therefore a provision to reduce CIRI's selection entitlement by 1 acre for every $500 of land value selected by CIRI from such Federal lands. In addition, the State is given certain veto and appeal prerogatives to insure that public interests are protected prior to selection by CIRI.

5. Extra-Regional Selections--In response to input by other Native regional corporations which expressed apprehension at CIRI's ability to select lands in close approximation to their land selections, the modified proposal permits affected village and regional corporations outside Cook Inlet to exercise a veto over CIRI's land selections in their 11(a) withdrawals. This will assure the other Native corporations of protection for subsistence, economic or other values. To insure that CIRI would have sufficient lands available to select from, the modified proposal permits CIRI to select from d(1) lands extra-regionally by following a selection process which guarantees both the Federal and State governments a role in determining the location of selections and in protecting each government's own specific interests.

6. Kenai National Moose Range--the District Court's finding that Salamatof is an eligible village immediately impacted the Moose Range with an additional 56,500 acres of selections. Since it appears the Federal government may appeal the decision, the impact and final date of land selections on the refuge are unknown at this time. The modified proposal therefore assumes a maximum selection by all Native corporations of approximately 108,000 acres. If the Federal government appeals and is successful, then the lands otherwise selected by Salamatof would probably go the CIRI as shown in the original proposal. However, if Salamatof does remain an eligible village, CIRI would obtain lands in the refuge only to the extent that some of the villages were willing to trade out of the Moose Range and make lands available for CIRI. In essence, therefore, total impact upon the refuge would remain roughly the same as in the original proposal; the only difference would be which corporation would own the lands.

7. Lake Clark Village Selection Tradeouts--as a result of the District Court decision which found Salamatof and Alexander Creek as eligible villages, the acreage of village selections in the Lake Clark area approximately doubled. Although the State would still trade out those village selections on a 1 for 4 basis, total State acreage involved would remain about the same. The only differences from the original proposal would be that 4 rather than 2 villages would be involved, and the Federal government would be required to provide any other additional acreage from within other village deficiency withdrawals.

Eight specific aspects of the original proposal were commented upon during the public input process. These aspects are outlined above on pages 15-17. Aspects number 1 (Mental Health lands) and 2 (coal deposits) were very substantively addressed and the changes described under number 1 of current status above. Aspect number 3 (insufficient time) has been taken care of by the continued Congressional postponement of action which has provided over 60 days for public reaction and input. Aspect number 4 (State agency input), if a valid basis for comment ever existed, was also addressed during this 60 day period. Contacts with most state agencies, particularity the Division of Geological and Geophysical Survey, resulted in additional comment and input from these agencies. The Division of Geological and Geophysical Survey in particular submitted additional memoranda and reports concerning resource values in the Beluga area. Items number 6 (Parks and Recreation Protection) and 7 (accelerated development) were merely supportive of certain aspects of the original proposal. These aspects were retained in the modified version. Aspect number 8 (extra-regional selection) was specifically addressed in number 5 under current status above. Only aspect number 5 (legal aspects) of the public input summary has not yet been specifically addressed in this memorandum. These legal points of the proposal are discussed in greater detail in the following section.

Major Considerations Before Decision

Two important considerations in all land exchanges were emphasized by a few members of the public and also by the Special Legislative Council Subcommittee:

1. Is there existing legal authority to conclude an exchange?
2. Would the State be receiving at least equal value for the value it gives?

These aspects had, of course, been investigated by the State at the onset as an integral part of any such decision-making process.

1. Authority - It is the opinion of the Attorney General and, we believe, of most other attorneys who have addressed the matter in detail that the Executive presently has State statutory authority to undertake this proposed land exchange. Authority has apparently existed since the enactment of the Alaska Land Act shortly after Statehood for the State to conclude an agreement such as this land trade proposal. Under AS 38.05.020(b)(2), the Commissioner, and, under AS 38.05.035(a)(14), the Director, have several times since Statehood entered into land trades or other agreements affecting lands that were not treated as sales or leases under the Land Act. Additional specific authority for land exchanges such as the present proposal was provided by the 1972 Legislature in the form of AS 38.95.060 as a counterpart to Section 22(f) of ANCSA. Among other things, this law permits the State to exchange land or interest in land with a Native corporation for the purpose of affecting land consolidations or to facilitate the management or development of the land.

The authority cited above does not prohibit the alienation of minerals as proposed in the trade. Although there is no State statutory obstacle, the Statehood Act prohibition against such alienation, found in Section 6(i), is regarded by some as a Federal constraint. Many persons take the position that Section 6(i) has been amended by implication in Section 22(f) of ANCSA so that it does not come into play in such exchange transactions. To erase any questions, the Federal Legislation which will implement the land

trade proposal will specifically address this matter to remove any doubt as to Congressional intention regarding state authority to enter into such a proposal.

2. Equal Value Consideration--In determining whether equal value will be received for value given in an exchange such as this proposal, there are basically two different types of "values" which require consideration. One is a value which can be determined with reasonable accuracy to have an economic value, often expressed in dollars. Secondly, there is value which either may be capable of expression in economic terms but for which a specific dollar value cannot be estimated with any particular degree of certainty at this time, or for which an economic value may never be specifically determined. However, values in this second category are very real and a reasonable person would recognize their existence and importance in computing the overall value received or given in a trade. With respect to this proposal paragraphs A and B below outline, respectively, the two types of values mentioned above.

A. Economic Values--The information presented below represents a summary of economic values identified with respect to State interests in the proposal. The information is based upon reports from various State sources and is expressed in terms of current 1975 dollars, i.e. economic values of resource potentials such as the Beluga coals have been discounted back to present day value. Only those resources specifically known to exist were valued. For example, although there are unquestionably very real and significant subsurface economic mineral values on lands which the State

would receive under the proposal, since they are as of this time unidentified no attempt was made to infer a particular economic value. In the Beluga area where certain measured or indicated reserves exist, however, estimated valuations were made.

Under the proposal the State would exchange approximately 21.2 townships of its land in return for 51 townships of Federal land and the right to select, at the State's discretion, an additional 20 townships. Also, the State would receive title immediately to the Campbell Tract in the heart of the Anchorage Bowl as well as a commitment to an expedited transfer of the Federal surplus lands at Point Campbell and Point Woronzoff. In estimating the economic value of the lands to be given and received by the State, estimates were made on the value of the land itself, any timber thereon, and any known mineral resources thereunder. The table below summarizes these values. Documentation may be found in the files.

TABLE I.

ESTIMATED ECONOMIC VALUES, IN PRESENT DOLLARS, OF LANDS GIVEN AND RECEIVED BY THE STATE

LANDS GIVEN BY STATE

LOCATION	ACREAGE	VALUES ($MILLIONS) LAND	MINERALS	TIMBER	TOTAL
Scattered Tracts	69,721	15.7	---	1.8	17.5
Kenai Penn.	107,650	16.1	---	1.3	17.4
Beluga	314,640	22.0	15.9[a]	1.2	39.1
TOTAL	492,011	53.8	15.9	4.3	74.0

LANDS RECEIVED BY STATE

LOCATION	ACREAGE	VALUES ($MILLIONS) LAND	MINERALS	TIMBER	TOTAL
Kamishak Bay	276,480	11.1	---	.2	11.3
Koksetna R.	161,280	6.4	---	.2	6.6
Talkeetna Mts.	161,280	6.4	---	.1	6.5
Bristol Bay	576,000	23.0	---	---	23.0
Campbell Tract	3,930	5.9[b]	c	c	5.9
Pt. Campbell	1,179	6.6[d]	---	---	6.6
Pt. Woronzoff	593	4.2[d]	---	---	4.2
Capt. Cook Rec. Area	4,800	.8	---	.1	.9
TOTAL	1,228,742	64.4	---	.6	65.0

NOTE:

a. The 15.9 value for the Beluga Coal resources is based on the middle of three scenarios for production in that area (pessimistic, medium, optimistic). The value has been discounted at eight percent from future revenues to present dollar values. The most optimistic scenario, which makes several very optimistic assumptions, would yield a discounted value of $38.2 million (figures attached to memo).

b. A very conservative figure of three thousand dollars per acre has been assumed for the Campbell Tract. This figure has then been discounted fifty percent under the assumption that if the State did not gain immediate title to the area under this proposal it would still stand a respectable chance of obtaining the land at some time in the future.

c. Although other values including timber and specifically gravel are found on the Campbell Tract, sufficient data were not immediately available to make a good estimate of value. However, the value of gravel alone, located as it is within the center of the Anchorage Bowl, would be very substantial, certainly totalying in the millions of dollars.

d. As with the Campbell Tract the values of the Point Campbell and Point Woronzoff surplus lands has been discounted to recognize that the State might obtain these lands at some unknown future date in other ways if the proposal is not executed. However, because these lands are outside of the two-mile radius of the old city boundaries, and because they are not as important as the Campbell Tract for other public purposes, there is a measureably greater probability that these surplus

Table I. NOTE d. continued.

lands would go to CIRI under some other form of settlement of their claims. Therefore, the conservative values of $8,000 and $10,000 per acre, respectively, are further discounted only thirty percent.

To the values to be received by the State as estimated above must be added values which, if the proposal is not consummated, might be lost to the State. The two most prominent values in this category are the ninety percent royalty revenues which the State receives from oil production in the Swanson River area of the Kenai National Moose Range, and 26 townships of state selected land which CIRI would select if they prevailed in their court suit and the Secretary made such lands available for native selection by refusing to convey them to the State. Any estimation of the value of these two possibilities to the State must assume certain levels of probability that the situation would occur without execution of the proposal.

Swanson River Revenues--There are any number of factors which may enter into assuming a probability that the Secretary or the Congress might convey to CIRI substantial subsurface title in the Moose Range. While only 15 months ago such a possibility would have seemed small to the State, ownership of 15 townships of Moose Range subsurface estate was offered to CIRI by the Secretary in September of 1974. Had CIRI accepted the offer at

that time the possibility of that event would have been one-hundred percent. In view of both that offer and Congress' assurance to CIRI of some settlement of their land claims problem, and assumption of a .5 probability does not appear unreasonable. Using State revenue projections for oil and gas royalty receipts from the Moose Range for only the next 14.5 years, and discounting those revenue projections at eight percent, a figure $41 million is obtained. Use of a probability of .5 yields an estimated value of $20.5 million.

Chalatna Lake 26 Townships--In assuming a probability that the State might lose title to lands currently selected south of Mount McKinley National Park in the Lake Chalatna area two probabilities must be estimated. The first is the possibility that CIRI would prevail in its court suit. Assuming that CIRI did prevail, a probability must then be estimated as to whether the Secretary would attempt to break the 1972 out-of-court settlement of Alaska v. Morton and whether he would be successful in that attempt over almost certain State court action. Numerous agruments may be proposed regarding these two probabilities but for this analysis probabilities of 50 and 40 percent respectively are used. Applying these probabilities to an estimated current land value for the 26 townships of $24.0 million and an estimated value for timber of $3.3 million, a value of $5.5 million is found.

A third value which must be estimated is that of the

additional 20 townships which the State may select at its discretion. Although statehood selection entitlement would be used, three factors must be considered. First, there is a possibility that the State may never be able to exercise its full selection rights under the Statehood Act and that the State must look closely at every opportunity it has to select lands. Secondly, the lands which could be selected are, relative to the lands that will be remaining after implementation of ANCSA and settlement of the d(2) question, certainly in closer proximity to existing state lands and populated areas. Thirdly, an exercise of State selection rights would be the first selections under the Statehood Act in the past four years. In other words, the "right to select" certain lands now that are in close proximity to existing st ' selections is in and of itself of value. Using the very conservative total value for these lands of $40 per acre, and discounting the 20 township selection right by a factor of two-thirds to account for the use of selection entitlement, the result is an estimate of $6.1 million.

Thus, the total estimated value of the three factors described above is $32.1 million. This total, when added to the estimated appraised values cited in Table I. above, gives a total estimated economic value to the State of $97.1 million. To this total must be added or subtracted the values described below to which a reasonable economic value cannot be applied at this time, or perhaps ever,

with any degree of certainty.

B. Other Values--As mentioned earlier, there are two types of other values which must be taken into consideration for purposes of evaluating this proposal. First are economic values which cannot be identified with any reasonable specificity at this time, and secondly there are those values which might never be capable of having a specific economic value attached to them, but which are unquestionably of significant value none the less. Paragraphs number one and two below present, respectively, positive and negative values to the State associated with the present proposal. Although certainly not exhaustive, the listing attempts to outline the major non-economic values involved.

1. Positive Values--the following positive values would accrue to the State should the proposal be consummated.

(a) CIRI Court Suit--as explained earlier in this memorandum, if Cook Inlet wins its appeal the State might lose not only considerable acreage from its present selections south of Mt. McKinley National Park, but it might also lose substantial additional lands should the September 1972 out-of-court settlement with the Secretary be abrogated. In view of the District Court's decision that the Secretary was in error concerning his finding eleven villages ineligible, Cook Inlet Region's chances

of success with its court suit were measurably increased.

(b) Moose Range Surface Protection--private surface ownership within the Moose Range would be kept to a minimum, thus protecting the very significant wildlife and recreational values of the Moose Range. The Moose Range is also a state wildlife refuge and its already tremendous value for recreational pursuits including hunting, fishing, canoeing, etc., will continue to grow with increased settlement and development of state and private lands outside the refuge on the Kenai Peninsula. Some, however, would argue that maximum Moose Range lands should be given to the natives so that development may occur.

(c) Suitable Lands In Private Ownership--the state lands received by the Native corporations are lands suitable for settlement and development because of physical characteristics and location, thus substantially reducing future costs to the State to provide services to these areas. Additionally, the Native corporations receiving these lands will be in a much better position to develop them at an earlier date, thereby stimulating economic development and providing an

additional tax base both to the State and to the local governments involved.

(d) Kamishak Bay Lands--under the proposal the State would receive title to approximately 12 townships of land on the west side of Cook Inlet on Kamishak Bay. These lands would represent the only State presence on the west side of Cook Inlet for at lest 400 miles south of Kalgin Island. Kamishak Bay itself, owned by the State, is believed to have significant oil and gas resource potentials and these coastal lands represent the only feasible areas for onshore development facilities. This proposal would put these lands in State hands. Additionally, the terminus of the Interior Department's "western transportation corridor", which originates in Petroleum Reserve Number 4, terminates on Bruin Bay which the State would also receive.

(e) Talkeetna Mountain Land--the State would receive approximately 14 townships in the Talkeetna Mountains area, some of which would be located immediately adjacent to currently State patented land. Three of these townships are contiguous to one of the three final sites to be considered for the new State Capital. Additionally, the proposal would bring to

State ownership lands otherwise selected by Native groups which would be included in the current Talkeetna Mountain State Park proposal. The land trade would permit a manageable park boundary proposal to be established, thus obviating the inevitable costly routine of buying back private property in the future. Also, watershed protection for a new Capital or for other settlement to the west would be assured.

(f) Addition To Captain Cook Recreation Area--the proposal would insure that a minimum of 7 sections of land would be added to the Captain Cook Recreation Area from federal lands within the Moose Range. Otherwise, Native selection of these sections would result in a significantly less manageable recreation unit.

(g) Public Lands--the proposal would insure that lands with significant public interest would remain in public ownership, particularly in the vicinity of Lake Clark. In addition, the State would receive lands in the Chakachamna Lake area which would give the State significant bargaining power in influencing federal action with respect to hunting, mining or other State interests in any permanent federal withdrawal in the Lake Clark area.

(h) Increased State Presence In Bristol Bay--the proposal would increase the State's presence in the Bristol Bay area by gaining for the State approximately 25 townships of d(2) land in addition to the 12 townships on Kamishak Bay. The 17(d)(2) land would, of course, be otherwise unavailable to the State. This enhanced state position will strengthen the State's bargaining power with respect to the proposed National Resource Range in the Bristol Bay-Lake Iliamna area. If the Resource Range proposal is adopted as presently proposed, the State, with the single exception of the Wood River-Tikchik area, would be totally removed from any significant land ownership position west of Cook Inlet.

(i) State Interests In Other Federal Lands--under the proposal other federal surplus lands and unperfected public land entries which might go to CIRI within the region would be subject to a State veto and/or appeal process to protect State and public interests in these lands. Since the eventual settlement CIRI receives, whether by agreement, legislation, or by court action, will undoubtedly include these lands, the proposal represents the State's only opportunity to participate in protecting the public interests on these lands. As an example, the Bradley Lake Power Withdrawal is specifically protected from Native ownership; if the withdrawal should

be revoked, it could be selected by the State.

2. Negative Values--the following negative values would accrue to the State should the proposal be consummated.

(a) Beluga Coal Management--the proposal would remove the State from its current position of almost total ownership of lands in the Beluga area by putting into CIRI's hands approximately 25 percent of the measured and indicated coal reserves and surrounding lands which may contain additional reserves. While the State would still of course have very substantial environmental controls over mining through its air and water quality standards, etc., and while it could pass surface mining legislation applicable to private lands, it would lose the additional landlord power to control strip mining operations. However, with regard to revenues, the State would lose its royalty interest, but all informed opinion agrees that a severance tax would yield the best returns, and is the proper course for the State to follow.

(b) Loss of Port Area--approximately 7 sections of land northeast of the village of Tyonek with potential for industrial development and docking facilities would be transferred to native hands. Perhaps the best site on the west side of northern Cook Inlet, which is located just to the south of these 7 sections, is already owned

by the village of Tyonek. The State would retain, however, another site of at least equal suitability and potential just west of the Tyonek village lands. This latter site is the one which has benn primarily suggested and studied from the standpoint of the use and/or shipping of coal from the existing coal leases in the Beluga area.

Economic Summary--As mentioned earlier in determining equal value two types of value have been used; value in economic terms and value in a sense which cannot be strictly expressed in dollars. As outlined above, the economic values themselves which accrue to the State are in excess of those values which the State relinquishes. These are calculated as shown below.

TABLE 2.
SUMMARY OF ESTIMATED ECONOMIC VALUES ($MILLIONS)

GIVEN BY STATE

Existing values relinquished	74.0
TOTAL	74.0

RECEIVED BY STATE

New values received	65.0
Existing values not lost	32.1
TOTAL	97.1

To the total economic values received by the State the non-economic values cited above, both positive and negative, must be added. Since the degree to which these non-economic values accrue positive or negative benefits to the State is somewhat subjective certainly no quantifcation is possible. However, they are very important considerations and any decision making process must reasonably incorporate

them in determining the overall equal value consideration.

Finally, it should be emphasized that the agreement represents a negotiated settlement, which is an extremely important factor. First, it can certainly be suggested that negotiation, particularly regarding non-quantifiable items, is man's best procedure for reaching equity. While this is not relied upon for legal foundation here, it is nonetheless crucial for public policy reasons.

Second, a settled three party negotiation implies that each has left the bargaining feeling that either he got a fair and equal share, or more likely, a better share than the others. The Director would certainly assert the latter in terms of a negotiated value for the State, but would recognize that each party may feel the same for its own reasons and seek to demonstrate this to its constituency or higher authority.

Third, it is important to convey some sense of the "paths not taken" regarding trading items and other values. While no blanket conclusion is possible, there can be every assurance that a comprehensive effort took place, over many months, to seek out and discuss a multitude of alternatives before reaching the agreement herein.

Conclusions and Recommedations

This memorandum of transmittal has attempted to outline in a structured fashion the basis for State participation, the process of that participation, and the results as found in the proposal. It is my conclusion that State participation

In the modified proposal as described above is in the best interests of the State and that the State will receive considerable excess value for the value it relinquishes. As your approval and the concurrence of the Governor are needed to authorize State participation in this proposal, this document can serve as basis for that decision, augmented by any further information you may require. In this particular case since you have been very closely and continuously involved with the process, and as the Governor has been fully briefed at several different times, I believe most of the aspects are suitably covered above, and in the complete files on this matter.

While it is my opinion, and that of most others I know who have addressed the matter in detail, that the Executive Branch presently has the state statutory authority to execute this proposed land exchange, it is also true that questions have been raised by members of the public and by legislators concerning the adequacy of this authority. While I believe that these questions would certainly be answered by the courts in the executive's favor, the process of litigating a test case would be inordinately time-consuming. That intervening litigation period would protract the commencement of passage of lands under the agreement, a consequence which all parties regard as undesirable, and possibly fatal, if the basic merits of the agreement are accepted.

There is no doubt that the proposed exchange cannot come to pass without prior federal legislation clearing its way under NEPA and Section 6(i) and dealing with other matters of implementation. The opportunity - perhaps the only opportunity - for such legislation is upon us now with the omnibus ANCSA amendments bill.

After the Congressional legislation is passed, it of course will be necessary for the State to assent to the exchange. While the Commissioner is authorized under existing law to give that assent, unilateral executive action on a matter of this

magnitude would be inconsistent with the policy of the present administration that all important social institutions should have the opportunity to participate to the fullest extent possible in such decisions. Therefore, I believe the State should structure the proposed transaction so as to maximize the Legislature's ability to participate in the decision. (Indeed, the Administration endeavored to involve the Legislature throughout the public review process as the proposal has been developed.) The problem, of course, is that there is no mechanism by which the federal government can legally "negotiate" the matter through the Legislature during the session, for Congress must act now to get federal authority for a specific proposed transaction. Nor is it likely under our Constitution that the Legislature could, or would choose, to do so.

Given these premises, the only opportunity that the State has to insure that the Legislature may pass upon the merits of the proposal is for Congress to enact legislation empowering the Secretary to consummate the transaction (removing federal obstacles to the State's participating), such legislation to be subject to the State's subsequent consent. The state administration, in its turn, pledges that consent to the Congressionally legislated "offer" will be forthcoming, if at all, only after review and consideration by the Legislature. An action by the Legislature disapproving the exchange should result in an action by the Governor denying consent.

If the decision is made to seek legislative review the time factor is particularly important. For several reasons, including the Congressional need for certainty the inexorable progress of Cook Inlet's appeal, and the dynamic nature of land status in Alaska, final action by the State would be needed as soon as practicable consistent with the Legislature's need to have a thorough opportunity to review the proposal in sufficient detail to make responsible public policy. I believe we would be in a position during the first week of the session to thoroughly brief

members of the Legislature and make available to them any information we might have concerning the proposal. Under that scenario it would appear that 50 to 60 days should be sufficient time for the Legislature to thoroughly review the proposal, particularly in view of the already widespread publicity and general public awareness of the various aspects of the proposal.

I close with the request that action taken affirmatively and expeditiously on this matter as I believe it to be a unique, perhaps singular, opportunity to achieve a vital series of public and private objectives. It is important, and in my view, right.



STATE OF ALASKA
JAY S. HAMMOND, Governor
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS, 323 E. 4TH AVENUE, ANCHORAGE 99501

OPENING STATEMENT
Cook Inlet Public Hearing
(October 2-3, 1975)

The transaction which will be described in this briefing and then discussed in public sessions is a unique attempt at governmental/private sector/public interest cooperation to resolve a complex problem of real importance. The problem relates to the right of the Cook Inlet Native Regional Corporation to select Federal lands under the terms of the ANCSA.

Briefly stated, the problem is as follows: The Cook Inlet Region has an entitlement under the ANCSA for land selections, and the Department of Interior has an obligation to withdraw lands for these selections. Unlike other regions, the ability to find adequate land for withdrawal and selection is greatly limited by the high percentage of private ownership and publically classified land in the key Cook Inlet areas. The Department of Interior made withdrawals under these already difficult circumstances which, from the standpoint of the Region were unfair, inequitable and illegal, and which, from the perspective of both the State and the Federal Government, probably created unsatisfactory land ownership patterns in the entire area.

Cook Inlet Region has brought suit challenging the legality of the Interior withdrawals under the Act, and that suit is now on appeal after losing in the District Court. The State is not a party to the suit, although the appeal could have great implications for the State if Cook Inlet Region prevails on one of its requests that land previously selected by the State be redirected to the Regional selections. Thus, there is an element of judicial uncertainty here.

Looking only at the Region and the Department; only two outcomes are possible depending on the outcome of the appeal and subsequent litigation. The first is that Interior will prevail, and Cook Inlet will be forced to select in areas generally agreed to be inappropriate for private ownership and probably inequitable for the Regional Corporation as compared to what other Regions selected under the Act.

The second is that Cook Inlet will prevail, and receive selection rights which, although perhaps more equitable to the Region, would involve selection in areas still inappropriate for private development (Moose Range) or perhaps invalidate State selections, although this is less likely.

Either of these outcomes will have undesirable consequences, and this has been recognized by the State, by the Region, by Interior, by various public interest groups, by Alaska's Congressional Delegation and other members of Congress, and by various other parties in the private sector.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF NATURAL RESOURCES

IMMEDIATE PRESS RELEASE

DIVISION OF LANDS, 323 E. 4TH AVENUE. ANCHORAGE 99501

BACKGROUND
Cook Inlet Land Trade Proposal

In the discussions with Cook Inlet Region, Inc. and the Department of the Interior the State has attempted to accomplish a number of objectives, including the assurance of a rational land ownership pattern within the Cook Inlet Basin and the ability of the State to control certain lands which it feels necessary to properly protect its future interests. This latter point is predicated upon the State's firm conviction that it can govern more effectively and be more responsive to its citizens' needs than could the federal government.

As it is the role of the State to provide its citizens with a number of public services (i.e. transportation, communications, education, public safety, etc.) it is in the State's interest, both socially and economically, to insure that future development occurs in those areas best suited for such development, i.e. within areas which contain good land forms, ground water, no flowing, etc. and to which governmental services may be brought in an economical manner. This was a prime consideration in determining which lands the State tentatively offered to Cook Inlet Region, Inc.

With respect to lands which the State seeks to gain through this transaction, the emphasis was on those lands in the Cook Inlet and nearby Iliamna Lake areas which the State feels should remain in public ownership and which it wishes to own itself to insure that its objectives in those areas are under its' own control. In particular, two areas were sought. First, the lands presently in federal ownership in the Talkeetna Mountains area, where Cook Inlet Region would select, north and east of the populated Matanuska and Susitna Valleys respectively. In addition to timber, watershed, mineral, and high recreational values, these lands will become increasingly more important to the State as future development and settlement intensifies on the periphery in the Matanuska and Susitna Valleys.

The second area of interest is Iliamna Lake. This watershed produces the worlds largest red salmon fishery and it is upon this fishery which the major portion of our citizens in the Bristol Bay Region are dependent. The area is also the focus of the finest trophy rainbow trouts system in North America. The State has management control of these fisheries and by gaining control of the remaining public lands would be able to more effectively manage these fisheries in the public interest. Also, with approximately 15 percent of the lands in the Bristol Bay area going into native village corporate ownership the State feels it can be much more responsive to both their private needs and those of the public in this area than could be the geographically removed federal government. In addition to the very high fishery values, this area has high wildlife and recreational values as well as some oil and gas potential.

COOK INLET LAND TRADE PROPOSAL

PARTIES	LAND TRADED LOCATION	AMOUNT	MAP NO.*	COMMENTS
	Tyonek Area	<.5 Twp.	2	Lands offered to Tyonek to reduce to a minimum Tyonek ownership of land within the Kenai National Moose Range.
	Knik Area	.21 Twps.	3a	More suitable lands near villages in return for public ownership of important lands selected by these villages on Lake Clark.
	Chickaloon Area	.08 Twps.	3c	
	Total	2.8 Twps.		
Cook Inlet, Inc. to State	Talkeetna Mtns. Lake Clark west side of Cook Inlet	31 Twps.	6 a-f	State will designate which twps. from a total pool of approximately 180 twps. from which Cook Inlet, Inc. may select.
Villages and Groups to State	Montana Ck.	.5 Twp.	6 a	State receives lands selected by these groups within proposed Talkeetna Mtns. State Park.
	Caswell Ck.	.5 Twp.	6 a	
	Tyonek	<.5 Twp.	7	State receives lands selected by Tyonek on Kenai Penn. within or on edge of National Moose Range.
	Knik	.85 Twp.	6 e	State receives these lands on shores of Lake Clark.
	Chickaloon	.32	6 e	
	Total	2.7 Twps.		
Federal Gov't. to Cook Inlet	Kenai Nat'l. Moose Range	.87 Twps (20,000 ac.)	8	Moose Range boundary to be adjusted to exclude these lands; a 1/4 mi. "no development zone" on edge of Tustamena Lake.
	Kenai Nat'l. Moose Range	.87 Twps (20,000 ac.)	9	Lands to be within Moose Range and subject to restrictions such that any use of the land must be beneficial to the purposes of the Moose Range.

* See Attached Map for area location
** "Twp" = "Township" = 36 Sections = 23,040 acres

COOK INLET LAND TRADE PROPOSAL

PARTIES	LAND TRADED LOCATION	AMOUNT	MAP NO.*	COMMENTS
Cook Inlet to Villages	Salamatof	1.5 Twps.	6f	"Out of court" offer to Salamatof to drop village eligibility suit which, if successful, would significantly reduce Cook Inlet's land within National Moose Range.
	Knik Area	.21 Twps.	3 a	More suitable lands near villages to ensure public ownership of important lands selected by these villages on Lake Clark.
	Chickaloon Area	.08 Twps.	3 c	

MISCELLANEOUS

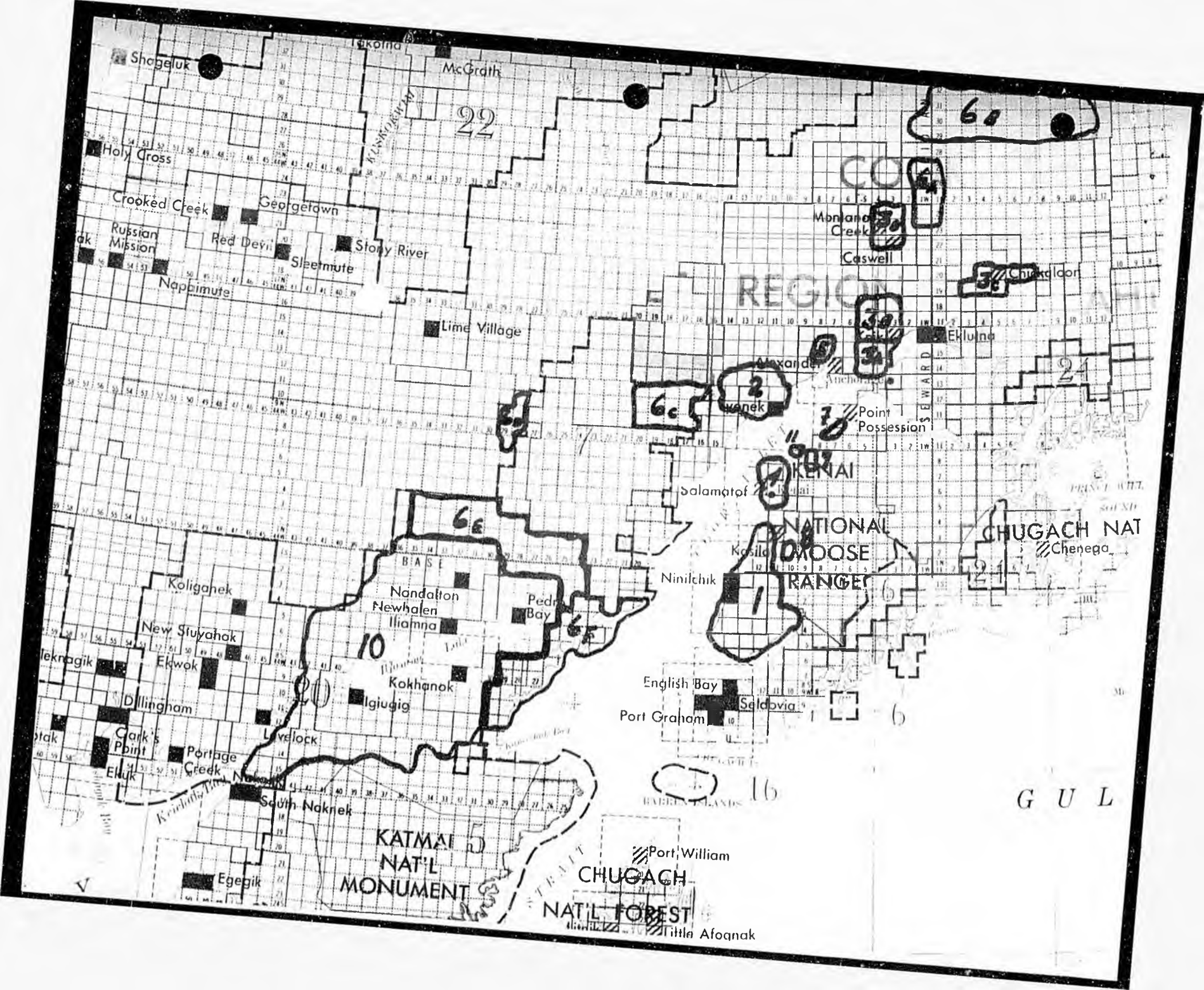
The proposal does not convey to Cook Inlet, Inc.:

1) Subsurface resources in any producing oil and gas fields (e.g. Swanson River).

2) Any of the Swanson River canoe system lands.

3) The Russian River area

4) The present federal lands at Point Woronzoff, Point Campbell or the Campbell Tract.


Shageluk
McGrath
Holy Cross
Crooked Creek
Georgetown
Russian Mission
Red Devil
Stony River
Sleetmute
Napaimute
Lime Village
Caswell
Ekluina
Point Possession
KENAI
Salamatof
NATIONAL MOOSE RANGE
CHUGACH NAT
Chenega
Ninilchik
Koliganek
Nondalton
Newhalen
Iliamna
New Stuyahok
Ekwok
Kokhanok
Igiugig
Dillingham
Clark's Point
Portage Creek
Levelock
Ekuk
South Naknek
English Bay
Seldovia
Port Graham
KATMAI NAT'L MONUMENT
Egegik
Port William
CHUGACH NAT'L FOREST
Tittle Afognak
SEWARD
PENINSULA
REGION
22
21
16
10
20
1
6
5

B

02-001B

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS

APPENDIX B

TO: Cook Inlet Land Trade File

DATE : November 6, 1975

FROM: Michael C.T. Smith
Director, Division of Lands

SUBJECT: Public Notice & input

As it was decided very early in the discussion stage that any final decision would not be made until the proposal was made public and the resulting input analyzed, the administration went to significant lengths to insure as public a process as possible before the final decision was made. Below, in approximate chronological order, is summarized that public notice and input process.

In late April and May, preceding the initial House and Senate hearings concerning CIRI's proposed legislation, the State was in contact with a number of individuals and agencies. This included numerous meetings with Tom Meachan, Anchorage Borough Attorney, to insure that the Borough's interests in its recreational and open-space lands were protected. In a similar manner contacts were made with Stan Thompson, Kenai Borough Mayor, and John Spencer, Anchorage City Attorney. Regular contact was also maintained with the Joint Federal-State Land Use Planning Commission. Preceding and following the Congressional hearings in May the media was briefed and carried numerous stories concerning the proposal. With relatively minor exceptions, all aspects of the proposal which have received public comment during the past months were published in the media as long ago as last May. Additionally, detailed presentations concerning the proposal were made before both the House and Senate sub-committees addressing CIRI's proposal. These detailed presentations are, of course, part of the official committee hearing records. In mid-June contact was also made with representatives of the Placer Amex Co., owner of several of the coal leases in the Beluga area to determine their feelings concerning the proposal. On June 27th a meeting was held with Mike Spaan, Administrative Assistant to Senator Ted Stevens, and on the following day another meeting was held with Senator Stevens concerning the proposal in Anchorage. Additionally, at approximately the same time and in response to a request by Homer Burrell and a reporter from the Anchorage Daily News, the Cook Inlet Land Trade File was made available for their review and this was again followed by a detailed release of the then current proposals in a new article.

Following more testimony concerning the proposal before Senator Haskel's Interior sub-committee in late September, the State launched a five-week public briefing and input campaign to insure public awareness of the proposal.

The specifics are listed below.

Sept 23rd - Letters to all legislators containing copy of the press release announcing public hearing dates.

" 26th - Public hearing news release distributed to media.

Sept. 27-28 - Public meeting announcements carried by the press and radio in Anchorage

Oct. 1st - Detailed media briefing including radio, TV, daily press and Alaska Scouting Report representative.

- Special briefing of groups which had indicated interest in learning specifics of the proposal at an early date (Bicentennial Park Committee, Mountaineering Club, Issac Walton League, Alaska Conservation Society, Alaska Float Plane Association, etc.).

" 2nd - Special briefing for organized Boroughs affected by proposal (Anchorage, Kenai, and Matanuska-Susitna Boroughs).

- Briefing for Legislators

- Telephone conversation with Placer Amex

- A 2 1/2 hour public briefing and question presentation at Loussac Library in Anchorage (over 70 in attendance).

" 3rd - Meeting with David Pree, Esquire Re: Mental Health Lands

- Meeting with Alaska Miners Association (Bill Wagaman, President, and Chuck Haulley).

- Public hearing at Loussac Library to receive input (three hours with over 75 persons attending).

" 6th - Briefing of Capital Site Selection Committee

" 7th - Public briefing and input presentation held at Alaskaland in Fairbanks following three days of radio and press advertisement of the meeting.

" 10th - Briefing of Bureau of Land Management personnel.

" 12th - Meeting with representatives of Placer Amex

" 22nd - Briefing of Anchorage Chamber of Commerce Special Land Trade Committee

" 24th - Public briefing of Federal-State Land Use Planning Commission

Nov. 4th - Public briefing of Kenai peninsula Borough Assembly

In addition, numerous contacts were had with interested groups and members of the public who contacted the Division of Lands to gain more specific information following exposure to the proposal in the media or at public meetings.

02-001B

STATE
of ALASKA

MEMORANDUM

TO: Cook Inlet Land Trade File

DATE : December 2, 1975

FROM: Michael C. T. Smith, Director
Division of Lands

SUBJECT: Public Not. and Input
(Addendum to 11/6/75 Memo to File)

The following is an update of an earlier memorandum detailing some of the specifics of the Public Notice and Input process concerned with the Cook Inlet Land Trade Proposal.

October--the October issue of the Division's Publication "Alaska Land Lines" carried a five page outline of the details of the proposal as presented publicly the first week of October.

Nov. 7--the Governor, the Commissioner of Natural Resources and the Director of Lands met for three and one-half hours with a special land trade subcommittee of the Legislative Council. A detailed briefing was given to the subcommittee.

Nov. 17--meeting with representative Ted Smith and Harold Galliette at the Division of Lands.

Nov. 2[illegible]--meeting with Tom Meacham, Land Trust Lawyer for the Anchorage Municipality.

Nov. 25--luncheon speaker presentation by Director of Lands to the Alaska Society of Civil Engineers.

C

Economic Resource Analysis

of

Beluga-Capps Area

and Certain Other Areas

of the Proposed Land Exchange

(See accompanying document from Department of Natural Resources, Division of Geological and Geophysical Surveys)

FINAL AGREEMENT DOCUMENT

THIS WILL HAVE TO BE AN X-C of THE HOUSE of REPRESENTATIVES REPORT # 94-729 ON PAGES 35 THROUGH 52 INCLUSIVE.

Finally, the existing language of subsection (f) requires exchanges to be on the basis of equal value.

The amended language will permit direct exchanges of land between the State and Native corporations. It will permit the State or transfer mineral interests, notwithstanding section 6(i) of the Statehood Act, to Federal agencies in such exchanges. Finally, it will permit exchanges under the subsection to be on a basis other than equal value if the parties agree to the exchange and the Secretary deems it to be in the public interest.

SECTION 18

Section 18 is merely a savings clause which provides, that except as specifically provided in this legislation, the provisions of the Settlement Act are fully applicable to this legislation and nothing herein shall be construed to alter or amend those provisions.

TERMS AND CONDITIONS FOR LAND CONSOLIDATION AND MANAGEMENT IN THE COOK INLET AREA

Section 12 of H.R. 6644, as amended by the Committee, implements an agreement reached among the United States, the State of Alaska, the Cook Inlet Regional Corporation, and other interested parties to resolve the problem Cook Inlet Region, Inc., encountered in realizing its land entitlements under the Settlement Act. That section is general in terms and incorporates into it, by reference, the text of the agreement reached by the parties. The Committee intends that section 12 and the implementing agreement be construed together to give effect to the settlement of the Cook Inlet problem in a manner that is fair and equitable to the Cook Inlet Regional Corporation and the other parties.

The agreement is as follows:

FINAL AGREEMENT DOCUMENT

TERMS AND CONDITIONS FOR LAND CONSOLIDATION AND MANAGEMENT IN THE COOK INLET AREA, DECEMBER 10, 1975

I. The United States shall convey to Cook Inlet Region, Inc., the following lands:

A. Sixteen (16) sections of land, as described in Appendix A, presently within the boundaries of the Kenai National Moose Range, excluding the bed of Lake Tustumina, but to be removed from the boundaries of the Range. The conveyance of these lands shall be subject to the following conditions:

(1) Included in the lands described in this paragraph shall be a restricted zone of lake front and river front lands, not to exceed an average of 160 acres per linear mile, to be measured from the high water line, the exact boundaries to be determined by mutual agreement between CIRI and the Secretary no later than September 1, 1976. The conveyance of the lands within this zone shall contain the following restrictions so long as Lake Tustumena remains a part of the Range:

(a) A restrictive covenant running with the land which provides that no development shall take place or facilities be

constructed within the zone, except those which are directly necessary to support water dependent activities, such as a boat dock, airplane tie-up and marina. Reasonable access to these facilities will be permitted. It is contemplated that a lodge may also be located within the restricted zone, provided, however, that the lodge shall be of such a design, size and at a location agreed upon by the United States Fish and Wildlife Service. CIRI must submit a request in writing to the Fish and Wildlife Service for approval of any construction or development within the zone, which approval will not be unreasonably withheld. The Fish and Wildlife Service will notify CIRI of its decision on any such request within 120 days of receipt of such request, and failure of any response will be considered as approval.

(b) a provision that CIRI will not sell the lands to any third party for a period of 25 years from the date of the conveyance, without the consent of the Secretary.

(c) a provision that CIRI and its assigns will offer the United States the right of first refusal to purchase the lands if the lands are ever sold. The right of first refusal shall be for a period of 120 days from the date of notice in writing to the United States that the owner of the land has received a bonafide offer of purchase. The United States shall not be deemed to have exercised its right of first refusal if the owner does not consummate this sale in accordance with notice to the United States.

(d) the conveyance of the lands comprising this restricted zone shall not include the bed of Lake Tustumena . shall only convey the surface estate to CIRI. The United States shall retain the rights in oil and gas and all minerals, including but not limited to common varieties of minerals.

(e) the United States reserves the right of re-entry on these lands to be exercised upon occurrence of the following conditions:

(1) The United States obtains a final judgment in a proceeding in law or equity to enforce in whole or in part the restrictive covenants contained in the conveyance of the lands described in this section: and

(2) subsequent to such final judgment, the United States institutes proceedings in law or equity to enforce the provisions of the restrictive covenants which were the subject of the final judgment obtained in subparagraph (1) of this paragraph. The right of re-entry shall be asserted in such subsequent action but may not be actually exercised except upon and in accordance with the final judgment in favor of the United States in such subsequent action.

(3) such right of re-entry shall be limited, in any case, to the lands which were the subject of the final judgment referred to in subparagraph (1) hereof.

(2) The remainder of the lands described in Appendix A shall be conveyed to CIRI without restriction, other than the reservation of those easements authorized by 17(b) of ANCSA or other applicable federal statutes. The conveyance of such remainder shall include both the surface and the subsurface estates to such lands.

B. Three and fifty-eight one hundreds (3.58) townships of the subsurface estate to oil and gas and coal as identified in Appendix B; provided that the United States shall retain all other minerals including but not limited to common varieties of minerals; and provided that the right to extract coal shall be conditioned upon the opening for the extraction of coal of that portion of the Range in which these lands are located, and provided further, that coal shall only be extracted in a liquid or gaseous state. The extraction of oil and gas and coal shall be conducted in accordance with a surface use plan approved by the Secretary. Such extraction shall be undertaken in accordance with the most advanced technology commercially available at that time and causing the least practicable temporary and permanent harm to the fish and wildlife habitats of the Range. Any surface damage caused by the exercise of the rights herein must be repaired or reclaimed by CIRI, its successors and assigns, as rapidly as practicable without unreasonable interference with the rights of extraction. The United States shall make available to CIRI, its successors and assigns, sand and gravel as is reasonably necessary for the construction of facilities and rights of way appurtenant to the exercise of the rights conveyed under this section, pursuant to the provisions of 30 U.S.C. 601 et seq., and the regulations implementing that statute which are then in effect. By mutual consent of CIRI and the Secretary, CIRI may exchange any interest described in this paragraph for other mineral interests of equal value outside the boundaries of the Kenai National Moose Range.

(1) All federal lands and interests in lands within the following:
(a) T. 10 S., R. 9 W., F. M. (Healy); and
(b) T. 20 N., R. 9 E., S. M. (Glenn Highway).

(2) T 1 N R 21 W, S. M. (sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 28, 32, 33, 34, 35, 36). The Secretary shall only convey the rights to metalliferous minerals in the land herein described. Extraction of such minerals shall be subject to a surface use plan submitted by CIRI and approved by the Secretary. Surface use of the purposes of exploration, extraction, access and beneficiation shall be conducted in accordance with the most advanced technology commercially available at that time consistent with the exercise of the rights conveyed under this subparagraph. CIRI, its successors and assigns, shall be required to repair and reclaim any surface damage as rapidly as practicable consistent with the reasonable exercise of such mineral rights.

(3) T 1 S, R 21 W, S. M. (Sections 3–10, 15–22, 29 nd 30). The Secretary shall transfer to CIRI the above described lands in fee simple. Such conveyance shall be subject to a restrictive covenant, running with the land, providing that the surface shall only be used for purposes reasonably incident to mining and mineral extraction, including processing and transportation. The Secretary shall also convey to CIRI, an easement for a port which shall reasonably provide for receiving, shipping, storage and incidental handling, and incidental facilities thereto, of the minerals extracted from the lands conveyed under

this subparagraph. The Secretary shall also convey to CIRI a transportation easement to provide for transportation by road, rail or pipeline, of the minerals from the above described lands to the port easement. The Secretary and CIRI shall mutually agree upon the location of the port and transportation easements.

C. (1) Twenty nine and sixty six one hundredths (29.66) townships from any federal public lands withdrawn under sections 11(a)(1), 11(a)(3), and 17(d)(1) without the exterior boundaries of Cook Inlet Region: to be identified in the manner herein provided: provided that if CIRI's total entitlement under Section 12(c) of ANCSA is determined to be greater or less than 54 townships, the number of townships to be conveyed under this paragraph (hereinafter out-of-Region entitlement) shall be increased or decreased one for one.

(a) lands to be nominated and conveyed under this paragraph C-1 shall be limited as follows: The entitlement shall be satisfied from lands within Ahtna Region, Bristol Bay Region, Calista Region, Chugach Region, and Doyon Region. With the concurrence of the Secretary and the State and any affected Region other than those described above, selections may be made from one or more of the other Regions, on the basis hereinafter described or on such other basis as the parties shall contemporaneously agree. CIRI shall not nominate any of the following:

(1) lands located west of the 161 degree west longitude of Greenwich Meridian

(2) lands within Areas of Environmental Concern as described in the Secretary's 1973 Four Systems proposals to Congress

(3) lands within any of the Secretary's 1973 Four Systems proposals to Congress

(4) lands made available to the State for selection pursuant to Sections 2 and 5 of the State-Federal Agreement of September 1, 1972.

(b) By May 1, 1976 the Secretary shall, after consultation with the State, submit to CIRI a list of areas where approval of out-of-Region selections is unlikely. CIRI may thereafter nominate to the Secretary, with simultaneous notice to the State, a township or townships for selection. Within 120 days after such nomination, the Secretary after consultation with the State shall approve or disapprove it for withdrawal for placement in the selection pool as described herein. By October 18, 1978 CIRI must nominate at least 6 times its remaining out-of-Region entitlement. If the Secretary fails to approve a pool of three times that remaining out-of-Region entitlement from said nominations, then he and CIRI, by mutual consultation and study, shall agree by January 18, 1979 on sufficient additional townships to compose that number. The Secretary must, on that date, report to Congress as to the operation of this selection mechanism, and the need for remedial legislation, if required. Upon completion of the pool, the State and CIRI shall commence a striking and selecting process. The State may strike ten percent of the pool and the Region may select a number of townships equal to ten percent of the original pool. Alternate strikes and selections of five percent of the original pool shall continue until CIRI's out-of-Region entitlement is, as defined in this paragraph, satisfied. The State and CIRI must complete this process within four months of completion of the pool. Notwithstanding the foregoing, with the consent of the United States, State of Alaska, and CIRI, lands may be conveyed without resort to the pool and striking mechanism herein provided, or in the manner described in subparagraph 2 of this paragraph C, in which case the number of townships to be nominated, pooled, struck and selected, shall be reduced proportionately.

(c) The State may continue to select lands under the Statehood Act which may be affected by this paragraph C, provided however, that any Regional nomination made hereunder shall be superior to and take precedence over any such State selection made after July 18, 1975. None of those lands selected by the State under the Statehood Act after July 18, 1975, and also nominated by CIRI pursuant to this paragraph C, shall be tentatively approved for patent to the State by the Department of the Interior for so long as these lands are potentially available to CIRI under this subparagraph unless CIRI has consented to such tentative approval.

(d) Lands approved by the Secretary for the out-of-Region pool shall, as of the date of such approval, be withdrawn from all forms of entry and location under the Public Land Laws including the mining and mineral leasing laws, but not from selection by the State, for so long as the said lands shall be included in the said pool.

(e) Prior to nomination of any townships for secretarial approval, the Region shall obtain the consent of other Native Corporations where applicable, and a copy of such consent shall be attached to such nomination.

(f) CIRI shall select its out-of-Region entitlement in blocks no less than 36 sections in size, along section lines, with no segment of an exterior line less than six miles in length, unless the Secretary specifically authorizes another manner of selection.

(g) CIRI may, with the consent of the Secretary and the State, select that portion of the mineral estate reserved by the United States in a township if the remainder of the estate may not be legally or readily available for selection, in which case, however, such substitute selection shall be treated as full satisfaction of the entitlement represented by the acreage involved and no additional selection rights shall arise by reason of the lack of conveyance of the entire estate.

(h) It is the intent of the Secretary and the State that all out-of-Region selections shall be as compact as is practicable, and that wherever possible, CIRI shall select lands which are contiguous to privately-owned lands.

(i) Nothing in this paragraph shall be construed as limiting any Congressional review and approval of the Secretary's 1973 four systems proposals to Congress.

2(a) The Secretary, in conjunction with the General Services Administrator, shall promptly identify and take the necessary steps by

January 15, 1978, to create a selection pool which shall consist of all the following lands, within the exterior boundaries of the Cook Inlet Region, now in existence or hereafter coming into existence by January 15, 1978:

(i) abandoned or unperfected public land entries, provided however, that the United States shall not be obligated to initiate any adversary proceedings other than an adjudication by the BLM to determine if such entries are abandoned or unperfected, and the burden of identifying such lands shall be on CIRI;

(ii) federal surplus property;

(iii) revoked federal reserves;

(iv) cancelled or revoked power site reserves, with the exception of the Bradley Lake reserve, reserves in the Lake Clark proposal, and the Chakachamna Lake reserve, if any are ever cancelled or revoked;

( ) public lands created by the reduction of federal installations as defined in Section 3(e) of ANCSA, except that, if such lands are within a Section 11(a)(1) withdrawal area, they shall be subject to prior Village Corporation selections properly filed prior to December 18, 1975; and

(vi) any other federal lands as agreed by the State the Region and the Secretary, including but not limited to lands withdrawn under Section 17(d)(1) of ANCSA and not withdrawn for any other purpose.

The Secretary shall notify CIRI after any above-described lands have been placed in the pool. With the concurrence of CIRI, the State and any other concurrence that may be required under paragraph 1-C(1)(e) of this Document, the Secretary may, in his discretion, contribute to such pool properties of one or more of the foregoing categories from without the boundaries of the Cook Inlet Region, provided that properties described in subparagraphs (2)(a)(ii) and (2)(a)(iii) of this paragraph shall be removed from the pool if not selected by CIRI within 90 days after the Secretary notifies CIRI that such properties have been placed in the pool or valued by the Secretary in Subparagraph 2(c) of this document whichever date is later.

(b) The State shall be advised of all properties located within the exterior boundaries of Cook Inlet Region to be placed in the pool described in subparagraph 2(a) and may require Secretarial consultation with the Joint Land Use Planning Commission with respect to any specific piece of property so included, except those in subparagraph 2(a)(i) hereof, to determine whether private ownership of such property would be incompatible with reasonable land-management principles; provided, that the Secretary shall not be bound by any recommendation of the Joint Land Use Planning Commission. The Secretary shall notify the State, CIRI and the Commission of his decision in writing. The State may conclusively object to the inclusion in the pool of up to 1,500 of the acres, described in paragraph 2(a)(i) and 2(a)(iv), and additional lands within these two categories may be excluded from the pool upon replacement by the State with lands of equal values. Lands not included in the pool as result of the State's conclusive objection or which have been replaced by the State under this subparagraph shall, immediately upon their exclusion or replacement from the pool thereby, be made available by the Secretary to the State for selection under the Alaska Statehood Act for a period of 90 days to the exclusion of all competing claims or parties.

(c) Unless specifically excepted by the Secretary, all tracts of land and improvements thereto in said pool shall be appraised by one or more appraisers mutually agreeable to CIRI and the Secretary.

(d) CIRI shall be entitled to select any tract of land from said pool in exchange for its out-of-Region selection rights, in part or in whole and *pro tanto*, in satisfaction thereof, in the following manner:

(1) any tract of land and improvements thereto specifically excepted from appraisal by the Secretary as described in subparagraph (c) of this paragraph may be exchanged acre for acre;

(2) any tract of land and improvements thereto valued by CIRI and the Secretary, after review of the appraisals, at less than $500 per acre at fair market value may be exchanged acre for acre;

(3) any tract of land and improvements thereto valued by CIRI and the Secretary, after review of the appraisals, at $500 per acre or more at fair market value shall be exchanged as follows:

(i) for each acre of land in said tract, each valued increment of $500 or proportion thereof shall be considered an acre of land or proportion thereof, in the same proportion, hereinafter called an "acre/equivalent"; and

(ii) any acre/equivalents may be exchanged for any acres of CIRI's out-of-region entitlement.

(e) Anything in the foregoing provisions notwithstanding, the selection pool created hereunder shall not include or affect lands within the Point Woronzof, Point Campbell, Goose Lake, and Campbell tracts, to which CIRI waives any claim which it may have had; and such lands shall be reserved by theUnited States for early conveyance to the State for park and recreation purposes as an integral part of the consideration for this Document.

(f) The Secretary shall utilize his best efforts to maximize the pool through the use of all available properties within the described categories in order to enhance the opportunity for the land exchanges described herein. If, by January 15, 1978, the Secretary and the General Services Administrator have not identified for the pool at least 138,240 acres, or acre/equivalents of lands within the exterior boundaries of Cook Inlet Region, the Secretary shall add to the pool an amount equal to the difference between 138,240 acres, or acre/equivalents, and the number of acres so identified from the following:

(1) with the consent of the State, lands located within the boundaries of the Region, withdrawn for the purposes of section 17(d)(1) of ANCSA, and valued by the Secretary and CIRI at $200 per acre, or more.

(2) with the consent of the State and CIRI, lands described in subparagraph I-C(3)(a) of this Document from without the exterior boundaries of Cook Inlet Region.

CIRI must select all lands in the pool located within the Region which are valued by the Secretary and CIRI at $200 per acre, or more, until CIRI has selected 138,240 acres, or acre/equivalents as described in subparagraph 3(i) of this paragraph.

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(g) No later than 90 days following the conclusion of the period for creation of the pool as specified in subparagraph (1) hereof, the Secretary shall, with the assistance of the General Services Administrator, report to Congress on the status of the conveyances under paragraph C and the need for remedial legislation, if required.

(h) Conveyances under this subparagraph I–C(2) shall not be subject to the provisions of Section 22(1) of ANCSA.

II. Upon consent by the State of Alaska to be bound by the terms and conditions of this Document, which consent must be given, if at all, within 60 days of the commencement of the 1976 Session of the Alaska State Legislature, the State of Alaska shall convey to the United States for reconveyance to CIRI the lands described in Appendix C to this Document. Said lands shall be considered State lands until the United States accepts the State deed of title. Upon acceptance of a State deed of title, the Secretary shall withdraw the lands conveyed thereby, subject to valid existing rights, from all forms of appropriation under the public land laws, including the mining and mineral leasing laws, and from selection under the Alaska Statehood Act, as amended; such withdrawal to expire upon reconveyance of said lands to CIRI.

III. A. The Secretary shall convey to the State of Alaska all right, title and interest of the United States in and to all of the following lands:

(i) At least 22.8 townships and no more than 27.0 townships of lands from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River and Koksetna drainages near lands heretofore selected by the State, the amount and identities of which shall be determined pursuant to Appendix D hereof; and

(ii) Twenty-six townships of lands in the Talkeetna Mountains, Kamishak Bay, and Tutna Lake areas, the identities of which are set forth in Appendix E hereof.

All lands granted to the State of Alaska pursuant to this subsection shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act; provided, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6 of the Alaska Statehood Act.

B. The Secretary shall convey to the State of Alaska, without consideration, all right, title and interest of the United States in and to all of that tract generally known as the Campbell Tract and more particularly identified in Appendix F hereof except for one compact unit of land which he determines, after consultation by the State of Alaska, is actually needed by the Bureau of Land Management for its present operations; provided, that in no event shall the unit of land so excepted exceed 1,000 acres in size. The land authorized to be conveyed pursuant to this paragraph shall be used for public parks and recreational purposes and other compatible public purposes in conformance with the generalized land use plan outlined in the Far North Bicentennial Park master development plan of September, 1974.

As a result of Section 12(a) of ANCSA, selections by Village corporations within the Kenai National Moose Range, or as a result of any section 14(h)(1), (2) or (5) of ANCSA selections within the Kenai National Moose Range or within the Secretary's 1973 Lake Clark proposal; and to the extent that CIRI's section 12(a) of ANCSA subsurface rights are reduced by virtue of exchanges resulting in the relinquishment of village selections in the Secretary's 1973 Lake Clark proposal or lands in paragraph VI CIRI shall take, in lieu thereof, an equal acreage from the following:

(a) The subsurface estate to oil and gas and coal in those lands described in Appendix B to the extent that such interests are not transferred under paragraph I–B of this Document, and are subject to the restrictions therein described; and

(b) Up to 46,080 acres of lands within section 11(a)(3) of ANCSA withdrawals in the Talkeetna Mountains; provided CIRI shall make all 12(b) selections in this withdrawal contiguous to existing 12(a) selections, first selecting all over-selected 12(a) lands in this withdrawal.

(c) If sufficient acreage to satisfy any such selections does not exist in those areas described in subparagraphs (1) and (2) of this paragraph, the Secretary shall make available lands outside the Region, in his discretion, for selection by CIRI.

Except as provided otherwise in this paragraph, the Secretary shall utilize the procedures of the Recreation and Public Purposes Act (44 Stat. 741), as amended, and regulations developed pursuant to that Act; provided, however, that the acreage limitation provided by section 1(b) of that Act, as amended by the Act of June 4, 1954 (68 Stat. 173), shall not apply to this conveyance, nor shall the lands conveyed pursuant to this paragraph be counted against that acreage limitation with respect to the State of Alaska or any subdivision thereof.

C. The Secretary shall make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described in Appendix G.

IV. The lands and interests conveyed to CIRI under paragraphs I and II of this Document shall constitute CIRI's full entitlement under Section 12(c) of ANCSA, except that the mineral estate conveyed pursuant to subparagraph I–B of this Document shall constitute full entitlement of CIRI's surface and subsurface entitlement under Section 14(h)(8) of ANCSA. The lands which would comprise the difference in acreage between the lands actually conveyed under paragraphs I and II of this Document, and any final determination of what CIRI's acreage rights under Section 12(c) and 14(h)(8) of ANCSA would have been notwithstanding the provisions of this Document, shall be retained by the United States, and this Document shall create no right or interest in any other Regional Corporation or Village Corporation notwithstanding any provisions of ANCSA to the contrary.

To the extent that CIRI is or becomes entitled to subsurface rights:

V. The Secretary, CIRI, and the State shall seek legislation authorizing the Secretary to convey title to those selections by Native Corporations within the exterior boundaries of Power Site Classifica-

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tion 443, February 13, 1958, provided however, that the patents conveying the above described lands shall contain the reservations required by Section 24 of the Federal Power Act, 16 U.S.C. 818.

VI. A. The State shall not select any of the following lands, so that such lands may be added to a management unit in the Lake Clark Area:

T 4 S R 23 W (N ½), S.M.
T 3 S R 20–24 W, S.M.
T 2 S R 24–25 W, S.M.
T 1 S R 24–26 W, S.M.
T 1 S R 27 W (sections 1–6, 8–15, 23–25), S.M.
T 1 S R 28 W (sections 1–6), S.M.
T 1 S R 29 W (sections 1–6), S.M.
T 1 N R 24–29 W, S.M.
T 2 N R 24–30 W, S.M.
T 3 N R 28–30 W and 31 W (E½), S.M.
T 4 N R 30 W and 31 W (E ½), S.M.

B. The Secretary, CIRI and the State recognize that there are nationally significant resources in the Lake Clark area. Management of this area should be flexible and recognize the scenic, recreational, and inspirational resources that should be preserved as well as State and local interests including subsistence and sport hunting.

VII. A. In fulfillment of its obligation to equitably reallocate acreage among villages pursuant to section 12(b) of the Act, CIRI shall allocate section 12(b) selections to the following areas:

1. Four and one-half townships in the Talkeetna Mountain withdrawal, provided that such selections shall be compact and contiguous to 12(a) selection in said withdrawals and 12(a) overselections shall be selected first;

2. All lands that will not otherwise be conveyed to the villages under 12(a) on the Iniskin Peninsula;

3. To the extent necessary to fulfill any remaining 12(b) entitlement lands within the following:

T 7 S, R 25 & 26 (Except Secs. 29–31) W, S.M.
T 6 S, R 25 W and 26 (E½) W, S.M.
T 5 S, R 25 W. S.M. (except sections 18, 19, and 30).
T 4 S, R 24 W (S½), S.M.
T 4 N, R 19 W, S.M.
T 4 N, R 20 W (E½) S.M.
T 4 N, R 18 W (W½) S.M.
T 3 N, R 17–20 W, S.M.
T 3 N, R 21 W (Secs. 31–36, and 25–30 in the Tuxedni River Watershed), S.M.
T 2 N, R 18–20 W. S.M.
T 2 N. R 21 W (North and East of the Tuxedni River and Bay), S.M.

B. By mutual consent of the Secretary and CIRI, Village Corporations within the Region may exchange selections or selection rights under section 12 of ANCSA for acres, or acre/equivalents contained in the pools established out in paragraph I-C(2)(a) of this document.

C. Up to two townships without the exterior boundaries of Cook Inlet Region, to be mutually agreed upon by the Secretary, CIRI, and

the State, shall be made available for 12(b) selection. To the extent acreage is allocated to a Native village pursuant to this subparagraph C, the village must have an equal amount of acreage, in section units, from 12(a) selections in the hereinafter described acres on an acre-for-acre basis outlined in this subparagraph in the out of Region townships identified in this paragraph:

T 4 S, R 23 W (N½) S.M.
T 3 S, R 20, 21, and 23 W, S.M.
T 2 S, R 19–21 W, S.M.
T 1 S, R 19–21 W, S.M.
T 1 N, R 20 W, S.M.

Provided that should the respective village not have any 12(a) selections in the above, 12(a) selection for the following shall be traded under the provision of this paragraph:

T 2 N, R 18–21 W, S.M.
T 3 N, R 18–20 W, S.M.
T 4 N, R 19–21 W, S.M.
T 5 N, R 19–20 W, S.M.

VIII. A. CIRI and the Secretary shall publicly support the establishment of a unit of the National Park System in the Lake Clark area including those lands withdrawn under section 17(d)(2) of ANCSA and those lands described in paragraph VI–A of this agreement. The Secretary and CIRI shall also agree to seek a provision in said legislation that would provide that before entering into any contract arrangement to provide new revenue producing services within the proposed Lake Clark Unit of the National Park System within the boundaries of the Cook Inlet Region, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days. CIRI and the Secretary shall seek legislation that provides that the United States may acquire lands selected by Village Corporations within the boundaries of the Lake Clark unit established by that legislation, but only with the consent of the appropriate Village Corporation.

B. CIRI and the Secretary shall publicly support the establishment of the Caribou Hills, Swanson River, Mystery Creek, and Andy Simons Wilderness Areas within the Kenai National Moose Range. CIRI and the Secretary shall seek a provision in such legislation that would provide that before entering into any contract or agreement to provide new revenue producing services within the Kenai National Moose Range, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days.

IX. Lands conveyed to CIRI and/or its Village and Group Corporations in accordance with this document, notwithstanding their source (whether federal or state), shall upon conveyance to CIRI and/or the appropriate Village or Group Corporation, be considered and treated as conveyances under and pursuant to ANCSA, except as may be expressly provided otherwise in this document.

X. As soon as practicable after any estate or interest in federal lands to be patented to CIRI in accordance with this document is identified,

CIRI and the Secretary shall review all leases, contracts, permits, rights-of-way and easements covering or concerning such estate or interest to determine whether the administration thereof may be waived by the Secretary, in his discretion, in accordance with the provisions of section 17(g) of ANCSA.

XI. Effective the date that State lands to be conveyed to the United States for CIRI are designated by CIRI pursuant of paragraph II of this document, the State, if so authorized, shall place all revenues received from such lands in escrow to be transferred to the Region when appropriate. The administration of all leases, contracts, permits, rights-of-way and easements prior to the conveyance of such lands to the United States shall be by the State, except that all decisions concerning modification, conversion, renewal or appraisal of such interests will be with the concurrence of the Region. Effective the date of conveyance of such lands from the State to the Secretary, the State shall waive in favor of CIRI administration of all leases, contracts, permits, rights-of-way and easements totalling embraced by such lands. The State shall give timely written notice of the change of ownership and administration to the holders of rights on such lands.

XII. The responsibilities of and benefits accruing to the Secretary, the State and CIRI under this document shall become binding only when such legislation as is necessary has been enacted. Upon passage of such legislation, CIRI and all plaintiffs/appellants shall, with the consent of the Secretary, dismiss their pending appeal in *Cook Inlet Region vs. Kleppe*, No. 75-2252, (9th Cir.) by executing and filing pursuant to Rule 42(b) of the Federal Rules of Appellate procedure an agreement that the proceeding may be dismissed.

XIII. A. For the purposes of this document, a township shall be considered 23,040 acres.

B. The words "land" and "lands" as used in this document shall not include properties owned by the State of Alaska under section 6(m) of the Alaska Statehood Act and the Submerged Lands Act.

Appendix A

T. 1 N., R 11 W S.M.

Secs. 1–4, 9–12, 16, W½S17—comprising approx. 6,080 acres, more or less

T. 2 N., R 11 W S.M.

Sec. 9, approx. 70 acres in the SW¼ lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 16, approx 430 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 21, all.

Sec. 22, approx. 130 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 27, approx. 330 acres comprising all moose range lands in this section lying west of the high water mark on the west bank of the Kasilof River and those lands in this section lying south and west of the high water line on the south and west shore of Tustemena Lake.

Sec. 28, all.

Sec. 33, all.

Sec. 34, approx. 600 acres comprising all moose range lands in this section lying south and west of the high water line on the south shore and west shore of Tustemena Lake.

Sec. 35, approx. 290 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake.

Sec. 36, approx. 360 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake.

Comprising approximately 4,160 acres, more or less.

Appendix B

Appendix B–1

82,560 acres of the specified mineral estate to be selected from the following described lands:*

Priority

1—T. 8 N., R. 9 W: Secs. 1–8; Sec. 9 excluding E/2 SE/4, NW/4 SE/4, SE/4 NE/4; Sec. 10 excluding SW/4, S/2 SE/4, NW/4 SE/4, S/2 NW/4, NW/4; Secs. 11–14; Sec. 16 W/2; Secs. 17–20; Sec. 21 excluding NE/4, E/2 NW/4, NE/4 SW/4, N/2 SE/4, SE/4 SE/4; Secs. 23–26; Sec. 27 excluding N/2, SW/4, W/2 SE/4; Sec. 28 excluding SE/4, E/2 SW/4, E/2 NE/4, SW/4 NE/4; Secs. 29–31; Sec. 32 excluding S/2 SE/4, NE/4 SE/4, Sec. 33 excluding S/2, NE/4, S/2 NW/4, NE/4 NW/4; Sec. 34 excluding W/2, W/2 NE/4; Secs. 35–36–comprising approx. 18,440 acres.

1—T. 8 N., R. 10 W.: Secs. 1; 12–14; 23–26; 32–36–comprising approx. 7,680 acres.

1—T. 7 N., R. 9 W.: Sec. 3, E/2; Sec. 5 excluding S/2, NE/4; Secs. 6; 7; 8 excluding E/2, E/2 SW/4, E/2 NW/4, NW/4 NW/4; Sec. 10 excluding W/2 SW/4, W/2 NW/4, NE/4 NW/4; Sec. 14 excluding NE/4; Sec. 15; Sec. 16 excluding NW/4, N/2 NE/4, SW/4 NE/4; Sec. 17 excluding NE/4 NE/4; Secs. 18–36–comprising approx. 16,560 acres.

1—T. 7 N., R 10 W.: Secs. 1–5; 7–25; Sec. 26 excluding W1/2 SW1/4; Sec. 27 excluding S1/2 N1/2; Sec. 28 excluding S1/2 NE1/4, SE1/4, E1/2 SW1/4; Secs. 29–32; Sec. 35 excluding W1/2, S36 comprising approx. 19,920 acres.

2—T. 6 N., R 10 W.: Sec. 1; Sec. 2 excluding W/2 NW/4; Sec. 4 excluding N/2, SE/4, E/2 SW/4; Sec. 5–8; Sec. 9 excluding N/2 NE/4; Sec. 12; 16–17; 20–21–comprising approx. 7,600 acres.

4—T. 7 N., R 11 W., Sec. 23–26; 35; 36–comprising approx. 3,840 acres.

3—T. 6 N., R 11 W., Sec. 1–2; 11–14–comprising approx. 3,840 acres.

3—T. 10 N., R 7 W., Sec. 19–21; 28 (N/2); 29–32–comprising approx. 4,800 acres.

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*These lands total approximately 82,080 acres (7.58 townships). Any unselected portions of the above described lands shall be first priority selection for in-lieu selections from appendix B-2 below.

APPENDIX B–2

Up to 138,240 acres (6.0 townships) of specified mineral in lieu estate to be selected from the following described lands by priority ranking and in the order listed.

Priority

2—T. 9 N., R 9 W.: Sec. 13; 23 excluding SE/4 SE/4; Sec. 24 excluding W/2 SE/4, SW/4; Sec. 25 excluding W/2 E/2, W/2; Sec. 26 excluding E/2 E/2; Sec. 27; Sec. 31 E/2; Sec. 32–35; Sec. 36 excluding W/2 NE/4, NW/4, and N/2 SW/4–comprising approx. 6,120 acres.

3—T. 9 N., R 8 W.: Sec. 1–5; 7–36–comprising approx. 22,400 acres.

2—T. 6 N., R 9 W.: Sec. 1–17; 20–29; 34–36–comprising approx. 19,200 acres.

3—T. 8 N., R 8 W.: All-comprising approx. 23,040 acres.

2—T. 4 N., R 10 W.: Sec. 9–10; 13–36–comprising approx. 16,640 acres.

2—T. 4 N., R 11 W.: Sec. 25; 36-comprising approx. 1,280 acres.

3—T. 1 N., R 11 W.: Sec. 17 (E/2); Sec. 21–28; Sec. 33–36–comprising approx. 6,720 acres.

3—T. 3 N., R 11 W.: Sec. 1; 12–15; 22–27; 34–35–comprising approx. 8,320 acres.

3—T. 3 N., R 10 W.: Sec. 1–30–comprising approx. 19,200 acres.

3—T. 4 N., R 9 W.: Sec. 2 excluding SE/4; 3–10; 11 excluding E/2; Sec. 14 excluding E/2; 15–20; 21 excluding SE/4; 29–34–comprising approx. 12,480 acres.

APPENDIX C

If CIRI has on or before January 12, 1976 presented evidence satisfactory to the State that the villages of Kivk, Chickaloon, Alexander Creek, Nunilchik and Salamatof have withdrawn selection applications for and relinquished all claims to land in the Lake Clark, Lake Kontrashibuna and Malchatna River areas, the State shall convey under paragraph 11 of this document to the United States for reconveyance to CIRI all of the state lands identified or to be identified in this Appendix C. All conveyances of lands made in accord with this document shall pass all of the State's right, title and interest in the lands, including the minerals therein, as if those conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway or other rights-of-way may be reserved to the State.

1. Acreage from each of the five pools identified in this paragraph in the amounts therein set forth. Out of each such pool, the identity of the required acreage shall be determined to the extent possible by mutual agreement of the State and CIRI. For so many of the required acres as have not been so determined by agreement in each pool within eighteen months following implementation of this document, those remaining required acres shall be identified by CIRI's selecting acreage in that remaining amount from an array of 1½ that many acres within the pool, said array to be identified to CIRI by the State.

A. *Point McKenzie.*—3,200 acres must be identified from state lands within the following areas:

T 15 N, R3 W through 5W, S.M.
T 14 N, R4 W through 5W, S.M.
T13 N, R4 W S.M. (North of Knik Arm)

B. *Knik-Willow Pool.*—4,480 acres must be identified from state lands within the following areas:

T 16 N through 18 N. R 2W through 5W. S.M.

C. *Kashwitna Pool.*—38,400 acres must be identified from state lands within the following areas:

T 21 N through 25N, R3 and 4W, S.M. (or other nearby lands).

D. *Chickaloon Pool.*—4,800 acres must be identified from state lands within the following areas:

T 19 N, R3 E through 5E, S.M.
T 20 N, R4 E through 7E, S.M.

E. *Kenai Pool.*—115,200 acres must be identified from state lands on the Kenai Peninsula.

Provided however that the State may with CIRI's concurrence supplant acreage otherwise to be identified from the Kenai pool in subparagraph E on an acre-for-acre basis with lands near Alexander Creek, Nunilchik or Salamatof. Supplanting lands near any one of these villages may not exceed in acreage that number of acres to which the State is obligated under paragraph 3 to provide in respect of each of those three villages.

2.(a) Thirteen and one-half townships of lands in the Beluga Area Townships listed in this paragraph. The identity of those lands shall be determined by CIRI within eighteen months following the implementaiton of this document by nomination of compact units no less than ¼ township in size lying along township lines, provided that where constrained by selection pool boundaries or water bodies they may be smaller; *Provided*, However that if Tyonek Corporation desires to trade the surface estate it holds in the Kenai National Moose Range for State surface lands within the vicinity of its village lands but within CIRI's selection pool, it may obtain up to one township of such lands. If Tyonek Corporation does trade for CIRI's selection pool lands, CIRI shall select an equivalent acreage of other surface estate from within its selection pool.

T. 16 N., R. 14 W., S.M.;
T. 16 N., R. 13 W., S.M.;
T. 16 N., R. 12 W., S.M., Secs. 7, 16, 17, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36;
T. 16 N., R. 11 W., S.M., Secs. 20, 21, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36;
T. 15 N., R. 14 W., S.M.;
T. 15 N., R. 13 W., S.M.;
T. 15 N., R. 12 W., S.M.;
T. 15 N., R. 11 W., S.M.;
T. 15 N., R. 10 W., S.M., W½, excluding Sec. 4;
T. 14 N., R. 15 W., S.M.;
T. 14 N., R. 14 W., S.M.;
T. 14 N., R. 13 W., S.M., W½;
T. 14 N., R. 11 W., S.M.;

T. 14 N., R. 10 W., S.M., W½;
T. 13 N., R. 15 W., S.M.;
T. 13 N., R. 14 W., S.M.;
T. 13 N., R. 10 W., S.M., E½ excluding lands east of the west bank of the Beluga River;
T. 12 N., R. 15 W., S.M.;
T. 12 N., R. 14 W., S.M., excluding Secs. 23, 24, 25, 26, 29, 31, 32, 33, 36;
T. 12 N., R. 10 W., S.M.;
T. 11 N., R. 13 W., S.M., Secs. 12, 13 excluding W½SW¼; 24 NE/4 NE/4.
T. 11 N., R. 12 W., S.M., Secs. 18, 19 excluding SW¼, S½ SE/4; 20.

(b) Provided. However, that the following described lands shall *not* be available for CIRI's selection of *subsurface* estate:

Beluga

T. 13 N., R. 10 W., S.M., Secs. 11, E-½; 12, 13, 14, 22, 23, 24, 25, 26, 27, 34, 35, 36.
T. 12 N., R. 10 W., S.M., Secs. 2, 3, 4, 5, 8, 9, 10.

Nicolaick

T. 11 N., R. 12 W., S.M., Secs. 16, SW-¼; 17, SW-½; 18, SE-¼; 19, E-½, E-½ W-½; 20; 21, W-½; 28, W-½; 29, 30, 31, 32.

(c) The State shall provide a floating, public, 300 foot wide transportation easement from T. 13 N., R. 14 W., S.M. to the shore of Cook Inlet in T. 11 N., R. 12 W., S.M. Said easement to be determined upon the ground at such future time as a need exists and there are adequate field data available upon which the State may finally plan and locate the corridor.

3. Lands in an amount equal to ¼ of the acres to which each of the villages of Knik, Chickaloon, Alexander Creek, [illegible]chik, and Salamsatof are or would be entitled under ANCSA Sec. 12(a), under selection applications on file with the BLM as of July 18, 1975, in the Lake Clark, Lake Kartrashibuna and Mulchatna River areas. Each acre identified for conveyance by the State hereunder must be located within or near the 11(a)(1) withdrawal of the village to which the displaced ANCSA acreage to which that acre corresponds would otherwise have passed under ANCSA. The lands so identified in respect to displaced acres attributable to Alexander Creek and Salamstof shall be conveyed by the State if and only if the village to which the displaced acres are attributable retains its village eligibility status under ANCSA.

Appendix D

Lands in the Lake Iliamna Area and in the Nushagak River and Lake Clark Drainages

(Paragraph III(A)(1))

I. The Secretary shall convey to the State at least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River or Lake Clark drainages near lands heretofore selected by the State.

II. The following townships shall be conveyed to the State as part of the minimum of 22.8 townships to be conveyed to the State from lands identified in paragraph I.

T 4N, R 36 W, S.M.
T 3N, R 36 W, S.M.
T 2N, R 36 W, S.M.
T 1N, R 36 W, S.M.
T 1S, R 37 and 38 W, S.M.
T 2S, R 37 and 38 W, S.M.
T 3S, R 37 and 38 W, S.M.
T 4S, R 37–39 W, S.M.
T 5S, R 40–42 W, S.M.
T 6S, R 40 W, S.M. (except sections 21–28, 33–36).
T 6S, R 41 and 42 W, S.M.
T 7S, R 42 W, S.M. (secs. 3–10, 15–18).

III. For each acre of valid village 12(a) selections relinquished in the Lake Clark, Lake Kontrash/buna and Mulchatna River areas pursuant to paragraph II of the document to which this forms an Appendix, the Secretary shall convey to the State, on an acre for acre basis, lands from within the 17(d)(2) area described in Paragraph I up to a total of 4.2 townships.

IV. To the extent that lands to be conveyed to the State pursuant to Paragraphs II and III above are not specifically identified in this Appendix, they shall be identified by mutual consent of the State and the Secretary from lands described in Paragraph I within 60 days of the date the State becomes bound to this document, or within 60 days of the date that any entitlement vests in the State pursuant to Paragraph III of this Appendix, whichever shall come first.

V. All lands granted to the State of Alaska pursuant to this Appendix D shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: *Provided*, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

Appendix E

Lands in the Talkeetna Mountains, Kamishak Bay and Tutna Lakes Areas

(Paragraph III(A)(2))

The Secretary shall convey to the State the following described lands, subject to valid village selections under section 12(a), but not 12(b), of ANCSA.

T 22N, R 2W, S.M.
T 23N, R 2W, S.M.
T 24N, R 1 and 2 W, S.M.
T 26N, R 1 and 2 W, S.M.
T 27N, R 2W, S.M.

T 29N, R 2W, S.M.
T 7S, R 26W. S.M. secs. 29-31
T 7S, R 27-29 W, S.M.
T 8S, R 26-29 W. S.M.
T 9S, R 26-30W, S.M.
T 10S, R 28-30 W, S.M.
T 11S, R 28-30 W, S.M.
T 4N, R 33-35 W. S.M.
T 3N, R 34 and 35 W, S.M.
T 2N, R 34 and 35 W, S.M.

Appendix F

Far North Bicentennial Park

(Paragraph III B)

T 12 N, R 3 W, S.M.:
Section 1.
Section 2.
Section 3 (except SW ¼).
Section 10 (except S ½).
Section 11 (except S ½).
Section 12.

T 13 N, R 3 W, S.M.:
Section 34 (except N ½ NE ¼ NE ¼)
Section 35 (except NW ¼ NW ¼, N ½ SW ¼ NE ¼ NE ¼)
Section 36 (except NE ¼ SE ¼ SE ¼ NE ¼)

Appendix G

Talkeetna Mountains—Koksetna River Lands

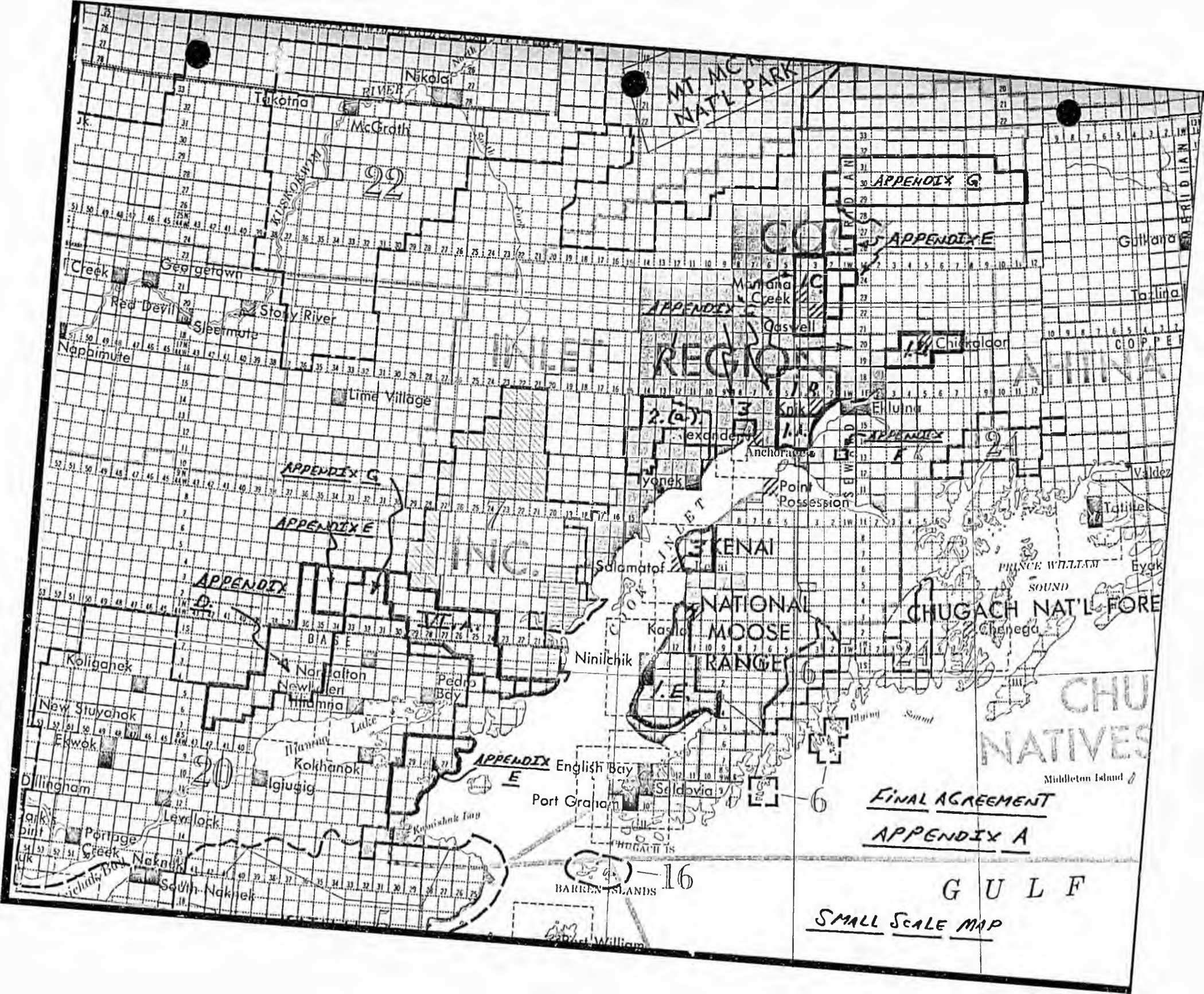
(Paragraph III(c))

The Secretary is authorized and directed to make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described below.
T 4N, R 31 W, S.M. (W ½).
T 4N, R 32 W, S.M.
T 3N, R 31 W, S.M. (W ½).
T 3N, R 32 and 33 W, S.M.
T 2N, R 31-33 W, S.M.
Subject to valid village 12(a) and 12(b) selections under ANCSA, the following lands located south of the Susitna River:
T 29N, R 11E—1 W, S.M.
T 30N, R 11E—2 W. S.M.
T 31N, R 9E—1 W, S.M.

Edwardsen v. *Morton*

During the Subcommittee hearings H.R. 6644, the Committee was made aware of an issue which may have long-range significance for the Native land claims settlement contained in the Settlement Act.




Nikolai
RIVER
Takotna
McGrath
MT. MCKINLEY NAT'L PARK
KUSKOKWIM
22
APPENDIX G
APPENDIX E
Gulkana
Tazlina
Georgetown
Creek
Red Devil
Sleetmute
Stony River
Nunamiute
Lime Village
Montana Creek
APPENDIX
Oasvell
Chickaloon
REGION
2.(a).
Kalk
Ellulna
Anchorage
APPENDIX F
24
Valdez
Tyonek
Point Possession
APPENDIX G
APPENDIX E
APPENDIX D
KENAI
Salamatof
PRINCE WILLIAM SOUND
Eyak
NATIONAL MOOSE RANGE
CHUGACH NAT'L FORE
Chenega
Kasilof
Ninilchik
Koliganek
New Stuyahok
Ekwok
Nondalton
Newhalen
Iliamna
Pedro Bay
Lake Clark
Kokhanok
Igiugig
20
APPENDIX E
English Bay
Port Graham
Seldovia
Dillingham
Levelock
Portage Creek
Naknek
South Naknek
Kamishak Bay
CHUGACH IS
BARREN ISLANDS
16
6
Middleton Island
William
GULF
FINAL AGREEMENT
APPENDIX A
SMALL SCALE MAP

B

NOTE:

THIS SECTION CONTAINS OVERSIZED MAPS THAT MAY BE SEEN IN THE ORIGINAL FILE AT THE ALASKA STATE ARCHIVES.

COOK INLET LAND EXCHANGE

FEDERAL LEGISLATION

Attached is a copy of the House Report on the Bill, which contains:

1. The final language--Page 1

2. A Section by Section analysis--Page 14
   See Section 12 (Page 30) and Section 18 (Page 35).

Also attached is a copy of the House debate at the time the bill was passed--December 16, 1975.

94TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 94-729

PROVIDING, UNDER OR BY AMENDENT OF THE ALASKA NATIVE CLAIMS SETTLEMENT ACT, FOR THE LATE ENROLLMENT OF CERTAIN NATIVES, THE ESTABLISHMENT OF AN ESCROW ACCOUNT FOR THE PROCEEDS OF CERTAIN LANDS, THE TREATMENT OF CERTAIN PAYMENTS AND GRANTS, AND THE CONSOLIDATION OF EXISTING REGIONAL CORPORATIONS, AND FOR OTHER PURPOSES

December 15, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HALEY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H.R. 6644]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 6644) To provide, under or by amendment of the Alaska Native Claims Settlement Act, for the late enrollment of certain Natives, the establishment of an escrow account for the proceeds of certain lands, the treatment of certain payments and grants, and the consolidation of existing regional corporations, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 1, beginning on line 3, strike out all after the enacting clause and insert in lieu thereof the following:

That (a) the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") is authorized to review those applications submitted within one year from the date of enactment of this Act by applicants who failed to meet the March 30, 1973, deadline for enrollment established by the Secretary pursuant to the Alaska Native Claims Settlement Act (hereinafter in this Act referred to as the "Settlement Act"), and to enroll those Natives under the provisions of that Act who would have been qualified if the March 30, 1973, deadline had been met: *Provided*, That Natives enrolled under this Act shall be issued stock under the Settlement Act together with a pro rata share of all future distributions under the Settlement Act which shall commence beginning with the next regularly scheduled distribution after the enactment of this Act: *Provided further*, That land entitlement of any Native village, Native group, Village Corporation, or Regional Corporation, all as defined in such Act, shall not be affected by any enrollment pursuant to this Act, and that no tribe, band, clan, group, village, community, or association not otherwise eligible for land or other benefits as a "Native village", as defined in such Act, shall become eligible for land or other benefits as a Native village because of any enrollment pursuant to this Act: *Provided further*, That no tribe, band, clan, village, community, or village association not otherwise eligible for land or other benefits as a "Native group", as defined in such Act, shall become eligible for land or other benefits as a Native group because of any enrollment pursuant to this Act: *And provided further*, That any "Native group", as defined in such Act shall not lose its status as a Native group because of any enrollment pursuant to this Act.

(b) The Secretary is authorized to pay individual Natives properly enrolled to Native villages or Native groups which are not recognized as village corporations under section 11 of Alaska Native Claims Settlement Act and which are included within the boundaries of former reserves who elected to receive surface and subsurface entitlement pursuant to subsection 19(b) of the Settlement Act. The Secretary may allow these individuals the option to enroll to a Village Corporation which elected the surface and subsurface title under section 19(b)

or remain enrolled to the Regional Corporation in which the village or group is located on an at-large basis: *Provided*, That nothing in this subsection shall affect existing entitlement to land of any Regional Corporation pursuant to section 12(b) or 14(h)(8) of the Settlement Act.

(c) In those instances where, on the roll prepared under section 5 of the Settlement Act, there were enrolled as residents of a place on April 1, 1970, the minimum number of Natives required for a Native village or Native group, as the case may be, and it is subsequently and finally determined that such place is not eligible for land benefits under the Act on grounds which include a lack of sufficient number of residents, the Secretary shall, in accordance with the criteria for residence applied in the final determination of eligibility, redetermine the place of residence on April 1, 1970, of each Native enrolled to such place, and the place of residence as so redetermined shall be such Native's place of residence on April 1, 1970, for all purposes under the Settlement Act: *Provided*, That each Native whose place of residence on April 1, 1970, is changed by reason of this subsection shall be issued stock in the Native Corporation or corporations in which such redetermination entitles him to membership and all stock issued to such Native by any Native Corporation in which he is no longer eligible for membership shall be deemed canceled: *Provided further*, That no redistribution of funds made by any Native Corporation on the basis of prior places of residence shall be affected: *Provided further*, That land entitlements of any Native village, Native group, Village Corporation, Regional Corporation, or corporations organized by Natives residing in Sitka, Kenai, Juneau, or Kodiak, all as defined in said Act, shall not be affected by any determination of residence made pursuant to this subsection, and no tribe, band, clan, group, village, community, or association not otherwise eligible for land or other benefits as a "Native group" as defined in said Act, shall become eligible for land or other benefits as a Native group because of any redetermination of residence pursuant to this subsection: *Provided further*, That any distribution of funds from the Alaska Native Fund pursuant to subsection (c) of section 6 of the Settlement Act made by the Secretary or his delegate prior to any redetermination of residency shall not be affected by the provisions of this subsection. Each Native whose place of residence is subject to redetermination as provided in this subsection shall be given notice and an opportunity for hearing in connection with such reexamination as shall any Native Corporation which it appears may gain or lose stockholders by reason of such redetermination of residence.

SEC. 2. (a) From and after the date of enactment of this Act; or January 1, 1976, whichever occurs first, any and all proceeds derived from contracts, leases, permits, rights-of-way, or easements, issued pursuant to section 14(g) of the Settlement Act, pertaining to land or resources of lands withdrawn for Native selection pursuant to the Settlement Act shall be deposited in an escrow account which shall be held by the Secretary until lands selected pursuant to that Act have been conveyed to the selecting corporation or individual entitled to receive benefits under such Act. As such withdrawn or formerly reserved lands are conveyed, the Secretary shall pay from such account the proceeds which derive from contracts, leases, permits, right-of-way, or easements, pertaining to lands or resources of such lands, to the appropriate corporation or individual entitled to receive benefits under the Settlement Act together with interest. The proceeds derived from contracts, leases, permits, rights-of-way, or easements, pertaining to lands withdrawn or reserved, but not selected or elected pursuant to such Act, shall, upon the expiration of the selection or election rights of the corporations and individuals for whose benefit such lands were withdrawn or reserved, be deposited in the Treasury of the United States or paid as would have been required by law were it not for the provisions of this Act.

(b) The Secretary is authorized to deposit in the Treasury of the United States the escrow account proceeds referred to in subsection (a) of this section, and the United States shall pay interest thereon semiannually from the date of deposit, such deposit to bear simple interest at a rate determined by the Secretary of the Treasury: *Provided*, That the Secretary in his discretion may withdraw such proceeds from the United States Treasury and reinvest such proceeds in the manner provided by the first section of the Act of June 24, 1938 (25 U.S.C. 162a): *Provided further*, That this section shall not be construed to create or terminate any trust relationship between the United States and any corporation or individual entitled to receive benefits under the Settlement Act.

(c) Any and all proceeds from public easements reserved pursuant to subsection 17(b)(3) of the Settlement Act, from or after the date of enactment of this Act, shall be paid to the grantee of such conveyance in accordance with such grantee's proportionate share.

(d) To the extent that there is a conflict between the provisions of this section and any other Federal laws applicable to Alaska, the provisions of this section will govern. Any payment made to any corporation or any individual under authority of this section shall not be subject to any prior obligation under section 9(d) or 9(f) of the Settlement Act.

SEC. 3. The Settlement Act is amended by adding at the end thereof the following new section:

"SEC. 28. Any corporation organized pursuant to this Act shall be exempt from the provisions of the Investment Company Act of 1940 (54 Stat. 789), the Securities Act of 1933 (48 Stat. 74), and the Securities Exchange Act of 1934 (48 Stat. 881), as amended, through December 31, 1991. Nothing in this section, however, shall be construed to mean that any such corporation shall or shall not, after such date, be subject to the provisions of such Acts. Any such corporation which, but for this section, would be subject to the provisions of the Securities Exchange Act of 1934 shall transmit to its stockholders each year a report containing substantially all information required to be included in an annual report to stockholders by a corporation which is subject to the provisions of such Act.".

SEC. 4. The Settlement Act is further amended by adding at the end thereof the following new section:

"SEC. 29. (a) The payments and grants authorized under this Act constitute compensation for the extinguishment of claims to land, and shall not be deemed to substitute for any governmental programs otherwise available to the Native people of Alaska as citizens of the United States and the State of Alaska.

"(b) Notwithstanding section 5(a) and any other provision of the Food Stamp Act of 1964, in determining the eligibility of any household to participate in the food stamp program, any compensation, remuneration, revenue, or other benefit received by any member of such household under the Settlement Act shall be disregarded.".

SEC. 5. For purposes of the first section of the Act of February 12, 1929 (45 Stat. 1164), as amended, and the first section of the Act of June 24, 1938 (52 Stat. 1037), the Alaska Native Fund shall, pending distributions under section 6(cc) of the Settlement Act, be considered to consist of funds held in trust by the Government of the United States for the benefit of Indian tribes; *Provided*, That nothing in this section shall be construed to create or terminate any trust relationship between the United States and any corporation or individual entitled to receive benefits under the Settlement Act.

SEC. 6. The Settlement Act is further amended by adding a new section 39 to read as follows:

"SEC. 39. (a) Notwithstanding any provision of this Act, any corporation created pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3) within any of the twelve regions of Alaska, as established by section 7(a), may, at any time, merge or consolidate, pursuant to the applicable provisions of the laws of the State of Alaska, with any other of such corporation or corporations created within or for the same region. Any corporations resulting from mergers or consolidations further may merge or consolidate with other such merged or consolidated corporations within the same region or with other of the corporations created in said region pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3).

"(b) Such mergers or consolidations shall be on such terms and conditions as are approved by vote of the shareholders of the corporations participating therein, including, where appropriate, terms providing for the issuance of additional shares of Regional Corporation stock to persons already owning such stock, and may take place pursuant to votes of shareholders held either before or after the enactment of this section; *Provided*, That the rights accorded under Alaska law to dissenting shareholders in a merger or consolidation may not be exercised in any merger or consolidation pursuant to this Act effected prior to December 19, 1991. Upon the effectiveness of any such mergers or consolidations the corporations resulting therefrom and the shareholders thereof shall succeed and be entitled to all the rights, privileges, and benefits of this Act, including but not limited to the receipt of lands and moneys and exemptions from various forms of Federal, State, and local taxation, and shall be subject to all the restrictions and obligations of this Act as are applicable to the corporations and shareholders

which participated in said mergers or consolidations or as would have been applicable if the mergers or consolidations and transfers of rights and titles thereto had not taken place: *Provided*, That, where a Village Corporation organized pursuant to section 19(b) of this Act merges or consolidates with the Regional Corporation of the region in which such village is located or with another Village Corporation of that region, no provision of such merger or consolidation shall be construed as increasing or otherwise changing regional enrollments for purposes of distribution of the Alaska Native Fund; land selection eligibility; or revenue sharing pursuant to sections 6(c), 7(m), 12(b), 14(h)(8), and 7(i) of this Act.

"(c) Notwithstanding the provisions of section 7 (j) or (m), in any merger or consolidation in which the class of stockholders of a Regional Corporation who are not residents of any of the villages in the region are entitled under Alaska law to vote as a class, the terms of the merger or consolidation may provide for the alteration or elimination of the right of said class to receive dividends pursuant to said section 7 (j) or (m). In the event that such dividend right is not expressly altered or eliminated by the terms of the merger or consolidations, such class of stockholders shall continue to receive such dividends pursuant to section 7 (j) or (m) as would have been applicable if the merger or consolidation had not taken place and all Village Corporations within the affected region continued to exist separately.

"(d) Notwithstanding any other provision of this section or of any other law, no corporation referred to in this section may merge or consolidate with any other such corporations unless that corporation's shareholders have approved such merger or consolidation.

"(e) The plan of merger or consolidation shall provide that the right of any affected Village Corporation pursuant to section 14(f) to withhold consent to mineral exploration, development, or removal within the boundaries of the Native village shall be conveyed, as part of the merger or consolidation, to a separate entity composed of the Native residents of such Native village.".

SEC. 7. Section 17(a)(10) of the Settlement Act is amended to read as follows:

"(10) The Planning Commission shall submit, in accordance with this paragraph, comprehensive reports to the President of the United States, the Congress, and the Governor and legislature of the State with respect to its planning and other activities under this Act, together with its recommendations for programs or other actions which it determines should be implemented or taken by the United States and the State. An interim, comprehensive report covering the above matter shall be so submitted on or before May 30, 1976. A final and comprehensive report covering the above matter shall be so submitted on or before May 30, 1979. The Commission shall cease to exist effective June 30, 1979.".

SEC. 8. (a) Notwithstanding the October 6, 1975 Order of the United States District Court for the District of Columbia in the case of Alaska Native Association of Oregon et al. v. Rogers C. B. Morton et al., Civil Action No. 2133-73, and Alaska Federation of Natives, International, Inc., et al. v. Rogers C. B. Morton, et al., Civil Action No. 2141-73 (F. Supp.), changes in enrollment of Alaska Natives which are necessitated or permitted by such Order shall in no way affect land selection entitlements of any Alaska Regional or Village Corporation nor any Native village or group eligibility.

(b) Stock previously issued by any of the twelve Alaska Native Regional Corporations or by Alaska Native Village Corporations to any Native who is enrolled in the thirteenth region pursuant to said Order shall, upon said enrollment, be cancelled by the issuing corporation without liability to it or the Native whose stock is so cancelled: *Provided*, That, in the event that a Native enrolled in the thirteenth region pursuant to said Order shall elect to re-enroll in the appropriate Alaska Regional Corporation pursuant to the sixth ordering paragraph of that Order, stock of such Native may be cancelled by the Thirteenth Regional Corporation and stock may be issued to such Native by the appropriate Alaska Regional Corporation without liability to either corporation or to the Native.

(c) In the event section 5(a) of the Settlement Act is amended to re-open the Alaska Native Roll for additional enrollment, any Native enrolling under such authority who is determined not to be a permanent resident of the State of Alaska under criteria established pursuant to such Act shall, at the time of enrollment elect whether to be enrolled in the thirteenth region or in the region determined pursuant to the provisions of section 5(b) of the Settlement Act and such election shall apply to all dependent members of such Natives' household who are less than eighteen years of age on the date of such election.

(d) No change in the final roll of Alaska Natives established by the Secretary pursuant to Section 5 of the Settlement Act resulting from any regulation promulgated by the Secretary of the Interior providing for the disenrollment of Alaska Natives shall affect land entitlements of any regional or village corporation or any Native village or group eligibility.

SEC. 9. Section 16 of the Settlement Act is amended by inserting at the end thereof a new subsection (d) to read as follows:

"(d) The lands enclosing and surrounding the village of Klukwan which were withdrawn by subsection (a) of this section are hereby rewithdrawn to the same extent and for the same purposes as provided by said subsection (a) for a period of one year from the date of enactment of this subsection, during which period the Village Corporation for the village of Klukwan shall select an area equal to twenty-three thousand forty acres in accordance with the provisions of subsection (b) of this section and such Corporation and the shareholders thereof shall otherwise participate fully in the benefits provided by this Act to the same extent as they would have participated had they not elected to acquire title to their former reserve as provided by section 19(b) of this Act: *Provided*, That nothing in this subsection shall affect the existing entitlement of any Regional Corporation to lands pursuant to section 14(h)(8) of this Act: *Provided further*, That the foregoing provisions of this subsection shall not become effective unless and until the Village Corporation for the village of Klukwan shall quitclaim to Chilkat Indian Village, organized under the provisions of the Act of June 18, 1934 (48 Stat. 984), as amended by the Act of May 1, 1936 (49 Stat. 1250), all its right, title, and interest in the lands of the reservation defined in and vested by the Act of September 2, 1957 (71 Stat. 596), which lands are hereby conveyed and confirmed to said Chilkat Indian Village in fee simple absolute, free of trust and all restrictions upon alienation, encumbrance, or otherwise: *Provided further*, That the United States and the Village Corporation for the Village of Klukwan shall also quitclaim to said Chilkat Indian Village any right or interest they may have in and to income derived from the reservation lands defined in and vested by the Act of September 2, 1957 (71 Stat. 597) after the date of enactment of this Act and prior to the date of enactment of this subsection.".

SEC. 10. Section 16(b) of the Settlement Act is amended by adding at the end thereof the following: "Such allocation as the Regional Corporation for the southeastern Alaska region shall receive under section 14(h)(8) shall be selected and conveyed from lands not selected by such Village Corporations that were withdrawn by subsection (a) of this section, except lands on Admiralty Island in the Angoon withdrawal area and, without the consent of the Governor of the State of Alaska or his delegate, lands in the Saxman and Yakutat withdrawal areas.".

SEC. 11. Section 7(*i*) of the Settlement Act is amended by changing the period at the end thereof to a colon and adding the following: "*Provided*, That the boundary between the southeastern and Chugach regions shall be the 141st meridian: *Provided further*, That, with respect to any lands conveyed to it in the vicinity of Icy Bay, the Regional Corporation for the Chugach region shall accord to the Natives enrolled to the village of Yakutat the same rights and privileges to use such lands for purposes traditional thereon, including, but not limited to, subsistence hunting, fishing, and gathering, as it accords to its own shareholders, and shall take no unreasonably or arbitrary action relative to such lands for the primary purpose, and having the effect, of impairing or curtailing such rights and privileges.".

SEC. 12. Cook Inlet Settlement. (a) The purpose of this section is to provide for the settlement of certain claims, and in so doing to consolidate ownership among the United States, the Cook Inlet Region, Incorporated ("Region" hereinafter), and the State of Alaska, within the Cook Inlet area of Alaska in order to facilitate land management and to create land ownership patterns which encourage settlement and development in appropriate areas. The provisions of this section shall take effect at such time as all of the following have taken place:

(1) The State of Alaska has conveyed or irrevocably obligated itself to convey lands to the United States for exchange, hereby authorized, with the Region in accordance with the document referred to in subsection (b);

(2) The Region and all plaintiffs/appellants have withdrawn from Cook Inlet v. Kleppe, No. 75-2232, 9th Circuit, and such proceedings have been dismissed with prejudice; and

MOOSE RANGE, SWANSON RIVER

(3) All Native village selections under section 12 of the Alaska Native Claims Settlement Act of the lands within Lake Clark, Lake Kontrashibuna, and Mulchatna River deficiency withdrawals have been irrevocably withdrawn and waived.

The conveyances described in paragraph (1) of this subsection shall not be subject to the provisions of section 6(i) of the Alaska Statehood Act (72 Stat. 339).

(b) The Secretary shall make the following conveyances to the Region, in accordance with the specific terms, conditions, procedures, covenants, reservations, and other restrictions set forth in the document entitled "Terms and Conditions for Land Consolidation and Management in Cook Inlet Area," which was submitted to the House Committee on Interior and Insular Affairs on December 10, 1975, the terms of which are hereby ratified as to the duties and obligations of the United States set forth therein:

(1) Approximately 10,240 acres of land within the Kenai National Moose Range; except that there shall be no conveyance of the bed of Lake Tustamena, or the mineral estate in the water-front zone described in the document referred to in this subsection.

(2) Title to oil and gas and coal in not to exceed 9.5 townships within the Kenai National Moose Range;

(3) Federal interests in townships 10 South, Range 9 West, F.M., and township 20 North, Range 9 East, S.M.;

(4) Township 1 South, Range 21 West., S.M.; secs. 3–10, 15–22, 29 and 30; and rights to metalliferous minerals in the following sections in township 1 North, Range 21 West, S.M.: secs. 13, 14, 15, 22, 23, 24, 25, 26, 27, 28, 32, 33, 34, 35, 36;

(5) Twenty-nine and sixty-six hundredths townships of land outside the boundaries of Cook Inlet Region; unless pursuant to the document referred to in this subsection a greater or lesser entitlement shall exist, in which case the Secretary shall convey such entitlement;

(6) Lands selected by the Region from a pool which shall be established by the Secretary and the Administrator of General Services: *Provided*, That conveyances pursuant to this paragraph shall not be subject to the provisions of section 22(i) of the Alaska Native Claims Settlement Act: *Provided further*, That conveyances pursuant to this paragraph shall be made in exchange for lands or rights to select lands outside the boundaries of Cook Inlet Region as described in paragraph (5) of this subsection and on the basis of values determined by agreement among the parties, notwithstanding any other provision of law. Effective upon their conveyance, the lands referred to in paragraph (1) of this subsection are excluded from the Kenai National Moose Range, but they shall automatically become part of the Range and subject to the laws and regulations applicable thereto upon title thereafter vesting in the United States. The Secretary is authorized to acquire lands formerly within the Range with the concurrence of the owner. Section 22(c) of the Alaska Native Claims Settlement Act, concerning refuge replacement, shall apply with respect to lands conveyed pursuant to paragraphs (1) and (2) of this subsection, except that the Secretary may designate for replacement land twice the amount of any land without restriction to a native corporation.

No lands outside the exterior boundaries of Cook Inlet Region shall be conveyed to Cook Inlet Region, Inc., unless, in the following circumstances, the consent of other Native Corporations is obtained:

I. Where the township to be nominated is located within an area withdrawn as of December 15, 1975, pursuant to Section 11(a)(1) CIRI shall obtain the consent of the Region and Village Corporation affected.

II. Where the township to be nominated is located within an area withdrawn pursuant to Section 11(a)(3) as of December 15, 1975, CIRI shall obtain the consent of the Region in which the township is located.

There shall be established a buffer zone outside the withdrawals described in subparagraphs I and II which zone shall extend one township from any such Section 11(a)(3) withdrawal and one and one-half townships from any Section 11(a)(1). Any nomination of a township within such zone shall be subject to

Consent

the consent of the Region, or of the Village Corporation if adjacent to a Section 11(a)(1) withdrawal, provided, however, that the affected Regional Corporation may designate additional lands to be included by substitution in the buffer zone so long as the buffer zone location is no greater than two townships in width and the total acreage of the buffer zone is not enlarged. The affected Region shall designate the enlarged buffer zone, if any, no later than six months following the passage of this act. Any use or development by Cook Inlet Region, Inc., of land conveyed under this paragraph shall give due protection to the existing subsistence uses of such lands by the residents of the area; and no easement across Village Corporation lands to lands conveyed under this paragraph shall be established without the consent of the said Village Corporation or Corporations.

(c) The lands and interests conveyed to the Region under the foregoing subsections of this section and the lands provided by the State exchange under subsection (a)(1) of this section, shall be considered and treated as conveyances under the Alaska Native Claims Settlement Act unless otherwise provided, and shall constitute the Region's full entitlement under sections 12(c) and 14(h)(8) of the Alaska Native Claims Settlement Act. Of such lands, 3.5 townships of subsurface in the Kenai National Moose Range shall constitute the full surface and subsurface entitlement of the Region under section 14(h)(8). The lands which would comprise the difference in acreage between the lands actually conveyed under and referred to in the foregoing subsections of this section, and any final determination of what the Region's acreage rights under sections 12(c) and 14(h)(8) of the Alaska Native Claims Settlement Act would have been, if the conveyances set forth in this section to the Region had not been executed, shall be retained by the United States and shall not be available for conveyance to any regional corporation or village corporation, notwithstanding any provisions of the Alaska Native Claims Settlement Act to the contrary.

(d)(1) The Secretary shall convey to the State of Alaska, all right, title and interest of the United States in and to all of the following lands:

(i) At least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Illiamna area and within the Nushagak River or Koksetna River drainages near lands heretofore selected by the State, the amount and identities of which shall be determined pursuant to the document referred to in subsection (b); and

(ii) Twenty-six townships of lands in the Talkeetna Mountains, Kamishak Bay, and Tuina Lake areas, the identities of which are set forth in the document referred to in subsection (b).

All lands granted to the State of Alaska pursuant to this subsection shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: *Provided*, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

(2) The Secretary is authorized and directed to convey to the State of Alaska, without consideration, all right, title and interest of the United States in and to all of that tract generally known as the Campbell Tract and more particularly identified in the document referred to in subsection (b), except for one compact unit of land which he determines, after consultation with the State of Alaska, is actually needed by the Bureau of Land Management for its present operations: *Provided*, That in no event shall the unit of land so excepted exceed 1,000 acres in size. The land authorized to be conveyed pursuant to this paragraph shall be used for public parks and recreational purposes and other compatible public purposes in accordance with the generalized land use plan outlined in the Greater Anchorage Area Borough's Far North Bicentennial Park Master Development Plan of September 1974: *Provided*, That if the land is not used for the above purposes it shall revert to the United States. Except as provided otherwise in this paragraph, in making the conveyance authorized and required by this paragraph, the Secretary shall utilize the procedures of the Recreation and Public Purposes Act (44 Stat. 741), as amended, and regulations developed pursuant to that Act: *Provided, however*, that the acreage limitation provided by section 1(b) of that Act, as amended by the Act of June 4, 1954 (68 Stat. 173), shall not apply to this conveyance, nor shall the lands conveyed pursuant to this para-

graph be counted against that acreage limitation with respect to the State of Alaska or any subdivision thereof.

(3) The Secretary is authorized and directed to make available for selection by the State, in his discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Kogseetna River areas as described in the document referred to in subsection (b).

(e) The Secretary may, notwithstanding any other provision of law to the contrary, convey title to lands and interests in lands selected by Native corporations within the exterior boundaries of Power Site Classification 443, February 13, 1958, to such corporations, subject to the reservations required by section 24 of the Federal Power Act.

(f) All conveyances of lands made or to be made by the State of Alaska in satisfaction of the terms and conditions of the document referred to in subsection (b) of this section shall pass all of the State's right, title, and interest in such lands, including the minerals therein, as if those conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway and other rights-of-way may be reserved to the State.

(g) The Secretary through the National Park Service, shall provide financial assistance, not to exceed $25,000, hereby authorized to be appropriated, and technical assistance to the Region for the purpose of developing and implementing a land-use plan for the West side of Cook Inlet, including an analysis of alternative uses of such lands.

(h) Village corporations within the Cook Inlet Region shall have until December 18, 1976, to file selections under section 12(b) of the Alaska Native Claims Settlement Act, notwithstanding any provision of that act to the contrary.

(i) The Secretary shall report to the Congress by April 15, 1976, on the implementation of this section. If the State fails to agree to engage in a transfer with the Federal Government, pursuant to subsection (a)(1), the Secretary shall prior to December 18, 1976, make no conveyance of the lands that were to be conveyed to the Region in this section, nor shall he convey prior to such date the Point Campbell, Point Woronzof and Campbell tracts, so that the Congress is not precluded from fashioning an appropriate remedy. In the event that the State fails to agree as aforesaid, all rights of the Region that may have been extinguished by this section shall be restored.

SEC. 13. Section 21 of the Alaska Native Claims Settlement Act of December 18, 1971 (85 Stat. 688), is hereby amended by adding the following subsection at the end thereof:

"(f) Until January 1, 1992, stock of any Regional Corporation organized pursuant to section 7, including the right to receive distributions under subsection 7(j), and stock of any Village Corporation organized pursuant to section 8 shall not be includable in the gross estate of a decedent under sections 2031 and 2033 of the Internal Revenue Code.".

SEC. 14. (a) The Secretary shall pay, by grant, $250,000 to each of the corporations established pursuant to section 14(h)(3) of the Settlement Act.

(b) The Secretary shall pay, by grant, $100,000 to each of the following Village Corporations:

(1) Arctic Village;
(2) Elim;
(3) Gambell;
(4) Savoonga
(5) Tetlin; and
(6) Venetie.

(c) Funds authorized under this section may be used only for planning, development, and other purposes for which the corporations set forth in subsections (a) and (b) are organized under the Settlement Act.

(d) There is authorized to be appropriated to the Secretary for the purpose of this section a sum of $1,600,000 in fiscal year 1976.

SEC. 15(a). The Secretary shall convey under sections 12(a)(1) and 14(f) of the Settlement Act to Koniag, Incorporated, a Regional Corporation established pursuant to section 7 of said Act, such of the subsurface estate, other than title to or the right to remove gravel and common varieties of minerals and materials, as is selected by said corporation from lands withdrawn by Public

Land Order 5397 for identification for selection by it located in the following described area:

T 36 S, R 52 W
T 37 S, R 51 W
T 37 S, R 52 W
T 37 S, R 53 W, sec. 1–4, 9–12, 13–16, 21–24, north ½ of 25–28
T 38 S, R 51 W, sec. 1–5, 9, 10, 12, 13, 18, 24, 25
T 38 S, R 52 W, sec. 1–35
T 38 S, R 53 W, sec. 1, 12, 13, 24, 25, 36
T 39 S, R 51 W, sec. 6, 7, 16–21, 28–33
T 39 S, R 52 W, sec. 1, 2, 11, 12, 13–16, 21–24
T 39 S, R 53 W, sec. 26, 33–36
T 40 S, R 52 W, sec. 6, 7, 8, 9, 16, 17, 18–21, 27–36
T 40 S, R 53 W, all except sec. 20, 29–33
T 40 S, R 54 W, all except sec. 35 & 36
T 41 S, R 52 W, sec. 4, 8–15
T 41 S, R 54 W, sec. 3
T 41 S, R 53 W, sec. 1, 2, 11, 12, 13

Notwithstanding the withdrawal of such lands by Public Land Order 5179 as amended, pursuant to section 17(d)(2) of the Settlement Act: *Provided*, That notwithstanding the future designation by Congress as part of the National Park System or other national land system referred to in section 17(d)(2)(A) of the Settlement Act of the surface estate overlying any subsurface estate conveyed as provided in this section, and with or without such designation, Koniag, Incorporated, shall have such use of the surface estate including such right of access thereto, as is reasonably necessary to the exploration for and the removal of oil and gas from said subsurface estate, subject to such regulations by the Secretary as are necessary to protect the ecology from permanent harm.

The United States shall make available to Koniag, its successors and assigns, sand and gravel as is reasonably necessary for the construction of facilities and rights of way appurtenant to the exercise of the rights conveyed under this section, pursuant to the provisions of 30 U.S.C. 601 et seq., and the regulations implementing that statute which are then in effect.

(b) The subsurface estate in all lands other than those described in subsection (a) within the Koniag Region and withdrawn under section 17(d)(2)(c) of the Settlement Act, shall not be available for selection by Koniag Region, Incorporated.

SEC. 16. Within ninety (90) days after the date of enactment of this Act, the corporation created by the enrolled residents of the Village of Tatitlek may file selections upon any of the following described lands:

COPPER RIVER MERIDIAN

Township	Range	Section
9 S	3 E	28, 26, 31–35.
0 S	3 E	2–27, 34–36.
1 S	4 E	5, 6, 8, 9, 16, 17, 21–22, 27–29, 33–35.
9 S	3 E	1–6, 9–11.
9 S	3 E	14–16, 21, 22, 27, 28.

The Secretary shall receive and adjudicate such selections as though they were timely filed pursuant to Section 12(a) or 12(b) of the Alaska Native Claims Settlement Act (85 Stat. 688) and were withdrawn pursuant to Section 11 of that Act.

The Secretary shall convey such lands selected pursuant to this authority as which otherwise comply with the applicable statutes and regulations. This section shall not be construed to increase the entitlement of the corporation of the enrolled residents of Tatitlek or to increase the amount of land that may be selected from the National Forests system. The subsurface of any land selected pursuant to this section shall be conveyed to the Regional Corporation for the Chugach Region pursuant to Section 14(f) of the Alaska Native Claims Settlement Act.

SEC. 17. Section 22(f) of the Alaska Native Claims Settlement Act is amended to provide as follows:

(f) the Secretary, the Secretary of Defense, the Secretary of Agriculture, and the State of Alaska are authorized to exchange lands or interests therein, including native selection rights, with the Group Corporations, Village Corporations, Regional Corporations, the Native Corporations, for the Cities of Juneau, Sitka, Kodiak and Kenai, other municipalities and corporations or individuals, the State (acting free of the restrictions of section 6(i) of the Alaska Statehood Act), or any federal agency for the purpose of effecting land consolidations or to facilitate the management or development of the land, or for other public purposes. Exchanges shall be on the basis of equal value, and either party to the exchange may pay or accept cash in order to equalize the value of the property exchanged: *Provided*, That when the parties agree to an exchange and the Secretary determines it is in the public interest, such exchanges may be made for other than equal value.

SEC. 18. Except as specifically provided in this Act, (i) the provisions of the Settlement Act are fully applicable to this Act, and (ii) nothing in this Act shall be construed to alter or amend any of such provisions.

PURPOSE

The purpose of H.R. 6644, introduced by Mr. Young of Alaska, is to amend and supplement, in certain respects, the Alaska Native Claims Settlement Act of December 18, 1971 (85 Stat. 688). Among other things, the bill as introduced, would accomplish the following:

The roll of Alaska Natives would be reopened for one year from date of enactment to enroll those Natives who failed to meet the March 30, 1973, enrollment deadline established by the Secretary of the Interior. No changes in land selection rights pursuant to the Settlement Act would occur as a result of the new enrollment process. (Sec. 1(a)).

The Secretary would be required to redetermine the place of residence of Natives who had enrolled in Native "villages" or "groups", as defined in the Settlement Act for purposes of receiving benefits, which villages or groups have subsequently been found ineligible. Prior distribution of benefits and land entitlements under the Act would not be affected (Sec. 1(c)).

Natives who reside on lands of, but are not members of, village(s) which elected to retain their former reservations under section 19(b) of the Act are given the opportunity to enroll to such village corporations. (Sec. 1(b)).

The Secretary is directed to establish an escrow account in which are to be deposited funds earned on lands withdrawn for Native selection pending issuance of patents thereon. Interest will be earned on such account and it will be paid out as interests appear upon issuance of final patents to the Native corporations. (Sec. 2).

Native corporations would be exempt from the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940 until December 31, 1991. (Sec. 3).

Clarification is made that (1) payments and grants to Natives under the Act are not to be deemed as a substitute for any government programs Natives otherwise would be eligible for as citizens and that (2) benefits received by Natives under the Act are not to be counted as income or other resources for purposes of the Food Stamp program. (Sec. 4).

Money, in the Alaska Native Fund, pending distribution, is to be

treated as trust funds of Indian tribes for interest and investment purposes. (Sec. 5).

Mergers of Native village corporations which are too small to be economically viable with other village corporations or with the regional corporation would be permitted under certain conditions. (Sec. 6).

The life of the Joint Federal-State Land Use Planning Commission is extended three years until June 30, 1979. (Sec. 7).

The decision of the village Klukwan to retain their former reservation under section 19(b) of the Settlement Act rather than share in the benefits of the Act resulted in a severe inequity to some of its members because of a prior valid right to the lands of such reservation. This inequity is corrected by, in effect, vitiating such election and allowing Klukwan to share in the Act's land benefits. (Sec. 9).

The Regional Native Corporation of the southeastern region (Sealaska, Inc.) is given authority to select its land entitlement under section 14(h)(8) of the Act from lands withdrawn for, but not selected by, village corporations of that region. (Sec. 10).

The boundary between the southeastern Native region and the Chugach region is confirmed at the 142st meridian. (Sec. 11).

The severe land selection problem encountered by the Cook Inlet Native region in securing its land entitlement under the Act is resolved by providing for certain conveyance of lands to the regional corporation from the U.S. and the State of Alaska. (Sec. 12).

The value of share of stock in Native corporations and the right to receive dividends therefrom are excluded from the gross estate of a Native shareholder for Internal Revenue Code purposes. (Sec. 13).

Grants of $250,000 each are authorized for the Native corporations of Juneau, Sitka, Kodiak, and Kenai and $100,000 each for the villages of Artic Village, Elim, Gambell, Savoonga, Tetlin, and Venetie for planning, development and other purposes for which these corporations were organized. (Sec. 14).

The Koniag Native regional corporation is conveyed title to approximately 186,000 acres of subsurface estate in lands which lands are proposed for inclusion in the Aniakchak Caldera National Monument. (Sec. 15).

Background

On December 18, 1971, the President signed into law the Alaska Native Claims Settlement Act (the Settlement Act), Public Law 92-203, 85 Stat. 688. This legislation extinguished all aboriginal claims to land in Alaska and in return provided the Natives (individually and through 12 Regional Corporations and approximately 220 Village Corporations established under the law's provisions) with a land settlement of approximately 40 million acres and a monetary settlement of nearly a billion dollars ($462,500,000) from the general fund of the Treasury, and $500 million from mineral revenues from lands in Alaska conveyed to the State under the Statehood Act after the enactment of the Settlement Act and from the remaining Federal lands, except Naval Petroleum Reserve No. 1).

Organization

The Act provided that, within 2 years from the date of enactment, the Secretary of the Interior was to prepare a roll of all Natives who

were born on or before, and who were living on, the date of enactment. Within one year of enactment, the Secretary was required to divide the State of Alaska into 12 geographic regions for purposes of the Settlement Act. The Natives of each region were authorized to establish a Regional Corporation to conduct business for profit under the laws of Alaska, and all 12 Regional Corporations have been organized. The Act also listed 217 villages, the members of which were to establish profit or non-profit Village Corporations. The Secretary was required to review the listed villages within 2½ years of enactment, disqualify those that do not meet the Act's criteria, and add those which do meet the criteria but were not listed in the Act. Some 220 Village Corporations have been established.

The Act also revoked existing Native reserves and authorized the Native Village Corporations formed on each reserve to elect to take either title to the reserve lands or the benefits of the Settlement Act. Native groups which were not eligible as villages were also asked to incorporate. Finally, the Natives of four urban centers in which the Native population constitutes a minority (Sitka, Kenai, Juneau, and Kodiak) were also expected to incorporate.

The Corporations are to issue stock to their members, however such stock is inalienable for a period of 20 years.

The Land

To permit the Regional and Village Corporations to select 38 million acres, the Act requires the Secretary to withdraw approximately 25 townships around each Native village listed in section 11 and, in case of insufficient lands within that area, withdraw nearby lands equal to three times the deficiency. The Secretary was authorized to withdraw and convey an additional 2 million acres outside the otherwise withdrawn areas for specific purposes: cemetery sites and historic places; not more than 23,040 acres for each Native group which does not qualify as a Native village; not more than 23,040 acres for each of the Native Corporations in four urban centers the populations of which are no longer composed predominantly of Natives (Sitka, Kenai, Juneau, and Kodiak); and not more than 160 acres for each Native living outside the otherwise withdrawn areas.

Of these withdrawn lands, the Village Corporations are to receive title to 22 million acres of surface estate only: 18½ million acres of surface estate in the 25 township areas surrounding each Village, divided among the villages according to population, and 3½ million acres of surface estate, divided among the Village Corporations in 11 regions (excluding the southeastern region, Sealaska) by the Regional Corporations on an equitable basis after considering historic use, subsistence needs, and population. The deadline for selection of lands by the Village Corporations was December 18, 1974.

The 12 Regional Corporations are to receive the subsurface estate in the 22 million acres patented to the Village Corporations, and the full title to 16 million acres selected within the 25 township areas surrounding the villages. This land would be divided among the 12 Regional Corporations on the basis of land areas within each region. The Regional Corporations would also receive the subsurface estate

of land selected by Native groups (one township, 23,040 acres, each), individual Natives residing outside villages (160 acres each), and the Native Corporations for Sitka, Kenai, Juneau, and Kodiak (23,040 acres each). The balance remaining from the two million acres withdrawn for the group, individual, and town selections after selection is made is also to go to the Regional Corporation. Finally, Regional Corporations would be conveyed cemetery and historical sites. The deadline for Regional Corporation land selections is December 18, 1975.

The Funds

The Act established in the Treasury an Alaska Native Fund into which is to be paid $462,500,000 in Federal funds over an 11-year period and a 2% overriding royalty from all proceeds received from the disposition of minerals subject to the Mineral Leasing Act in Alaska from both Federal (other than Naval Petroleum Reserve No. 4) and State lands until an additional sum of $500,000,000 is reached.

The Regional Corporations would receive all payments on a quarterly basis as funds are made available on passage of appropriations acts. The payments are divided among the regions on the basis of Native population. The Regional Corporations must also divide among themselves 70 percent of the mineral and timber revenues received by them from lands conveyed to them. Each Regional Corporation must then distribute to the Village Corporations and the class of stockholders who are not residents of these villages not less than 50 percent (45% during the first five years) of the funds granted to it and all timber and mineral revenues from its lands. During the first five years, not less than 10% of all corporate funds from the two above-mentioned sources are to be distributed by the Regional Corporations among their stockholders.

With some minor exceptions, the land and moneys received under the settlement are not taxable at time of receipt.

Explanation

The Alaska Native Claims Settlement Act is a very complicated, far-ranging law. It was the subject of exhaustive congressional hearings, consideration and debate. The final product represents a delicate balancing of the myriad of interests within the State of Alaska and the Nation as a whole.

The primary purpose of the Act was to finally settle the long-standing land claims of the Alaska Natives in a fair, expeditious manner. In addition, however, the Act attempted to secure the interests of the public at large preserving the unique status and value of certain lands in the State, in providing for the orderly development of the resources of Alaska, and in preserving the ecological and environmental balance on this land.

The Act also sought to permit the development of the vast energy potential of the State to aid in meeting the growing energy shortages of the Nation while meeting the needs of the Natives and of the public at large.

In light of the many issues and circumstances which the Act attempted to meet and equitably resolve, it is little wonder that

experience in the implementation of the Act has disclosed some deficiencies and oversights on the legislation. This is particularly true with respect to insuring that the Native beneficiaries of the Act obtained the rights to which they were entitled.

The Committee, in the exercise of its oversight responsibilities and in extensive hearings on the Settlement Act has identified several pressing deficiencies in the Act and resultant inequities which require legislative remedy. H.R. 6644, as amended, will provide that remedy.

Section-By-Section Analysis

SECTION 1

Subsection (a) of the bill authorizes the Secretary of the Interior to review all applications filed within one year after the date of enactment of the bill by persons who missed the March 30, 1973 deadline for filing applications for enrollment as Alaska Natives. The Secretary would then enroll those Alaska Natives who meet the qualifications for enrollment set out in the Alaska Native Claims Settlement Act except for their failure to meet the March 30, 1973 deadline.

In addition, section 1(a) sets forth the procedures for making all the changes required by amendments to the roll resulting from the new enrollments thereunder, specifically with regard to issuance of stock in the proper Native corporation to any Native newly enrolled and to future distributions under the Settlement Act. Also, the subsection provides that no land entitlements of "village" or "group" eligibility will be affected by the changes in enrollment thereunder.

Some 77,000 Alaska Natives filed timely enrollment applications and were included on the final roll certified by the Secretary of the Interior on December 18, 1973. However, approximately 800 applicants filed after the March 30, 1973 deadline. These applications were summarily denied. In addition, numerous other Natives were dissuaded from filing upon learning that the deadline had passed. Further, because of the remoteness and isolation of Native settlements in Alaska, the subsistence hunting and fishing culture of many Natives, and the wide dispersion of other Natives throughout the United States and foreign countries, many Natives did not receive timely notice about the enrollment process.

This new enrollment period will afford these Natives the opportunity to share in the benefits Congress intended for them. While there is no accurate count of eligible Natives who missed enrollment, estimates indicate that the number would be greater than 1,000.

Subsection 1(b) provides that the Secretary is authorized to poll Natives enrolled to villages or groups not recognized as village corporations under the Settlement Act and which are located within the boundaries of former reserves where village corporations elected surface and subsurface rights under section 19(b) of the Settlement Act. The Secretary may allow these natives to enroll to a section 19(b) village corporation or to remain enrolled on an at-large basis in the Regional Corporation of the region in which the village or group is located.

Although the language of the provisions is general and would apply to any case falling within its terms, the provision is specifically

directed toward an inequitable situation identified by the Committee on the Island of St. Lawrence. The villages of Gambell and Savoonga elected to retain and take title to their former reservation pursuant to section 19 of the Settlement Act. That former reservation constituted the entire Island.

Approximately 30 Natives who live on the Island enrolled to places other than Gambell or Savoonga. Since all the land was taken by the two villages as the former reserve, these Natives cannot realistically obtain land benefits as a Native group. The subsection will correct this and other such inequitable and unintended results of the Settlement Act.

The Committee adopted an amendment which makes clear that no enrollment changes resulting from subsection (c) will affect any land entitlements under section 12(b) or 14 (h)(8) of the Settlement Act. The Committee does not intend that the addition of the proviso be taken to be a congressional determination that any such enrollment change might or might not otherwise affect such entitlements.

Section 1(c) provides that, in those cases where, under the enrollment provisions of the Settlement Act, there were enrolled as residents of a place the minimum number of Natives necessary to qualify as a Native village or group and where it is later determined by the Secretary that such place is not eligible for land benefits as a village or group on grounds which include an insufficient number of residents, the Secretary is required to redetermine the place of residence of such Native as of April 1, 1970, and to enroll such Native in the appropriate Native corporation or corporations.

The subsection maintains existing or past distributions of funds or land entitlements under the Settlement Act notwithstanding such redetermination of residence. In addition, it affords an opportunity for notice and a hearing for those Natives whose residence is being redetermined and for those Native corporations gaining or losing stockholders.

SECTION 2

Section 2 contains provisions to correct ambiguities which have arisen during the implementation of the Settlement Act concerning the distribution of certain receipts and proceeds.

Subsection (a) provides the Secretary of the Interior with authority to deposit receipts derived from contracts, leases, permits, rights-of-way or easements pertaining to land or resources of land withdrawn for Native selection pursuant to the Settlement Act in an escrow account until such time as disposition is made of the land and then to transfer the receipts to the person or entity receiving title to the land. Upon the expiration of the selection rights of the Natives for whose benefit such lands were withdrawn or reserved, the proceeds from lands withdrawn but not selected are to be paid out as required under law. Subsection 2(b) provides the authority needed to pay interest on the funds held in the escrow account and to allow the Secretary of the Interior to reinvest them to obtain a higher return pursuant to the Act of June 24, 1938 (52 Stat. 1037, 25 U.S.C. 162(a)).

Despite the stricture provided in section 14(a) of the Settlement Act that patents to lands selected by Native corporations are to be conveyed "immediately after selection," delays between the selection of land by a Native corporation and the transfer of title to that corporation are unfortunately likely to occur. Several reasons for such delays, such as the absence of an easement policy, probably will be eliminated in the near future. Others are likely to continue for the duration of the Native land selection process, in that the Bureau of Land Management appears to lack the manpower and money necessary to process expeditiously the hundreds of selection applications which it has or will soon receive from the twelve Regional Corporations and the approximately 220 Village Corporations which have qualified for benefits under the Settlement Act.

Under existing law, any funds derived from lands owned by the Federal government must be deposited in the Treasury or other appropriate depository until title passes, despite the fact that such lands may have been selected by a Native corporation. Therefore, in the absence of section 2 of H.R. 6644, no authority exists to establish an escrow fund on behalf of the Native corporations. Accordingly, these corporations could be deprived of a significant asset which they would be entitled to receive but for the existence of problems beyond their control—delays in conveying the selected land and lack of authority to protect Native proceeds in the interim. The Settlement Act vests the Secretary of the Interior with interim authority to grant leases, contracts, permits, rights-of-way, and easements on Native lands. In a growing number of situations, Native corporations have wanted the Secretary to enter into one of these arrangements, but have been forced to abandon their plans due to the lack of escrow authority.

Subsection (c) relates to public easements reserved in any conveyance pursuant to section 17(b)(3) of the Settlement Act. Many of the actions arising from these reserved easements may not be performed until years after the conveyance has been issued. Although the reservation would have been made in the conveyance, section 2 would insure that proceeds derived from these section 17(b)(3) reserved easements at any time after conveyance has been issued will be paid to the grantee of such conveyance in accordance with the grantee's proportionate share. The Department of the Interior believes it would be administratively prohibitive to distribute the income to the owners of the land covered by the easement reservation without the certainty provided by section 2.

Subsection (d) provides that, where there is a conflict between the provisions of this section and other Federal law applicable to Alaska, this section will prevail. In addition, it provides that payments made to any corporation or individual from the escrow account shall not be considered revenue for purposes of the mineral revenue sharing section 9(d) and (f) of the Settlement Act.

SECTION 3

Section 3 adds a new section 28 to the Settlement Act which exempts Native corporations organized under that Act from the provisions of certain federal securities laws during the time that the stock of those

corporations is subject to prohibitions on sale or disposition, i.e. December 31, 1991.

A. The Investment Company Act of 1940

The exemption is necessary because of certain "mechanical" provisions of the Investment Company Act and the present uncertain status under the 1940 Act of Native corporations established pursuant to the Settlement Act. The 1940 Act requires highly technical registration and periodic reports to the Securities Exchange Commission (SEC) from corporations which are by design "investment companies" as well as corporations which are deemed "inadvertent" investment companies because more than 40 percent of their total assets, exclusive of cash and government securities, are held in the form of "investment securities."

The Native corporations are designed to be operating profitmaking business corporations. They are not expected to be "investment companies" as that term is customarily used. All of them will eventually own surface and/or subsurface interests in substantial amounts of land. Once the corporations are fully organized it is apparent that many of them will never be "investment companies" by virtue of their intentional business decisions or because they happen to have more than 40 percent of their non-cash assets in investment securities. The probable value of certain land interests makes it unlikely that several of these corporations will ultimately fall under the 1940 Act because of the 40 percent test.

The structure of the Settlement Act results, however, in substantial cash flowing to these corporations years ahead of conveyance and evaluation of land selections. Over $150 million has been distributed to Native corporations; whereas land selections have not yet resulted in title passing to the corporations, selections will not be completed until the end of 1975, at the earliest, and conveyances will not be completed for perhaps 15 years.

The Native corporations must do something with the money they are receiving. They cannot let it lie fallow in checking accounts, yet they are unprepared now to proceed immediately into profit-oriented business for themselves. To meet this problem corporations are to some extent planning to put money into commercial bank time deposits or certificates of deposit with interest returns somewhat higher than savings accounts, but lower than "high-risk" investment ventures.

These plans present another potential problem under the 1940 Act. While the Court of Appeals for the Second Circuit has held that "certificates of deposit" are not "investment securities" for 1940 Act purposes, the SEC staff informally takes a contrary position. Thus the Native coporations which prudently try to obtain moderate return by purchasing certificates of deposit may be required to undergo costly and time-consuming registrations under the 1940 Act only to find that three years from now when land selections are complete they are no longer subject to that Act and must then go through costly and time-consuming procedures to deregister. The end result is extensive paperwork and a needless waste of time, money, and manpower.

It is too early for these fledgling corporations to know even what their investment policies and legal and accounting problems may be to

make registration practicable for them under the Investment Company Act. On the other hand, the penalty for failure to register under that Act, even for a company which inadvertently becomes subject to its provisions, are severe. It is the purpose of Section 3 of H.R. 6644, amended, to provide the corporations formed under the Settlement Act with turnaround time in order to identify any problems which they may ultimately have under the Investment Company Act and to work out appropriate solutions for such problems internally and in consultation with the staff of the Securities and Exchange Commission.

The SEC has promulgated a temporary rule exempting Native corporations which register as investment companies from most of the provisions of the 1940 Act. Nonetheless, the exemption provided for in this section is necessary. The Committee is informed that some Regional Corporations have not registered under the SEC temporary rule and there exists some risk that their corporate acts and contracts might be vulnerable to challenge under the 1940 Act. The exemption will provide necessary breathing room to the SEC and the Native corporations in order to permit resolution of long-range solutions.

Another reason for temporarily exempting these entities from the Investment Company Act is to enable them to merge under provisions of Section 6 of H.R. 6644. In 1975 the NANA Corporation and the eleven Village Corporations in that region agreed on a plan of merger. The Natives spent about $200,000 in preparation and filing of a prospectus under the Securities Act of 1933. They did so in reliance on a "no-action" letter from the SEC advising them that no application would be necessary under section 17 of the Investment Company Act, a section which prohibits transactions between "affiliated persons" without a prior order from the SEC that the terms of the transaction are fair and equitable. At the last moment, however, the SEC withdrew their no-action letter, insisted on a section 17 application, and advised that no action would be taken on the application until extensive public hearings had been held. This administrative procedure imposes such substantial costs that merger may be impracticable. Since the very purpose of the merger authority in section 6 is to reduce administrative expense and overhead, it is appropriate at the same time to eliminate unnecessary expenses and delays imposed by federal securities laws.

B. The Securities Act of 1933 and the Securities Exchange Act of 1934

During the 20 year period when Native stock cannot be sold or transferred it is not necessary to subject these corporations to the expense and administrative burdens of compliance with the 1933 Securities Act and the 1934 Securities Exchange Act. Until December 1991, there will be no "market" in the stock of Native corporations since the stock is inalienable. Therefore it does not seem necessary to subject these corporations to the requirements of registering stock under the 1933 Act. The SEC has itself recognized that the 1933 Act need not be applied to those corporations in certain cases when it issued a "no-action" letter regarding the issuance of the initial shares of stock to Natives enrolled in Regional and Village Corporations.

The exemption from the 1933 Act is also needed to effectuate the merger authority in section 6. The 1933 Act requires that the stock be registered with the SEC, and a prospectus prepared and mailed

to all stockholders to whom the stock is offered, prior to the time at which they make the decision on the merger. Stock registration under the 1933 Act is an extremely elaborate and technical proceeding. The resulting prospectus, to be mailed to the stockholders, is intended to disclose every last detail bearing on the question of whether the person should acquire the stock. In the merger which NANA and the Village Corporations attempted to undertake in the spring of 1975, the prospectus, which had not yet been cleared by the SEC but which resulted from the SEC's initial round of comments on an earlier version submitted, consisted of a total of 80 printed pages, including 50 pages of financial statements, and accompanying footnotes, on all the corporations involved. In view of the lack of sophistication of most of the stockholders, particularly on matters such as complex mergers, such a document clearly is not an appropriate method of informing the stockholders. Yet, such a document would be required. It is extremely costly to prepare, and, as noted in the case of the NANA merger, costs well over $100,000. Clearly such costs for practical purposes would preclude the possibility of merger between two small Village Corporations which might be most in need of it.

Conversely, the tight restrictions of the 1933 Act on the verbal communications which may be made in conjunction with the prospectus virtually preclude any meaningful or simplified discussion at village or community meetings in order to explain merger to the stockholders. Thus the 1933 Act requires for disclosure an extremely complex and expensive document which does not serve its intended purpose at least as to Native corporations, but also precludes the one effective means of communication.

Similarly, application of the 1934 Securities Exchange Act is not necessary during the period when Native stock is inalienable. The 1934 Act applies to corporations with over 500 stockholders and $1,000,000 in assets. An exemption of Settlement Act corporations from only the 1940 Investment Company Act would result in all the Regional Corporations and approximately 19 of the Village Corporations being subject to the 1934 Act which requires expensive initial registration with the SEC, the filing of periodic reports with the SEC, and makes the detailed proxy rules applicable to any vote of stockholders. For the reasons discussed above under the 1940 Act, these requirements again have little proper application to Native corporations and do not fulfill their intended purpose in this context. In fact, in a recent letter to Congressman Lloyd Meeds in connection with the question of exempting the corporations from the 1940 Act, the SEC characterized the 1934 Act as "a statute which is designed basically to inform the Commission and the investing public as to securities of publicly traded companies." Since the stock of Native corporations may not be traded and the "public" may not invest in it until 1991, the 1934 Act has no proper application to these corporations.

Although the SEC has stated that the 1934 Act is designed to inform the "investing public" about securities, the federal securities laws do provide useful information to the stockholders as well as the investing public. Accordingly the new section 28 of the Settlement Act provides that any Native corporation which, but for the provisions of that section, would be subject to the 1934 Act, must transmit an annual

report to its stockholders containing subsantially all the information contained in annual reports of corporations subject to the 1934 Act. Such reports by Native corporations would not be filed with or reviewed by the SEC, but the Committee believes that the Native leadership will comply fully with the intent of this provision and will submit annual reports to their stockholders which are as effective in disclosing corporate activities as those prepared by companies regulated under the 1934 Act by the SEC. Finally, the Committee understands that the general provisions of Alaska law provide protection for Native stockholders from any corporate mismanagement and misrepresentations or omissions to represent in connection with sales of securities, and that Alaska courts would look to precedents under federal securities laws for appropriate standards of conduct by management and other persons connected with securities transactions. Native corporations have assured the Committee that they do not intend to seek an exemption from state securities laws on the basis of this exemption from federal laws and intend to pursue the passage of State legislation to the extent necessary to provide any appropriate additional protection. Therefore, it is not necessary at this time to impose additional federal requirements.

It should be noted that these corporations are being exempted from the federal securities laws on the understanding that federal regulation of Settlement Act corporations is not necessary to protect Native stockholders or the public during the twenty-year period when Native-owned stock cannot be sold. However, if this assumption proves invalid in light of experience, the Committee is prepared to re-impose such provisions of the federal laws as may be necessary. In short, the twenty-year exemption should be viewed by the Natives as an experiment which will be stopped if it is abused.

SECTION 4

Subsection (a) merely makes clear the congressional intent that payments and grants under the Settlement Act are not to be deemed a substitute for any governmental program or benefit which is otherwise available to Alaska Natives as citizens of the United States and Alaska.

Subsection (b) makes clear that benefits under the Settlement Act shall not be considered as income or other resources for purposes of the Food Stamp program. The background to subsection (b) is provided in an August 6, 1974, memorandum prepared by the Congressional Research Service of the Library of Congress:

THE LIBRARY OF CONGRESS, WASHINGTON, D.C. 20540

THE COUNTING OF INCOME FROM PAYMENTS UNDER THE ALASKA NATIVE CLAIMS SETTLEMENT ACT IN DETERMINING ELIGIBILITY FOR AND THE AMOUNT OF FOOD STAMP AND CASH WELFARE BENEFITS

Food Stamps

In March 1974, the State of Alaska notified the Federal offices of the Food Stamp Program (in the USDA's Food and Nutrition Service) that it was Alaska's interpretation that

payments made under the Alaska Native Claims Settlement Act (P.L. 92–203) should be *disregarded* in determining eligibility for the Food Stamp Program and the extent of the food stamp benefit received by participating households. In addition, it asked for a decision from the USDA as to whether these payments should or should not be disregarded under the Federal regulations and instructions governing the counting of income and resources in the Food Stamp Program.

Alaska based its interpretation on numerous grounds—most notably, the provisions of section 2(e) of the Alaska Native Claims Settlement Act.[1] Section 2(e) of the Act states, in part—

"... no provision of this Act shall replace or diminish any right, privilege, or obligation of Natives as citizens of the United States or of Alaska, or relieve, replace, or diminish any obligation of the United States or of the State of Alaska to protect and promote the rights or welfare of Natives as citizens of the United States or of Alaska; ..."

However, on April 22, 1974, the Washington headquarters of the Food Stamp Program notified its San Francisco regional office that payments to individuals and households under the Alaska Native Claims Settlement Act were *not to be disregarded* as income for purposes of the Food Stamp Program—although stock (in the various native corporations established under the Act) and land granted under the Act were to be disregarded as resources (assets) available to individuals and households applying for food stamps.[2] This notification was transmitted to Alaska—where payments under the Act were beginning—on April 23, 1974.

From discussions with Food Stamp Program personnel in San Francisco and Washington, D.C., it appears that the basic rationale behind the USDA's decision not to disregard these payments as income was that—

> Since the Alaska Native Claims Settlement Act contains no specific language requiring that these payments be disregarded in determining food stamp benefits,
>
> And since it is the general policy under the Food Stamp Program to count all income available for food expenditures unless legislation directs a disregard, and
>
> Income from payments under the Alaska Native Claims Settlement Act should be counted for food stamp purposes and to disregard them would grant Alaskan natives a privilege not granted to others applying for the Food Stamp Program.[3]

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[1] This description of the rationale behind Alaska's claim that these payments should be disregarded for food stamp purposes is based on information gained through discussions with the Food Stamp Program's San Francisco regional office. For a complete picture of the State's rationale, it would be advisable to obtain a copy of Alaska's letter to the USDA. The letter originated with Alaska's welfare commissioner.

[2] The actual text of the notification was—"For FSP [Food Stamp Program] purposes, cash payments made under P.L. 92-203 must be treated as income in accordance with the provisions of the program regulations. Stock and land received under P.L. 92-203 shall be excluded from resources as being unavailable to the household [applying for or participating in the Food Stamp Program]."

[3] As noted, this description of the reasoning behind the USDA's decision was gained through discussions with Food Stamp Program personnel—both in Washington and the San Francisco regional office. As yet, it has not been possible to obtain any *written* description of the USDA's rationale.

In addition, two points of "legislative history" were mentioned in discussing the reasoning backing up the USDA's decision. First, it was noted that the Senate version of the Alaska Native Claims Settlement Act (and the report accompanying it) contained language that might be construed to call for the disregarding of payments under the Act for Food Stamp Program purposes. However, this language did not find its way into the final Act, or the conference report. Second, provisions of a later act, P.L. 93–134, called for the disregarding of payments under court settlements of certain Indian claims in determining benefits under the Social Security Act.[4] However, this was *not* done in the case of payments under the Alaska Native Claims Settlement Act, for either Social Security Act programs or the Food Stamp Program.

Cash Welfare Benefits

In March 1974, HEW was notified of the questions existing as to whether to disregard payments under the Alaska Native Claims Settlement Act in determining eligibility for and the amount of cash welfare benefits under the Aid to Families with Dependent Children (AFDC) Program and the Supplemental Security Income (SSI) Program.

On May 3, 1974, Mr. Carlucci, Under Secretary of HEW, announced in Seattle that it had been decided that tax-exempt payments under the Alaska Native Claims Settlement Act *would be disregarded* in determining eligibility and benefits under the AFDC and SSI Programs (authorized by title IV–A and XVI of the Social Security Act). A later program instruction issued on July 3, 1974 (copy attached) confirmed this announcement for the AFDC Program, and SSI Program rules were also changed accordingly.

From discussions with Washington, D.C., personnel of HEW's Social and Rehabilitation Service and the content of the July 3, 1974 program instruction, it appears that HEW's basic rationale in deciding to disregard payments under the Alaska Native Claims Settlement Act in determining AFDC and SSI cash welfare benefits was that—

> The Alaska Native Claims Settlement Act, specifically section 2(c)[5] of the Act, required that the payments be disregarded to the extent they are tax-exempt.[6]

In addition it was pointed out in discussions that the provisions of P.L. 93–134 (requiring the disregarding of certain other Indian claims payments) could be construed to indicate a general Congressional intent that payments of Indian claims be disregarded in determining benefits under the Social Security Act programs administered by HEW (i.e., AFDC and SSI).

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[4] P.L. 93–134 did *not* require that these payments be disregarded for Food Stamp Program purposes.

[5] The relevant portion of section 2(c) of the Act is quoted at the beginning of this report.

[6] As noted, the only available *written* description of the rationale behind HEW's decision is the July 3, 1974 program instruction. As yet, it has not been possible to obtain any other written description of HEW's reasoning.

This inconsistency in Federal policy remained undisturbed until June 23, 1975. On that date, the United States Court of Appeals for the Ninth Circuit rendered a decision in *Hamilton* v. *Butz* (No. 75–1268) reversing the District Court's order denying a preliminary injunction to prohibit the Secretary of Agriculture and other public officials from considering funds paid to Natives under the Settlement Act as "resources" available to Native households in determining whether such households are eligible for assistance under the Food Stamp Act. The Court of Appeals ordered the District Court to permanently enjoin the Secretary from so deeming Settlement Act payments as "resources" and to prescribe "such other relief as may be necessary to restore the eligibility for food stamps to those Native households that have been denied food stamps because of the Secretary's decision that settlement payments are 'resources' and to compensate Native households that may have been overcharged for food stamps because of the Secretary's actions".

The Committee concurs fully in this decision and subsection (b) of section 4, in requiring restoration of Native eligibility for food stamps, provides assurance that the decision will stand.

SECTION 5

Section 5 corrects an anomalous situation regarding the Alaska Native Fund which has arisen as a result of rulings by the Comptroller General. Appropriations of federal funds under the Settlement Act are credited to the Alaska Native Fund upon enactment of the appropriation measure. Under section 6(c) of the Settlement Act the appropriated funds are not paid to the Native corporations until the end of the fiscal quarter. Thus the funds appropriated in settlement of the Natives' claims may remain in the Treasury for as long as three months before actual payment to the Natives.

Since 1929, federal law has provided that all funds with balances over $500.00 carried on the books of the Treasury to the credit of Indian tribes would bear interest at the rate of 4% per annum (Act of February 12, 1929; 45 Stat. 1164, as amended; 25 U.S.C. § 161a). Since 1938, federal law has permitted the Secretary of the Interior to withdraw such tribal funds from the Treasury for alternative investment (Act of June 24, 1938; 52 Stat. 1037; 25 U.S.C. § 162a). On October 31, 1972, the Comptroller General ruled that the provisions of these two laws were applicable to the Alaska Native Fund "pending enrollment" under the Settlement Act, 52 Comp. Gen. 248 (B–108430). On December 28, 1973, the Comptroller General ruled that as of December 31, 1973, after enrollment had been completed, the Alaska Native Fund would no longer bear interest or be eligible for investment by the Secretary of the Interior. The effect of this latter ruling is that funds appropriated under the Settlement Act for payment to the Natives may remain idle for up to three months without payment of *any* interest to the Natives. The United States in effect can use those funds during that period to offset other obligations as a form of interest-free loan.

According to a 1971 report of the Treasury Department, there were approximately 450 trust accounts maintained by the government to the

credit of American Indian groups.[1] All of those funds, with the exception of one with a balance under $500.00, earned interest under federal law. The Committee believes that the Alaska Native Fund should be treated like every other Indian tribal fund. It appears that the Alaska Native Fund is the *only* Indian tribal fund which does not earn interest and is not available for investment by Interior. The Committee believes that the appropriations into the Alaska Native Fund are, in substance, the property of the Natives from the date of enactment of the appropriations bill. The requirement of subsection 6(c) of the Settlement Act that funds be distributed at the end of the fiscal quarter was intended to avoid administrative inconvenience, not to permit the United States to use the Natives' funds during the interim. The provisions of section 5 of this bill would reverse the Comptroller General's decision of December 28, 1973, and restore the Alaska Native Fund to the status it held under his October 31, 1972, ruling and the status held by all other Indian tribal funds. Section 5 applies the provisions of 25 U.S.C. §§ 161a, 162a to the Alaska Native Fund as long as there are funds on deposit in that fund and regardless of the completion of the enrollment process.

The Committee adopted an amendment to this provision which make clear its intent that nothing in the amendment shall be taken to create or terminate any trust relationship between the United States and Alaska Native individual or corporation.

SECTION 6

Section 6 would amend the Settlement Act by adding a new section 30 to permit mergers or consolidations among Native corporations within the same region. This section is required to permit such mergers because sections 7(h) and 8(c) of the Settlement Act prohibit for a period of twenty years from the date of enactment of that Act the sale or other alienation of corporation shares issued pursuant to the Act except under certain limited circumstances. There is no exception concerning alienation for the purpose of merger or consolidation.

Many of the 220 Village Corporations appear to lack the financial wherewithal and trained manpower which they must possess to become economically viable entities. Village Corporation income will be derived primarily from two sources: distributions from the appropriate Regional Corporation and money derived from the development of the surface estate. Since many Village Corporations have relatively few shareholders, their monetary allocations from the region may be quite small. Moreover, Village Corporations which do not have lands with recreational, timber, or other surface potential will derive little income from this ownership. Finally, many Village Corporations in the remote areas of Alaska do not now possess a trained leadership group, and it is unlikely that they will be able to develop one or to hire needed personnel in the foreseeable future.

For these reasons, it is likely that many Village Corporations will fail if merger authority is not provided. Such a result would frustrate

[1] Receipt, Appropriation and other Fund Account Symbols and Titles, as of Jan. 11, 1971, Dept. of the Treasury, Fiscal Services, Bureau of Accounts, Dir. of Govt. Fin. Oper., Accts. 14X.000–14X.408, pp. 111–140.

the purposes of the Settlement Act, because Native shareholders would be denied the opportunity to participate in the benefits which the Act was intended to provide. Monetary income would be lost, and Native corporations could lose the use and control of their land. Moreover, the lack of sufficient cash flow to a failing corporation might require the hasty and undesired development of those natural resources which the corporation does possess. Such development could jeopardize Native culture, the preservation of which is a central objective of many Native groups. The failure of Native corporations would also have an adverse impact on the general economy of Alaska, for the State and its constituent regional and local areas have much to gain from the existence of financially viable Native entities.

Subsection (a) of the new Section 30 would authorize mergers or consolidations among Native corporations of the same region. It would also allow the subsequent merger or consolidation of merged or consolidated corporations with each other so long as they also are in the same region. The Native corporations affected by this provision are Regional Corporations established pursuant to section 7(d) of the Settlement Act, Village Corporations established pursuant to section 8(a), corporations for Native groups established pursuant to section 14(h)(2), and corporations established for the four urban centers (Sitka, Kenai, Juneau, and Kodiak) pursuant to section 14(h)(3).

Subsections (b) through (d) of the new section 30 set forth the procedures and conditions for such mergers or consolidations.

Subsection (b). Under subsection (b), all mergers or consolidations would be subject to the applicable provisions of the laws of the State of Alaska, as would any resulting corporations, and to such terms and conditions as are approved by the shareholders of the corporations involved. The mergers authorized by corporation shareholders either before or after passage of H.R. 6644 would be covered and could take place under the provisions of the Bill. Thus, subsection (b) would allow a merger to be completed upon enactment of H.R. 6644 which was approved by corporation stockholders with the merger vote contingent upon subsequent enactment of legislation. This provision is necessary because of ongoing efforts to merger Village Corporations, particularly in the NANA Region of Alaska.

Subsection (b) gives to the merger corporation, upon the effectiveness of the merger, all rights and benefits that the Settlement Act confers upon the individual corporations and also makes it subject to all the restrictions and obligations that were made applicable to the individual corporations by the Settlement Act. The provision specifically states that transfers of rights and titles made pursuant to a merger would not affect the tax exemptions granted by the Settlement Act.

Subsection (b) specifically provides for the issuance of stock in the newly merged or consolidated corporations. In particular, it authorizes the issuance of additional shares of Regional Corporation stock in instances where other Native corporations merge or consolidate with the Regional Corporation. This authorization is required because of the Settlement Act's section 7(g) requirement that Regional Corporations issue 100 shares of stock to each Native enrolled in their respective regions. Subsection (b) also states that "the rights accorded under

Alaska law to dissenting stockholders in a merger or consolidation may not be exercised in any merger or consolidation pursuant to this Act prior to December 19, 1991". The purpose of this provision is to eliminate any ambiguity as to the continued effectiveness of the Settlement Act's section 7(h)(1) prohibition against alienation of Native corporation stock for a period of twenty years.

The Committee adopted an amendment to subsection (b) which provides that if a village corporation which elected to retain its former reservation under section 19 of the Settlement Act merges or consolidates with another Native corporation within such region, nothing in such merger or consolidation shall affect any land entitlements, fund distributions, or revenue sharing rights under the Settlement Act. As in the case of section 1(b) of the bill, some question exists as to whether or not members of the so-called "19(b) Village Corporations" are to be counted as regional enrollees. The amendment adopted is merely to preserve the named entitlements or rights in any case and is not meant to be a congressional determination of that issue.

Subsection (c) concerns the rights of enrolled Natives who are shareholders of a Regional Corporation but are not residents of any of the villages in that region. Section 7(m) of the Settlement Act gives those Natives a right to receive dividents paid to Village Corporations under section 7(j) of that Act. This provision would allow the elimination of this right to dividends if it is part of a merger or consolidation plan but only if those non-village residents can, under the laws of the State of Alaska, vote as a class on the question of the merger or consolidation which contains the elimination provision. However, after any merger in which the special dividend rights were not affected and the at-large shareholders did not vote as a class on the merger, distributions to the at-large shareholders would continue as if the merger had not taken place.

Subsection (d) specifically provides that notwithstanding the provisions of H.R. 6644 or any other law, no merger or consolidation of Native corporations can take place without the approval of the shareholders of the corporations being merged or consolidated.

Subsection (e).—Section 14(f) of the Settlement Act provides that the right to explore, develop, or remove minerals from the subsurface estate in the lands within the boundaries of any Native village are to be subject to the consent of the Village Corporation. This provision provides protection to villages from a precipitate decision by Regional Corporations to develop the subsurface estate. This provision seeks to avoid potential conflicts between villages which are holders of the surface estate and which may be made concerned with preserving the use of the land in accordance with traditional local life-styles and subsistence economy and Regional Corporations which are holders of the subsurface estate and which may have as their focus the generation of revenues from the land. Without specific provisions to the contrary, once a Village Corporation merges or consolidates with other corporations under this new section 30, it would lose this authority over its immediate land base. Therefore to preserve this authority, subsection (e) has been included. Subsection (e) requires that any plan of merger or consolidation must provide that the 14(f) right of any

affected Village Corporation is to be conveyed, as part of the merger or consolidation, to a separate entity composed of the Native residents of that village.

SECTION 7

Section 7 extends the life of the Joint Federal-State Land Use Planning Commission for three years from December 31, 1976 to June 30, 1979.

The Joint Federal-State Land Use Planning Commission for Alaska was established pursuant to section 17(a) of the Settlement Act. The principal responsibilities of the Commission were set forth in section 17(a)(7) and 17(b) of the Settlement Act. That the Commission has met its responsibilities in an effective and even-handed manner is best demonstrated by the support for the extension of its term beyond the December 31, 1976, termination date. This support, as demonstrated in hearing testimony and communications with the Committee, comes from the Secretary of the Interior, the Governor of Alaska, the entire Alaska Congressional delegation, the Alaska Federation of Natives and various Regional Corporations, and environmental groups.

SECTION 8

Section 8 of H.R. 6644, as introduced, provided for the establishment of a 13th Region and the incorporation of a 13th Regional Corporation for the benefit of enrolled Natives who were not permanent residents of the State of Alaska.

Section 5(c) of the Settlement Act provided that such "non-resident" Natives (eighteen years of age or older) would elect, when they filed their application for enrollment, whether they wish to enroll in a 13th Region or in one of the twelve Alaska regions. If a majority of such non-residents voted for a 13th Region, the Secretary was required to establish such region and authorize the creation of a 13th regional corporation for their benefit to administer distribution of funds from the Alaska Native Fund. Those who voted against the 13th would be enrolled to the appropriate Alaska region.

In the event less than a majority voted for the 13th, the issue filed and all non-residents were enrolled to their appropriate region in Alaska.

When the Secretary of the Interior certified the final Native roll on December 18, 1973, he also declared that less than a majority of the non-resident Natives voted for the 13th and the 13th region issue had failed. All non-residents were, accordingly, enrolled in the appropriate Alaska region.

Two organizations (Alaska Federation of Natives International, Inc. and the Alaska Native Association of Oregon) representing the interests of non-residents and the concept of the 13th region, separately, brought suit against the Secretary in the United States District Court for the District of Columbia. Requesting that the declaration of the Secretary be declared invalid and that the 13th region be established, the Plaintiffs alleged, inter alia, that:

(1) certain departmental officials involved in the enrollment process had evidenced a bias against the 13th region;

(2) the Secretary had failed to recognize amendments by

non-residents to their original enrollment application changing their vote from "no" to "yes";

(3) the Secretary had improperly counted non-residents who had abstained as "no" votes; and

(4) there was a general denial of due process in the secretarial enrollment-election process.

Legislation was introduced in the 93rd Congress which would have established the 13th Region, notwithstanding the determination of the Secretary, but which failed of enactment. H.R. 6644, as introduced, contained similar language.

On October 6, 1975, the District Court entered a final order implementing an earlier order in 1974, directing the Secretary to create the 13th Region, enroll therein all non-resident Natives who had indicated, on his last formal communication with the Secretary, his desire to enroll in a 13th region, and to provide for the incorporation of the 13th regional corporation. As the Committee considered the bill, the implementation of that order by the Secretary was well underway.

As a consequence, the Committee struck all of section 8 of the bill as being made moot by the Court's order. However, it added back language as section 8 which it deemed necessary to supplement the Court's order. The amendment provides that no change in enrollment to either the 13th region or to one of the twelve Alaska regions which is required or permitted by the Court's order shall affect any land entitlements of an Alaska Native corporation existing at the time of the creation of the 13th region. Also, it provides that, in furtherance of the Court's order, any cancellation of stock of a Native shall be without liability to either the corporation or the individual. Finally, it provides that in the event the Native roll is re-opened for new enrollment, eligible Natives who are permenant non-residents of Alaska shall elect whether they wish to enroll in the 13th Region or the appropriate Alaska region at the time of their enrollment.

In addition, the Committee adopted an amendement which preserves land entitlements notwithstanding administrative changes in the Alaska Native roll. Under section 14 of the Settlement Act, land entitlements of villages corporations are established on a scale based upon population. Proposed Interior Department regulations setting up a procedure for challenging enrollments of individual Natives has raised the possibility that a village having a minimum number of shareholders for its existing entitlement could lose an entire township if only one of its shareholders is successfully challenged and disenrolled. While the Committee, by this amendment, has not determined whether the Secretary has or has not the authority to make such administrative changes in the roll, this amendment would preserve existing land entitlements notwithstanding any such changes in the roll.

SECTION

Section 9 amends section 16 of the Settlement Act by adding a new subsection (d).

Under section 19 of the Settlement Act, former reservations in Alaska established by Executive or Secretarial order or by Act of Congress, with the exception of the Annette Island Reserve, were abol-

ished. Native villages within such reserves had the option of retaining the lands, surface and subsurface, set aside as a reservation or of participating in land entitlements under the Settlement Act, in which case they received no subsurface rights. These rights are reserved for the regional corporations.

A reservation was set aside by the Act of September 2, 1957 for the Chilkat Indian Village which was organized pursuant to the provisions of the Indian Reorganization Act, as amended. The land was near the village of Klukwan and was an enlargement of an Executive order reservation. The same Act permitted the IRA corporation to lease the minerals underlying the lands for its benefit. This was done.

The Natives of the Klukwan village area voted to retain the former reserve. However, section 19 made such lands, in the hands of the Native corporations, subject to valid existing rights. One such right was the existing iron ore mineral lease by the IRA corporation which remained separate from the ANCSA corporation.

While all of the members of the IRA corporation are also members of the ANCSA corporation, the reverse is not true. Since the IRA corporation has a vested right to the subsurface of lands and very likely to the surface also, the net effect is that the ANCSA corporation and its shareholders have no real assets whatsoever.

The new subsection (d) of section 16 would, in effect, vitiate the election of Klukwan, Inc. to retain their former reserve. Lands which were withdrawn for them for selection prior to that election are to be rewithdrawn for a period of one year after the date of enactment of this section and Klukwan, Inc. is to select an area equal to 23,040 acres in accordance with the Act. The corporation and its shareholders will share fully in the benefits of the Act as if there had been no election under 19(b).

The foregoing provision will not become effective until Klukwan, Inc. quitclaims to Chilkat, Inc. any interest it may have in the former reserve lands which are quieted in Chilkat, Inc., in fee simple.

The Committee adopted an amendment to section 9 which provides that the United States and Klukwan, Inc., must also quitclaim any interest they may have in certain funds earned on the lease of the mineral resources of the former reserve since enactment of the Settlement Act to Chilkat, Inc.

In addition, the Committee adopted another amendment which provides that nothing in the new subsection shall affect existing land entitlements in 14(h)(8) of the Settlement Act.

SECTION 10

The Native region created by the Settlement Act for southeastern Alaska was precluded, generally, by the Congress from sharing in the land benefits of the Act. This area encompasses the Tlingit-Haida Indians. Prior to enactment of the Settlement Act, this tribe recovered an award of several million dollars against the United States for extinguishment of their aboriginal land claims in the southeastern area.

In consideration of this fact, the southeast region (Sealaska, Inc.) does not generally share in the land benefits accorded to other regional corporations. However, Sealaska, Inc., does receive certain land entitle-

ments under section 14(h)(8) of the Act. The estimate is that Sealaska's share will approximate 200,000 acres.

Practically the entire area of southeastern Alaska is encompassed by the Tongass National Forest. What remains is either State or privately-owned lands, national monuments, village selected lands, mountain tops or glaciers, or otherwise valueless lands. If Sealaska's entitlement under section 14(h)(8) is not to be meaningless, it must be allowed to select lands within the Tongass National Forest.

This section provides that Sealaska, Inc., may select its approximately 200,000 acre entitlement from lands which were withdrawn in the National Forest for selection by village corporation of the southeastern region, but which were not so selected. The section provides that Sealaska, Inc., may not select any lands an Admiralty Island in the withdrawal for the village of Angoon. In addition, no selections can be made in the withdrawal for the villages of Yakutat and Saxman, unless the Governor of the State of Alaska or his delegate consents to such selection.

SECTION 11

Section 11 resolves a dispute between the Chugach Regional Corporation and Sealaska on the boundary between the two regions. It confirms the boundary at the 141st meridian, but provides that the members of the southeastern regional village of Yakutat must be accorded certain traditional uses of lands in the vicinity of Icy Bay in the Chugach region. It is the intent of the Committee that the phrase "in the vicinity of Icy Bay" be construed narrowly to those areas to which the Natives of Yakutat can clearly show past and current traditional uses and that such use right shall not unreasonably restrain Chugach, Inc. from developing its lands in accordance with the purposes of the Settlement Act.

SECTION 12

From the outset of the implementation of the Settlement Act, there have been extreme difficulties encountered in adequately fulfilling the land entitlements of the Cook Inlet Regional Corporation under section 12(c) of the Settlement Act. Under the Statehood Act, the State had already obtained patents to much of the low-lying lands in the region, except for lands within the Kenai National Moose Range. In addition, the Secretary, in an agreement with the State of Alaska in 1972, committed additional lands to the State even though there had not yet been withdrawn sufficient lands for Cook Inlet Region. The subsequent efforts of the Secretary to fulfill his statutory obligation to Cook Inlet has yielded, for the region, selections largely comprised of mountains and glaciers, hardly the settlement contemplated by the Congress. Since early 1972, the Region has been attempting to resolve these issues by litigation, negotiation, and now by legislation.

In the last eight months, a series of intense discussions with the Secretary, the State, and various other interested groups (including local government, mining interests, and environmental groups) has resulted in a negotiated settlement entitled "Terms and Conditions for Land

Consolidation and Management in the Cook Inlet Area." The document harmonizes conflicting interests, seeking to adjust an equitable settlement for Cook Inlet Region consistent with the needs of Alaska and the public at large. As such, it is more than a Cook Inlet Region, Inc. settlement. It seeks to resolve harmful jurisdictional conflicts and arbitrary ownership patterns within the Cook Inlet region. It opens for development lands that should be in private ownership and conserves for public use lands that should have that status.

The section accomplishes this complex task by ratifying and incorporating the proposed "Terms and Conditions" as a part of the bill.

Under the bill, the Region agrees to shift more than half of its statutory entitlement away from the populated Cook Inlet area and, with the consent of the other regions (where applicable), into the adjacent regions.

The Federal government conveys approximately 50 townships of land to the State in addition to other valuable consideration (including a key tract near Anchorage and improved selection rights for the State under the Statehood Act) in exchange for approximately 20.5 townships of land to be conveyed to the United States for the benefit of the Cook Inlet Region and certain of its village corporations.

The Federal government conveys approximately 10,000 acres of the Kenai National Moose Range and certain other lands to the Cook Inlet Region, Inc., in addition to the lands received from the State. The lands thus received by Cook Inlet are in complete satisfaction of its entitlement under section 12(c) and section 14(h)(8) of the Settlement Act.

The settlement.—This section directs and authorizes the Secretary to perform the obligations imposed upon the United States by the section and the "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area," which document has been submitted to the House Committee on Interior and Insular Affairs, is incorporated into the section by reference, and is printed in full elsewhere in this report.

State participation.—The Committee views the context of an ongoing need for federal-state cooperation in the resolution of land issues in Alaska. The concentration of State patented land, selected within the Cook Inlet Region prior to the 1969 land freeze, makes State participation virtually indispensable. With respect to Cook Inlet, the bill provides the State with a more substantial role in the designation of any land to be received than was true under the Alaska Native Claims Settlement Act. The bill clears the opportunity for the Secretary to convey certain important tracts to the State and precludes the need for Regional selections that would impact important State interests. Resolution of the outstanding Cook Inlet issues precludes the need for Congressional evaluation of the Secretary's 1972 agreement with the State, subsequent to the passage of the Alaska Native Claims Settlement Act, making available to the State lands that might otherwise have satisfied the Cook Inlet Region entitlement. In addition, the Region relinquishes rights it may have to the Swanson River, Beaver Creek and certain other proven oil and gas fields, to lands in the Chelatna area, and to lands located near potential capital sites in the State. Under the bill, the Secretary must report to the

Congress, by April 15, 1976 on the State's final consent to the land consolidation and management plan. Until the issues are resolved, the Secretary is precluded from making conveyances to the State, as identified in the legislation, that would limit the opportunity of the Congress to devise a suitable legislated resolution.

Kenai National Moose Range.—The Secretary is directed to convey sixteen sections of unrestricted surface and subsurface estate, except for a zone along lake and river frontage in which the surface only is transferred and is subject to significant restraints to protect the environment. In addition, the Secretary is directed to convey up to 9.5 townships of subsurface in the Range. There are 3.5 townships in lieu of the Region's entitlement under section 14(h)(8) of the Act. In addition, the Secretary is directed to convey, up to the statutory limit, such subsurface under the Moose Range, as indicated in the "Terms and Conditions," to supplant "in lieu" entitlement under section 12(a) of ANCSA, to compensate for subsurface loss in the Lake Clark area, and in lieu of certain subsurface that would otherwise be obtained under section 14 of ANCSA. The subsurface rights in the Moose Range are to oil and gas and coal, but the extraction of coal is explicitly restricted to carefully supervised insitu liquefaction and gassification processes.

Extra-regional selection.—The Secretary is directed to convey approximately 29.66 townships from outside the boundaries of Cook Inlet Region. These will come from five named Regions unless there is specific consent from another Region and the Secretary and the State. The Regions from which the lands are to be selected have the power to consent. It is not anticipated that the consent will be unreasonably withheld. It was envisioned that the consent would provide, for the other Regions, the ability to protect, primarily, the subsistence interests of their stockholders and certain economic activities. The power to consent, as understood by the Committee, will not be linked to the extraction of consideration from Cook Inlet Region, Inc. Nor is it foreseen that the power would be exercised in withdrawals where the Region involved has no selection itself or where no villages within the Region have selections.

Exchange pool.—The Secretary is directed to maximize a pool of federal properties available to reduce the extent of out-of-region acreage. The Region, after such properties are declared surplus, would be permitted first priority. To the extent properties are made available pursuant to the process described in Section 3(e) of the Alaska Native Claims Settlement Act, only those clearance procedures, if any, there required, will apply. Village corporations may exercise Section 12(b) rights in the pool on the same basis as the Region, but only when the Region determines that it would be appropriate in light of the pool's primary function.

Village selection.—Because of the uncertainties rising from the negotiations, additional time is necessary for the village corporations in the Region to file their selections. The legislation provides an additional year. In case of failure of the agreement, the Region also needs the opportunity to alter its priorities but it is the hope of the Committee that this will be done administratively by the Secretary.

The Committee feels that the Cook Inlet Region was under some

constraints in the negotiations resulting in this agreement. It is expected that ambiguities and uncertainties in the complex, delicately balanced settlement will be resolved favorably, where appropriate, to the Cook Inlet Region.

SECTION 13

Section 13 amends section 21 of the Settlement Act by adding a new subsection (f).

The new subsection provides that, until January 1, 1982, the stock of any Native corporation, including the right to receive dividends therefrom, shall not be included in the gross estate of a decedent under sections 2031 and 2033 of the Internal Revenue Code.

SECTION 14

This section directs the Secretary to pay, by grant, $250,000 to each of the Native corporations of the cities of Juneau, Sitka, Kodiak, and Kenai, and $100,000 to each of the village corporations of Artic Village, Elim, Gambell, Savoonga, Tetlin, and Venetie.

Under the terms of the Settlement Act, the Native corporations organized for the Natives of the four named cities received limited land benefits. However, they are not entitled to share in the fund distribution of the Act. Without funds, these corporations have been severely hampered in carrying out their obligations and duties under the Settlement Act, to plan for the development of the resources, and to preserve and protect those resources.

The listed village corporations elected to retain their former reserves pursuant to section 19(b) of the Settlement Act. As a consequence they are also precluded from sharing in the monetary compensation of the Act. They too, are severely hampered in carrying out the functions which Congress intended.

SECTION 15

Section 15 directs the Secretary to convey to the Koniag, Inc., the Native Regional Corporation for the Kodiak Region, approximately 186,000 acres of subsurface estate in the area which was withdrawn for that purpose by Public Land Order 5397 and for the proposed Aniakchak Caldera National Monument under Public Land Order 5179. Koniag is permitted access to the surface as reasonably necessary to explore for and extract oil and gas, subject to reasonable regulations by the Secretary.

Under the terms of the Settlement Act, the regional corporations are entitled to the subsurface estate underlying the surface of lands selected by the village corporations of that region, except in cases where such selections are made in a National Wildlife Refuge or in Naval Petroleum Reserve Numbered 4. In that case, the region has the right to an "in lieu" subsurface selection of equal acreage from other lands withdrawn pursuant to section 11(a) of the Act, within the region if possible.

All of the villages of the Koniag region are on Kodiak Island which constitutes the Kodiak National Bear Refuge. As a consequence,

Koniag must take an "in lieu" selection to its subsurface entitlement from other available lands. The nearest such lands are across the straits on the Alaska peninsula.

Pursuant to section 17(d)(2) of the Settlement Act, the Secretary, by Public Land Order 5179, as amended, withdrew approximately 580,000 acres of land for the proposed Aniakchak Caldera National Monument.

Koniag's subsurface entitlement is approximately 600,000 acres. Approximately 380,160 acres were withdrawn by Public Land Order 5397 within the area withdrawn for the Aniakchak Caldera National Monument for purposes of such selection. Under the terms of the Settlement Act, such dual withdrawals are reserved for the Congress to decide.

Under the terms of an agreement reached with the Secretary, Koniag agrees to limits its rights in the 17(d)(2) withdrawal to approximately 186,000 acres of lands designated by the Secretary, with a limitation of oil and gas extraction subject to reasonable regulations by the Secretary to preserve surface values from permanent harm. As amended by the Committee, the section requires the Secretary to reasonably make available to Koniag sand and gravel necessary to exercise the rights conveyed.

SECTION 16

Section 16 is intended to prevent the Village Corporation for the Village of Tatitlek from losing part of its land entitlement as a result of a misunderstanding. Tatitlek relied on a consultant firm's advice and the apparent approval of the Interior Department in selecting two townships of its five township entitlement in an area withdrawn by the Secretary pursuant to section 17(d)(2) of the Settlement Act. Subsequently, however, the Bureau of Land Management disapproved the selection of the two townships. Because Tatitlek assumed that its selection had Departmental approval, it did not over-select other lands to provide alternate lands for selection in case its first selections were not approved. The deadline for village selections has passed and the Department has advised Tatitlek that no administrative remedy exists to allow re-selection of the two townships elsewhere. This amendment provides that Tatitlek can select the remainder of its entitlement—40,000 acres—from within the village deficiency area originally withdrawn for its selection.

SECTION 17

Section 17 amends subsection (f) of section 22 of the Settlement Act which provides certain authorities for land exchanges by Federal agencies with other land owners in Alaska.

In order to facilitate the Cook Inlet Area agreement provided for in section 12, the Department of the Interior advised that additional authorities for land exchanges would be needed.

The existing language of the subsection would not permit direct exchanges of land between the State and with Native corporations.

Secondly, section 6(i) of the Alaska Statehood Act prohibits the State from transferring the mineral interest to third parties in patents of lands selected by it under the Statehood Act.

Finally, the existing language of subsection (f) requires exchanges to be on the basis of equal value.

The amended language will permit direct exchanges of land between the State and Native corporations. It will permit the State or transfer mineral interests, notwithstanding section 6(i) of the Statehood Act, to Federal agencies in such exchanges. Finally, it will permit exchanges under this subsection to be on a basis other than equal value if the parties agree to the exchange and the Secretary deems it to be in the public interest.

SECTION 18

Section 18 is merely a savings clause which provides, that except as specifically provided in this legislation, the provisions of the Settlement Act are fully applicable to this legislation and nothing herein shall be construed to alter or amend those provisions.

TERMS AND CONDITIONS FOR LAND CONSOLIDATION AND MANAGEMENT IN THE COOK INLET AREA

Section 12 of H.R. 6644, as amended by the Committee, implements an agreement reached among the United States, the State of Alaska, the Cook Inlet Regional Corporation, and other interested parties to resolve the problem Cook Inlet Region, Inc., encountered in realizing its land entitlements under the Settlement Act. That section is general in terms and incorporates into it, by reference, the text of the agreement reached by the parties. The Committee intends that section 12 and the implementing agreement be construed together to give effect to the settlement of the Cook Inlet problem in a manner that is fair and equitable to the Cook Inlet Regional Corporation and the other parties.

The agreement is as follows:

TERMS AND CONDITIONS FOR LAND CONSOLIDATION AND MANAGEMENT IN THE COOK INLET AREA, DECEMBER 10, 1975

I. The United States shall convey to Cook Inlet Region, Inc., the following lands:

A. Sixteen (16) sections of land, as described in Appendix A, presently within the boundaries of the Kenai National Moose Range, excluding the bed of Lake Tustumina, but to be removed from the boundaries of the Range. The conveyance of these lands shall be subject to the following conditions:

(1) Included in the lands described in this paragraph shall be a restricted zone of lake front and river front lands, not to exceed an average of 160 acres per linear mile, to be measured from the high water line, the exact boundaries to be determined by mutual agreement between CIRI and the Secretary no later than September 1, 1976. The conveyance of the lands within this zone shall contain the following restrictions so long as Lake Tustumena remains a part of the Range:

(a) A restrictive covenant running with the land which provides that no development shall take place or facilities be

constructed within the zone, except those which are directly necessary to support water dependent activities, such as a boat dock, airplane tie-up and marina. Reasonable access to these facilities will be permitted. It is contemplated that a lodge may also be located within the restricted zone, provided, however, that the lodge shall be of such a design, size and at a location agreed upon by the United States Fish and Wildlife Service. CIRI must submit a request in writing to the Fish and Wildlife Service for approval of any construction or development within the zone, which approval will not be unreasonably withheld. The Fish and Wildlife Service will notify CIRI of its decision on any such request within 120 days of receipt of such request, and failure of any response will be considered as approval.

(b) a provision that CIRI will not sell the lands to any third party for a period of 25 years from the date of the conveyance, without the consent of the Secretary.

(c) a provision that CIRI and its assigns will offer the United States the right of first refusal to purchase the lands if the lands are ever sold. The right of first refusal shall be for a period of 120 days from the date of notice in writing to the United States that the owner of the land has received a bonafide offer of purchase. The United States shall not be deemed to have exercised its right of first refusal if the owner does not consummate this sale in accordance with notice to the United States.

(d) the conveyance of the lands comprising this restricted zone shall not include the bed of Lake Tostamena and shall only convey the surface estate to CIRI. The United States shall retain the rights in oil and gas and all minerals, including but not limited to common varieties of minerals.

(e) the United States reserves the right of re-entry on these lands to be exercised upon occurrence of the following conditions:

(1) The United States obtains a final judgment in a proceeding in law or equity to enforce in whole or in part the restrictive covenants contained in the conveyance of the lands described in this section; and

(2) subsequent to such final judgment, the United States institutes proceedings in law or equity to enforce the provisions of the restrictive covenants which were the subject of the final judgment obtained in subparagraph (1) of this paragraph. The right of re-entry shall be asserted in such subsequent action but may not be actually exercised except upon and in accordance with the final judgment in favor of the United States in such subsequent action.

(3) such right of re-entry shall be limited, in any case, to the lands which were the subject of the final judgment referred to in subparagraph (1) hereof.

(2) The remainder of the lands described in Appendix A shall be conveyed to CIRI without restriction, other than the reserva-

tion of those easements authorized by 17(b) of ANCSA or other applicable federal statutes. The conveyance of such remainder shall include both the surface and the subsurface estates to such lands.

B. Three and fifty-eight one hundreds (3.58) townships of the subsurface estate to oil and gas and coal as identified in Appendix B; provided that the United States shall retain all other minerals including but not limited to common varieties of minerals; and provided that the right to extract coal shall be conditioned upon the opening for the extraction of coal of that portion of the Range in which these lands are located, and provided further, that coal shall only be extracted in a liquid or gaseous state. The extraction of oil and gas and coal shall be conducted in accordance with a surface use plan approved by the Secretary. Such extraction shall be undertaken in accordance with the most advanced technology commercially available at that time and causing the least practicable temporary and permanent harm to the fish and wildlife habitats of the Range. Any surface damage caused by the exercise of the rights herein must be repaired or reclaimed by CIRI, its successors and assigns, as rapidly as practicable without unreasonable interference with the rights of extraction. The United States shall make available to CIRI, its successors and assigns, sand and gravel as is reasonably necessary for the construction of facilities and rights of way appurtenant to the exercise of the rights conveyed under this section, pursuant to the provisions of 30 U.S.C. 601 et seq., and the regulations implementing that statute which are then in effect. By mutual consent of CIRI and the Secretary, CIRI may exchange any interest described in this paragraph for other mineral interests of equal value outside the boundaries of the Kenai National Moose Range.

(1) All federal lands and interests in lands within the following:

(a) T. 10 S., R. 9 W., F. M. (Healy); and

(b) T. 20 N., R. 9 E., S. M. (Glenn Highway).

(2) T 1 N R 21 W, S. M. (sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 28, 32, 33, 34, 35, 36). The Secretary shall only convey the rights to metalliferous minerals in the land herein described. Extraction of such minerals shall be subject to a surface use plan submitted by CIRI and approved by the Secretary. Surface use of the purposes of exploration, extraction, access and beneficiation shall be conducted in accordance with the most advanced technology commercially available at that time consistent with the exercise of the rights conveyed under this subparagraph. CIRI, its successors and assigns, shall be required to repair and reclaim any surface damage as rapidly as practicable consistent with the reasonable exercise of such mineral rights.

(3) T 1 S, R 21 W, S. M. (Sections 3–10, 15–22, 29 nd 30). The Secretary shall transfer to CIRI the above described lands in fee simple. Such conveyance shall be subject to a restrictive convenant, running with the land, providing that the surface shall only be used for purposes reasonably incident to mining and mineral extraction, including processing and transportation. The Secretary shall also convey to CIRI, an easement for a port which shall reasonably provide for receiving, shipping, storage and incidental handling, and incidental facilities thereto, of the minerals extracted from the lands conveyed under

this subparagraph. The Secretary shall also convey to CIRI a transportation easement to provide for transportation by road, rail or pipeline, of the minerals from the above described lands to the port easement. The Secretary and CIRI shall mutually agree upon the location of the port and transportation easements.

C. (1) Twenty nine and sixty six one hundredths (29.66) townships from any federal public lands withdrawn under sections 11(a)(1), 11(a)(3), and 17(d)(1) without the exterior boundaries of Cook Inlet Region; to be identified in the manner herein provided; provided that if CIRI's total entitlement under Section 12(c) of ANCSA is determined to be greater or less than 54 townships, the number of townships to be conveyed under this paragraph (hereinafter out-of-Region entitlement) shall be increased or decreased one for one.

(a) lands to be nominated and conveyed under this paragraph C-1 shall be limited as follows: The entitlement shall be satisfied from lands within Ahtna Region, Bristol Bay Region, Calista Region, Chugach Region, and Doyon Region. With the concurrence of the Secretary and the State and any affected Region other than those described above, selections may be made from one or more of the other Regions, on the basis hereinafter described or on such other basis as the parties shall contemporaneously agree. CIRI shall not nominate any of the following:

(1) lands located west of the 161 degree west longitude of Greenwich Meridian

(2) lands within Areas of Environmental Concern as described in the Secretary's 1973 Four Systems proposals to Congress

(3) lands within any of the Secretary's 1973 Four Systems proposals to Congress

(4) lands made available to the State for selection pursuant to Sections 2 and 5 of the State-Federal Agreement of September 1, 1972.

(b) By May 1, 1976 the Secretary shall, after consultation with the State, submit to CIRI a list of areas where approval of out-of-Region selections is unlikely. CIRI may thereafter nominate to the Secretary, with simultaneous notice to the State, a township or townships for selection. Within 120 days after such nomination, the Secretary after consultation with the State shall approve or disapprove it for withdrawal for placement in the selection pool as described herein. By October 18, 1978 CIRI must nominate at least 6 times its remaining out-of-Region entitlement. If the Secretary fails to approve a pool of three times that remaining out-of-Region entitlement from said nominations, then he and CIRI, by mutual consultation and study, shall agree by January 18, 1979 on sufficient additional townships to compose that number. The Secretary must, on that date, report to Congress as to the operation of this selection mechanism, and the need for remedial legislation, if required. Upon completion of the pool, the State and CIRI shall commence a striking and selecting process. The State may strike ten percent of the pool and the Region may select a number of townships equal to ten percent of the original pool. Alternate strikes and selections of five percent of the

original pool shall continue until CIRI's out-of-Region entitlement is, as defined in this paragraph, satisfied. The State and CIRI must complete this process within four months of completion of the pool. Notwithstanding the foregoing, with the consent of the United States, State of Alaska, and CIRI, lands may be conveyed without resort to the pool and striking mechanism herein provided, or in the manner described in subparagraph 2 of this paragraph C, in which case the number of townships to be nominated, pooled, struck and selected, shall be reduced proportionately.

(c) The State may continue to select lands under the Statehood Act which may be affected by this paragraph C, provided however, that any Regional nomination made hereunder shall be superior to and take precedence over any such State selection made after July 18, 1975. None of those lands selected by the State under the Statehood Act after July 18, 1975, and also nominated by CIRI pursuant to this paragraph C, shall be tentatively approved for patent to the State by the Department of the Interior for so long as these lands are potentially available to CIRI under this subparagraph unless CIRI has consented to such tentative approval.

(d) Lands approved by the Secretary for the out-of-Region pool shall, as of the date of such approval, be withdrawn from all forms of entry and location under the Public Land Laws including the mining and mineral leasing laws, but not from selection by the State, for so long as the said lands shall be included in the said pool.

(e) Prior to nomination of any townships for secretarial approval, the Region shall obtain the consent of other Native Corporations where applicable, and a copy of such consent shall be attached to such nomination.

(f) CIRI shall select its out-of-Region entitlement in blocks no less than 36 sections in size, along section lines, with no segment of an exterior line less than six miles in length, unless the Secretary specifically authorizes another manner of selection.

(g) CIRI may, with the consent of the Secretary and the State, select that portion of the mineral estate reserved by the United States in a township if the remainder of the estate may not be legally or readily available for selection, in which case, however, such substitute selection shall be treated as full satisfaction of the entitlement represented by the acreage involved and no additional selection rights shall arise by reason of the lack of conveyance of the entire estate.

(h) It is the intent of the Secretary and the State that all out-of-Region selections shall be as compact as is practicable, and that wherever possible, CIRI shall select lands which are contiguous to privately-owned lands.

(i) Nothing in this paragraph shall be construed as limiting any Congressional review and approval of the Secretary's 1973 four systems proposals to Congress.

2(a) The Secretary, in conjunction with the General Services Administrator, shall promptly identify and take the necessary steps by

January 15, 1978, to create a selection pool which shall consist of all the following lands, within the exterior boundaries of the Cook Inlet Region, now in existence or hereafter coming into existence by January 15, 1978:

(i) abandoned or unperfected public land entries, provided however, that the United States shall not be obligated to initiate any adversary proceedings other than an adjudication by the BLM to determine if such entries are abandoned or unperfected, and the burden of identifying such lands shall be on CIRI;

(ii) federal surplus property;

(iii) revoked federal reserves;

(iv) cancelled or revoked power site reserves, with the exception of the Bradley Lake reserve, reserves in the Lake Clark proposal, and the Chakachamna Lake reserve, if any are ever cancelled or revoked;

(v) public lands created by the reduction of federal installations as defined in Section 3(e) of ANCSA, except that, if such lands are within a Section 11(a)(1) withdrawal area, they shall be subject to prior Village Corporation selections properly filed prior to December 18, 1975; and

(vi) any other federal lands as agreed by the State the Region and the Secretary, including but not limited to lands withdrawn under Section 17(d)(1) of ANCSA and not withdrawn for any other purpose.

The Secretary shall notify CIRI after any above-described lands have been placed in the pool. With the concurrence of CIRI, the State and any other concurrence that may be required under paragraph I-C(1)(e) of this Document, the Secretary may, in his discretion, contribute to such pool properties of one or more of the foregoing categories from without the boundaries of the Cook Inlet Region, provided that properties described in subparagraphs (2)(a)(ii) and (2)(a)(iii) of this paragraph shall be removed from the pool if not selected by CIRI within 90 days after the Secretary notifies CIRI that such properties have been placed in the pool or valued by the Secretary in Subparagraph 2(e) of this document whichever date is later.

(b) The State shall be advised of all properties located within the exterior boundaries of Cook Inlet Region to be placed in the pool described in subparagraph 2(a) and may require Secretarial consultation with the Joint Land Use Planning Commission with respect to any specific piece of property so included, except those in subparagraph 2(a)(i) hereof, to determine whether private ownership of such property would be incompatible with reasonable land-management principles; provided, that the Secretary shall not be bound by any recommendation of the Joint Land Use Planning Commission. The Secretary shall notify the State, CIRI and the Commission of his decision in writing. The State may conclusively object to the inclusion in the pool of up to 1,500 of the acres, described in paragraph 2(a)(i) and 2(a)(iv), and additional lands within these two categories may be excluded from the pool upon replacement by the State with lands of equal values. Lands not included in the pool as result of the State's conclusive objection or which have been replaced by the

State under this subparagraph shall, immediately upon their exclusion or replacement from the pool thereby, be made available by the Secretary to the State for selection under the Alaska Statehood Act for a period of 90 days to the exclusion of all competing claims or parties.

(c) Unless specifically excepted by the Secretary, all tracts of land and improvements thereto in said pool shall be appraised by one or more appraisers mutually agreeable to CIRI and the Secretary.

(d) CIRI shall be entitled to select any tract of land from said pool in exchange for its out-of-Region selection rights, in part or in whole and *pro tanto*, in satisfaction thereof, in the following manner:

(1) any tract of land and improvements thereto specifically excepted from appraisal by the Secretary as described in subparagraph (c) of this paragraph may be exchanged acre for acre;

(2) any tract of land and improvements thereto valued by CIRI and the Secretary, after review of the appraisals, at less than $500 per acre at fair market value may be exchanged acre for acre;

(3) any tract of land and improvements thereto valued by CIRI and the Secretary, after review of the appraisals, at $500 per acre or more at fair market value shall be exchanged as follows:

(i) for each acre of land in said tract, each valued increment of $500 or proportion thereof shall be considered an acre of land or proportion thereof, in the same proportion, hereinafter called an "acre/equivalent"; and

(ii) any acre/equivalents may be exchanged for any acres of CIRI's out-of-region entitlement.

(e) Anything in the foregoing provisions notwithstanding, the selection pool created hereunder shall not include or affect lands within the Point Woronzof, Point Campbell, Goose Lake, and Campbell tracts, to which CIRI waives any claim which it may have had; and such lands shall be reserved by the United States for early conveyance to the State for park and recreation purposes as an integral part of the consideration for this Document.

(f) The Secretary shall utilize his best efforts to maximize the pool through the use of all available properties within the described categories in order to enhance the opportunity for the land exchanges described herein. If, by January 15, 1978, the Secretary and the General Services Administrator have not identified for the pool at least 138,240 acres, or acre/equivalents of lands within the exterior boundaries of Cook Inlet Region, the Secretary shall add to the pool an amount equal to the difference between 138,240 acres, or acre/equivalents, and the number of acres so identified from the following:

(1) with the consent of the State, lands located within the boundaries of the Region, withdrawn for the purposes of section 17(d)(1) of ANCSA, and valued by the Secretary and CIRI at $200 per acre, or more.

(2) with the consent of the State and CIRI, lands described in subparagraph I-C(3)(a) of this Document from without the exterior boundaries of Cook Inlet Region.

CIRI must select all lands in the pool located within the Region which are valued by the Secretary and CIRI at $200 per acre, or more, until CIRI has selected 138,240 acres, or acre/equivalents as described in subparagraph 3(i) of this paragraph.

(g) No later than 90 days following the conclusion of the period for creation of the pool as specified in subparagraph (1) hereof, the Secretary shall, with the assistance of the General Services Administrator, report to Congress on the status of the conveyances under paragraph C and the need for remedial legislation, if required.

(h) Conveyances under this subparagraph I–C(2) shall not be subject to the provisions of Section 22(1) of ANCSA.

II. Upon consent by the State of Alaska to be bound by the terms and conditions of this Document, which consent must be given, if at all, within 60 days of the commencement of the 1976 Session of the Alaska State Legislature, the State of Alaska shall convey to the United States for reconveyance to CIRI the lands described in Appendix C to this Document. Said lands shall be considered State lands until the United States accepts the State deed of title. Upon acceptance of a State deed of title, the Secretary shall withdraw the lands conveyed thereby, subject to valid existing rights, from all forms of appropriation under the public land laws, including the mining and mineral leasing laws, and from selection under the Alaska Statehood Act, as amended; such withdrawal to expire upon reconveyance of said lands to CIRI.

III. A. The Secretary shall convey to the State of Alaska all right, title and interest of the United States in and to all of the following lands:

(i) At least 22.8 townships and no more than 27.0 townships of lands from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River and Koksetna drainages near lands heretofore selected by the State, the amount and identities of which shall be determined pursuant to Appendix D hereof; and

(ii) Twenty-six townships of lands in the Talkeetna Mountains, Kamishak Bay, and Tutna Lake areas, the identities of which are set forth in Appendix E hereof.

All lands granted to the State of Alaska pursuant to this subsection shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act; provided, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6 of the Alaska Statehood Act.

B. The Secretary shall convey to the State of Alaska, without consideration, all right, title and interest of the United States in and to all of that tract generally known as the Campbell Tract and more particularly identified in Appendix F hereof except for one compact unit of land which he determines, after consultation by the State of Alaska, is actually needed by the Bureau of Land Management for its present operations; provided, that in no event shall the unit of land so excepted exceed 1,000 acres in size. The land authorized to be conveyed pursuant to this paragraph shall be used for public parks and recreational purposes and other compatible public purposes in conformance with the generalized land use plan outlined in the Far North Bicentennial Park master development plan of September, 1974.

As a result of Section 12(a) of ANCSA, selections by Village corporations within the Kenai National Moose Range, or as a result of any section 14(h) (1), (2) or (5) of ANCSA selections within the Kenai National Moose Range or within the Secretary's 1973 Lake Clark proposal; and to the extent that CIRI's section 12(a) of ANCSA subsurface rights are reduced by virtue of exchanges resulting in the relinquishment of village selections in the Secretary's 1973 Lake Clark proposal or lands in paragraph VI CIRI shall take, in lieu thereof, an equal acreage from the following:

(a) The subsurface estate to oil and gas and coal in those lands described in Appendix B to the extent that such interests are not transferred under paragraph I-B of this Document, and are subject to the restrictions therein described; and

(b) Up to 46,080 acres of lands within section 11(a)(3) of ANCSA withdrawals in the Talkeetna Mountains; provided CIRI shall make all 12(b) selections in this withdrawal contiguous to existing 12(a) selections, first selecting all over-selected 12(a) lands in this withdrawal.

(c) If sufficient acreage to satisfy any such selections does not exist in those areas described in subparagraphs (1) and (2) of this paragraph, the Secretary shall make available lands outside the Region, in his discretion, for selection by CIRI.

Except as provided otherwise in this paragraph, the Secretary shall utilize the procedures of the Recreation and Public Purposes Act (44 Stat. 741), as amended, and regulations developed pursuant to that Act; provided, however, that the acreage limitation provided by section 1(b) of that Act, as amended by the Act of June 4, 1954 (68 Stat. 173), shall not apply to this conveyance, nor shall the lands conveyed pursuant to this paragraph be counted against that acreage limitation with respect to the State of Alaska or any subdivision thereof.

C. The Secretary shall make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 124 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described in Appendix G.

IV. The lands and interests conveyed to CIRI under paragraphs I and II of this Document shall constitute CIRI's full entitlement under Section 12(c) of ANCSA, except that the mineral estate conveyed pursuant to subparagraph I-B of this Document shall constitute full entitlement of CIRI's surface and subsurface entitlement under Section 14(h)(8) of ANCSA. The lands which would comprise the difference in acreage between the lands actually conveyed under paragraphs I and II of this Document, and any final determination of what CIRI's acreage rights under Section 12(c) and 14(h)(8) of ANCSA would have been notwithstanding the provisions of this Document, shall be retained by the United States, and this Document shall create no right or interest in any other Regional Corporation or Village Corporation notwithstanding any provisions of ANCSA to the contrary.

To the extent that CIRI is or becomes entitled to subsurface rights:

V. The Secretary, CIRI, and the State shall seek legislation authorizing the Secretary to convey title to those selections by Native Corporations within the exterior boundaries of Power Site Classifica-

tion 443. February 13, 1958, provided however, that the patents conveying the above described lands shall contain the reservations required by Section 24 of the Federal Power Act, 16 U.S.C. 818.

VI. A. The State shall not select any of the following lands, so that such lands may be added to a management unit in the Lake Clark Area:

T 4 S R 23 W (N ½), S.M.
T 3 S R 20–24 W, S.M.
T 2 S R 24–25 W, S.M.
T 1 S R 24–26 W, S.M.
T 1 S R 27 W (sections 1–6, 8–15, 23–25), S.M.
T 1 S R 28 W (sections 1–6), S.M.
T 1 S R 29 W (sections 1–6), S.M.
T 1 N R 24–29 W, S.M.
T 2 N R 24–30 W, S.M.
T 3 N R 28–30 W and 31 W (E½), S.M.
T 4 N R 30 W and 31 W (E ½), S.M.

B. The Secretary, CIRI and the State recognize that there are nationally significant resources in the Lake Clark area. Management of this area should be flexible and recognize the scenic, recreational, and inspirational resources that should be preserved as well as State and local interests including subsistence and sport hunting.

VII. A. In fulfillment of its obligation to equitably reallocate acreage among villages pursuant to section 12(b) of the Act, CIRI shall allocate section 12(b) selections to the following areas:

1. Four and one-half townships in the Talkeetna Mountain withdrawal, provided that such selections shall be compact and contiguous to 12(a) selection in said withdrawals and 12(a) overselections shall be selected first;

2. All lands that will not otherwise be conveyed to the villages under 12(a) on the Iniskin Peninsula;

3. To the extent necessary to fulfill any remaining 12(b) entitlement lands within the following:

T 7 S, R 25 & 26 (Except Secs. 29–31) W, S.M.
T 6 S, R 25 W and 26 (E½) W, S.M.
T 5 S, R 25 W, S.M. (except sections 18, 19, and 30).
T 4 S, R 24 W (S½), S.M.
T 4 N, R 19 W, S.M.
T 4 N, R 20 W (E½) S.M.
T 4 N, R 18 W (W½) S.M.
T 3 N, R 17–20 W, S.M.
T 3 N, R 21 W (Secs. 31–36, and 25–30 in the Tuxedni River Watershed), S.M.
T 2 N, R 18–20 W, S.M.
T 2 N, R 21 W (North and East of the Tuxedni River and Bay), S.M.

B. By mutual consent of the Secretary and CIRI, Village Corporations within the Region may exchange selections or selection rights under section 12 of ANCSA for acres, or acre/equivalents contained in the pools established out in paragraph I-C(2)(a) of this document.

C. Up to two townships without the exterior boundaries of Cook Inlet Region, to be mutually agreed upon by the Secretary, CIRI, and

the State, shall be made available for 12(b) selection. To the extent acreage is allocated to a Native village pursuant to this subparagraph C, the village must have an equal amount of acreage, in section units, from 12(a) selections in the hereinafter described acres on an acre-for-acre basis outlined in this subparagraph in the out of Region townships identified in this paragraph:

T 4 S, R 23 W (N½) S.M.
T 3 S, R 20, 21, and 23 W, S.M.
T 2 S, R 19–21 W, S.M.
T 1 S, R 19–21 W, S.M.
T 1 N, R 20 W, S.M.

Provided that should the respective village not have any 12(a) selections in the above, 12(a) selection for the following shall be traded under the provision of this paragraph:

T 2 N, R 18–21 W, S.M.
T 3 N, R 18–20 W, S.M.
T 4 N, R 19–21 W, S.M.
T 5 N, R 19–20 W, S.M.

VIII. A. CIRI and the Secretary shall publicly support the establishment of a unit of the National Park System in the Lake Clark area including those lands withdrawn under section 17(d)(2) of ANCSA and those lands described in paragraph VI–A of this agreement. The Secretary and CIRI shall also agree to seek a provision in said legislation that would provide that before entering into any contract arrangement to provide new revenue producing services within the proposed Lake Clark Unit of the National Park System within the boundaries of the Cook Inlet Region, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days. CIRI and the Secretary shall seek legislation that provides that the United States may acquire lands selected by Village Corporations within the boundaries of the Lake Clark unit established by that legislation, but only with the consent of the appropriate Village Corporation.

B. CIRI and the Secretary shall publicly support the establishment of the Caribou Hills, Swanson River, Mystery Creek, and Andy Simons Wilderness Areas within the Kenai National Moose Range. CIRI and the Secretary shall seek a provision in such legislation that would provide that before entering into any contract or agreement to provide new revenue producing services within the Kenai National Moose Range, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days.

IX. Lands conveyed to CIRI and/or its Village and Group Corporations in accordance with this document, notwithstanding their source (whether federal or state), shall upon conveyance to CIRI and/or the appropriate Village or Group Corporation, be considered and treated as conveyances under and pursuant to ANCSA, except as may be expressly provided otherwise in this document.

X. As soon as practicable after any estate or interest in federal lands to be patented to CIRI in accordance with this document is identified,

CIRI and the Secretary shall review all leases, contracts, permits, rights-of-way and easements covering or concerning such estate or interest to determine whether the administration thereof may be waived by the Secretary, in his discretion, in accordance with the provisions of section 17(g) of ANCSA.

XI. Effective the date that State lands to be conveyed to the United States for CIRI are designated by CIRI pursuant of paragraph II of this document, the State, if so authorized, shall place all revenues received from such lands in escrow to be transferred to the Region when appropriate. The administration of all leases, contracts, permits, rights-of-way and easements prior to the conveyance of such lands to the United States shall be by the State, except that all decisions concerning modification, conversion, renewal or appraisal of such interests will be with the concurrence of the Region. Effective the date of conveyance of such lands from the State to the Secretary, the State shall waive in favor of CIRI administration of all leases, contracts, permits, rights-of-way and easements totalling embraced by such lands. The State shall give timely written notice of the change of ownership and administration to the holders of rights on such lands.

XII. The responsibilities of and benefits accruing to the Secretary, the State and CIRI under this document shall become binding only when such legislation as is necessary has been enacted. Upon passage of such legislation, CIRI and all plaintiffs/appellants shall, with the consent of the Secretary, dismiss their pending appeal in *Cook Inlet Region vs. Kleppe*, No. 75-2232. (9th Cir.) by executing and filing pursuant to Rule 42(b) of the Federal Rules of Appellate procedure an agreement that the proceeding may be dismissed.

XIII. A. For the purposes of this document, a township shall be considered 23,040 acres.

B. The words "land" and "lands" as used in this document shall not include properties owned by the State of Alaska under section 6(m) of the Alaska Statehood Act and the Submerged Lands Act.

Appendix A

T. 1 N., R 11 W S.M.

Secs. 1–4, 9–12, 16, W½S17—comprising approx. 6,080 acres, more or less

T. 2 N., R 11 W S.M.

Sec. 9, approx. 70 acres in the SW¼ lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 16, approx. 480 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 21, all.

Sec. 22, approx. 130 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 27, approx. 330 acres comprising all moose range lands in this section lying west of the high water mark on the west bank of the Kasilof River and those lands in this section lying south and west of the high water line on the south and west shore of Tustumena Lake.

Sec. 28, all.
Sec. 33, all.
Sec. 34, approx. 600 acres comprising all moose range lands in this section lying south and west of the high water line on the south shore and west shore of Tustemena Lake.
Sec. 35, approx. 290 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake.
Sec. 36, approx. 360 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake.
Comprising approximately 4,160 acres, more or less.

Appendix B

Appendix B–1

82,560 acres of the specified mineral estate to be selected from the following described lands:*

Priority

1—T. 8 N., R. 9 W.: Secs. 1–8; Sec. 9 excluding E/2 SE/4, NW/4 SE/4, SE/4 NE/4; Sec. 10 excluding SW/4, S/2 SE/4, NW/4 SE/4, S/2 NW/4, NW/4; Secs. 11–14; Sec. 16 W/2; Secs. 17–20; Sec. 21 excluding NE/4, E/2 NW/4, NE/4 SW/4, N/2 SE/4, SE/4 SE/4; Secs. 23–26; Sec. 27 excluding N/2, SW/4, W/2 SE/4; Sec. 28 excluding SE/4, E/2 SW/4, E/2 NE/4, SW/4 NE/4; Secs. 29–31; Sec. 32 excluding S/2 SE/4, NE/4 SE/4, Sec. 33 excluding S/2, NE/4, S/2 NW/4, NE/4 NW/4; Sec. 34 excluding W/2, W/2 NE/4; Secs. 35–36–comprising approx. 18,440 acres.

1—T. 8 N., R. 10 W.: Secs. 1; 12–14; 23–26; 32–36–comprising approx. 7,680 acres.

1—T. 7 N., R. 9 W.: Sec. 3, E/2; Sec. 5 excluding S/2, NE/4; Secs. 6; 7; 8 excluding E/2, E/2 SW/4, E/2 NW/4, NW/4 NW/4; Sec. 10 excluding W/2 SW/4, W/2 NW/4, NE/4 NW/4; Sec. 14 excluding NE/4; Sec. 15; Sec. 16 excluding NW/4, N/2 NE/4, SW/4 NE/4; Sec. 17 excluding NE/4 NE/4; Secs. 18–36–comprising approx. 16,560 acres.

1—T. 7 N., R 10 W.: Secs. 1–5; 7–25; Sec. 26 excluding W1/2 SW1/4; Sec. 27 excluding S1/2 N1/2; Sec. 28 excluding S1/2 NE1/4, SE1/4, E1/2 SW1/4; Secs. 29–32; Sec. 35 excluding W1/2, S36 comprising approx. 19,920 acres.

2—T. 6 N., R 10 W.: Sec. 1; Sec. 2 excluding W/2 NW/4; Sec. 4 excluding N/2, SE/4, E/2 SW/4; Sec. 5–8; Sec. 9 excluding N/2 NE/4; Sec. 12; 16–17; 20–21–comprising approx. 7,000 acres.

4—T. 7 N., R 11 W., Sec. 23–26; 35; 36–comprising approx. 3,840 acres.

3—T. 6 N., R 11 W., Sec. 1–2; 11–14–comprising approx. 3,840 acres.

3—T. 10 N., R 7 W., Sec. 19–21; 28 (N/2); 29–32–comprising approx. 1,800 acres.

*These lands total approximately 82,680 acres (2.58 townships). Any unselected portions of the above described lands shall be first priority selection for in-lieu selections from Appendix B–2 below.

APPENDIX B–2

Up to 138,240 acres (6.0 townships) of specified mineral in lieu estate to be selected from the following described lands by priority ranking and in the order listed.

Priority

2—T. 9 N., R 9 W.: Sec. 13; 23 excluding SE/4 SE/4; Sec. 24 excluding W/2 SE/4, SW/4; Sec. 25 excluding W/2 E/2, W/2; Sec. 26 excluding E/2 E/2; Sec. 27; Sec. 31 E/2; Sec. 32–35; Sec. 36 excluding W/2 NE/4, NW/4, and N/2 SW/4–comprising approx. 6,120 acres.

3—T. 9 N., R 8 W.: Sec. 1–5; 7–36–comprising approx. 22,400 acres.

2—T. 6 N., R 9 W.: Sec. 1–17; 20–29; 34–36–comprising approx. 19,200 acres.

3—T. 8 N., R 8 W.: All-comprising approx. 23,040 acres.

2—T. 4 N., R 10 W.: Sec. 9–10; 13–36–comprising approx. 16,640 acres.

2—T. 4 N., R 11 W.: Sec. 25; 36-comprising approx. 1,280 acres.

3—T. 1 N., R 11 W.: Sec. 17 (E/2); Sec. 21–28; Sec. 33–36 -comprising approx. 6,720 acres.

3—T. 3 N., R 11 W.: Sec. 1; 12–15; 22–27; 34–35–comprising approx. 8,320 acres.

3—T. 3 N., R 10 W.: Sec. 1–30-comprising approx. 19,200 acres.

3—T. 4 N., R 9 W.: Sec. 2 excluding SE/4; 3–10; 11 excluding E/2; Sec. 14 excluding E/2; 15–20; 21 excluding SE/4; 29–34–comprising approx. 12,480 acres.

APPENDIX C

If CIRI has on or before January 12, 1976 presented evidence satisfactory to the State that the villages of Kink, Chickaloon, Alexander Creek, Ninilchik and Salamatof have withdrawn selection applications for and relinquished all claims to land in the Lake Clark, Lake Kontrashibuna and Malchatna River areas, the State shall convey under paragraph II of this document to the United States for reconveyance to CIRI all of the state lands identified or to be identified in this Appendix C. All conveyances of lands made in accord with this document shall pass all of the State's right, title and interest in the lands, including the minerals therein, as if those conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway or other rights-of-way may be reserved to the State.

1. Acreage from each of the five pools identified in this paragraph in the amounts therein set forth. Out of each such pool, the identity of the required acreage shall be determined to the extent possible by mutual agreement of the State and CIRI. For so many of the required acres as have not been so determined by agreement in each pool within eighteen months following implementation of this document, those remaining required acres shall be identified by CIRI's selecting acreage in that remaining amount from an array of 1½ that many acres within the pool, said array to be identified to CIRI by the State.

A. *Point McKenzie.*—3,200 acres must be identified from state lands within the following areas:

T 15 N. R3 W through 5W, S.M.
T 14 N. R4 W through 5W, S.M.
T13 N, R4 W S.M. (North of Knik Arm)

B. *Knik-Willow Pool.*—4,480 acres must be identified from state-lands within the following areas:

T 16 N through 18 N. R 2W through 5W. S.M.

C. *Kashwitna Pool.*—38,400 acres must be identified from state-lands within the following areas:

T 21 N through 25N, R3 and 4W. S.M. (or other nearby lands).

D. *Chickaloon Pool.*—4,800 acres must be identified from state lands within the following areas:

T 19 N. R3 E through 5E, S.M.
T 20 N. R4 E through 7E, S.M.

E. *Kenai Pool.*—115,200 acres must be identified from state lands on the Kenai Peninsula.

Provided however that the State may with CIRI's concurrence supplant acreage otherwise to be identified from the Kenai pool in subparagraph E on an acre-for-acre basis with lands near Alexander Creek, Nimlchik or Salamatof. Supplanting lands near any one of these villages may not exceed in acreage that number of acres to which the State is obligated under paragraph 3 to provide in respect of each of these three villages.

2.(a) Thirteen and one-half townships of lands in the Beluga Area Townships listed in this paragraph. The identity of those lands shall be determined by CIRI within eighteen months following the implementaiton of this document by nomination of compact units no less than ¼ township in size lying along township lines, provided that where constrained by selection pool boundaries or water bodies they may be smaller: *Provided*, However that if Tyonek Corporation desires to trade the surface estate it holds in the Kenai National Moose Range for State surface lands within the vicinity of its village lands but within CIRI's selection pool, it may obtain up to one township of such lands. If Tyonek Corporation does trade for CIRI's selection pool lands, CIRI shall select an equivalent acreage of other surface estate from within its selection pool.

T. 16 N., R. 14 W., S.M.:
T. 16 N., R. 13 W., S.M.:
T. 16 N., R. 12 W., S.M., Secs. 7, 16, 17, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36;
T. 16 N., R. 11 W., S.M., Secs. 20, 21, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36:
T. 15 N., R. 14 W., S.M.:
T. 15 N., R. 13 W., S.M.:
T. 15 N., R. 12 W., S.M.:
T. 15 N., R. 11 W., S.M.:
T. 15 N., R. 10 W., S.M., W½, excluding Sec. 1:
T. 14 N., R. 15 W., S.M.:
T. 14 N., R. 14 W., S.M.:
T. 14 N., R. 13 W., S.M., W½:
T. 14 N., R. 11 W., S.M.:

T. 14 N., R. 10 W., S.M., W½;
T. 13 N., R. 15 W., S.M.;
T. 13 N., R. 14 W., S.M.;
T. 13 N., R. 10 W., S.M., E½ excluding lands east of the west bank of the Beluga River;
T. 12 N., R. 15 W., S.M.;
T. 12 N., R. 14 W., S.M., excluding Secs. 23, 24, 25, 26, 29, 31, 32, 33, 36;
T. 12 N., R. 10 W., S.M.;
T. 11 N., R. 13 W., S.M., Secs. 12, 13 excluding W½SW¼; 24 NE/4 NE/4.
T. 11 N., R. 12 W., S.M., Secs. 18, 19 excluding SW¼, S½ SE/4; 20.

(b) Provided, However, that the following described lands shall *not* be available for CIRI's selection of *subsurface* estate:

Beluga

T. 13 N., R. 10 W., S.M., Secs. 11, E–½; 12, 13, 14, 22, 23, 24, 25, 26, 27, 34, 35, 36.
T. 12 N., R. 10 W., S.M., Secs. 2, 3, 4, 5, 8, 9, 10.

Nicolaick

T. 11 N., R. 12 W., S.M., Secs. 16, SW–¼; 17, SW–½; 18, SE–¼; 19, E–½, E–½ W–½; 20; 21, W–½; 28, W–½; 29, 30, 31, 32.

(c) The State shall provide a floating, public, 300 foot wide transportation easement from T. 13 N., R. 14 W., S.M. to the shore of Cook Inlet in T. 11 N., R. 12 W., S.M. Said easement to be determined upon the ground at such future time as a need exists and there are adequate field data available upon which the State may finally plan and locate the corridor.

3. Lands in an amount equal to ¼ of the acres to which each of the villages of Knik, Chickaloon, Alexander Creek, Ninilchik, and Salamatof are or would be entitled under ANCSA Sec. 12(a), under selection applications on file with the BLM as of July 18, 1975, in the Lake Clark, Lake Kartrashibuna and Mulchatna River areas. Each acre identified for conveyance by the State hereunder must be located within or near the 11(a)(1) withdrawal of the village to which the displaced ANCSA acreage to which that acre corresponds would otherwise have passed under ANCSA. The lands so identified in respect to displaced acres attributable to Alexander Creek and Salamatof shall be conveyed by the State if and only if the village to which the displaced acres are attributable retains its village eligibility status under ANCSA.

Appendix D

Lands in the Lake Iliamna Area and in the Nushagak River and Lake Clark Drainages

Paragraph 111(A)(1))

1. The Secretary shall convey to the State at least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settle-

ment Act in the Lake Iliamna area and within the Nushagak River or Lake Clark drainages near lands heretofore selected by the State.

II. The following townships shall be conveyed to the State as part of the minimum of 22.8 townships to be conveyed to the State from lands identified in paragraph I.

T 4N, R 36 W, S.M.
T 3N, R 36 W, S.M.
T 2N, R 36 W, S.M.
T 1N, R 36 W, S.M.
T 1S, R 37 and 38 W, S.M.
T 2S, R 37 and 38 W, S.M.
T 3S, R 37 and 38 W, S.M.
T 4S, R 37–39 W, S.M.
T 5S, R 40–42 W, S.M.
T 6S, R 40 W, S.M. (except sections 21–28, 33–36).
T 6S, R 41 and 42 W, S.M.
T 7S, R 42 W, S.M. (secs. 3–10, 15–18).

III. For each acre of valid village 12(a) selections relinquished in the Lake Clark, Lake Kontrash/buna and Mulchatna River areas pursuant to paragraph II of the document to which this forms an Appendix, the Secretary shall convey to the State, on an acre for acre basis, lands from within the 17(d)(2) area described in Paragraph I up to a total of 4.2 townships.

IV. To the extent that lands to be conveyed to the State pursuant to Paragraphs II and III above are not specifically identified in this Appendix, they shall be identified by mutual consent of the State and the Secretary from lands described in Paragraph I within 60 days of the date the State becomes bound to this document, or within 60 days of the date that any entitlement vests in the State pursuant to Paragraph III of this Appendix, whichever shall come first.

V. All lands granted to the State of Alaska pursuant to this Appendix D shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: *Provided*, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

Appendix E

Lands in the Talkeetna Mountains, Kamishak Bay and Tetna Lakes Areas

(Paragraph III(A)(2))

The Secretary shall convey to the State the following described lands, subject to valid village selections under section 12(a), but not 12(b), of ANCSA.

T 22N, R 2W, S.M.
T 23N, R 2W, S.M.
T 24N, R 1 and 2 W, S.M.
T 26N, R 1 and 2 W, S.M.
T 27N, R 2W, S.M.

T 29N, R 2W, S.M.
T 7S, R 26W, S.M. secs. 29–31
T 7S, R 27–29 W, S.M.
T 8S, R 26–29 W, S.M.
T 9S, R 26–30W, S.M.
T 10S, R 28–30 W, S.M.
T 11S, R 28–30 W, S.M.
T 4N, R 33–35 W, S.M.
T 3N, R 34 and 35 W, S.M.
T 2N, R 34 and 35 W, S.M.

Appendix F

Far North Bicentennial Park

(Paragraph III B)

T 12 N, R 3 W, S.M.:
Section 1.
Section 2.
Section 3 (except SW ¼).
Section 10 (except S ½).
Section 11 (except S ½).
Section 12.

T 13 N, R 3 W, S.M.:
Section 34 (except N ½ NE ¼ NE ¼)
Section 35 (except NW ¼ NW ¼, N ½ SW ¼ NE ¼ NE ¼)
Section 36 (except NE ¼ SE ¼ SE ¼ NE ¼)

Appendix G

Talkeetna Mountains—Koksetna River Lands

(Paragraph III(c))

The Secretary is authorized and directed to make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described below.
T 4N, R 31 W, S.M. (W ½).
T 4N, R 32 W, S.M.
T 3N, R 31 W, S.M. (W ½).
T 3N, R 32 and 33 W, S.M.
T 2N, R 31–33 W, S.M.

Subject to valid village 12(a) and 12(b) selections under ANCSA, the following lands located south of the Susitna River:
T 29N, R 11E—1 W, S.M.
T 30N, R 11E—2 W, S.M.
T 31N, R 9E—1 W, S.M.

Edwardsen v. *Morton*

During the Subcommittee hearings H.R. 6644, the Committee was made aware of an issue which may have long-range significance for the Native land claims settlement contained in the Settlement Act.

This issue concerns the decision in the case of *Edwardsen* v. *Morton* (369 F. Supp. 1359), 1973. The Settlement Act had as its principal purpose the provision of a "fair and just settlement of all claims by Natives and Native groups of Alaska, based on aboriginal land claims." (Section 2(a)). On April 19, 1973, Judge Oliver Gasch, the District Court for the District of Columbia, in ruling on a motion by the defendants for summary judgment in *Edwardsen*, held if the Native plaintiffs of the Arctic Slope of Alaska "were in fact disturbed in their use and occupancy by trespassers, i.e., by any parties coming onto the land except for those entering under Congressional authorization, then there accrued a cause of action in tort against the trespassers and a cause of action for trespass and breach of fiduciary duty against Federal officers authorizing such trespass." 369 F. Supp. at 1378–1379. The Court continued, "It is not at all clear that the Settlement Act bars litigation of plaintiffs' claims relating to the alleged trespasses even though they are linked to claims of aboriginal title. * * * In any event, a construction of (the Act's provisions) to bar claims relating to pre-Settlement Act trespasses would appear to create constitutional infirmities in the Act which are better avoided if a constitutionally sound construction does not violate clearly expressed legislative intent." 369 F. Supp. at 1379. Accordingly, Judge Gasch refused to hold "that a later Act of Congress [Settlement Act] could wipe out all claims against any person * * * simply because Congress has decided to extinguish aboriginal title." Id.

Pursuant to a stipulation entered into by the parties in August of 1974, and approved by the Court in October, 1974, further proceedings in the *Edwardsen* case were held in abeyance pending an investigation by the Department of the Interior of the extent of the trespass claims involved. That investigation has been completed and the United States, acting as trustee for the Natives involved, has filed suit in the United States District Court for the District of Alaska against several corporate and individual defendants, including the State of Alaska, for damages arising from such trespasses.

It is not clear just what impact a final decision upholding the *Edwardsen* ruling might have on the Settlement Act and the orderly development of the State of Alaska. As a consequence, the Committee determined not to deal with that critical issue in H.R. 6644. This decision should not be interpreted to mean that the Committee finds the ruling to be either correct or incorrect with respect to the congressional intent in barring or not barring such claims. At this point, that is a judicial matter.

However, the Committee intends to follow the course of this litigation and the impact that it has or may have on the Settlement Act and the development of lands and resources in Alaska. Should circumstances warrant, the Committee then will consider the matter further.

Inflationary Impact Statement

The Federal expenditures and costs authorized and required by this legislation are relatively small and would have no significant inflationary impact.

Cost and Budget Act Compliance

The bill authorizes appropriations of $25,000 in section 12(g) and $1,600,000 in section 14.

In addition, extension of the Land Use Planning Commission by section 7 for three years will mean an extension of the appropriation authorized by section 17(a)(9)(B) of the Settlement Act which is for $1,500,000 for each fiscal year.

Indirect costs can be attributed to the payment of interest on the escrow account authorized by section 2; the payment of interest on the Alaska Native Fund authorized by section 5; and loss of tax revenue from the exemption contained in section 13. It would be impossible to ascertain such indirect costs at this time, but they would be relatively minimal.

Oversight Statement

The development and consideration of the bill, H.R. 6644, was in large part due to the oversight activities of the Subcommittee on Indian Affairs. The Subcommittee held oversight field hearings on the Settlement Act in Alaska in the 93rd Congress and again in August of 1975.

Committee Recommendation

The Committee on Interior and Insular Affairs, by a voice vote, recommends enactment of H.R. 6644, as amended.

Changes in Existing Law

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Act of December 18, 1971 (85 Stat. 688)

* * * * * * *

Sec. 7. (a) For purposes of this Act, the State of Alaska shall be divided by the Secretary within one year after the date of enactment of this Act in twelve geographic regions, with each region composed as far as practicable of Natives having a common heritage and sharing common interests. In the absence of good cause shown to the contrary, such regions shall approximate the areas covered by operations of the following existing Native associations: . . . . Any dispute over the boundaries of a region or regions shall be resolved by a board of arbitrators consisting of one person selected by each of the Native associations involved, and an additional one or two persons, whichever is needed to make an odd number of arbitrators, such additional person or persons to be selected by the arbitrators selected by the Native associations involved [.] *: Provided, That the boundary between the southeastern and Chugach regions shall be the 144st meridian; Provided further, That, with respect to any lands conveyed to it in the vicinity of Icy Bay, the Regional Corporation for the Chugach region shall accord to the Natives enrolled to the village of Yakutat the same rights and privileges to use such lands for purposes traditional thereon, including, but not limited to, subsistence hunting, fishing, and gathering, as it accords to its own shareholders, and shall take no unreason-*

able or arbitrary action relative to such lands for the primary purpose, and having the effect, of impairing or curtailing such rights and privileges.

* * * * * * *

(b) . . .

SEC. 16. (a) * * *

(b) During a period of three years from the date of enactment of this Act, each Village Corporation for the villages listed in subsection (a) shall select, in accordance with rules established by the Secretary, an area equal to 23,040 acres, which must include the township or townships in which all or part of the Native village is located, plus, to the extent necessary, withdrawn lands from the townships that are contiguous to or corner on such township. All selections shall be contiguous and in reasonably compact tracts, except as separated by bodies of water, and shall conform as nearly as practicable to the United States Land Survey System. *Such allocation as the Regional Corporation for the southeastern Alaska region shall receive under section 14(h)(8) shall be selected and conveyed from lands not selected by such Village Corporations that were withdrawn by subsection (a) of this section, except lands on Admiralty Island in the Angoon withdrawal area and, without the consent of the Governor of the State of Alaska or his delegate, lands in the Saxman and Yakutat withdrawal areas.*

(c) * * *

(d) The lands enclosing and surrounding the village of Klukwan which were withdrawn by subsection (a) of this section are hereby withdrawn to the same extent and for the same purposes as provided by said subsection (a) for a period of one year from the date of enactment of this subsection, during which period the Village Corporation for the village of Klukwan shall select an area equal to twenty-three thousand forty acres in accordance with the provisions of subsection (b) of this section and such Corporation and the shareholders thereof shall otherwise participate fully in the benefits provided by this Act to the same extent as they would have participated had they not elected to acquire title to their former reserve as provided by section 19(b) of this Act: Provided, That nothing in this subsection shall affect the existing entitlement of any Regional Corporation to lands pursuant to section 14(h)(8) of this Act: Provided further, That the foregoing provisions of this subsection shall not become effective unless and until the Village Corporation for the village of Klukwan shall quitclaim to Chilkat Indian Village, organized under the provisions of the Act of June 18, 1934 (48 Stat. 984), as amended by the Act of May 1, 1936 (49 Stat. 1250); all its right, title, and interest in the lands of the reservation defined in and vested by the Act of September 2, 1957 (71 Stat. 596), which lands are hereby conveyed and confirmed to said Chilkat Indian Village in fee simple absolute, free of trust and all restrictions upon alienation, encumbrance, or otherwise: Provided further, That the United States and the Village Corporation for the Village of Klukwan shall also quitclaim to said Chilkat Indian Village any right or interest they may have in and to income derived from the reservation lands defined in

and vested by the Act of September 2, 1957 (71 Stat. 597) after the date of enactment of this Act and prior to the date of enactment of this subsection.

* * * * * * *

SEC. 17. (a) * * *

[(10) On or before May 30, 1976, the Planning Commission shall submit its final report to the President of the United States, the Congress, and the Governor and Legislature of the State with respect to its planning and other activities under this Act, together with its recomendations for programs or other actions which it determines should be taken or carried out by the United States and the State. The Commission shall cease to exist effective December 31, 1976.]

(10) The Planning Commission shall submit, in accordance with this paragraph, comprehensive reports to the President of the United States, the Congress, and the Governor and Legislature of the State with respect to its planning and other activities under this Act, together with its recommendations for programs or other actions which it determines should be implemented or taken by the United States and the State. An interim comprehensive report covering the above matter shall be so submitted on or before May 30, 1976. A final and comprehensive report covering the above matter shall be so submitted on or before May 30, 1979. The Commission shall cease to exist effective June 30, 1979.

* * * * * * *

SEC. 21 (a) * * *

(f) Until January 1, 1992, stock of any Regional Corporation organized pursuant to section 7, including the right to receive distributions under subsection 7(j), and stock of any Village Corporation organizedpursuant to section 8 shall not be includable in the gross estate of a decedent under sections 2031 and 2033 of the Internal Revenue Code.

* * * * * * *

SEC. 22. (a) * * *

[(f) The Secretary, the Secretary of Defense, and the Secretary of Agriculture are authorized to exchange lands or interests therein in Alaska under their jurisdiction for lands or interests therein of the Village Corporations, Regional Corporations, individuals, or the State for purpose of effecting land consolidations or to facilitate the management or development of the land. Exchanges shall be on the basis of equal value, and either party to the exchange may pay or accept cash in order to equalize the value of the properties exchanged.]

(f) the Secretary, the Secretary of Defense, the Secretary of Agriculture, and the State of Alaska are authorized to exchange lands or interests therein, including native selection rights, with the Group Corporations, Village Corporations, Regional Corporations, the Native Corporations for the Cities of Juneau, Sitka, Kodiak and Kenai, other municipalities and corporations or individuals, the State (acting free of the restrictions of section 6(i) of the Alaska Statehood Act), or any federal agency for the purpose of effecting land consolidations or to facilitate the mangament or development of the land, or for

other public purposes. Exchanges shall be on the basis of equal value, and either party to the exchange may pay or accept cash in order to equalize the value of the property exchanged: Provided, That when the parties agree to an exchange and the Secretary determines it is in the public interest, such exchanges may be made for other than equal value.

SEC. 28. Any corporation organized pursuant to this Act shall be exempt from the provisions of the Investment Company Act of 1940 (54 Stat. 789), the Securities Act of 1933 (48 Stat. 74) and the Securities Exchange Act of 1934 (48 Stat. 881), as amended, through December 31, 1991. Nothing in this section, however, shall be construed to mean that any such corporation shall or shall not, after such date, be subject to the provisions of such Acts. Any such corporation which, but for this section, would be subject to the provisions of the Securities Exchange Act of 1934 shall transmit to its stockholders each year a report containing substantially all information required to be included in an annual report to stockholders by a corporation which is subject to the provisions of such Act.

* * * * * * *

SEC. 29. (a) The payments and grants authorized under this Act constitute compensation for the extinguishment of claims to land, and shall not be deemed to substitute for any governmental programs otherwise available to the Native people of Alaska as citizens of the United States and the State of Alaska.

"(b) Notwithstanding section 5(a) and any other provision of the Food Stamp Act of 1964, in determining the eligibility of any household to participate in the food stamp program, any compensation, remuneration, revenue, or other benefit received by any member of such household under the Settlement Act shall be disregarded.

* * * * * * *

SEC. 30. (a) Notwithstanding any provision of this Act, any corporation created pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3) within any of the twelve regions of Alaska, as established by section 7(a), may at any time, merge or consolidate, pursuant to the applicable provisions of the laws of the State of Alaska, with any other of such corporation or corporations created within or for the same region. Any corporations resulting from mergers or consolidations further may merge or consolidate with other such merged or consolidated corporations within the same region or with other of the corporations created in said region pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3).

"(b) Such mergers or consolidations shall be on such terms and conditions as are approved by vote of the shareholders of the corporations participating therein, including, where appropriate, terms providing for the issuance of additional shares of Regional Corporation stock to persons already owning such stock, and may take place pursuant to votes of shareholders held either before or after the enactment of this section: Provided, That the rights accorded under Alaska law to dis-

senting shareholders in a merger or consolidation may not be exercised in any merger or consolidation pursuant to this Act effected prior to December 19, 1991. Upon the effectiveness of any such mergers or consolidations the corporations resulting therefrom and the shareholders thereof shall succeed and be entitled to all the rights, privileges, and benefits of this Act, including but not limited to the receipt of lands and moneys and exemptions from various forms of Federal, State, and local taxation, and shall be subject to all the restrictions and obligations of this Act as are applicable to the corporations and shareholders which participated in said mergers or consolidations or as would have been applicable if the mergers or consolidations and transfers of rights and titles thereto had not taken place: Provided, That where a village Corporation organized pursuant to section 19(b) of this Act merges or consolidates with the Regional Corporation of the region in which such village is located or with another Village Corporation of that region, no provision of such merger or consolidation shall be construed as increasing or otherwise changing regional enrollments for purposes of distribution of the Alaska Native Fund; land selection eligibility; or revenue sharing pursuant to sections 6(c), 7(m), 12(b), 14(h)(8), and 7(i) of this Act.

"(c) Notwithstanding the provisions of section 7 (j) or (m), in any merger or consolidation in which the class of stockholders of a Regional Corporation who are not residents of any of the villages in the region are entitled under Alaska law to vote as a class, the terms of the merger or consolidation may provide for the alteration or elimination of the right of said class to receive dividends pursuant to said section 7 (j) or (m). In the event that such dividend right is not expressly altered or eliminated by the terms of the merger or consolidations, such class of stockholders shall continue to receive such dividends pursuant to section 7 (j) or (m) as would have been applicable if the merger or consolidation had not taken place and all Village Corporations within the affected region continued to exist separately.

"(d) Notwithstanding any other provision of this section or of any other law, no corporation referred to in this section may merge or consolidate with any other such corporations unless that corporation's shareholders have approved such merger or consolidation.

"(e) The plan of merger or consolidation shall provide that the right of any affected Village Corporation pursuant to section 14(f) to withhold consent to mineral exploration, development, or removal within the boundaries of the Native village shall be conveyed, as part of the merger or consolidation, to a separate entity composed of the Native residents of such Native village.".

Departmental Reports

The Committee received two reports from the Department of Interior; one dated May 12, 1975 which addressed H.R. 6641, as originally introduced, and one dated December 10, 1975, which addressed the bill as reported by the Subcommittee. In addition, the Securities and Exchange Commission, and the Department of Agriculture commented on the legislation. The letters follow:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 12, 1975.

HON. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for the views of this Department on H.R. 6644, a bill "To provide, under or by amendment of the Alaska Native Claims Settlement Act, for the late enrollment of certain Natives, the establishment of an escrow account for the proceeds of certain lands, the treatment of certain payments and grants, and the consolidation of existing regional corporations, and for other purposes."

We recommend enactment of H.R. 6644, if amended as suggested herein.

Section 101 of the bill authorizes the Secretary of Interior to review all applications filed within one year after the date of enactment of the bill by persons who missed the March 30, 1973, deadline for filing applications for enrollment as Alaska Natives. The deadline was established by regulations issued pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688). Under section 101, the Secretary would enroll those Alaska Natives who meet the qualifications for enrollment set out in the Alaska Native Claims Settlement Act except for their failure to meet the March 30, 1973 deadline. The section also provides for the issuance of regional corporation stock to those Alaska Natives enrolled pursuant to this provision as well as the distribution of payments to those Natives enrolled pursuant to this section that are equal to payments made to those Natives originally enrolled. It further states that Natives enrolled pursuant to this provision shall not affect the eligibility status of land entitlement of eligible village corporations, regional corporations, the four named cities, or groups as defined by the Alaska Native Claims Settlement Act.

We strongly support the reopening of the rolls of Alaska Natives eligible to receive benefits under the Alaska Native Claims Settlement Act (ANCSA), and to allow otherwise eligible Alaska Natives who missed the enrollment deadline to enroll. Although we make no apology for the manner in which we handled in a very brief period of time one of the largest enrollment campaigns ever conducted, we recognize that not every eligible Alaska Native learned about the benefits of ANCSA in time to meet the filing deadline of March 30, 1973. Our estimate is that as many as 2,000 otherwise eligible persons had not applied for enrollment by that date. Some of these cases involve substantial equities. For example, some are minors whose guardians neglected to enroll them; others did not receive the enrollment forms or were under misapprehensions concerning their ancestry.

We are also in agreement with the provisions of section 101 that would not allow the addition of these late enrollees to result in changing the status of those villages and groups whose eligibility status was determined pursuant to the figures that were established by the roll certified by the Secretary of the Interior on December 18, 1973. That roll would, under the provision of section 101, establish the proportionate shares of villages, groups, and regional corporations as to their

land entitlements and the new enrollment authorized by this amendment would not affect the proportionate share, nor would it be used to disqualify a group because it had more than 24 Natives enrolled as a result of the addition of late fiers. We question the need for the inclusion of the four named cities, Sitka, Juneau, Kenai, or Kodiak, in this section because their land entitlement is not determined by the number of Natives enrolled to each of these locations. Therefore, we recommend that all reference to the four named cities be omitted.

Section 101 refers to the enrollment deadline of March 30, 1973, as having been established by section 5(a) of ANSCA. That deadline was established by regulation (25 C.F.R. 43h *et seq.*). We recommend that the reference to the authority of section 5(a) of ANCSA be deleted.

Section 102(a) of the bill provides the Secretary of the Interior with authority from and after the date of enactment, to deposit receipts derived from contracts, leases, permits, rights-of-way or easements pertaining to lands or resources of lands withdrawn for Native selection pursuant to ANCSA in an escrow account until such time as disposition is made of the land and then to transfer them to the person or entity receiving title to the land. Upon the expiration of the selection rights of the Natives for whose benefit such lands were withdrawn or reserved, the proceeds from lands withdrawn but not selected shall be deposited in the U.S. Treasury or paid out as required under law. Section 102(b) provides the authority needed to pay interest on the funds held in the escrow account and to allow the Secretary of the Interior to reinvest them to obtain a higher return pursuant to the Act of June 24, 1938 (25 U.S.C. 162(a)). However, the section specifically prohibits the creation of a trust relationship with regard to the funds authorized for investment and reinvestment by the section.

There presently exists no authority in the Secretary of the Interior to pay over to the Alaska Natives the proceeds derived from actions which he must take with regard to lands that are withdrawn for Native selection but which are not yet conveyed. The Alaska Natives have indicated to the Department the need for this authority, and we support the establishment of an escrow account.

While we support the creation of the escrow account, we cannot support the provisions of section 102(b), which would authorize interest payments on such account and give authority to the Secretary to reinvest the proceeds in the account. There are many other similar accounts administered by the Federal Government on which no interest is paid and in which there is no reinvestment authority. In our judgment, section 102(b) would establish an unfavorable precedent.

Section 102(a) contains two separate time periods for paying out the funds in the escrow account and we recommend that they be conformed. The proceeds derived from the activities on lands withdrawn for Native selection, which are deposited in the escrow account, are to be paid to the selecting corporation or individual at the time of conveyance. However, receipts in the escrow account from lands withdrawn but not selected shall be paid to non-Natives "upon the expiration of the selection or election rights of the individuals for whose benefit such lands were withdrawn or reserved." We advise that payments to non-Natives from the escrow account be made at the time of con-

veyance to the Natives, thereby making the two payments operative at the same time.

While subsection 102(a) establishes an escrow account, and addresses the issue of the disposition of receipts from activities by the Secretary on lands withdrawn for Native selection but not yet conveyed, it does not clarify certain accounting procedures related to these activities. A system is necessary to accurately relate revenues to specific tracts producing the revenues and tracts selected. To clarify these accounting procedures we recommend the addition of subsections (c) and (d) to section 102.

Subsection 102(c) relates to public easements reserved in any conveyance pursuant to subsection 17(b)(3) of ANCSA. Many of the actions arising from these reserved easements may not be performed until years after the conveyance has been issued. Although the reservation has been made in the conveyance, subsection 102(c) would insure that proceeds derived from these subsection 17(b)(3) reserved easements at any time after conveyance has been issued, shall be paid to the grantee of such conveyance in accordance with such grantee's proportionate share:

"(c) Any and all proceeds from public easements reserved pursuant to subsection 17(b)(3) of the Alaska Native Claims Settlement Act (85 Stat. 688), from or after the date of enactment of this Act, shall be paid to the grantee of such conveyance in accordance with such grantee's proportionate share."

Without the certainty provided by subsection 102(c), it would be administratively prohibitive to distribute the income to the owners of the land covered by the easement reservation.

Subsection 102(d) will clarify accounting procedures under ANCSA. so that although most contracts, leases, permits, rights-of-way and easements may be paid on lands withdrawn for Native selection on an annual basis, payment to be made at the begining of the year, if a conveyance should be made in the middle of the year, the grantee would receive proportional income from such contracts, leases, permits, rights-of-way, and easements:

"(d) Any and all income on all earnings from contracts, leases, permits, rights-of-way, or easements issued for the surface or minerals covered under the conveyance prior to the issuance of such conveyance under the Alaska Native Claims Settlement Act (85 Stat. 688), shall be paid to the grantee of such conveyance on that portion of the lands conveyed pro-rated from the date of enactment of this Act."

Subsection 102(a) refers to "any and all proceeds derived" from certain less than-fee interests which may be derived from Native lands prior to conveyance. On certain types of applications, the applicant must pay for a Federal processing fee and for the cost of the environmental impact statement. The language of subsection 102(a) should be amended in order to exempt these two payments from the application of this provision.

Section 102 should contain a provision parallel to that of section 26 of ANCSA. We recommend that a new subsection (e) be added:

"(e) To the extent that there is a conflict between the provisions of subsection (2) of this section and any other Federal laws applicable to Alaska, the provisions of subsection (a) of this section shall govern.

Any payment made to any corporation or any individual under the authority of subsection (a) of this section shall not be subject to any prior obligation under sections 9(d) and 9(f) of the Alaska Native Claims Settlement Act (85 Stat. 688)."

Section 103 of the bill would add a new section 28 to ANCSA. Section 28 would exempt until December 31, 1976, any corporation organized pursuant to ANCSA from the provisions of the Investment Company Act of 1940 (54 Stat. 789, as amended). We defer in our views concerning the provisions of section 103 of H.R. 6644 to those of the Securities and Exchange Commission who, we understand, will shortly submit its report to the Congress.

Section 104 of this bill would add a new section 29 to ANCSA. New subsection 29(a) would provide that payments and grants made under ANCSA are compensation for extinguishment of claims to land by Alaska Natives and are not to be deemed to substitute for any governmental program that would otherwise be available to Alaska Natives as citizens of the United States and of the State of Alaska.

New subsection 29(b) of ANCSA would specifically exempt any benefits an Alaska Native might receive pursuant to ANCSA from consideration in determining the eligibility of any Native household to participate in the food stamp program under the Food Stamp Act of 1964.

With regard to the provisions of section 104 of this legislation, we have not yet formulated a position and, therefore, we are not able to offer comments at this time. This provision is currently under examination within the Administration.

Section 105 of the legislation provides that the funds deposited in the Alaska Native Fund under ANCSA are to be considered funds held in trust by the United States Government for Indian tribes pursuant to the provisions of Section 1 of the Act of February 12, 1929 (25 U.S.C. 161(a)).

We object to the classification of these funds as trust funds. Section 2(b) of ANCSA specifically declares that the settlement of aboriginal claims by Alaska Natives should be accomplished ". . . in conformity with the real economic and social needs of Natives . . . without creating a reservation system or lengthy wardship or trusteeship . . ."

Under section 106, except as specifically provided in H.R. 6644, the provisions of ANCSA are fully applicable to this legislation and this bill shall not alter or amend any such provisions. We have no objection to this section.

Section 107 of the bill authorizes mergers or consolidations among regional and village corporations within the same region and would apply only to corporations authorized pursuant to sections 7 and 8 of the Alaska Native Claims Settlement Act. All mergers would be subject to the applicable provisions of the laws of the State of Alaska, as would any resulting corporations. Section 107 would also allow the subsequent merger or consolidation of merged corporation with each other, provided they are in the same region. The mergers authorized by corporation shareholders either before or after passage of this bill would be covered and could take place under the provisions of the bill. This provision would allow a merger that was approved by corporation stockholders with the merger vote contingent upon enactment of legis-

lation of the type set out in this bill to be completed upon enactment of the bill. This provision is necessary because of ongoing efforts to merge village corporations, particularly in the NANA Region of Alaska.

The section gives to the merged corporation, upon the effectiveness of the merger, all rights and benefits that ANCSA confers upon the individual corporations and also makes them subject to all the restrictions and obligations that were made applicable to the individual corporations by the Alaska Native Claims Settlement Act. The section specifically states that transfers of rights and titles made pursuant to a merger would not affect the tax exemptions granted by the Alaska Native Claims Settlement Act.

Subsection (c) deals specifically with the rights of enrolled Alaska Natives who are shareholders of a regional corporation but are not residents of any of the villages in that region. Section 7(m) of the Alaska Native Claims Settlement Act gives those Alaska Natives a right to receive dividends that represent their pro-rata share of the dividends paid to village corporations when the regional corporations make distributions to the village corporations under secton 7(j) of the Settlement Act. This provision would allow the elimination of this right to dividends if it is part of a merger or consolidation plan but only if those non-village residents can, under the laws of the State of Alaska, vote as a class on the question of the merger or consolidation which contains the elimination provision. However, after any merger in which the special dividend rights were not affected and the at-large shareholders did not vote as a class on the merger, distributions to the at-large shareholders would continue as if the merger had not taken place.

Subsection (d) specifically provides that notwithstanding the provisions of this bill or any other law, no merger or consolidation of corporations can take place without the approval of the shareholders of the corporations being merged or consolidated.

Since enactment of the Settlement Act, many of the village corporations have found that they are too small to effectively manage their resources and responsibilities under the provisions of ANCSA. In the remote areas of Alaska, there is a shortage of trained managers who can run the many corporations, a demand that would be lessened by the bringing together of several of the smaller villages into one management unit. It would also be easier for the regional corporations to deal with one or two village corporations rather than ten or fifteen. The multiplicity of villages also dissipates the funds that are distributed to the villages, funds that can be used for improvements for Native people rather than being paid out to large numbers of professional managers necessitated by the large number of villages.

This section is needed to allow mergers or consolidations to take place because the Alaska Native Claims Settlement Act prohibits for a period of twenty years from the date of its enactment the alienation of corporation shares issued pursuant to the Act except under certain limited circumstances. There is no exception concerning alienation for the purpose of merger or consolidation. H.R. 6641 will modify this restriction on alienation sufficiently to authorize mergers and consolidations.

In our judgment this section offers sufficient safeguards and offers

the Alaska Natives the opportunity to bring about mergers and consolidations that will better enable them to manage the benefits they are receiving under ANCSA. We recommend its enactment.

Section 108 extends the life of the Joint Federal-State Land Use Planning Commission, created by section 17(a)(10) of ANCSA, to June 30, 1979. We have no objection to the provisions of this section.

Section 109 amends section 7(c) of the Settlement Act. The new amendment directs the Secretary of the Interior to create a 13th region for those Alaska Natives who are non-residents of Alaska and gives them authority to establish a regional corporation. Section 110 of the bill creates a new section 30 of ANCSA which sets out the procedures to be followed by the Secretary of the Interior in carrying out his responsibilities in creating the thirteenth region. These responsibilities include: (1) enrolling therein those Alaska Natives who wish to participate; (2) how the corporation for the thirteenth region shall be created and how its interim Board of Directors is to be selected; (3) the instructions for submission of the articles of incorporation for the thirteenth regional corporation; (4) provisions covering the distributions made from the Alaska Native Fund and the impact of the thirteenth region on that fund; (5) authority to make adjustment in the distributions from the Alaska Native Fund when the thirteenth region enrollment is completed; and (6) the authority of regional corporations to cancel, without any liability, the stock of those of their members who shift their enrollement to the thirteenth region.

While we support the enactment of sections 109 and 110, we recommend that section 110 be amended as suggested herein.

It appears that little purpose would be served in prohibiting a potential enrollee in the 13th region from notifying the Secretary of his decision before the end of 60 days after enactment of this section. A Native should not be punished for immediately notifying the Department of his decision. Therefore, we recommend that the phrase "not less than 60 days nor" be deleted from the new section 30(a) of ANCSA.

In carrying out the provision of ANCSA, some of the time constraints under which the Department has had to operate have been extremely limited. We recommend that the time provided for each Alaska Native to inform the Secretary of his intention be extended.

Further, some Natives attempted to amend their enrollment applications before December 1, 1973, to indicate a change in whether they wished to be enrolled in the 13th region. Section 110 provides in the new section 30(a) of ANCSA that any Native who does not file a change with the Secretary within the 60 to 90 day period must return to the status in his "original enrollment application." It would seem more appropriate to place such Native under the "election last filed," and we recommend that this language be substituted instead.

New section 30(a) requires the Secretary to prepare and certify a "final roll" within 120 days which will supersede the temporary roll authorized by "this subsection." Subsection 30(a) does not authorize a temporary roll. This could result in a construction in subsection 30(a) of reference to the roll of December 18, 1973. New subsection 30(f) of ANSCA created by section 110 of this bill authorizes a temporary roll, and if subsection 30(a) refers to this temporary roll then the word "subsection" should be changed to "section."

The fourth provision of new section 30(a) directs the Secretary to prepare and certify a final roll under that section within 120 days of the section's enactment. New section 30(a) would require a second enrollment campaign in addition to that authorized by section 101 of this legislation. In our judgment, the enrollment requirement upon the Secretary of 120 days after enactment under new section 30(a), running simultaneously with the one year enrollment requirement under section 101, would impose a prohibitive administrative burden. We recommend that the words "Within one hundred and twenty days of the enactment of this section" in the fourth provision of new section 30(a) be amended to read "Within one year of the enactment of this section."

The final provision of new section 30(a) allows the Secretary to incorporate in the final roll authorized here "other changes made by the Secretary in accordance with the Act." The changes presently being made in the roll are not literally "in accordance with the Act" but are changes made on earlier principles of law which have been construed as applicable to the Settlement Act. Therefore, this last phrase should be deleted. The presence of this last sentence raises the possibility of the construction that the temporary roll referred to earlier will be the roll of December 18, 1973. It cannot be expected that all corrections in that roll will be made in time for the applicability of this section.

New Section 30(c) of ANCSA provides the instructions for the submission of the articles of incorporation for the 13th region. The time periods specified are so short for each of the proposed steps that carrying them out will be administratively prohibitive. We recommend these time periods be extended.

New section 30(d) requires that articles of incorporation for the 13th region be approved in accordance with subsection 7(c) of the Settlement Act. Section 109 of this bill amended that section and the amended language is inapplicable to the last sentence of section 30(d). The reference intended is probably to that of section 7(c) of ANCSA.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

STANLEY B. DOREMUS,
Acting Assistant Secretary of the Interior.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., December 10, 1975.

HON. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This Department would like to offer its views on H.R. 6644, as reported by the Subcommittee on Indian Affairs of the House Committee on Interior and Insular Affairs on September 30, 1975. H.R. 6644 is a bill "To provide, under or by amendment of

the Alaska Native Claims Settlement Act, for the later enrollment of certain Natives, the establishment of an escrow account for the proceeds of certain lands, the treatment of certain payments and grants, and the consolidation of existing regional corporations, and for other purposes."

We recommend enactment of H.R. 6644 as reported by the Subcommittee on Indian Affairs if amended as suggested herein.

SECTION 1

Section 1(a) of the bill authorizes the Secretary of the Interior to review all applications filed within one year after the date of enactment of the bill by persons who missed the March 30, 1973, deadline for filing applications for enrollment as Alaska Natives. The Secretary would then enroll those Alaska Natives who meet the qualifications for enrollment set out in the Alaska Native Claims Settlement Act (ANCSA) except for their failure to meet the March 30, 1973, deadline.

Further, section 1(a) sets forth the procedures for making all the changes required by the amendments to the roll resulting from the new enrollments thereunder, specifically with regard to the issuance of stock in the proper Native corporation to any Native newly enrolled and to future distributions under the Settlement Act. Section 1(a) also provides that no land entitlements of regions, villages or groups, or eligibility of villages or groups, will be affected by the changes in enrollment thereunder. We support the provisions of section 1(a).

Under section 1(b), the Secretary is authorized to poll Natives enrolled to villages or groups not recognized as village corporations under ANCSA, and which are located within the boundaries of former reserves where village corporations elected surface and subsurface rights under section 19(b) of ANCSA. The Secretary may allow these Natives to enroll to a section 19(b) village corporation, or enroll on an at-large basis to the region in which the village or group is located.

On St. Lawrence Island, where the village corporations of Gambell and Savoonga elected to take title to their former reserves, approximately 20 Natives enrolled to places on the Island itself other than to Gambell or Savoonga. Therefore, they are not members of either village, and are not entitled to benefits received by these village corporations under ANCSA. These individuals are currently shareholders at-large in their regional corporation. Under section 1(b) they would be given the opportunity to enroll in one of the villages, or remain shareholders at-large in their region. The language of section 1(b) is general and would apply to other situations similar to St. Lawrence Island.

While we support the provisions of section 1(b), we would note that St. Lawrence Island is not a village or group, but a place. This section would better serve its purpose if the words "Native villages or Native groups" on page 3, line 6, were deleted, and the word "places" substituted instead, and the words "village or group is" on line 13, page 3, were deleted, and the words "those places are" substituted. Otherwise, the bill may not resolve the problem of the major category of people it was designed to help—the Natives enrolled to places on St. Lawrence Island.

Section 1(b) is unclear as to whether the Secretary may allow these individuals to enroll to the section 19(b) villages at their option, or at the option of the villages concerned. We construe section 1(b) to mean the former.

Further, we would note that the individuals eligible to elect under section 1(b) are currently enrolled at-large to their region and, if they do not elect to enroll to a section 19(b) village corporation, they will remain at-large shareholders. Accordingly, we recommend that the words "to enroll" on page 3, line 12 be deleted and the words "remain enrolled" be substituted in their place.

We would also note that section 1(b) may impact the Regional entitlements under sections 12(b) and 14(h)(8) of ANCSA by changing the Regional population factors.

While we support the provisions of sections 1 (a) and (b), we cannot support the provisions of section 1(c) and recommend that it be deleted.

Section 1(c) directs the Secretary to redetermine the places of residence, as of April 1, 1970, for those Natives who, in the enrollment process, designated their domicile as a place that was later determined ineligible as a Native village or group on grounds which include an insufficient number of residents. Such redetermined residence shall be such Native's place of residence as of April 1, 1970, for all purposes under ANCSA.

We oppose the provisions of section 1(c) for a number of reasons: First, the Natives affected by section 1(c) theoretically designated their residence properly, and this provision would authorize forum shopping to give these Natives a chance to circumvent the consequences of their original choice. These Natives would not only qualify for additional benefits, but would dilute the benefits of those Natives enrolled in those villages or groups to which these section 1(c) Natives would redetermine their residence. In fact, under this interpretation of section 1(c), those Natives who redetermine their residence would receive a greater per capita distribution than those Natives who enrolled properly in the beginning.

Second, section 1(c) discriminates among Natives who are at-large shareholders in a region. Many Natives designated their place of residence on their enrollment application at a location that did not qualify as a Native village under the provisions of ANCSA. Many of the locations failed to qualify as villages because of an insufficient number of enrollees, while other locations failed to qualify for other reasons. All Natives whose place of enrollment failed to qualify as a village were enrolled as at-large members of their respective Regional Corporation. Therefore, those at-large shareholders who enrolled to a location determined ineligible as a village because of an insufficient number of residents get a second chance, while those at-large shareholders who enrolled to a location found ineligible as a village on other grounds, do not. This result is inequitable.

Third, many of the villages determined ineligible by the Department have appealed the determination, so the issue of eligibility is presently in litigation. Further, the Department has not yet determined the eligibility of any Native groups. Therefore, section 1(c) is premature and speculative.

Finally, section 1(c) is unclear as to whether the section applies only to those Natives enrolled to villages found ineligible because of insufficient number of residents, or to villages also found ineligible on other grounds.

SECTION 2

Under section 2(a), the Secretary is given the authority to deposit proceeds received by the Federal government which are derived from contracts, leases, permits, rights-of-way or easements pertaining to lands or resources of lands withdrawn for Native selection pursuant to ANSCA in an escrow account until such time as disposition is made of the land and then to transfer such proceeds to the person or entity receiving title to the land. This provision would be effective from either the date of enactment of H.R. 6644 or January 1, 1976, whichever occurs first.

There presently exists no authority in the Secretary of the Interior to pay over to the Alaska Natives the proceeds derived from actions which he must take with regard to lands that are withdrawn for Native selection but which are not yet conveyed. The Alaska Natives have indicated to the Department the need for this authority, and we support the establishment of an escrow account.

While we support the provisions of section 2(a), we recommend a number of clarifying amendments.

First, on page 5, line 2, we recommend that the words "or January 1, 1976, whichever occurs first," be deleted. To administer the escrow account it will be necessary to develop a system which will accurately relate revenues to the tracts producing the revenues and the tracts selected. If H.R. 6644 is enacted after January 1, 1976, the escrow account will be partially retroactive, and the accounting procedures will present administrative and legal difficulties. Further, the monies derived between January 1, 1976 and the date of enactment of H.R. 6644 may have already been distributed to either the State of Alaska under the Mineral Leasing Act, or to the Alaska Native Fund, and thus expended.

Second, the refernce to section 14(g) of ANSCA on page 5, line 2, is incorrect. These leases, licenses, permits or rights-of-way were not issued pursuant to section 14(g), but, rather, were outstanding at the time of conveyance to the Native Corporation and were reserved by section 14(g). Thus, we recommend that the following language be inserted between the words "to" and "section" on line 4, page 5: "appropriate law and which would be reserved in any conveyance in accordance with."

Third, section 2(a) refers to "any and all proceeds derived" from certain less-than-fee interests which may be derived from Native lands prior to conveyance. On certain types of applications, the applicant must pay for a Federal processing fee and for the cost of the environmental impact statement. We recommend that the language of section 2(a) be amended to exempt these two payments from the application of this provision.

Finally, section 2(a) contains two separate time periods for paying out the funds in the escrow account and we recommend that they be conformed. The proceeds derived from the activities on lands with-

drawn for Native selection, which are deposited in the escrow account, are to be paid to the selecting corporations or individual at the time of conveyance. However, receipts in the escrow account from lands withdrawn but not selected shall be paid to non-Natives "upon the expiration of the selection or election rights of the individuals for whose benefit such lands were withdrawn or reserved." We advise that payments to non-Natives from the escrow account be made at the time of conveyance to the Natives, or when the Secretary determines that these lands will not be conveyed to the selecting corporation. Otherwise, the monies in the escrow account may be tied up for a considerable length of time.

While we support the creation of the escrow account, we cannot support the provisions of section 2(b), which would authorize interest payments on such account and give authority to the Secretary to reinvest the proceeds in the account. There are many other similar accounts administered by the Federal Government on which no interest is paid and in which there is no reinvestment authority. In our judgment, section 2(b) would establish an unfavorable precedent.

Section 2(c) relates to public easements reserved pursuant to section 17(b)(3) of ANSCA. Section 2(c) would insure that proceeds derived from these section 17(b)(3) reserved easements at any time after conveyance has been issued, shall be paid to the grantee of such conveyance in accordance with such grantee's proportionate share. Without the certainty provided by section 2(c), it would be administratively prohibitive to distribute the income to the owners of land covered by the easement reservation.

However, we would note the potential ambiguity with regard to the interpretation of the word "proceeds," in section 2(c). It is unclear whether the term applies to fees derived from permits issued by the U.S. for hauling timber and minerals over these reserved easements, or to the receipts from the sale of the items hauled. Accordingly, we recommend substituting the words "rental and use fees" for the word "proceeds" in section 2(c), line 18, page 6.

Further, we recommend that the words "paid by commercial users for" be inserted right after the term "rental and use fees" on line 18, page 6. It should be recognized that most easements will produce little or no income. However, commercial uses will generate income, which should be made available to the Native owners.

We would also recommend that the period on line 22, page 6, be changed to a comma, and the following words be added: "to be computed in the same manner as fractional interests are computed pursuant to section 14(g) of the Settlement Act."

Finally, we would suggest an additional sentence after our amended sentence on line 22, page 6. This sentence reads as follows: "As used in this subsection rental and use fees shall not include road maintenance or other cost-recovery charges levied to a non-Federal user." These costs would not be in the nature of proceeds, but go to the actual cost of maintaining the easement by the United States.

These recommendations are the result of discussions between this Department and the United States Forest Service.

Section 2(d) provides that to the extent there is a conflict between the provisions of section 2 and any other Federal laws applicable to

Alaska, the provisions of section 2 will govern. Further, any payment made to any corporation or individual under section 2(a) of H.R. 6644 shall not be subject to any prior obligations under sections 9(d) or (f) of ANCSA. This Department recommended the addition of a provision to section 2 parallel to that of section 26 of ANCSA in our report on H.R. 6644 as introduced, dated May 12, 1975. This recommendation has become section 2(d) of H.R. 6644 as reported by the Subcommittee on Indian Affairs and we support its enactment.

SECTION 3

Section 3 amends ANCSA to exempt, until December 31, 1991, corporations organized thereunder from the provisions of the Investment Company Act of 1940, the Securities Act of 1933, and the Securities and Exchange Commission Act of 1934. We defer in our views to the Securities and Exchange Commission.

SECTION 4

Section 4(a) amends ANCSA to provide that payments and grants thereunder shall not be deemed to substitute for any governmental programs otherwise available to the Natives as citizens of the United States and of Alaska.

Section 4(b) further amends ANCSA to exempt benefits received by any member of a household under the Settlement Act from being used in a determination of that individual's eligibility to participate in the Food Stamp Act.

The provisions of section 4 are currently under examination within the Administration.

SECTION 5

Section 5 relates to a December 28, 1973, decision by the Comptroller General that the Alaska Native Fund will not bear interest or be eligible for reinvestment by the Secretary pursuant to sections 161a and 162a of title 25 of the United States Code. The actual language of section 5 states that for purposes of 25 U.S.C. 161a and 162a the Alaska Native Fund shall, pending distributions under Section 6(c) of ANCSA, "be considered to consist of funds held in trust by the Government of the United States for the benefit of Indian tribes." Section 5 further provides that nothing in the section will be construed to create or terminate any trust relationship between the U.S. and any corporation or individual entitled to receive benefits under ANCSA.

We object to the classification of these funds as trust funds. Section 2(b) of ANCSA specifically declares that the settlement of aboriginal claims by Alaska Natives should be accomplished ". . . in conformity with the real economic and social needs of natives . . . without creating a reservation system or lengthy wardship or trusteeship . . ." Although the proviso in section 6(c), on page 14, lines 12–13, there is no definition as to what constitutes "within the boundaries of the Native village." We would note that the majority of Native villages are not municipalities and, therefore, do not have boundaries created by State statute as do other Alaskan communities.

SECTION 7

We have no objection to the provisions of section 7, which would extend the life of the Joint Federal-State Land Use Planning Commission for Alaska to June 30, 1979.

SECTION 8

Section 8 amends section 7(c) of the Settlement Act. The new amendment directs the Secretary of the Interior to create a 13th Region for those Alaska Natives who are non-residents of Alaska and gives them authority to establish a regional corporation.

With the exception of the savings clause proviso of new section 7(c)(9), we recommend that section 8 be deleted. Pursuant to an order entered October 6, 1975, by the United States District Court for the District of Columbia, the 13th Region has already been established and the 13th Regional Corporation is in the process of being formed. The manner of formation of the corporation is similar to that prescribed by section 8, with the exception of the election of eligible non-resident Alaska Natives to be in or out of the 13th Region. The manner of this election has also been prescribed by the October 6, court order.

Effective October 1, 1975, this Department established the 13th Region. On October 11, by computer effort, 4,534 persons were transferred from the twelve Alaska Regions into the 13th Region according to their last written request made on or before August 15, 1973. Pursuant to the October 6 court order the Department has invited eight bona fide organizations presently known by the Secretary to represent non-resident Alaska Natives to submit the names of no more than five consenting nominees for election as incorporators and members of the interim board of directors of the 13th Regional Corporation. The Department prepared ballots with the names of 24 such nominees and on November 10 sent one ballot to each of the 3,100 adult 13th Region enrollees with instructions to vote for not more than 5 nominees and to return the ballot by December 1. The results will be tabulated by December 10 and the nominees receiving the highest number of votes shall be recognized as incorporators for the purpose of preparing and submitting the proposed articles of incorporation and bylaws for the 13th Regional Corporation. Those so recognized will also constitute the initial board of directors to serve until the first meeting of shareholders or until their successors are elected and qualify.

The proposed articles of incorporation and bylaws are to be approved by early January 1976; the first meeting of the shareholders and election of the board of directors is to be held by early February, 1976; and by February 15, 1976, the corporation is to be paid its share of monies in the Alaska Native Fund. Pursuant to the October 6 order, when the 13th Regional Corporation makes its first distribution, all adult non-resident Native enrollees, whether or not presently enrolled in the 13th Region, shall be given a final opportunity to elect their preference for enrollment in the 13th Region or one of the other 12 Regions.

Accordingly, we recommend that section 8 be deleted as it is unnecessary, but that the savings clause of amended section 7(c)(9) of ANCSA under section 8 of this bill be retained.

SECTION 9

Under section 19(b) of ANCSA, seven Native villages elected to acquire title to the surface and subsurface estate of former reserves in lieu of receiving both benefits as a Native village under ANCSA, and regional corporation benefits.

Section 9 concerns one of the seven villages, Klukwan, Inc., which voted to retain the former reserve, the Klukwan Reserve or Reservation. Chilkat Indian Village, the organization of Natives who actually reside on the reserve, had negotiated a mineral lease in 1970, and it has been alleged in pending litigation that valid existing rights under this lease may survive the enactment of ANCSA and the extinguishment of the reserve itself. While all the residents of the reserve are members of Chilkat Indian Village, many of those non-residents who enrolled there and are stockholders in Klukwan, Inc., are not members of Chilkat. The mineral deposit is the major element of value in the lands of the former reserve and if the Chilkat position is correct the majority of Kluwan's shareholders would not receive the benefit of either the lease or the Settlement Act.

Section 9 would amend section 16 of ANCSA to allow the shareholders of Klukwan, Inc., to participate in the Act's benefits as if they had not elected to acquire title to their former reserve, including the selection of land, providing that Klukwan, Inc., will quit claim all its rights, title and interest in the reserve to Chilkat Indian Village.

We support the provision of section 9. However, while section 9 would take care of the reserve land and rights thereto, it may not extend to $100,000 in lease rentals already derived from the lease after the passage of the Settlement Act. In our judgment, the United States and Klukwan, Inc., should also quit claim to Chilkat all rights to rentals and other benefits paid by the lessee prior to the passage of this bill. Further, Chilkat should also relinquish any claims it might have against Klukwan, Inc., the United States or the lessee, for misprayment.

We would note that section 9 may affect the Regions under section 12(c) of ANCSA by decreasing the acreage factor by 23,033, and under section 14(h)(8) by changing the Regional population factor.

SECTION 10

Section 10 would amend section 16(b) of ANCSA. Pursuant to amended section 16(b), the allocations received by the Southeastern Alaska Regional Corporation under section 14(h)(8) of ANCSA would be selected and conveyed from lands withdrawn by section 16(a) of ANCSA that were not selected by the village corporations, with the exception of lands on Admiralty Island in the Angoon withdrawal area, and lands in the Yakutat and Saxman withdrawal areas without the consent of the Governor of Alaska.

With the exception of some small amounts of public domain land around the Village of Klukwan, section 10 would permit the Sealaska Regional Corporation to make land selections pursuant to section 14(h)(8) of ANCSA primarily within the Tongass National Forest. Accordingly, this Department defers to the views of the U.S. Forest Service, as they are the agency with jurisdiction over those lands.

We would point out, however, that section 10 of H.R. 6644 as reported by the Subcommittee on Indian Affairs could have an impact upon section 12(c) of ANCSA. Part of the section 12(c) formula concerns allocations among the Regional Corporations based upon lands selected under section 16 of the Settlement Act. Since section 10 of H.R. 6644 amends section 16(b) rather than section 14(h)(8) of ANCSA, section 10 could be interpreted to effect the formula, and thus the entitlements of the other Regions, under section 12(c) of the Settlement Act.

SECTION 11

Section 11 of H.R. 6644 would amend section 7(a) of ANCSA to fix the boundary between the Southeastern and Chugach Regions at the 141st meridian provided that with regard to lands conveyed to it in the vicinity of Icy Bay, the Chugach Regional Corporation shall accord to Natives enrolled to the village of Yakutat the same rights and privileges for traditional purposes on such lands as it would accord its own shareholders.

The effect of this amendment would be to settle the boundary dispute between the two Regions, and within the settled boundary allow the Natives of the village of Yakutat, which is in the Southeastern Alaska Region, to use the lands around Icy Bay, in the Chugach Region, for subsistence purposes.

Although the boundary question is presently in arbitration in accordance with section 7(a) of ANCSA, if this amendment is acceptable to the two Regions involved, then we would support it. However, we would note that we construe this provision to be self-executing, with the rights and obligations therefrom flowing between the two Regions, and conferring no obligation upon this Department to write this language into patents issued pursuant to ANCSA.

Further, we would suggest that the term "in the vicinity of Icy Bay" on lines 14–15, page 30, be more precisely defined.

SECTION 12

Section 12 of H.R. 6644 as reported by the Subcommittee on Indian Affairs contains provisions to resolve the land selection problem of the Cook Inlet Region, Inc. For several months now representatives of the Department, the State of Alaska, and Cook Inlet have engaged in extensive discussions about possible solutions to this problem. The parties to these discussions have not yet arrived at a mutually acceptable settlement. As of this writing, the final details are still being negotiated.

SECTION 13

Under section 13, a new subsection (f) would be added to section 21 of ANCSA. This new section 21(f) would provide that until December 18, 1991, the stock of any regional corporation organized pursuant to section 7 of ANCSA, including the right to receive distributions under section 7(j), and the stock of any Village Corporation organized pursuant to section 8 of ANCSA, shall not be includable in the gross estate of a decedent under sections 2031 and 2033 of the Internal Revenue Code.

We have no objection to the provisions of section 13. However, we would note that section 7(h)(3) of ANCSA prohibits alienation of stock until January 1, 1992, not December 18, 1991. Accordingly, we recommend that the date "December 18, 1991," on line 4, page 33, be deleted, and the date "January 1, 1992" be substituted in its place.

SECTION 14

Section 14(a) would provide a one-time payment of $250,000 to each of the corporations organized pursuant to section 14(h)(3) of ANCSA. Although the members of these four corporations (Kenai, Sitka, Juneau and Kodiak) are st ckholders in their respective regional corporations, these corporat.ons are not themselves recipients of funds under ANCSA. These corporations, however, are incurring expenses in organizing and operating themselves, making land selections and in engaging in necessary planning.

Section 14(b) provides for payments of $100,000 each to six of the seven villages (excluding Klukwan, Inc.) who chose to retain former reserves under section 19(b) of ANCSA. These villages chose title to former reserves in lieu of the benefits accorded a village under ANCSA and, as such, are not eligible to select other land or receive a distribution of regional corporation funds. Further, the members thereof are not shareholders in their respective regional corporations.

Under section 14(c), the funds provided under 14 (a) and (b) are to be used only for planning and development, and for other purposes for which these corporations were organized under ANCSA.

Section 14(d) authorizes $1,600,00 in fiscal year 1976 to implement section 14.

We believe there is no basis for increasing the total amount of the Alaska Native Claims Settlement Act by $1.6 million in addition to the $962,500 million already provided. Any funds provided for these 10 corporations should be authorized from the present Alaska Native Fund.

SECTION 15

Section 15 of H.R. 6641 would direct the Secretary of the Interior to convey to the Koniag Regional Corporation the subsurface estate of certain lands selected by such corporation located within the Aniakchak Caldera National Monument. Further, notwithstanding the inclusion of the surface estate of these lands in any national monument or other national land system referred to in section 17(d)(2) of ANCSA, Koniag, Inc., may use the surface estate as is reasonably necessary to mine the subsurface, subject to regulations by the Secretary to protect the surface.

This provision would legislate an agreement between this Department and Koniag, Inc., concerning the lands within the area proposed by this Department for establishment as the Aniakchak Caldera National Monument in the National Park System under section 17(d)(2) of ANCSA. The Department had agreed to recommend to the Congress, at the time the Aniakchak proposal was being considered, that Koniag, Inc., be permitted to make specific subsurface selections within the Monument.

We believe, however, that a Congressional decision regarding the lands available for selection within the Monument be made at the same time Congress considers the establishment of the Monument. In that way Congress would have before it all of the relevant information concerning the resource values in the area and it would be in the best position to make a judgment on the matter. Further, we believe that public hearings on the amendment should be held. We continue to believe that the better course would be to consider all aspects of each D–2 proposal together, rather than in piecemeal fashion. However, should the Committee decide to go forward with the Koning amendment at this time, we have no objection to the substance of the amendment in section 15 of H.R. 6644 as reported by the Subcommittee on Indian Affairs.

Time has not permitted securing advice from the Office of Management and Budget as to the relationship of this report to the program of the President.

Sincerely yours,

KENT FRIZZELL,
Acting Secretary of the Interior.

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C.

HON. LLOYD MEEDS,
Chairman, Subcommittee on Indian Affairs, House Committee on Interior and Insular Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: It has come to our attention that your Committee is now considering H.R. 6644,[1] a bill to amend the Alaska Native Claims Settlement Act of 1971.[2] The staff of the Commission has recently conferred with representatives of the Department of the Interior and the Office of Management and Budget, and, as a result of that conference, we wish to offer comments with respect to two sections of the proposed bill, Sections 103 and 107, which involve the securities laws, the Investment Company Act of 1940 ("1940 Act") in particular.

Section 103 would add a new provision to the Settlement Act giving the corporations organized pursuant thereto ("ANCSA Corporations") a temporary exemption from the 1940 Act until December 31, 1976. In introducing this bill to the House, Congressman Young indicated that without such an exemption, certain ANCSA Corporations investing some of their funds "in commercial bank time deposits or certificates of deposit" might "risk being classified as investment companies." He farther indicated that such an exemption would "provide necessary breathing room to the SEC and the Native corporations to permit resolution of long-range problems."[3]

As I indicated in my letter to you of February 4, 1975, commenting upon an identical provision in H.R. 12355,[4] I believe it would be unwise to exempt the ANCSA Corporations from all provisions of the 1940 Act. The Commission's position was then, and continues to be,

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[1] 94th Cong., 1st Sess. (1975), 121 Cong. Rec. H–3500 (daily ed., May 1, 1975).
[2] 85 Stat. 688.
[3] *Supra* n. 1, at 3500, 3507.
[4] 93rd Cong., 2nd Sess. (1974); 120 Cong. Rec. H–299 (daily ed., January 29, 1974).

that certain provisions of the Act should be applied to ANCSA Corporations falling within the 1940 Act's definition of investment company in order to protect the substantial pools of liquid capital which these companies hold in trust for the benefit of numerous unsophisticated Alaska native shareholders.

ANCSA Corporations are not restricted by the Settlement Act, the securities laws, or Alaska law to investing in bank time deposits or certificates of deposit; and, in fact, it is our understanding that certain of them are investing in other types of securities. In any event, the application of the 1940 Act to a corporation investing in certificates of deposit and other securities of a relatively non-speculative character is more than a technical complication. Numerous so-called money market funds registered under the 1940 Act voluntarily restrict their investments to certificates of deposit, government securities, and like investments; and certain of the protections afforded shareholders of such funds by the 1940 Act would be appropriate for an ANCSA Corporation with similar voluntary investment restrictions.

As you are probably aware, in accordance with my earlier letter to you, the Commission acted promptly last year to exempt the ANCSA Corporations from all but the most essential provisions of the 1940 Act by adopting temporary Rule 6c-2(T).[5] The Commission has received a number of comments on the proposed rule, and, having analyzed these, the Commission's staff has recently submitted a revised version of the proposed rule to the Commission. The Commission intends promptly to consider the staff recommendations and either to adopt a permanent exemptive rule or ask for further public comments on a revised proposal. As presently proposed by the staff, Rule 6c-2 would add the proxy, reporting and record-keeping requirements of the Act to the group of provisions from which ANCSA Corporations registering under the rule would not be exempt. It should be emphasized that both the temporary rule and the proposed permanent rule affect only those ANCSA Corporations which choose to register with the Commission pursuant to Section 8(a) of the 1940 Act.

We should also point out that, if the Congress exempts the ANCSA Corporations from the 1940 Act, a number of the companies would continue to be subject to the Securities Exchange Act of 1934 ("Exchange Act") as companies having 500 or more shareholders and more than $1,000,000 in assets. Such companies would have to comply with the registration, reporting, and proxy solicitation provisions of the Exchange Act. We believe that these provisions provide significant protections to the shareholders of the ANCSA Corporations and that such shareholders should not be given any less protection under the Exchange Act than Congress has given to shareholders of other, more conventional corporations. However, we believe it would be most unfortunate if the ANCSA Corporations were exempted during the time they are investment companies from a statute specifically designed to regulate investment companies and be subject only to the requirements of a statute which is designed basically to inform the Commission and the investing public as to securities of publicly traded companies.

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[5] Rule 6c-2(T) exempts ANCSA Corporations registering pursuant to Section 8(a) of the Act from all provisions of the 1940 Act except Sections 9, 17, 36, and 37 (Investment Company Act Release No. 8251, February 26, 1974, attached).

Section 107 of the bill would authorize the ANCSA Corporations to merge or consolidate under Alaska law. First, assuming that Section 103 is not adopted, we do not think this provision standing alone would exempt merger transactions from the Commission's jurisdiction under Section 17 of the 1940 Act, which relates to the transactions between affiliates.

Second, if the bill were changed to exempt such mergers from the 1940 Act, we do not feel that such a change would serve the interests of ANCSA shareholders. Any mergers of ANCSA Corporations which constitute transactions of affiliated persons or companies within the meaning of Section 17 should remain subject, in our view, to the standards of fairness imposed by that section. Commission review of these mergers is especially important because of the difficulty of ascertaining the value of ANCSA Corporation assets for purposes of an exchange of shares or an acquisition of assets.

We have gained some familiarity recently with at least one proposed merger involving ANCSA Corporations, that proposed by the NANA Regional Corporation and a number of its village corporations. As we understand it, that merger would involve the exchange of rights now vested in natives belonging to the various corporations. Such vested rights, although difficult to value at this time, would presumptively differ from one corporation to another; yet, subsequent to the exchange, the affected natives would all have equal rights. We are troubled that such a shift in vested rights among investors who now have the protections of the 1940 Act might, if the proposed bill were adopted, take place without any consideration of its fairness. Our view in this regard is buttressed by our understanding that there is no provision of Alaska Corporation law which provides protections comparable to those afforded by Section 17.

Thank you for the opportunity of commenting on H.R. 6644. We trust that our comments will be of assistance to you and we stand ready to provide you with whatever further assistance you may desire.

Sincerely,

RAY GARRETT, JR., *Chairman.*

Enclosure.

INVESTMENT COMPANY ACT OF 1940

Release No. 8251/February 26, 1974

NOTICE OF ADOPTION OF TEMPORARY RULE 6C-2(T) AND OF PROPOSAL TO ADOPT RULE 6C-2, BOTH UNDER THE INVESTMENT COMPANY ACT OF 1940 CONDITIONALLY EXEMPTING CORPORATIONS ORGANIZED PURSUANT TO THE ALASKA NATIVE CLAIMS SETTLEMENT ACT FROM ALL PROVISIONS OF THE INVESTMENT COMPANY ACT OF 1940 EXCEPT SECTIONS 8(A), 9, 17, 36, AND 37. (FILE NO. 87-514)

Notice is hereby given that the Securities and Exchange Commission hereby adopts temporary Rule 6c-2(T) and proposes to adopt Rule 6c-2, both under the Investment Company Act of 1940 ("Act") to exempt from all provisions of the Act except Sections 8(a), 9, 17, 36, and 37 corporations organized pursuant to the Alaska Native Claims Settlement Act of 1971 [1] ("Settlement Act") (such corporations here-

[1] 85 Stat. 688.

inafter referred to collectively as "ANCSA Corporations"). Such exemptions are conditioned upon adherence by the ANCSA Corporations to reporting and other requirements specified herein. Rule 6c-2(T) is effective as of December 18, 1971, the date of the enactment of the Settlement Act; it will be superseded at such time as the Commission takes action on proposed Rule 6c-2, which, as proposed, would provide the same relief on a permanent basis as is now provided by Rule 6c-2(T).

The ANCSA Corporations have been (or will soon be) organized to hold and administer the extensive land grants, mineral rights, cash, and mineral revenues intended by the Government of the United States to recompense Alaska's native Indian Aleut and Eskimo population ("Alaska Natives") for lands within the State of Alaska. In accordance with this statutory purpose, the ANCSA Corporations will be owned and managed exclusively by Alaska Natives, who will be given shares of stock in the ANCSA Corporations. The ANCSA Corporations consist of twelve "Regional Corporations," representing the Alaska Natives residing in twelve geographical districts designated by the Department of the Interior, and more than 200 "Village Corporations" within these districts each representing Alaska Natives residing in a village.

Although the ANCSA Corporations are to be given substantial real estate and subsurface mineral interests, many of such interests are not presently specifically identifiable as they are to be selected and acquired over a four-year period in accordance with the provisions of the Settlement Act. Distribution of a significant portion of monetary compensation was made almost immediately upon enactment of the Settlement Act, however, and $130,000,000 of such monies has already been received by the twelve Regional Corporations. Furthermore, large additional distributions of cash will be made to the ANCSA Corporations in the next few years, so that, during this period, at least until they have fully exercised their land grant privileges and have begun to engage primarily in owning land or operating a business, many of the ANCSA Corporations may be investment companies within the meaning of Sections 3(a)(1) and 3(a)(3) of the Act.[2]

It appears that, without compliance with the Act or exemptive relief by the Commission, questions may be raised whether many ANCSA Corporations may operate in interstate commerce or buy securities in interstate commerce.[3] Several ANCSA Corporations have filed applications for orders of the Commission pursuant to Section 3(b)(2) of the Act, each claiming, in effect, that the applicant is primarily engaged in a business other than that of being an investment com-

[2] Section 3(a)(1) defines "investment company" as any issuer which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities. Section 3(a)(3) defines "investment company" as any issuer which is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40 percent of the value of such issuer's total assets (excluding Government securities and cash items) on an unconsolidated basis.

[3] Such activities might be precluded by Sections 7(a)(4) and 7(d)(3) of the Act, which provide, respectively, that an unregistered investment company may not engage in any business in interstate commerce and that no depositor or trustee of or underwriter for any unregistered investment company may sell or purchase for the account of such company, by the use of the mails or any means or instrumentality of interstate commerce, any security or interest in a security, by whomever issued.

pany.[4] In view of the large number of ANCSA Corporations, many of which are potential applicants of this type, and the serious question as to whether such ANCSA Corporations can meet the operational prerequisites for a Section 3(b)(2) order, the Commission has determined to grant appropriate temporary exemptive relief by the promulgation of a rule pursuant to Section 6(c) of the Act and to propose that such relief be made permanent.

Rule 6c-2(T) temporarily removes all ANCSA Corporations from the burden of complying with various requirements of the Act. Such corporations will be obliged to comply with only those provisions which provide essential protection for the substantial pools of liquid capital they hold in trust for the Alaska Natives. Accordingly, Rule 6c-2(T) provides that the ANCSA Corporations shall be exempt from all provisions of the Act except Sections 8(a), 9, 17, 36, and 37, provided, however, that such corporations must comply with certain reporting and other requirements set forth in the rule. Rule 6c-2 would provide exactly the same relief on a permanent basis, if adopted.

Section 8(a) of the Act requires the ANCSA Corporations to register with the Commission by filing a Form N-8A disclosing basic information such as the name and address of the corporation, the names of its officers, directors, and adviser and the identity of other companies substantial amounts of the securities of which are held by the registrant. The more detailed Form N-8B-1 registration statement will not be required.

Section 9 of the Act prohibits a person convicted of certain crimes or enjoined from certain specified activities, generally crimes and activities involving securities transactions and the functions of underwriters, brokers, dealers and financial institutions, from serving as an officer, director, member of an advisory board, investment adviser, or depositor of a registered investment company. Section 9 also provides procedures for the removal of this prohibition under appropriate circumstances.

Section 17, generally speaking, requires Commission approval before the ANCSA Corporations may engage in certain transactions with affiliated persons.

Section 36 authorizes the Commission or a shareholder to bring a civil action against officers, directors, members of advisory boards, investment advisers, depositors or underwriters of registered companies for breach of fiduciary duty involving personal misconduct. It further provides that an investment adviser is deemed to have a fiduciary duty with respect to the receipt of compensation for services or payments of a material nature paid by the investment company.

Section 37 makes it a crime under the Act to steal or embezzle the property of an investment company.

The exemptions granted by the rules may be claimed only by ANCSA Corporations which meet conditions requiring them to file annually with the Commission copies of reports required by Section 7(o) of the Settlement Act, and to maintain the records used as the basis for such reports for examination by the Commission.

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[4] Section 3(b)(2) provides, in pertinent part, that if the Commission finds that an issuer is primarily engaged in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities, such issuer will not be an investment company within the meaning of the Act.

Rule 6(c)-2(T) is hereby adopted pursuant to Sections 6(c), 38(a), and 39 of the Act. Proposed Rule 6(c)-2 would be adopted pursuant to the same provisions. Section 6(c) of the Act provides that the Commission by rule, regulation, or order may conditionally or unconditionally exempt any person, security, or transaction or any class of persons, securities, or transactions from any provision or provisions of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes intended by the policy and provisions of the Act. Section 38(a) states, in part, that the Commission shall have the authority from time to time to make, issue and amend such rules and regulations as are necessary or appropriate to the exercise of the powers conferred upon the Commission elsewhere in the Act. Section 39 states in part that, subject to the Federal Register Act, rules and regulations of the Commission under the Act shall be effective upon publication in the manner prescribed by the Commission.

The text of Rule 6c-2(T) is as follows:

Rule 6c-2(T): Temporray Exemption for Corporations Organized pursuant to the Alaska Native Claims Settlement Act of 1971.

Any corporation organized pursuant to the Alaska Native Claims Settlement Act of 1971 ("Settlement Act") ("ANCSA Corporations") shall be temporarily exempt from all provisions of the Act except Sections 8(a), 9, 17, 36, and 37 subject to the following conditions:

Any company claiming exemptions pursuant to this rule shall file annually with the Commission copies of the reports required by Section 7(o) of the Settlement Act and shall maintain and keep current the accounts, books, and other documents relating to its business which constitute the record forming the basis for such information and of the auditor's certification thereto. All such accounts, books, and other documents shall be subject at any time and from time to time to such reasonable periodic, special, and other examinations by the Commission, or any member or representative thereof, as the Commission may prescribe. Such company shall furnish to the Commission, within such time as the Commission may prescribe, copies of extracts from such records which may be prepared without undue effort, expense, or delay as the Commission may by order require.

The Commission finds that the adoption of Rule 6c-2(T) is appropriate in the public interest and is consistent with the protection of investors and the purposes intended by the policy and provisions of the Act. The Commission further finds, in accordance with the requirements of the Administrative Procedure Act[5] that notice of Rule 6c-2(T) prior to its adoption and public procedure thereon are impracticable and unnecessary since the rule will be temporary in its effect and will not exempt any ANCSA Corporations from those provisions of the Act needed to provide essential protections for the assets being held for the benefit of the Alaska Natives until such time as the rule is adopted.[6] Accordingly, Rule 6c-2(T) shall become effective on February 26, 1974, retroactive to December 18, 1971, the date of enactment of the Settlement Act.

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[5] 5 U.S.C. § 551 et seq. (1970).
[6] Id. § 553(d)(1).

The text of proposed Rule 6c-2 is as follows:

Rule 6c-2: Exemption for Corporations Organized pursuant to the Alaska Native Claims Settlement Act of 1971.

Any corporation organized pursuant to the Alaska Native Claims Settlement Act of 1971 ("Settlement Act") ("ANCSA Corporation") shall be exempt from all provisions of the Act except Sections 8(a), 9, 17, 36, and 37 subject to the following conditions:

Any company claiming exemptions pursuant to this rule shall file annually with the Commission copies of the reports required by Section 7(o) of the Settlement Act and shall maintain and keep current the accounts, books, and other documents relating to its business which constitute the record forming the basis for such information and of the auditor's certifications thereto. All such accounts, books, and other documents shall be subject at any time and from time to time to such reasonable periodic, special, and other examinations by the Commission, or any member or representative thereof, as the Commission may prescribe. Such company shall furnish to the Commission, within such time as the Commission may prescribe, copies of or extracts from such records which may be prepared without undue effort, expense, or delay as the Commission may by order require.

All interested persons are invited to submit views and comments with respect to proposed Rule 6c-2, in writing, to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, Washington, D.C. 20549, on or before April 10, 1974. All communications with respect to this matter should refer to File No. S7-514. Such communications will be available for public inspection.

By the Commission.

GEORGE A. FITZSIMMONS, *Secretary.*

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 3, 1973.

HON. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: The Department of Agriculture would like to offer its views on certain provisions of the Subcommittee Print of H.R. 6644, a bill "To provide, under or by amendment of the Alaska Native Claims Settlement Act, for the late enrollment of certain Natives, the establishment of an escrow account for the proceeds of certain lands, the treatment of certain payments and grants, and the consolidation of existing corporations and for other purposes."

The bill was ordered reported to the full Committee on October 2 by the Subcommittee on Indian Affairs. We understand that the Committee will consider the bill early in December.

The Department of Agriculture has major concerns about certain provisions of the Subcommittee Print which affect the responsibilities of this Department. These include (1) the definition of "proceeds" from public easements as contained in section 2(c); (2) the special treatment provided in section 10 relating to Sealaska's entitlement

under 14(h)(8) of the Settlement Act; (3) the settlement of Cook Inlet Regional Corporation's land selection difficulties as proposed in section 12; and (4) the conveyance of subsurface estate in the proposed Aniakchack Caldera National Monument to Koniag Regional Corporation. Our recommendations on each of these provisions are presented in the enclosed supplemental statement. If H.R. 6644 is amended as recommended in our statement, this Department would have no objection to the enactment of the bill.

This Department is seriously concerned with the repeated efforts to amend the Settlement Act. In our view, the Alaska Native Claims Settlement Act represents a fair and equitable settlement of the interests of the Alaska Natives, the State of Alaska and the nation at large. The Act resulted from long and careful deliberation by several Congresses and represents a careful balance and compromise of the various interests. We are concerned that amendments to the Settlement Act will ultimately result in major alterations of the settlement and lead to the reopening of issues that the Congress and the Executive Branch clearly thought were settled by passage of the Act. This Department would prefer that amendments to the Act be limited to resolving conflicts that are inherent in the Act and to resolving procedural matters which have developed in trying to implement the Act.

The Office of Management and Budget advises that the presentation of this report is consistent with the Administration's objectives.

Sincerely,

ROBERT W. LONG,
Assistant Secretary.

SUPPLEMENTAL STATEMENT OF THE U.S. DEPARTMENT OF AGRICULTURE ON SUBCOMMITTEE PRINT OF H.R. 6644

Section 2(c)—Proceeds From Public Easements

Section 2(c) provides that proceeds from public easements reserved pursuant to section 17(b)(3) of the Settlement Act shall be paid to the grantee of such conveyance in accordance with such grantee's proportionate share. The intent of the provision is not clear, and we are concerned about how the term "proceeds" might be construed.

Two types of easements are being reserved in support of the National Forest System program in Alaska. The first type includes those necessary to maintain the existing rights of third parties. Proceeds from these easements will pass to the Natives under the provisions of section 14(g) of the Settlement Act. No easements are being reserved by the Forest Service solely for the future use of third parties.

The second type of easement includes those necessary to provide access to the National Forests and to otherwise support management of National Forest programs. We do not participate any proceeds from these public easements.

We would strongly object to section 2(c) if the intent is to interpret the term "proceeds" to include receipts from sale or use of National Forest resources which require use of a reserved easement—for example, a timber sale contract which required hauling logs over a road on a reserved easement—or if the "proceeds" were to include road maintenance or cost-recovery charges levied by the Forest Service on

a non-Federal user. We do not believe that such receipts or cost-recovery charges should be considered as proceeds.

Therefore, if the Committee determines that Natives should receive certain proceeds from public easements reserved pursuant to section 17(b)(3), we recommend that section 2(e) be amended as follows:

"(e) Any and all rental and use fees paid by commercial users of public easements reserved pursuant to section 17(b)(3) of the Settlement Act shall be paid to the grantee of such conveyance in accordance with such grantee's proportionate share, to be computed in the same manner as fractional interests are computed pursuant to section 14(g) of the Settlement Act. As used in this subsection, the term rental and use fee shall not include road maintenance or other cost-recovery charges levied to a non-Federal user."

This proposed amendment has been developed by this Department and the Department of the Interior. It accommodates our concerns about what constitutes a proceed derived from these easements. Under this provision, the receipts from sale or use of National Forest resources which required use of a reserved easement would clearly not fall within the meaning of rental and use fees. In addition, charges levied to commercial users by the Forest Service to recover direct costs would also not be subject to distribution under section 2(e).

Section 10—Sealaska Amendment

Section 10 of the Subcommittee Print would amend section 16(b) of the Settlement Act to permit Sealaska Regional Corporation to select the lands to which it is entitled under section 14(h)(8) from lands withdrawn for but not conveyed to Village Corporations within the Region. However, Sealaska could not select lands on Admiralty Island and, without the consent of the Governor of Alaska, could not select lands in the Saxman and Yakutat withdrawal areas.

The Department of Agriculture strongly recommends that section 10 not be incorporated into H.R. 6644, as amended by the Subcommittee.

The Alaska Native Claims Settlement Act (ANCSA) was the result of long and careful deliberation, negotiation, and compromise by the Congress, the Executive Branch, the State of Alaska, and the Alaska Natives. The resulting settlement represented a carefully constructed balance which was deemed equitable to the interests of the American people, the Alaska Natives, and the State of Alaska. To amend the Act now with regard to land selection would, in our view, undo the balance and equity achieved by ANCSA and lead to the reopening of issues which Congress and the Executive Branch clearly thought were settled by enactment of the Alaska Native Claims Settlement Act.

An important aspect of the balance achieved by ANCSA was the special treatment of land selection by the natives of southeast Alaska. In 1968 the Court of Claims entered judgment in behalf of the Tlingit and Haida Indians of southeast Alaska in the amount of some 87.5 millions. Most of this amount represented compensation for the Federal taking of land which became the Tongass National Forest. In formulating ANCSA, the Congress recognized this cash settlement. It also recognized that the value of lands in southeast Alaska with its water access and commercial timber is greater than that of other regions in Alaska and that there was a need to prevent conflict between

the purposes of the Act and the purposes for which the National Forests were established. Accordingly, under ANCSA, the southeast native village corporations were limited to selections of 23,040 acres each, and the Southeast Regional Corporation (Sealaska) was excluded from land selection under section 12. The only land which Congress entitled Sealaska to select was a share of the balance of the two million acres withdrawn under section 14(h). By specifically authorizing conveyances from the National Forests for section 14(h)(1), (2) (3), and (5), it is clear that Congress did not intend for 14(h)(8) conveyances to be made from National Forest lands.

Section 10 of the Subcommittee Print would alter the balance of the Act by awarding Sealaska a greater settlement than Congress intended and by giving Sealaska selection rights on lands for which compensation has already been granted. It would also have a detrimental effect on land selections by the other Regional Corporations and represent an inequity to them. First, by amending section 16, the Sealaska amendment would affect the formula under section 12 which governs the amount of lands that all other Regional Corporations may select and would reduce the amount of lands to which these corporations are entitled. The effect would be to prevent the conveyance of the full 40 million acres provided for in the Act. Secondly, Sealaska Region would receive 14(h)(8) lands of far greater surface value than would the other Regional Corporations. Moreover, if section 10 is enacted, it is probable that the Chugach and Koniag Regions would desire similar treatment for their entitlements under 14(h)(8). These Regions are claiming difficulty in selecting the full amount of lands to which they are entitled under section 12(c) because of the limitation on selections from the National Forests and the National Wildlife Refuge System.

In our view, the proposal contained in section 10 of H.R. 6644 represents the kind of conflict between National Forest purposes and the interests of the Alaska Natives that ANCSA sought to eliminate. Section 10 would likely result in an additional 200-250,000 acres being withdrawn from the Tongass National Forest. These lands contain the full range of resource values for which the National Forest was established. The public values include significant wildlife habitat, recreation use areas, access to major fishing areas, and lands suited to timber harvest. We believe the benefits of multiple resource management can best be achieved by retaining these lands as part of the National Forest System.

In summary, we urge the Committee not to incorporate section 10 in H.R. 6644. There are sufficient D-1 lands within southeastern Alaska to provide for Sealaska Corporation's selection as originally contemplated in the Alaska Natives Claims Settlement Act. We believe that selections from these lands would be comparable to lands available to other regional corporations under section 14(h)(8) of the Act.

Section 12—Cook Inlet Regional Corporation

Section 12 of the Subcommittee Print would amend section 12 of the Settlement Act by adding a new subsection (f) to permit exchange of Federal lands withdrawn under section 17(d) for State patented lands and interests therein. These State lands would then be conveyed to Cook Inlet Regional Corporation along with two townships of National Forest lands. In addition, subsection (3) would permit the Cook

Inlet Region to select lands withdrawn for village selection in other regions.

We oppose section 12. The proposed conveyance of two townships of National Forest land represents precisely the kind of conflict between the purposes of the Settlement Act and the purposes of National Forests that Congress sought to resolve in passing the Settlement Act.

We understand from the Department of the Interior that a mutually acceptable settlement has not yet been reached with Cook Inlet Regional Corporation. For this reason, we recommend that congressional action on this issue be deferred.

Section 15—Conveyance to Koniag Regional Corporation

Section 15 of the Subcommittee Print would convey to Koniag Regional Corporation the subsurface estate under certain lands proposed for establishment as the Aniakchak Caldera National Monument.

While the lands and interests involved in this conveyance are not under the jurisdiction of this Department, we are opposed to the inclusion of this provision in H.R. 6644.

The Settlement Act provides for dual withdrawals of the d-2 lands and for these dual withdrawls to be considered at the time the Congress considers the d-2 proposals for new national forests, parks, refuges, and wild and scenic rivers. We are unaware of any urgency which would necessitate resolving the selection of Koniag Regional Corporation's land selection problems now. In our view, the better course is to consider all aspects of each d-2 proposal together as the Settlement Act provides. Accordingly, we recommend that section 15 not be enacted.

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Challenges to the maps should not be necessary. And local communities affected by the compulsory features of the act been given the opportunity to work with HUD in determining local flood-prone areas and flooding frequency rates, much of the current resentment and opposition to the implementation of the program might have been avoided. Instead, the act was implemented in a manner which leaves no room for compromise between those enforcing the program and those forced to live with it.

The current law imposes serious penalties on property owners in many communities who do not have the power to determine whether that community will enter or will not enter the flood insurance program. Banks and lending institutions will have their freedom to make loans restrained. This, in turn, adversely affects the housing construction industry and the employment picture. The act depresses property values. In addition, it steadily wears down the local, the State, and the Federal tax base in affected communities. Projects planned with Federal aid will, most likely, be scrapped.

Mr. BARRETT. Mr. Speaker, I have no requests for time. If the gentleman from Michigan (Mr. BROWN) wants to speak, I will yield to him.

Mr. BROWN of Michigan. Mr. Speaker, I think in the course of colloquy on the prior suggested action of the House we have discussed the matter in great depth, and that should be sufficient.

Mr. Speaker, I have no requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. BARRETT) that the House suspend the rules and pass the Senate bill S. 610.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the Senate bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ALASKA NATIVE CLAIMS SETTLEMENT ACT AMENDMENTS

Mr. MEEDS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6644) to provide, under or by amendment of the Alaska Native Claims Settlement Act, for the late enrollment of certain Natives, the establishment of an escrow account for the proceeds of certain lands, the treatment of certain payments and grants, and the consolidation of existing regional corporations, and for other purposes as amended.

The Clerk read as follows:

H.R. 6644

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") is authorized to review those applications submitted within one year from the date of enactment of this Act by applicants who failed to meet the March 30, 1973, deadline for enrollment established by the Secretary pursuant to the Alaska Native Claims Settlement Act (hereinafter in this Act referred to as the "Settlement Act"), and to enroll those Natives under the provisions of that Act who would have been qualified if the March 30, 1973, deadline had been met: *Provided*, That Natives enrolled under this Act shall be issued stock under the Settlement Act together with a pro rata share of all future distributions under the Settlement Act which shall commence beginning with the next regularly scheduled distribution after the enactment of this Act; *Provided further*, That land entitlement of any Native village, Native group, Village Corporation, or Regional Corporation, all as defined in such Act, shall not be affected by any enrollment pursuant to this Act, and that no tribe, band, clan, group, village, community, or association not otherwise eligible for land or other benefits as a "Native village", as defined in such Act, shall become eligible for land or other benefits as a Native village because of any enrollment pursuant to this Act: *Provided further*, That no tribe, band, clan, village, community, or village association not otherwise eligible for land or other benefits as a "Native group", as defined in such Act, shall become eligible for land or other benefits as a Native group because of any enrollment pursuant to this Act: *And provided further*, That any "Native group", as defined in such Act, shall not lose its status as a Native group because of any enrollment pursuant to this Act.

(b) The Secretary is authorized to poll individual Natives properly enrolled to Native villages or Native groups which are not recognized as village corporations under section 11 of Alaska Native Claims Settlement Act and which are included within the boundaries of former reserves who elected to receive surface and subsurface entitlement pursuant to subsection 19(b) of the Settlement Act. The Secretary may allow these individuals the option to enroll to a Village Corporation which elected the surface and subsurface title under section 19(b) or remain enrolled to the Regional Corporation in which the village or group is located on an at-large basis: *Provided*, That nothing in this subsection shall affect existing entitlement to land of any Regional Corporation pursuant to section 12(b) or 14(h)(8) of the Settlement Act.

(c) In those instances where, on the roll prepared under section 5 of the Settlement Act, there were enrolled as resident of a place on April 1, 1970 the minimum number of Natives required for a Native village or Native group, as the case may be, and it is subsequently and finally determined that such place is not eligible for land benefits under the Act on grounds which include a lack of sufficient number of residents, the Secretary shall, in accordance with the criteria for residence applied in the final determination of eligibility, redetermine the place of residence on April 1, 1970, of each Native enrolled to such place, and the place of residence as so redetermined shall be such Native's place of residence on April 1, 1970, for all purposes under the Settlement Act: *Provided*, That such Native whose place of residence on April 1, 1970 is changed by reason of this subsection shall be issued stock in the Native corporation or corporations in which such redetermination entitles him to membership and all stock issued to such Native by any Native Corporation in which he is no longer eligible for membership shall be deemed canceled: *Provided further*, That no redistribution of funds made by any Native corporation on the basis of prior places of residence shall be affected: *Provided further*, That land entitlements of any Native village, Native group, Village Corporation, Regional Corporation, or corporations organized by Natives residing in Sitka, Kenai, Juneau, or Kodiak, all as defined in said Act, shall not be affected by any determination of residence made pursuant to this subsection, and no tribe, band, clan, group, village, community, or association not otherwise eligible for land or other benefits as a "Native group" as defined in said Act, shall become eligible for land or other benefits as a Native group because of any redetermination of residence pursuant to this subsection: *Provided further*, That any distribution of funds from the Alaska Native Fund pursuant to subsection (e) of section 6 of the Settlement Act made by the Secretary or his delegate prior to any redetermination of residency shall not be affected by the provisions of this subsection. Each Native whose place of residence is subject to redetermination as provided in this subsection shall be given notice and an opportunity for hearing in connection with such reexamination as shall any Native Corporation which it appears may gain or lose stockholders by reason of such redetermination of residence.

SEC. 2. (a) From and after the date of enactment of this Act, or January 1, 1976, whichever occurs first, any and all proceeds derived from contracts, leases, permits, rights-of-way, or easements, issued pursuant to section 14(g) of the Settlement Act, pertaining to land or resources of lands withdrawn for Native selection pursuant to the Settlement Act shall be deposited in an escrow account which shall be held by the Secretary until lands selected pursuant to that Act have been conveyed to the selecting corporation or individual entitled to receive benefits under such Act. As such withdrawn or formerly reserved lands are conveyed, the Secretary shall pay from such account the proceeds which derive from contracts, leases, permits, rights-of-way, or easements, pertaining to lands or resources of such lands, to the appropriate corporation or individual entitled to receive benefits under the Settlement Act together with interest. The proceeds derived from contracts, leases, permits, rights-of-way, or easements, pertaining to lands withdrawn or reserved, but not selected or elected pursuant to such Act, shall, upon the expiration of the selection or election rights of the corporations and individuals for whose benefit such lands were withdrawn or reserved, be deposited in the Treasury of the United States or paid as would have been required by law were it not for the provisions of this Act.

(b) The Secretary is authorized to deposit in the Treasury of the United States the escrow account proceeds referred to in subsection (a) of this section, and the United States shall pay interest thereon semiannually from the date of deposit, such deposit to bear simple interest at a rate determined by the Secretary of the Treasury: *Provided*, That the Secretary in his discretion may withdraw such proceeds from the United States Treasury and reinvest such proceeds in the manner provided by the first section of the Act of June 24, 1938 (25 U.S.C. 162a): *Provided further*, That this section shall not be construed to create or terminate any trust relationship between the United States and any corporation or individual entitled to receive benefits under the Settlement Act.

(c) Any and all proceeds from public easements reserved pursuant to subsection 17(b)(3) of the Settlement Act, from or after the date of enactment of this Act, shall be paid to the grantee of such conveyance in accordance with such grantee's appropriate share.

(d) To the extent that there is a conflict between the provisions of this section and any other Federal laws applicable to Alaska, the provisions of this section will govern. Any payment made to any corporation or any individual under authority of this section shall not be subject to any prior obligation under section 9(d) or 3(f) of the Settlement Act.

SEC. 3. The Settlement Act is amended by adding at the end thereof the following new section:

"SEC. 28. Any corporation organized pursuant to this Act shall be exempt from the provisions of the Investment Company Act of 1940 (54 Stat. 789), the Securities Act of 1933 (48 Stat. 74), and the Securities Exchange Act of 1934 (48 Stat. 881), as amended, through December 31, 1991. Nothing in this section, however, shall be construed to me nd that any such corporation shall or shall not, after such date, be subject to the provisions of such Acts. Any such corporation which, but for this section, would be subject to the provisions of the Securities Exchange Act of 1934 shall transmit to its stockholders each year a report containing substantially all information required to be included in an annual report to stockholders by a corporation which is subject to the provisions of such Act.".

SEC. 4. The Settlement Act is further amended by adding at the end thereof the following new section:

"SEC. 29. (a) The payments and grants authorized under this Act constitute compensation for the extinguishment of claims to land, and shall not be deemed to substitute for any governmental programs otherwise available to the Native people of Alaska as citizens of the United States and the State of Alaska.

"(b) Notwithstanding section 5(a) and any other provision of the Food Stamp Act of 1964, in determining the eligibility of any household to participate in the food stamp program, any compensation, remuneration, revenue, or other benefit received by any member of such household under the Settlement Act shall be disregarded.".

SEC. 5. For purposes of the first section of the Act of February 13, 1929 (45 Stat. 1164), as amended, and the first section of the Act of June 24, 1938 (52 Stat. 1037), the Alaska Native Fund shall, pending distributions under section 6(c) of the Settlement Act, be considered to consist of funds held in trust by the Government of the United States for the benefit of Indian tribes: *Provided*, That nothing in this section shall be construed to create or terminate any trust relationship between the United States and any corporation or individual entitled to receive benefits under the Settlement Act.

SEC. 6. The Settlement Act is further amended by adding a new section 30 to read as follows:

"SEC. 30. (a) Notwithstanding any provision of this Act, any corporation created pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3) within any of the twelve regions of Alaska, as established by section 7(a), may, at any time, merge or consolidate, pursuant to the applicable provisions of the laws of the State of Alaska, with any other of such corporation or corporations created within or for the same region. Any corporations resulting from mergers or consolidations further may merge or consolidate with other such merged or consolidated corporations within the same region or with other of the corporations created in said region pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3).

"(b) Such mergers or consolidations shall be on such terms and conditions as are approved by vote of the shareholders of the corporations participating therein, including, where appropriate, terms providing for the issuance of additional shares of Regional Corporation stock to persons already owning such stock, and may take place pursuant to votes of shareholders held either before or after the enactment of this section: *Provided*, That the rights accrued under Alaska law to dissenting shareholders in a merger or consolidation may not be exercised in any merger or consolidation pursuant to this Act effected prior to December 18, 1991. Upon the effectiveness of any such mergers or consolidations the corporations resulting therefrom and the shareholders thereof shall succeed and be entitled to all the rights, privileges, and benefits of this Act, including but not limited to the receipt of lands and moneys and exemptions from various forms of Federal, State, and local taxation, and shall be subject to all the restrictions and obligations of this Act as are applicable to the corporations and shareholders which participated in said mergers or consolidations or as would have been applicable if the mergers or consolidations and transfers of rights and titles thereto had not taken place: *Provided*, That, where a Village Corporation organized pursuant to section 10(b) of this Act merges or consolidates with the Regional Corporation of the region in which such village is located or with another Village Corporation in that region, no provision of such merger or consolidation shall be construed as increasing or otherwise changing regional enrollments for purposes of distribution of the Alaska Native Fund; land selection eligibility; or revenue sharing pursuant to sections 6(c), 7(m), 12(b), 14(h)(8), and 7(i) of this Act.

"(c) Notwithstanding the provisions of section 7 (j) or (m), in any merger or consolidation in which the class of stockholders of a Regional Corporation who are not residents of any of the villages in the region are entitled under Alaska law to vote as a class, the terms of the merger or consolidation may provide for the alteration or elimination of the right of said class to receive dividends pursuant to said section 7 (j) or (m). In the event that such dividend right is not expressly altered or eliminated by the terms of the merger or consolidation, such class of stockholders shall continue to receive such dividends pursuant to section 7 (j) or (m) as would have been applicable if the merger or consolidation had not taken place and all Village Corporations within the affected region continued to exist separately.

"(d) Notwithstanding any other provision of this section or of any other law, no corporation referred to in this section may merge or consolidate with any other such corporations unless that corporation's shareholders have approved such merger or consolidation.

"(e) The plan of merger or consolidation shall provide that the right of any affected Village Corporation pursuant to section 14 (f) to withhold consent to mineral exploration development, or removal within the boundaries of the Native village shall be conveyed, as part of the merger or consolidation, to a separate entity composed of the Native residents of such Native village.".

SEC. 7. Section 17(d)(2)(C) of the Settlement Act is amended to read as follows:

"(10) The Planning Commission shall submit, in accordance with this paragraph, comprehensive reports to the President of the United States, the Congress, and the Governor and Legislature of the State with respect to its planning and other activities under this Act, together with its recommendations for programs or other actions which it determines should be implemented or taken by the United States and the State. An interim, comprehensive report covering the above matter shall be so submitted on or before May 30, 1978. A final and comprehensive report covering the above matter shall be so submitted on or before May 30, 1980. The Commission shall cease to exist effective June 30, 1979.".

SEC. 8. (a) Notwithstanding the October 6, 1975 Order of the United States District Court for the District of Columbia in the case of Alaska Native Association of Oregon et al. v. Rogers C. B. Morton et al., Civil Action No. 2133-73, and Alaska Federation of Natives, International, Inc., et al. v. Rogers C. B. Morton, et al., Civil Action No. 2141-73 (— F. Supp. —), changes in enrollment of Alaska Natives which are necessitated or permitted by such Order shall in no way affect land selection entitlements of any Alaska Regional or Village Corporation nor any Native village or group eligibility.

(b) Stock previously issued by any of the twelve Alaska Native Regional Corporations or by Alaska Native Village Corporations to any Native who is enrolled in the thirteenth region pursuant to said order shall, upon said enrollment, be canceled by the issuing corporation without liability to it or the Native whose stock is so canceled: *Provided*, That, in the event that a Native enrolled in the thirteenth region pursuant to said order shall elect to reenroll in the appropriate Alaska Regional Corporation pursuant to the sixth ordering paragraph of that order, stock of such Native may be canceled by the Thirteenth Regional Corporation and stock may be issued to such Native by the appropriate Alaska Regional Corporation without liability to either corporation or to the Native.

(c) In the event section 5(a) of the Settlement Act is amended to reopen the Alaska Native Roll for additional enrollment, any Native enrolling under such authority who is determined not to be a permanent resident of the State of Alaska under criteria established pursuant to such Act shall, at the time of enrollment elect whether to be enrolled in the thirteenth region or in the region determined pursuant to the provisions of section 5(b) of the Settlement Act and such election shall apply to all dependent members of such Native's household who are less than eighteen years of age on the date of such election.

(d) No change in the final roll of Alaska Natives established by the Secretary pursuant to section 5 of the Settlement Act resulting from any regulation promulgated by the Secretary of the Interior providing for the disenrollment of Alaska Natives shall affect land entitlements of any regional or village corporation or any Native village or group eligibility.

SEC. 9. Section 16 of the Settlement Act is amended by inserting at the end thereof a new subsection (d) to read as follows:

"(d) The lands enclosing and surrounding the village of Klukwan which were withdrawn by subsection (a) of this section are hereby rewithdrawn to the same extent and for the same purposes as provided by said subsection (a) for a period of one year from the date of enactment of this subsection, during which period the Village Corporation for the village of Klukwan shall select an area equal to twenty-three thousand forty acres in accordance with the provisions of subsection (b) of this section and such Corporation and the shareholders thereof shall otherwise participate fully in the benefits provided by this Act to the same extent as they would have participated had they not elected to acquire title to their former reserve as provided by section 19(b) of this Act: *Provided*, That nothing in this subsection shall affect the existing entitlement of any Regional Corporation to lands pursuant to section 14(h)(8) of this Act: *Provided further*, That the foregoing provisions of this subsection shall not become effective unless and until the Village Corporation for the village of Klukwan shall quitclaim to Chilkat Indian Village, organized under the provisions of the Act of June 18, 1934 (48 Stat. 984), as amended by the Act of May 1, 1936 (49 Stat. 1250), all its right, title, and interest in the lands of the reservation defined in and vested by the Act of September 2,

1957 (71 Stat. 6091, which lands are hereby conveyed and confirmed to said Chilkat Indian Village in fee simple absolute, free of trust and all restrictions upon alienation, encumbrance, or otherwise: *Provided further*, That the United States and the Village Corporation for the Village of Klukwan shall also quitclaim to said Chilkat Indian Village any right or interest they may have in and to income derived from the reservation lands defined in and vested by the Act of September 2, 1957 (71 Stat. 597) after the date of enactment of this Act and prior to the date of enactment of this subsection.".

Sec. 10. Section 16(b) of the Settlement Act is amended by adding at the end thereof the following: "Such allocation as the Regional Corporation for the southeastern Alaska region shall receive under section 14 (h)(8) shall be selected and conveyed from lands not selected by such Village Corporations that were withdrawn by subsection (a) of this section, except lands on Admiralty Island in the Admiralty withdrawal area and, without the consent of the Governor of the State of Alaska or his delegate, lands in the Baxman and Yakutat withdrawal areas.".

Sec. 11. Section 7(a) of the Settlement Act is amended by changing the period at the end thereof to a colon and adding the following: *Provided*, That the boundary between the southeastern and Chugach regions shall be the 141st meridian: *Provided further*, That, with respect to any lands conveyed to it in the vicinity of Icy Bay, the Regional Corporation for the Chugach region shall accord to the Natives enrolled to the village of Yakutat the same rights and privileges to use such lands for purposes traditional thereon, including, but not limited to, subsistence hunting, fishing, and gathering, as it accords to its own shareholders, and shall take no unreasonable or arbitrary action relative to such lands for the primary purpose, and having the effect, of impairing or curtailing such rights and privileges.".

Sec. 12. Cook Inlet Settlement. (a) The purpose of this section is to provide for the settlement of certain claims, and in so doing to consolidate ownership among the United States, the Cook Inlet Region, Incorporated ("Region" hereinafter), and the State of Alaska, within the Cook Inlet area of Alaska in order to facilitate land management and to create land ownership patterns which encourage settlement and development in appropriate areas. The provisions of this section shall take effect at such time as all of the following have taken place:

(1) The State of Alaska has conveyed or irrevocably obligated itself to convey lands to the United States for exchange, hereby authorized, with the Region in accordance with the document referred to in subsection (b);

(2) The Region and all plaintiffs/appellants have withdrawn from Cook Inlet v. Kleppe, No. 75-2212, 9th Circuit, and such proceedings have been dismissed with prejudice; and

(3) All Native village selections under section 12 of the Alaska Native Claims Settlement Act of the lands within Lake Clark, Lake Contrarshibuna, and Mulchatna River deficiency withdrawals have been irrevocably withdrawn and waived.

The conveyances described in paragraph (1) of this subsection shall not be subject to the provisions of section 6(i) of the Alaska Statehood Act (72 Stat. 339).

(b) The Secretary shall make the following conveyances to the Region, in accordance with the specific terms, conditions, procedures, covenants, reservations, and other restrictions set forth in the document entitled "Terms and Conditions for Land Consolidation and Management in Cook Inlet Area," which was submitted to the House Committee on Interior and Insular Affairs on December 10, 1975, the terms of which are hereby ratified as to the duties and obligations of the United States set forth therein:

(1) Approximately 10,210 acres of land within the Kenai National Moose Range; except that there shall be no conveyance of the bed of Lake Tustumena, or the mineral estate in the water-front zone described in the document referred to in this subsection;

(2) Title to oil and gas and coal in not to exceed 9.5 townships within the Kenai National Moose Range;

(3) Federal interests in townships 10 South, Range 9 West, S.M., and township 20, North, Range 9 East, S.M.;

(4) Township 1 South, Range 21 West, S.M.; secs. 3, 10, 15-22, 27 and 30; and rights to metalliferous minerals in the following sections in township 1 North, Range 21 West, S.M.: secs. 13, 14, 15, 22, 23, 24, 25, 26, 27, 28, 32, 34, 35, 36;

(5) Twenty-nine and sixty-six hundredths townships of land outside the boundaries of Cook Inlet Region; unless pursuant to the document referred to in this subsection a greater or lesser entitlement shall exist in which case the Secretary shall convey such entitlement;

(6) Lands selected by the Region from a pool which shall be established by the Secretary and the Administrator of General Services: *Provided*, That conveyances pursuant to this paragraph shall not be subject to the provisions of section 22(j) of the Alaska Native Claims Settlement Act: *Provided further*, That conveyances pursuant to this paragraph shall be made in exchange for lands or rights to select lands outside the boundaries of Cook Inlet Region as described in paragraph (5) of this subsection and on the basis of values determined by agreement among the parties, notwithstanding any other provision of law. Effective upon their conveyance, the lands referred to in paragraph (1) of this subsection are excluded from the Kenai National Moose Range, but they shall automatically become part of the Range and subject to the laws and regulations applicable thereto upon title thereafter vesting in the United States. The Secretary is authorized to acquire lands formerly within the Range with the concurrence of the owner. Section 22(c) of the Alaska Native Claims Settlement Act, concerning refuge replacement, shall apply with respect to lands conveyed pursuant to paragraphs (1) and (2) of this subsection, except that the Secretary may designate for replacement land twice the amount of any land without restriction to a native corporation.

No lands outside the exterior boundaries of Cook Inlet Region shall be conveyed to Cook Inlet Region, Inc., unless, in the following circumstances, the consent of other Native Corporations is obtained:

I. Where the township to be nominated is located within an area withdrawn as of December 15, 1975, pursuant to Section 11 (a)(1) CIRI shall obtain the consent of the Region and Village Corporation affected.

II. Where the township to be nominated is located within an area withdrawn pursuant to Section 11(a)(3) as of December 15, 1975, CIRI shall obtain the consent of the Region, in which the township is located.

There shall be established a buffer zone outside the withdrawals described in subparagraphs I and II which zone shall extend one township from any such Section 11(a)(3) withdrawal and one and one-half townships from any Section 11(a)(1). Any nomination of a township within such zone shall be subject to the consent of the Region, or of the Village Corporation if adjacent to a Section 11(a)(1) withdrawal, *Provided, however*, That the affected Regional Corporation may designate additional lands to be included by such action in the buffer zone so long as the buffer zone location is no greater than two townships in width and the total acreage of the buffer zone is not enlarged. The affected Region shall designate the enlarged buffer zone, if any, no later than six months following the passage of this act. Any use or development by Cook Inlet Region, Inc., of land conveyed under this paragraph shall give due protection to the existing subsistence uses of such lands by the residents of the area; and no easement across Village Corporation lands to lands conveyed under this paragraph shall be established without the consent of the said Village Corporation or Corporations.

(c) The lands and interests conveyed to the Region under the foregoing subsections of this section and the lands provided by the State exchange under subsection (a)(1) of this section, shall be considered and treated as conveyances under the Alaska Native Claims Settlement Act unless otherwise provided, and shall constitute the Region's full entitlement under sections 12(c) and 14(h)(8) of the Alaska Native Claims Settlement Act. Of such lands, 3.6 townships of subsurface in the Kenai National Moose Range shall constitute the full surface and subsurface entitlement of the Region under section 14(h)(8). The lands which would comprise the difference in acreage between the lands actually conveyed under and referred to in the foregoing subsections of this section, and any final determination of what the Region's acreage rights under sections 12(c) and 14(h)(8) of the Alaska Native Claims Settlement Act would have been, if the conveyances set forth in this section to the Region had not been executed, shall be retained by the United States and shall not be available for conveyance to any regional corporation or village corporation, notwithstanding any provisions of the Alaska Native Claims Settlement Act to the contrary.

(d)(1) The Secretary shall convey to the State of Alaska, all right, title and interest of the United States in and to all of the following lands:

(i) At least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River or Kokwetna River drainages near lands heretofore selected by the State, the amount and identities of which shall be determined pursuant to the document referred to in subsection (b); and

(ii) Twenty-six townships of lands in the Talkeetna Mountains, Kamishak Bay, and Tuina Lake areas, the identities of which are set forth in the document referred to in subsection (b). All lands granted to the State of Alaska pursuant to this subsection shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: *Provided, however*, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under secion 6(b) of the Alaska Statehood Act.

(2) The Secretary is authorized and directed to convey to the State of Alaska, without consideration, all right, title and interest of the United States in and to all of that tract generally known as the Campbell Tract and more particularly identified in the document referred to in subsection (b) except for one compact unit of land which he determines, after consultation with the State of Alaska, is actually needed by the Bureau of Land Management for its present operations: *Provided*, That in no event shall the unit of land so excepted exceed 1,000 acres in size. The land authorized to be conveyed pursuant to this paragraph shall be used for public parks and recreational purposes and other compatible public purposes in accordance with the generalized land use plan outlined in the Greater Anchorage Area Borough's Far North Bicentennial Park Master Development Plan of September 1974: *Provided*, That if the land is not used for the above pur-

(Mr. MEEDS asked and was given permission to revise and extend his remarks.)

Mr. MEEDS. Mr. Speaker, the purpose of H.R. 6644, as introduced by the gentleman from Alaska (Mr. YOUNG), is to amend and supplement in certain respects the Alaska Native Claims Settlement Act of 1971 in order to resolve some inequities, some inadequacies, some oversights, and some administrative problems that have arisen since the passage of this legislation.

First, the bill would reopen the Alaska Native roll for a 1-year period of time from the passage of the act in order to enroll those Natives who failed to meet the March 31, 1973, enrollment deadline. It is estimated by the Department that there are between 1,000 and 2,000 persons who would qualify if they had the opportunity to enroll.

Second, the Secretary would be required to redetermine the place of residence of Natives who had enrolled in Native villages or groups, which Native villages or groups were later held to be ineligible as such.

Thus, these people are, in effect, without villages and without a place which they can repair to to exercise their rights under the Alaskan Native Claims Settlement Act.

Third, the Secretary is directed to establish an escrow account into which he could deposit funds earned on land withdrawn for Native selection pending issuance of patents thereon.

Next, the Native corporations would be exempt from the provisions of the Securities Act of 1933, the Securities and Exchange Act of 1934, and the Investment Company Act of 1940 until December 31, 1991.

What has happened here is that these regional corporations will be largely taking money and investing it prior to the vesting of their land rights, which will not happen, in many instances, until 1991. Therefore, they should not, at least until that time, be treated under the Securities and Exchange Acts as investment companies; and this would exclude them from that act.

Next, clarification is made that payments and grants to Natives under the act are not to be deemed as a substitute for any governmental programs that the Natives would otherwise receive or be eligible for as citizens of the United States, and that benefits received by the Natives under the act are not to be counted as income or other resources for the purposes of the food stamp program. The latter provision merely carries out the dictates of a ninth circuit court opinion just handed down recently.

Money in the Alaskan Native Fund, pending distribution, would, under the provisions of this act, be treated as trust funds for Indian tribes for investment and interest purposes.

Next, mergers of Native village corporations, which are now too small to be economically viable, with other Native village corporations or with the regional corporation in which those Native village corporations are located would be permitted under certain conditions.

The next section extends the life of the Joint Federal-State Land Use Planning Commission for a period of 3 years. This is necessary because most of the decisions which that Commission will make are yet to be made.

Next, the decision on the village of Klukwan to retain their formal reservation under section 19(b) of the act rather than share the benefits as provided otherwise in the act resulted in a severe inequity when it was discovered that the village of Klukwan really was subject to some prior existing rights which took precedence over the act. Therefore, this is necessary to give them some land.

The Regional Corp. of southeastern Alaska—Sealaska, Inc.—is given authority to select its share of the land entitlement under section 14(h)(8), which is to be divided by all of the regional corporations. It is given authority to select its entitlement from lands withdrawn for villages within southeast Alaska, but not actually selected by such villages. This really constitutes selections in the Tongass National Forest.

The severe land selection problem encountered by the Cook Inlet Native Region is in securing its land entitlement under this Act, which is resolved by providing for certain conveyance of land to the Regional Corporation from the United States and the State of Alaska. This is a very intricate arrangement and agreement which has been made by all parties, the Department of the Interior acting through Parks and BIA.

The State of Alaska is to be commended on its very forward and progressive policy with regard to this, as well as the Cook Inlet Regional Association and the other regional corporations in Alaska.

The value and shares of stock in native corporations and the right to receive dividends therefor are excluded by this legislation from being included in the gross estate of a native shareholder for Internal Revenue Code purposes.

This is in keeping with all other Indian settlements of claims and will be treated as a settlement of a claim.

Grants of $250,000 each are authorized for the Native Corporations of Juneau, Sitka, Kodiak, and Kenai, and $100,000 each for the villages of Arctic, Elim, Gambell, Savoonga, Tetlin, and Venetia for planning and development purposes.

These corporations were, by the act, excluded from monetary benefits to villages and, to use their land base, it is necessary that they have some developmental funds.

Finally, the Koniag Native regional corporation is conveyed title to approximately 166,000 acres of subsurface estate in lands which lands are proposed for inclusion in the Aniakchak Caldera National Monument.

Mr. Speaker, and Members of the House, this is a very complex and complicated piece of legislation, which deals in a great number of areas, to settle and I hope correct some of the inequities which have been discovered in the Alaska Native Claims Settlement Act of 1971. It is my hope that the House will pass this legislation because it is very badly needed in Alaska by the natives and Alaskan aliens.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Alaska.

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, I would like to commend the gentleman from Washington, the chairman of our subcommittee, on working more than 2 years with this piece of legislation, even in the last session. There has been a good deal of work involved and a great deal of time and a great amount of effort spent in the hearings, listening to negotiations regarding this legislation. I think the gentleman from Washington probably understands better than any other Member the problems that are faced through the Alaska Native Claims Settlement Act. The gentleman was one of the original sponsors of the act some 4 or 5 years ago, and worked with the legislation until it passed the House.

As I say, the gentleman has great understanding of the tremendous difficulties that have been faced in the Alaska Native Claims Settlement Act. I further understand that the gentleman only wants to do that which is right for the Natives of Alaska and for the State of Alaska.

Mr. MEEDS. Mr. Speaker, I thank the gentleman from Alaska for his kind remarks and also I wish to thank the gentleman for his help for the promulgation in the subcommittee of this act and I know and respect his intense interest in and his work for the welfare of the residents of his State.

Mr. Speaker, I reserve the balance of my time.

Mr. DINGELL. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. LEGGETT).

(Mr. LEGGETT asked and was given permission to revise and extend his remarks.)

Mr. LEGGETT. Mr. Speaker, the Committee on Merchant Marine and Fisheries has asked for a sequential referral of H.R. 6644 since it involves lands within the Kenai National Moose Range, an area over which the Committee on Merchant Marine and Fisheries has jurisdiction. The letter from Chairman SULLIVAN, dated December 12, 1975, setting forth in more detail the reasons for requestion the sequential referral, will be included in the RECORD at the conclusion of my statement.

Mr. Speaker, since writing that letter it has been brought to our attention that there may be attempts to offer amendments to the bill at some point as it goes through the legislative process that would have grave impact upon Alaska units of the National Wildlife Refuge System. Should these amendments become a part of this legislation, they would result in the following objections so far as the Merchant Marine and Fisheries Committee is concerned.

First. They would establish a privileged group of natives whose eligibility to select land would be based on far less criteria than any other native organization. There would be group corporations that had filed for eligibility, but

poses it shall revert to the United States. Except as provided otherwise in this paragraph, in making the conveyance authorized and required by this paragraph, the Secretary shall utilize the procedures of the Recreation and Public Purposes Act (44 Stat. 741), as amended, and regulations developed pursuant to that Act: *Provided, however,* that the acreage limitation provided by section 1(b) of that Act, as amended by the Act of June 4, 1954 (68 Stat. 173), shall not apply to this conveyance, nor shall the lands conveyed pursuant to this paragraph be counted against that acreage limitation with respect to the State of Alaska or any subdivision thereof.

(3) The Secretary is authorized and directed to make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Keksetna River areas as described in the document referred to in subsection (b).

(e) The Secretary may, notwithstanding any other provision of law to the contrary, convey title to lands and interests in lands selected by Native corporations within the exterior boundaries of Power Site Classification 443, February 13, 1958, to such corporations, subject to the reservations required by section 24 of the Federal Power Act.

(f) All conveyances of lands made or to be made by the State of Alaska in satisfaction of the terms and conditions of the document referred to in subsection (b) of this section shall pass all of the State's right, title, and interest in such lands, including the minerals therein, as if those conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway and other rights-of-way may be reserved to the State.

(g) The Secretary through the National Park Services, shall provide financial assistance, not to exceed $25,000, hereby authorized to be appropriated, and technical assistance to the Region for the purpose of developing and implementing a land-use plan for the West side of Cook Inlet, including an analysis of alternative uses of such lands.

(h) Village corporations within the Cook Inlet Region shall have until December 18, 1970, to file selections under section 12(b) of the Alaska Native Claims Settlement Act, notwithstanding any provision of that act to the contrary.

(i) The Secretary shall report to the Congress by April 15, 1970, on the implementation of this section. If the State fails to agree to engage in a transfer with the Federal Government, pursuant to subsection (a)(1), the Secretary shall prior to December 18, 1970, make no conveyance of the lands that were to be conveyed to the Region in this section, nor shall he convey prior to such date the Point Campbell, Point Woronzof and Campbell tracts, so that the Congress is not precluded from fashioning an appropriate remedy. In the event that the State fails to agree as aforesaid, all rights of the Region that may have been extinguished by this section shall be restored.

Sec. 13. Section 21 of the Alaska Native Claims Settlement Act of December 18, 1971 (85 Stat. 688), is hereby amended by adding the following subsection at the end thereof:

"(i) Until January 1, 1992, stock of any Regional Corporation organized pursuant to section 7, including the right to receive distributions under subsection 7(j), and stock of any Village Corporation organized pursuant to section 8 shall not be includable in the gross estate of a decedent under sections 2031 and 2033 of the Internal Revenue Code.".

Sec. 14. (a) The Secretary shall pay, by $250,000 to each of the corporations established pursuant to section 14(h)(3) of the Settlement Act.

(b) The Secretary shall pay, by grant, $100,000 to each of the following Village Corporations:

(1) Arctic Village;
(2) Eliot;
(3) Gambell;
(4) Savoonga;
(5) Tetlin; and
(6) Venetie.

(c) Funds authorized under this section may be used only for planning, development, and other purposes for which the corporations set forth in subsections (a) and (b) are organized under the Settlement Act.

(d) There is authorized to be appropriated to the Secretary for the purpose of this section a sum of $1,000,000 in fiscal year 1976.

Sec. 15(a). The Secretary shall convey under sections 12(a)(1) and 14(f) of the Settlement Act to Koniag, Incorporated, a Regional Corporation established pursuant to section 7 of said Act, such of the subsurface estate, other than title to or the right to remove gravel and common varieties of minerals and materials, as is selected by said corporation from lands withdrawn by Public Land Order 5187 for identification for selection by it located in the following described area:

T 30 S, R 62 W
T 37 S, R 51 W
T 37 S, R 52 W

T 37 S, R 53 W, sec. 1-4, 9-12, 13-16, 21-24, north ½ of 25-28
T 38 S, R 51 W, sec. 1-5, 9, 10, 12, 13, 18, 24, 25
T 38 S, R 52 W, Sec. 1-36
T 38 S, R 53 W, sec. 1, 12, 13, 24, 25, 36
T 39 S, R 51 W, Sec. 6, 7, 16-21, 29-33
T 39 S, R 52 W sec. 1, 2, 11, 12, 13-16, 21-24
T 39 S, R 53 W sec 25 31-36
T 40 S, R 50 W, all except sec. 27, 28-33.
T 40 S, R 49 W, all except sec. 35 and 36.
T 41 S, R 52 W, Sec. 4, 8-15.
T 41 S, R 54 W, sec. 3.
T 41 S, R 53 W, sec. 1, 2, 11, 12, 13.

Notwithstanding the withdrawal of such lands by Public Land Order 5179 as amended, pursuant to section 17(d)(2) of the Settlement Act: *Provided,* That notwithstanding the future designation by Congress as part of the National Park System or other national land system referred to in section 17(d)(2)(A) of the Settlement Act of the surface estate overlying any subsurface estate conveyed as provided in this section, held with or without such designation, Koniag, Incorporated, shall have such use of the surface estate including such right of access thereto, as is reasonably necessary to the exploration for and the removal of oil and gas from said subsurface estate, subject to such regulations by the Secretary as are necessary to protect the ecology from permanent harm.

The United States shall make available to Koniag, its successors and assigns, sand and gravel as is reasonably necessary for the construction of facilities and rights of way appurtenant to the exercise of the rights conveyed under this section, pursuant to the provisions of 30 U.S.C. 601 et seq., and the regulations implementing that statute which are then in effect.

(b) The subsurface estate in all lands other than those described in subsection (a) within the Koniag Region and withdrawn under section 17(d)(2)(c) of the Settlement Act, shall not be available for selection by Koniag Region, Incorporated.

Sec. 16. Within ninety (90) days after the date of enactment of this Act, the corporation created by the enrolled residents of the Village of Tatitlek may file selections upon any of the following described lands: Copper River Meridian

Township	Range	Section
9S	3E	23, 26, 31–35
10S	3E	2–27, 34–36
11S	4E	5, 6, 8, 9, 16, 17, 20–22, 27–29, 33–35
9S	3E	3–6, 9–11
9S	3E	14–16, 21, 22, 27, 28

The Secretary shall receive and adjudicate such selections as though they were timely filed pursuant to section 12(a) or 12(b) of the Alaska Native Claims Settlement Act (85 Stat. 688) and were withdrawn pursuant to section 11 of that Act.

The Secretary shall convey such lands selected pursuant to this authorization which otherwise comply with the applicable statutes and regulations. This section shall not be construed to increase the entitlement of the corporation of the enrolled residents of Tatitlek or to increase the amount of land that may be selected from the national forests system. The subsurface of any land selected pursuant to this section shall be conveyed to the Regional Corporation for the Chugach Region pursuant to section 14(f) of the Alaska Native Claims Settlement Act.

Sec. 17. Section 22(f) of the Alaska Native Claims Settlement Act is amended to provide as follows:

(f) the Secretary, the Secretary of Defense, the Secretary of Agriculture, and the State of Alaska are authorized to exchange lands or interests therein, including Native selection rights, with the Group Corporations, Village Corporations, Regional Corporations, the Native Corporations for the cities of Juneau, Sitka, Kodiak, and Kenai, other municipalities and corporations or individuals, the State (acting free of the restrictions of section 6(i) of the Alaska Statehood Act), or any Federal agency for the purpose of effecting land consolidations or to facilitate the management or development of the land, or for other public purposes. Exchanges shall be on the basis of equal value, and either party to the exchange may pay or accept cash in order to equalize the value of the property exchanged: *Provided,* That when the parties agree to an exchange and the Secretary determines it is in the public interest, such exchanges may be made for other than equal value.

Sec. 18. Except as specifically provided in this Act, (i) the provisions of the Settlement Act are fully applicable to this Act, and (ii) nothing in this Act shall be construed to alter or amend any of such provisions.

The SPEAKER. Is a second demanded?

Mr. DINGELL. Mr. Speaker, I demand a second.

The SPEAKER. Does any Member from the minority side demand a second?

Mr. YOUNG of Alaska. Mr. Speaker, I demand a second, but I am in favor of the bill.

Mr. DINGELL. Mr. Speaker, I am opposed to the bill.

The SPEAKER. The gentleman qualifies.

Mr. DINGELL. Mr. Speaker, I will say to my good friend, the gentleman from Alaska (Mr. YOUNG), that I will yield him such time as he might need on the bill.

Mr. MEEDS. Mr. Speaker, I yield myself such time as I may consume.

which had been found ineligible as village corporations.

Second. They would allow nonresident native groups to be eligible to select substantial tracts of land in any area they may choose even though they may have no immediate history of past use or need related to those areas. In certain cases, these lands could be removed from areas within the National Wildlife Refuge System.

Third. They would encourage a proliferation of the concept of native groups to the point that other native entities might receive less lands than now contemplated under the act. This proliferation, in all likelihood, would lead to further selection of refuge lands which was not intended under the act when it became public law.

Fourth. They would have the effect of removing the flexibility vested in the Secretary in particular as this discretion relates to the use of refuge land claims by native groups. In other words, the Secretary would have to use refuge lands in the satisfaction of these claims if they were the nearest available lands to the locale whereas under the act, as it presently exists, the Secretary has an option of not allowing the use of these lands in satisfying such claims whenever the public interest requires him not to do so.

Mr. Speaker, because of this additional information that has been brought to our attention and with a view toward allowing H.R. 6341 to go forward as reported by the Committee on Interior and Insular Affairs since it appears to be meritorious, Chairman SULLIVAN and I, on behalf of the Committee on Merchant Marine and Fisheries, have agreed to withdraw the request of the committee for a sequential referral of H.R. 6644.

I have some concern that affects committee jurisdiction—I hope the gentleman will agree with me that the units of the National Wildlife Refuge System come under the jurisdiction of the Committee on Merchant Marine and Fisheries and that the Committee on Interior and Insular Affairs receives no jurisdiction over any of these areas as a result of this legislation.

I hope the gentleman will agree with me that any amendments that may be offered to this legislation that may have an impact on any units within the National Wildlife Refuge System or that may impact on the subject matter of H.R. 6089, a bill that has been jointly referred to the Committee on Merchant Marine and Fisheries and the Committee on Interior and Insular Affairs, which presents the administration's recommendations as to how the 80 million acres in Federal ownership in the State of Alaska should be divided among the National Wildlife Refuge, the National Park, the National Forest, and the National Wild and Scenic River Systems, will not be accepted by the gentleman of the Committee on Interior and Insular Affairs.

I hope the gentleman will agree with me that any amendments offered to this bill along the nature I have just enumerated would not appear to be germane and should be the subject matter of separate legislation which would be jointly or sequentially referred, as the case may be, to the two committees for consideration.

The letter follows:

DECEMBER 12, 1975.

Hon. CARL ALBERT,
Speaker of the House,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: It has been brought to my attention that the Interior and Insular Affairs Committee has ordered reported H.R. 6344, with amendments, a bill having to do with an agreement to divide certain lands in the State of Alaska pursuant to the Alaska Native Claims Settlement Act.

It is my understanding that in perfecting the agreement called for by the legislation, approximately 10,600 acres of lands within the Kenai National Moose Range, a unit of the National Wildlife Refuge System, will be conveyed by the Secretary of the Interior in fee title to the Cook Inlet Region, Inc., in addition, the legislation would allow the Cook Inlet Region, Inc., to select oil and gas rights on certain lands within the range up to approximately 200,000 acres.

As you are aware, pursuant to the Rules of the House, the Committee on Merchant Marine and Fisheries has jurisdiction over National wildlife refuges and all units of the National Wildlife Refuge System. A portion of the legislation, as ordered reported, therefore, would involve lands over which my Committee on Merchant Marine and Fisheries has jurisdiction.

It is my further understanding that certain portions of H.R. 6644 would have an impact on the 80 million acres owned by the Federal Government which is the subject of legislation jointly referred to the Committee on Merchant Marine and Fisheries and the Committee on Interior and Insular Affairs in the form of H.R. 6089, which provides for the division of the lands among the National Wildlife Refuge System, the National Forest System, the National Park System, and the National Wild and Scenic River System.

In view of the foregoing, I would like to request that H.R. 6644 be sequentially referred to the Committee on Merchant Marine and Fisheries for consideration of the matters contained therein that are subject to, or will affect, the jurisdiction of my Committee.

LEONOR K. (MRS. JOHN B.) SULLIVAN,
Chairman.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. DINGELL. Mr. Speaker, I yield 3 additional minutes to the gentleman from California.

Mr. LEGGETT. I would like to ask the Chairman of the subcommittee: Does he agree with the concept as specified in the Rules of the House that the jurisdiction over units of the National Wildlife Refuge System lies in the Committee on Merchant Marine and Fisheries?

Mr. MEEDS. Mr. Speaker, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from Washington.

Mr. MEEDS. I thank the gentleman for yielding.

Let me answer the gentleman by saying that it is not the intent of this committee to in any way change the jurisdiction as it is decided by the House of Representatives by this amendment which we have before us today. The authority for those portions of the amendments dealing with Native claims on refuges comes clearly from the Alaskan Native Claims Act of 1971, Section 12(a)(1), in which it sets out that there is a right of withdrawal and Native selection in National Wildlife Refuges under certain circumstances. It is not our intent to try to enlarge that jurisdiction in any way or to try to diminish the gentleman's jurisdiction, which we recognize, but only to assert jurisdiction given by the 1971 Act.

Mr. LEGGETT. I am sure the gentleman recognizes that it is possible that amendments might be made that would have the effect of enlarging that Act's jurisdiction.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding.

I am troubled. I get the impression that the gentleman from Washington is differing with the Rules of the House which set out quite clearly that the Committee on Merchant Marine and Fisheries has jurisdiction over the question of the boundaries and the management and the administration of the Refuge System. If I am in error, I would appreciate his correcting me, because I have trouble on this point.

Mr. MEEDS. Mr. Speaker, will the gentleman yield so that I may respond?

Mr. LEGGETT. I yield to the gentleman from Washington.

Mr. MEEDS. The gentleman is seldom in error but if he is saying that the Subcommittee on Indian Affairs and the Committee on Interior and Insular Affairs do not have exclusive jurisdiction for the purpose of settling the Alaskan Native land claims, then I have to disagree with him.

Mr. DINGELL. Then I suggest the gentleman had better disagree with me because the hard fact is the rules of the House are very clear as to which committee has jurisdiction over the refuges. If the gentleman has a quarrel with the rules of the House I think he can proceed on that separately, but I think this legislation speaks for itself.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. DINGELL. I yield the gentleman from California 4 additional minutes.

Mr. LEGGETT. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, I think that given the set of circumstances we have, the questions relating to sequential and joint referral of matters are fairly well known. Is the gentleman intending to proceed on boundaries and settlement of refugees without reference to this committee in the future?

Mr. MEEDS. If the gentleman will yield, I have privately apologized and I now apologize to the gentleman for not having contacted him and indicating to the chairman of the Subcommittee on Fisheries and Wildlife the progress of this legislation. I would certainly not do that in the future, but that is not going to the question of jurisdiction. This would be a courtesy which I think I should extend.

Mr. DINGELL. I am, of course, grateful for all courtesies extended to me, but I

am much more prickly with regard to protection of the rights of the subcommittee and the question of protection of the boundaries of the refuges.

I am curious. Can the gentleman answer some other questions. I observe here that the bill extends the time for filing of Native land claims for a period of an additional year. Can the gentleman tell us what that means? How many more Natives will file on what areas and what kind of notice will that involve?

Mr. MEEDS. The bill does not extend time for Native land claims. It extends the time for enrollment of natives under the Alaskan Native land claims for 1 year.

There are also prohibitions against that additional enrollment creating any additional rights for the Natives. The land selection will not be enlarged by the addition to the rolls.

Mr. DINGELL. Will that make possible additional villages having rights under the Claims Act?

Mr. MEEDS. It in no way changes the rights that already exist. If there was no right to establishment of villages the addition of these people by enrollment will not change those rights a bit.

Mr. DINGELL. I appreciate the gentleman advising me on that. That is a matter of great comfort.

Mr. LEGGETT. I would like to ask this additional question of the gentleman. We are concerned that the refugees of the country might be bartered away in settlement of the Native land claims. Obviously, there are some restrictions in the Native land claims bill. Obviously, the gentleman is aware of the fact that we have had jointly referred to our two committees H.R. 6089, which will divide among four separate federal systems some 80 million acres of Alaska lands and we have some general targets of how we want to apportion that land. I would hope the gentleman would not exercise the largesse of his subcommittee so greatly that this bill might become moot. We do intend to apportion under H.R. 6089 the 80 million acres of land and we hope that land would be there when it comes time to apportion it, so while we are dealing here in this bill with some 10,000 acres of the Kenai Range and some mineral rights on other portions of that range, I would hope we would not have this legislation effervesce into all aspects of the Alaskan problem.

Mr. MEEDS. Mr. Speaker, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from Washington.

Mr. MEEDS. Mr. Speaker, I am delighted to give the gentleman some comfort and let the gentleman know that 80 million acres has already been withdrawn.

The gentleman is speaking of the Kenai National Moose Range?

Mr. LEGGETT. The Kenai National Moose Range has been withdrawn; but the gentleman is being fast and loose with the Kenai settlement. What we are concerned with is that the gentleman will use the withdrawn acreage as a future settlement and I would like the gentleman's assurance that will not occur.

Mr. MEEDS. The U.S. Fish and Wildlife Service supports the agreement involving the Kenai National Moose Range. That is contained in this legislation.

Mr. LEGGETT. I understand that.

Mr. MEEDS. They worked very closely on it. I commend them for their efforts to solve a very difficult and thorny problem. Indeed, I think it will be better for them having solved it this way. It will stave off a larger Cook Inlet claim in the future.

Mr. LEGGETT. Can I have some assurance that the position of the gentleman with respect to using this legislation as a Christmas tree for further refuge and potential refuge gifts to the Natives of Alaska will not occur without the necessity of appearing in our Fish and Wildlife Committee?

Mr. MEEDS. In view of the time of the year, Christmas and all, I am inclined to say that I would not be a Santa Claus in any event to something to which I did not think the Natives were entitled.

(Mr. LEGGETT asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I yield 5 minutes to the gentleman from Alaska (Mr. Young).

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, I would like to commend again the chairman of the subcommittee and those Members that are asking questions, as I serve on both committees. Members can be assured, as I serve on both committees, that there is no damage done or intrusion of the rights of either committee. This legislation is legislation that has been in the works for approximately 2 years. It has been thoroughly studied by the Department. There is no complete agreement within the Department of the Interior, but the majority of the Department of the Interior does support the concept of this bill.

The one part that does give the gentleman from Michigan problems was clearly scrutinized by the parks and refuge Nelsen people and the Secretary of that Department and they have reached agreement with the State and the corporations and the Interior Department and actually the boroughs, because they were all involved.

This Congress passed a very complex piece of legislation, a piece of legislation that many people thought would not work because there was a short time in which to work with the native people of Alaska, but they have done so. There is an attempt in this legislation to make sure that the intent of Congress is followed through. I can give many examples, as the chairman did, but I will not repeat them; but I will say that if this legislation is not passed, the fulfillment of the act itself will never be fulfilled. The exchange of land by the State to the Interior Department and the corporations, especially the Kenai National Moose Range, is a workable method by which we can make sure of the wise and sound development in the State of Alaska and the Federal involvement in Alaska takes place.

I can again say that it has been a pleasure to work with all those people representing the State of Alaska and the Members of this committee. I can only say I hope that this body in its wisdom passes this very important piece of legislation, so those people who are truly the first Americans on this continent, the Alaskan Natives of Alaska, can enjoy what this Congress said was theirs.

Mr. Speaker, this bill H.R. 6644 contains a package of amendments to Alaska Native Claims Settlement Act of 1971. As my distinguished colleague and chairman of the Subcommittee on Indian Affairs, the gentleman from Washington (Mr. MEEDS) has indicated, the purpose of that settlement was to settle the just claims of Alaska Natives to lands in Alaska. In short, the settlement confirmed Native title to 40 million acres of land and provided $962.5 million as compensation for the extinguishment of all other Native land claims. Half of the money is being appropriated by Congress over an 11-year period, and the remainder is to come from revenues accruing to the United States and the State of Alaska from mineral leases on public lands in the State.

The act provided for the establishment of a roll of all Natives eligible to participate in the settlement; for the selection of land by the Natives, and for the creation of a system of regional and village Native corporations to manage the lands and to administer the funds for the benefit of their Native shareholders.

Not surprisingly, implementation of this major legislation, which deals with a broad range of problems and conflicting interests, has resulted in conflicts and controversies over the meaning and intent of various provisions. The Department of the Interior in particular has often interpreted provisions of the law to the detriment of the Natives for whom the act was intended to benefit. This has frequently led to litigation on which the Natives have had to spend much of their claims compensation.

The essential purpose of H.R. 6644 is to eliminate certain troublesome ambiguities in the Settlement Act and to provide for the resolution of various problems which have arisen in its implementation. I would like to emphasize that this legislation is strongly supported by Alaska Natives, whose representatives have worked long and hard in shaping its provisions.

Section 1 of the bill seeks to insure that Natives in three different situations will not be denied benefits they are entitled to because of administrative obstacles.

LATE ENROLLMENTS

First, it provides for the roll of Alaska Natives to be reopened for 1 year to enroll those Natives who failed to meet the March 30, 1973, enrollment deadline. More than 800 Natives who filed after the deadline had their applications summarily denied and others did not file at all after learning it was too late. While the deadline may have been a necessary administrative tool, it should not be allowed to prevent otherwise eligible Natives from sharing in the settlement. This

provision assures such Natives of one final opportunity to participate in the act's benefits.

GROUPS ON RESERVE LANDS

Second, this section provides that Natives enrolled to groups living on former reserve lands will not be denied benefits under the act. When, for example, the village corporations of Gambell and Savoonga on St. Lawrence Island elected to retain their former reserve lands, they thereby pre-empted all available lands on the island. This left some 30 Natives enrolled to groups on the island without land to select and thus excluded them from benefits under the act. This provision gives those Natives and any others similarly situated the option to enroll either in a reserve corporation or to become at-large regional stockholders.

REDETERMINATION OF RESIDENCE

The third provision in this section concerns a situation in which certain Natives are being treated as both residents and nonresidents of the same place and, as a result, are denied rights to membership in Native corporations which qualify for benefits under the act. In addition to receiving rights to benefits as individuals, Natives have rights to membership in village corporations. This valuable right is determined by a Native's place of residence as shown on the official roll. To be eligible for benefits as a village, a place had to have at least 25 eligible Natives enrolled to it who resided there as of April 1, 1970. Some places, originally found eligible as villages, were later determined ineligible.

Consequently, unless their places of residence are changed on the roll, some Natives carried on the roll as residents of will suffer from the anomaly of places of which they are not residents for the purpose of membership in a Native corporation. This section directs the Secretary of the Interior to redetermine the places of residence of such Natives. In some cases this will result in no change; however, redeterminations of residence may also result in the placing of some of these Natives in villages or groups the corporations of which receive benefits under the Settlement Act.

ESCROW ACCOUNT

Section 2 of H.R. 6644 authorizes the Secretary of the Interior to establish an interest-bearing escrow account for the proceeds from contracts, leases permits, rights-of-way, or easements on Federal lands withdrawn for Native selection pursuant to ANCSA. Funds are to be paid to the person or entity receiving title to the lands at the time of conveyance. This is a housekeeping measure made necessary by bureaucratic delays between selection of land and conveyance of title. Without this authority, the funds generated on Federal lands must be deposited in the U.S. Treasury until title passes, despite the fact that such lands may have been selected by a Native corporation. The corporations are thus denied a significant asset which they would be entitled to receive but for the existence of problems beyond their control—delays in conveying the selected land and lack of authority to protect Native proceeds in the interim.

EASEMENTS

Another housekeeping provision of this section relates to public easements reserved in any conveyance pursuant to section 17(b)(3) of the Settlement Act. Many of the actions arising from these reserved easements may not be performed until years after the conveyance has been issued. Although the reservation would have been made in the conveyance, this section insures that proceeds derived from their (often 17(b)(3) reserved easements at any time after conveyance has been issued will be paid to the grantee of such conveyance in accordance with the grantee's proportionate share. The Department of the Interior believes it would be administratively prohibitive to distribute the income to the owners of the land covered by the easement reservation without the certainty provided by this section.

SECURITIES ACT EXEMPTION

Section 3 of the bill exempts all Settlement Act corporations from the Securities Acts of 1933, 1934, and 1940 through December 31, 1991. These acts are basically designed to inform shareholders, the SEC and the investing public as to the securities and actions of publicly traded companies. For this purpose they require extensive registration and reporting; however, Native corporations which have attempted to comply with these requirements have found it to be a costly process which results in highly technical data incomprehensible to the average Native stockholders and thus of little benefit for the cost. Natives' stock in their corporations is inalienable until January 1991. The corporations are subject to the securities acts and corporate laws of the State of Alaska which require filing of annual reports similar to those required by the Federal securities acts.

In addition, the corporations must file annual audits with the Secretary of the Interior. This section is therefore intended to relieve the Native corporations of the costly and unnecessarily burdensome requirements of these Federal securities acts until such time the stock becomes alienable and the companies no longer are protected under the provisions of the Settlement Act.

FOOD STAMPS

Section 4 of the bill exempts benefits received by any member of a Native household under the Settlement Act from being used in a determination of that individual's eligibility to participate in the food stamp program. This section thus legislatively reinforces a 1975 ninth circuit court of appeals decision in the case of Hamilton against Butz, which prohibited the Secretary of Agriculture from considering funds paid to Natives under the Settlement Act as "resources" available to Native households in determining eligibility for the food stamp program.

In March, 1974, the State of Alaska concluded that under section 2(c) of the Settlement Act, which provided that "no provision of this act shall replace or diminish any right, privilege, or obligation of Natives as citizens of the United States or of Alaska, or relieve, replace, or diminish any obligation of the United States or of the State of Alaska to protect and promote the rights or welfare of Natives as citizens of the United States or Alaska "payments to Natives were to be disregarded in considering income for food stamps. Also in March of 1974, the Department of Health, Education, and Welfare concluded that such payments were to be disregarded in determining eligibility for the aid to families with dependent children and supplemental security income programs.

However, the Agriculture Department, interpreting the same language, concluded that such payments should be considered as income for purposes of the food stamp program, primarily because the act did not specifically require such payments to be disregarded for the food stamp program. This section affirms the Natives' right not to have funds paid to them in settlement of an aboriginal claim or diminish their right as citizens to receive benefits under governmental programs.

ALASKA NATIVE FUND

The fifth section of H.R. 6644 provides for the payment of interest on the Alaska Native Fund pending quarterly distributions. For this purpose only the fund is to be considered as a trust fund held by the United States for the benefit of Indian tribes.

Since 1929, under Federal law, all Indian trust fund accounts containing more than $500 earned interest at a rate of 4 percent per annum, and since 1978 the Secretary of the Interior has been permitted to withdraw such funds from the Treasury for alternative investment. Under an October 1972 ruling by the Comptroller General, these laws applied to the Alaska Native Fund until the final role of Alaska Natives was completed on December 31, 1973.

However, at that time the Comptroller ruled that the fund would no longer bear interest or be eligible for investment by the Secretary. The effect of this ruling is that funds appropriated under the Settlement Act may remain idle for up to 3 months without payment of any interest to the Natives. The United States in effect can use these funds as an interest-free loan during that period to offset other obligations. The quarterly distribution schedule, which was set up to avoid administrative inconvenience, was not intended to permit the United States to use the Natives' fund during the interim. These funds are, in substance, the property of the Natives from the date of enactment of the appropriations bill.

Under the provisions of this section, the Alaska Native Fund would be restored to the status it held under the Comptroller General's ruling of October 1972, and his ruling of December 20, 1973, would be reversed.

MERGER AUTHORITY

Section 6 amends the Settlement Act to provide authority for mergers or consolidations among Native corporations within the same region. This authority

is required because ANCSA prohibits for 20 years the sale or other alienation of corporation stock except under limited circumstances which do not include alienation for the purpose of merger or consolidation.

Many of the more than 200 village corporations lack the financial wherewithal and trained manpower they need to become economically viable entities. They currently receive distributions from the appropriate regional corporation and will derive money from the development of their surface estates. However, since many village corporations have relatively few shareholders, their monetary allocations from the region may be quite small.

Moreover, if they do not have lands with recreational, timber, or other surface potential they will derive little income from this ownership. In addition, many village corporations in the remote areas of Alaska do not now possess a trained leadership group, and it is unlikely that they will be able to develop one or to hire needed personnel in the foreseeable future.

For these reasons, it is likely that many village corporations will fail if merger authority is not provided. This would frustrate the purposes of the Settlement Act, by denying Natives the opportunity to participate in its benefits and by possibly leading to Native corporations losing the use and control of their land. A lack of sufficient cashflow to a failing corporation might require the hasty and undesired development of those natural resources which a corporation does possess, and such development could seriously jeopardize Native culture.

LAND USE COMMISSION

Section 7 of H.R. 6644 extends the life of the Joint Federal-State Land Use Planning Commission for Alaska until June 30, 1979. The Commission, created pursuant to section 17 of ANCSA, was established to provide Congress, the State of Alaska and the Native people with independent information and advice concerning a wide variety of land use issues involved in the implementation of the Settlement Act.

The Commission is currently scheduled to go out of business in December 1976. However, State, Federal, and Native officials are unanimous in their support for extending the life of the Commission past that date so that it may continue its invaluable work. That work has included extensive socioeconomic, management, and land use studies and recommendations. Well after its current expiration date the Commission could be expected to be continuing its work regarding proposals for the four national land use systems provided in section 17(d)(2) of ANCSA. Congress has until December 1978 to take final legislative action on these proposals, and it is only logical that the Commission's expertise be available through that time. Also, the State of Alaska, which will be selecting some 30 million acres of land under the Statehood Act, has asked the Commission to make recommendations respecting the use and classification of the State public domain.

Clearly there is a continuing need for the type of work which the Commission is uniquely qualified to perform. It is a model of intergovernmental coordination and cooperation which should be retained for at least the additional 2½ years which this amendment provides.

13TH REGION

Section 8 of H.R. 6644 includes technical amendments which facilitate the implementation of an October 1975 U.S. district court order which provided for the creation of a 13th regional corporation for nonresident Alaska Natives. These amendments provide: First, that changes in enrollment resulting from establishment of the 13th region will not affect regional or village land entitlements; second, that stock may be cancelled and reissued pursuant to the court's order without liability to any affected corporation or the individual whose stock is so affected, and, third, that in the event the Alaska Native roll is reopened pursuant to section one of this bill, a nonresident Alaska Native must elect whether to enroll in the 13th region or to the appropriation Alaska regional corporation.

A further amendment in this section provides that any disenrollment of Natives under recent Department regulations will not affect regional or village land entitlements under ANCSA. This latter provision bars any possibility that a village or region having the minimum number of shareholders for its existing entitlement could lose an entire township if only one of their shareholders were successfully challenged and disenrolled.

KLUKWAN

Section 9 amends section 16 of ANCSA to allow the shareholders of the village of Klukwan, Inc., to participate in the act's benefits, including selection of land, as if they had not elected to acquire title to their former reserve.

Klukwan's shareholders elected to acquire title to the surface and subsurface estate of its former reserve under section 19(b) of the act. The major element of value of the reserve is a mineral lease negotiated by Chilkat Indian Village, Inc. At the time Klukwan voted to take title to the reserve, it was assumed that the interest in the lease would pass to Klukwan, Inc. when the reserve was formally extinguished. This later turned out not to be the case, and the benefits of the lease remain limited to the members of Chilkat, Inc.

Though all of Chilkat's members belong to Klukwan, the reverse is not true, which means that under current circumstances, approximately 150 members of Klukwan who do not belong to Chilkat cannot benefit from either the lease or the Settlement Act. This provision remedies their predicament by providing for Klukwan to select its acreage entitlement from lands originally withdrawn for its selection, and to allow the shareholders to participate fully in the Settlement Act's benefits to the extent they would have had had they not elected to acquire title to their former reserve in the first place.

SEALASKA LAND SELECTION

Section 10 of H.R. 6644 amends section 10(b) of ANCSA to provide for selection of Sealaska Regional corporation of its section 14(h)(8) land entitlement from lands withdrawn for village selections under section 16 but not selected by the villages. Sealaska is specifically barred from selecting lands on Admiralty Island and cannot select from certain environmentally critical areas in the Saxman and Yakutat withdrawal areas without the consent of the Governor of Alaska.

This section embodies a compromise negotiated and supported by Sealaska, the State of Alaska, Native villages in the region and various environmental groups. It was necessitated by the fact that nearly all the land in southeast Alaska is either within a national monument or national forest. Most of the remaining area, from within which Sealaska would otherwise have had to make its only land selections, are in remote areas of the region and of little, if any, economic value. Since a key factor in the corporations long term survival as a profit-making enterprise is the successful management of its land resources, it was imperative that Sealaska be able to select lands with economic potential.

Under the terms of this section, the corporation will be able to select such lands in areas generally contiguous to existing village selections, thus providing for large and more efficient Native land management units. The State's interests in lands on Admiralty Island which it may select for park and recreational areas are protected. The concerns of the State, Natives on Admiralty Island and environmental groups regarding potential commercial development are similarly protected by the ban on selections by Sealaska on the island.

SEALASKA CHUGACH BOUNDARY

Section 11 settles a boundary dispute between Sealaska and Chugach regions by amending section 7(a) of ANCSA to fix their mutual boundary at the 141st meridian. It further provides that Natives enrolled to the village of Yakutat in the Sealaska region shall be accorded rights and privileges of traditional uses of the lands in the vicinity of Icy Bay in the Chugach region, such uses including, but not limited to, subsistence hunting, fishing, and gathering. These provisions are supported by both regions as a fair and equitable solution to their dispute.

COOK INLET SELECTIONS

Section 12 provides for a resolution of the complex land selection problems of Cook Inlet Region, Inc., whose boundaries encompass the city of Anchorage and extensive Federal and State landholdings. After lengthy negotiations, the State, the Interior Department, Cook Inlet, and adjoining regions recently concluded an agreement providing for Cook Inlet's land selections. The terms of the agreement, set forth in a 25-page document incorporated by reference into this

bill, call for the United States to convey interests in certain lands in and around the region to the State and to the region, and for the State to convey to the Federal Government certain State lands for conveyance to Cook Inlet Region.

In addition, the region will be able to select a portion of its lands from within the five adjoining regions, subject to their consent. Under this arrangement, Cook Inlet will receive some lands with economic development potential, and some of its coastal villages which had to select deficiency lands in far-off mountains will instead receive former State lands contiguous to their boundaries.

If the Alaska State Legislature ratifies this agreement, as it must do for it to take effect, then the State will acquire title to valuable lands in and around Anchorage. These will include the Campbell tract, also known as Campbell airstrip which will be conveyed subject only to the condition that it be used for public parks and recreational purposes. This is especially valuable land, since it is located near where more than one-half of the State's population resides. In addition to the Campbell tract, lands within the Point Woronzof, Point Campbell, and Goose Lake tracts will be reserved by the United States for early conveyance to the State. The Federal Government, on the other hand, will acquire lands considered critical to the proposed Lake Clark National Park.

This agreement is a milestone in that it provides for the resolution of one of the most difficult and complex problems involved in the implementation of the settlement Act. I wish to congratulate and commend the negotiators for the many hours of arduous work which went into producing this agreement. As I indicated earlier, the Alaska State Legislature must approve the terms of this agreement for it to take effect. I am hopeful that the members of the legislature will view this agreement, which carefully balances so many interests, as a fair and honorable settlement, and I urge my former colleagues in the legislature to give it prompt consideration and approval.

ESTATE TAXATION

Section 13 of this bill adds a new subsection to section 21 of ANCSA to provide that the stock of any regional or village corporation organized under the act shall not be includible in the gross estate of a decedent under sections 2031 and 2033 of the Internal Revenue Code until January 1, 1991. Section 21 provides that shares of Native stock are not subject to any form of Federal, State, or local taxation. This additional language specifically prevents the Internal Revenue Service from including the value of Native stock, which may be incalculable until 1991, in a decedent's estate for tax purposes. As such, this section is intended to preclude unnecessary litigation of the issue.

STARTUP PAYMENTS

Section 14 provides startup payments to 10 Native corporations which received land benefits but no funds under the Settlement Act. Corporations for Natives in the urban centers of Kenai, Kodiak, Juneau, and Sitka have only a single potential asset—23,040 acres they each will receive under section 14(h)(3) of ANCSA to be put to income-producing use. Although members of these corporations are stockholders in their respective regional corporations, the four corporations are not themselves recipients of funds under the act.

They are, however, incurring expenses in organizing and operating themselves, making land selections, and engaging in appropriate and necessary planning. Understandably, they are reluctant to borrow on the security of future land uses, and financial institutions are equally reluctant to advance funds on any other basis. In addition, meeting the terms of financial institutions automatically places the corporations in a situation in which the need is felt to make immediate use of land to satisfy creditors, thereby precluding the consideration of all development alternatives. This section provides for a one-time payment of $250,000 to each of these four named corporations, to be used only for planning, development, and other purposes for which corporations are organized under the act.

Under section 19 of ANCSA, Native reserves in Alaska established prior to the enactment of the act were revoked, with the exception of the Annette Island Reserve. Members of village corporations formed in the area of each reserve were given the opportunity to hold an election to decide whether they wished to acquire title to the surface and subsurface estate of the former reserve or to acquire benefits normally accorded to a village corporation established under the act. Seven villages chose to retain their reserve status and as such are not eligible to select other land under the act or receive distributions of regional corporation funds, and the members thereof are not stockholders in their respective regional corporations.

Thus, like the four urban corporations, the reserve corporations have only one asset—their land which, unlike the four urban corporations, is already selected. Under these circumstances, the reserve corporations' need for startup funds to plan their land is less than that of the named corporations which must both select and plan their land. Therefore, a smaller one-time payment of $100,000 is authorized to each of the reserve corporations other than Klukwan, Inc.; namely, Arctic Village, Ellu, Gambell, Savoonga, Teller, and Venetie.

KONIAG LAND SELECTION

Section 15 of H.R. 6644 deals with the land selection problems of the regional corporation for Koniag region. Most of the land area within this region is within the Chugach National Forest or the Kodiak National Wildlife Refuge. Consequently, the region has a subsurface in lieu land entitlement of more than 300,000 acres. However, the only nearby available land lies more than 50 miles away across Shelikof Strait, on the Alaska Peninsula. The Interior Department recognized Koniag's deficiency problem in its environmental impact statement on the proposed Aniakchak Caldera National Monument on the peninsula, and provided for dual withdrawals within the area. Section 15 directs the Secretary of the Interior to convey to Koniag regional corporation the subsurface estate to approximately 105,000 acres of land within the proposed monument. Interior, the State of Alaska, the Joint Federal-State Land Use Planning Commission and the Alaska Federation of Natives all support this proposal. The findings to the resource staff of the Commission indicate that acquisition by Koniag of the subsurface estate would not significantly affect the values which the monument proposal is designed to protect, and that the area selected creates no substantial conflicts with other land uses or ownership in the area.

Although there are few if any worthwhile hard rock minerals in the lands to be conveyed, development in these lands is restricted to oil and gas. Surface access to the land will of course be subject to appropriate regulations promulgated by the Secretary of the Interior.

TATITLEK

Section 16 of this bill prevents the village of Tatitlek from losing part of its land entitlement as a result of a misunderstanding with the Interior Department. Tatitlek relied on a consultant's erroneous advice and what it thought was the approval of the Department and selected two townships of its five township entitlement in a regional D-2 withdrawal area.

Subsequently, these selections were disapproved. Because the village had assumed that its selection would have departmental approval, it did not overselect to provide alternate lands for selection in case its selections were not approved. Consequently, through no fault of its own, Tatitlek faced a 40,000 acre underselection. This completely noncontroversial section provides that Tatitlek can select the remainder of its entitlement, about 40,000 acres, from within the village deficiency area originally withdrawn for its selection.

The last selection of H.R. 6644 is a technical amendment which provides the Federal, State, and regional parties to the Cook Inlet agreement in section 12 of this bill with appropriate authority to complete the land transaction specified in that agreement.

Mr. SEBELIUS. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Kansas.

(Mr. SEBELIUS asked and was given permission to revise and extend his remarks.)

Mr. SEBELIUS. Mr. Speaker, the Alaska Native Claims Settlement Act, enacted in December 1971, contains provisions for the identification of up to 80 million acres of public land in Alaska, which area should be considered for eventual protection by and incorporation into the existing "four systems"—that is for national parks, national wildlife refuges, national forests, and national wild and scenic rivers. These proposals, developed by the administration, are now before the Congress for its consideration.

The proposals are the product of con-

siderable negotiation, and the resolution of final boundaries as may eventually be enacted by the Congress, could be a rather detailed and complex process.

Mr. Speaker, the bill before us, H.R. 6644, has several provisions which are quite relevant to land selections as they may affect the boundaries of the proposed "four systems" areas. As ranking member of the Subcommittee on National Parks and Recreation, I want to register a concern at this time that there well may be provisions in this bill which will preempt future flexible decisionmaking as to logical boundaries for the new national park and other areas, and I think this might be a serious mistake to handle the Alaska land disposition in a disjointed manner.

For example, section 15 of this bill permits a substantial amount of acreage within the proposed new Aniakchak Caldera National Monument to be subjected to withdrawal for the purpose of exploration and removal of subsurface oil and gas, along with necessary contingent surface access. We are hereby now authorizing the exploration and removal of commodities within a possible future unit of the National Park System. This practice is grossly contrary to protections conventionally afforded our national parks and monuments, and as a matter of fact, I am sure that all Members have become aware of the current high public arousal over the fact that prospecting and mining is now legally underway in Death Valley, Calif., and several other of our national park areas. Legislation is now under active consideration in both the House and the Senate regarding the curtailment of these mining activities in several existing national park system units.

Again, Mr. Speaker, I am a bit uneasy that we are, in this bill, possibly preempting some major decisions which we will have to make later, and our full flexibility may thereby be somewhat jeopardized.

Mr. MEEDS. Mr. Speaker, I have no further requests for time.

Mr. DINGELL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I think the substance of the agreement is excellent. I do not protest the substance of the legislation. I cannot vote for it, for several reasons. I want my good friend, the gentleman from Washington to understand my concern, first that throughout the history of the Alaska Natives claims there has been a great generosity with the refuge lands and much of this over the objection of the chairman of the subcommittee dealing with refuges on the Committee for Merchant Marine and Fisheries, which has clear jurisdiction over those questions.

There has been a great inadequacy of consultation on this particular matter, and as my good friend from Washington has graciously pointed out, there has been a failure to properly consult in connection with this particular matter. My purpose in securing the second was not for the purpose of castigating the gentleman, because he is an honorable, able, and properly respected Member of this body. Quite frankly, my purpose was to let him know that we on the Committee on Merchant Marine and Fisheries have been, over the long period of time I have been on that committee, seeking ways to protect and enhance the usefulness and purpose for which the refuge system was constituted, and quite frankly we are honestly troubled about the effect this legislation will have on these areas.

It is my hope, in consideration of matters of this kind in the future, that the Committee on Interior and Insular Affairs and the distinguished and able gentleman from Washington, for whom I have great respect and affection, will become aware of the fact that there are concerns on this matter in other committees, and that there are concerns with regard to the protection of the refuge system which go well beyond the question of satisfying native claims and deficiencies.

The fact is that refuges have already been set aside, set aside for very valid and good reasons, for the protection of wildlife habitat and the overall spectrum of refuge values, and it is not the purpose of the Congress in the series of statutes relating to this that these values should be lightly dissipated. As I indicated, the content of the statement appears to be a sound one, and the gentleman has dissipated some of my concerns with regard to the extension of the time of filing.

I do note that this bill is brought rather hurriedly before the House. I inquired for a copy of the bill. I received a copy, but I did not receive the copy that has the language of the amendments included in it, but I was very kindly presented with a copy of that by members of the staff. That appears to me to be a rather hasty consideration of a matter of considerable concern. It would be my hope that in handling matters of this kind, there would be time in the future for appropriate consultation and notification of other committees which have jurisdiction.

I notice there are in the bill amendments to the Holding Company Act and to the Food Stamp Act. These are things which should properly be considered elsewhere in the interests of having a fair and proper exposition of the questions which might arise.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Speaker, I would like to commend the gentleman from Michigan for alerting the House to this very important conflict of jurisdiction between two committees. I would like to ask the gentleman this question:

Admittedly, apparently by all parties, our committee—to-wit, the Committee on Merchant Marine and Fisheries—has jurisdiction over refuges. Admittedly, the Interior Committee has jurisdiction over Alaskan Natives and other kinds of Interior matters. Does the gentleman understand that the mere fact of the enactment of the Alaskan Native claims bill, which would provide for the settlement of various Native claims, does not per se authorize its use in the settlement of such claims as they relate to refuges, forests, petroleum reserves, and that further legislation implementing the settlement could take place irrespective of the rules of the House?

Mr. DINGELL. The answer to that question is that the rules of the House were not amended by the Alaskan Native claims legislation. I was present, as was the gentleman from California and as was the gentleman from Washington. I think any of the three of us will agree, but I will yield to the gentleman from Washington if he wants to differ with me on that point. But, the gentleman from Washington is an able, respected and decent Member of this body and very much concerned about the matters under the jurisdiction of his committee. He has done a good job in looking after the affairs of Indians and resolving some of their problems. I do want the gentleman to know that there are problems other than those, and hope he will keep those matters in mind.

Mr. TAYLOR of North Carolina. Mr. Speaker, I rise in support of H.R. 6644, as amended by the Committee on Interior and Insular Affairs.

Certain provisions of this legislation will affect the proposals which have been made for the future establishment of new units of the National Park System in the State of Alaska.

At the time of the committee consideration of this measure, I offered an amendment which would have restricted the mineral rights selected by the Koniag Regional Corp. within the proposal for the Aniakchak Caldera National Monument to the extraction of oil and gas. I want to commend the gentleman from Washington for agreeing to this amendment, which should serve to minimize the impact of making a selection of these lands for mineral purposes. Although I am concerned that the opportunity for the Congress to consider these lands not be compromised, I support H.R. 6644 as amended, and I agree with the chairman of the subcommittee that there is a need to make the determinations for the regional corporations without delay.

Mr. Speaker, I yield back the balance of my time.

Mr. STEIGER of Arizona. Mr. Speaker, I am very pleased that the committee was able to complete its work on the amendments to the Alaska Native Land Claims Settlement Act for floor action today. However, I am disappointed that the committee took no action on an amendment reaffirming our original intent in section 4 of the Claims Act to extinguish all claims based upon aboriginal title, including trespass claims which are the subject of the law suit in Edwardsen against Morton.

I appreciate that the committee report indicates that the subcommittee intends to continue to follow this matter and will move for a legislative solution if the issue is not expeditiously resolved in the courts in Alaska. I was a member of the committee when the Native Land Claims Settlement Act was originally passed, and I feel very strongly that it was precisely the type of litigation in

Edwardsen against Morton and in the more recent case in Alaska involving over 120 defendants that we were trying to avoid in passing the Settlement Act.

I am pleased that the administration recently came out in support of such an amendment, and I would be willing to have it move on this very quickly if the issue cannot be otherwise resolved expeditiously.

Mr. SEIBERLING. Mr. Speaker, I am prepared to support this bill, but I want to put on record my serious misgivings over section 15, which would grant to a regional corporation up to 22,000 acres of subsurface estate within the boundaries of the administration—proposed 447,000 acre Aniakchak Caldera National Monument. As a cosponsor of H.R. 9540, a bill that would authorize creation of this national monument, I think it is premature for the Congress to vote on this provision of the Native claims amendments until after the Committee on Interior and Insular Affairs has had a chance to consider the Aniakchak Caldera National Monument bill.

An intense controversy is now raging over mining being allowed by law in six units of the national park system. If we grant subsurface rights within the proposed monument boundaries and then later establish the national monument, we could be creating another situation where we have allowed activities in a national park that are incompatible and destructive of the values that the park was created to preserve.

The full Interior Committee considered this question, and as a reasonable compromise limited the subsurface rights to only oil and gas. I can accept section 15, [illegible] the bill. If this limitation is retained. If the other body removes this limitation, then I would strongly urge the House conferees to refuse to accept such a change. Otherwise I would feel constrained to oppose the conference report.

Mr. SKUBITZ. Mr. Speaker, I rise in support of H.R. 9611. This bill amends and supplements the Alaska Native Claims Settlement Act of 1971. As my colleagues have described, that act extinguished all Native land claims to Alaska in exchange for approximately $1 billion and 40 million acres of land. The bill before us clarifies some ambiguities in the original act and resolves certain legal and administrative problems which have arisen in its implementation.

The Alaska Natives, the Department of Interior, Alaska's State officials and congressional delegation have all worked hard to produce the various provisions of this legislation. The Indian Affairs Subcommittee took testimony on the bill in 2 days of hearings. Last week the full Interior Committee reported the bill without a dissenting vote.

I wish to commend the gentleman from Alaska (Mr. YOUNG) and the chairman of the subcommittee (Mr. MEEDS), for their cooperative efforts in producing this legislation. It is of great importance to them and to the citizens of the State of Alaska, and I urge the House to pass it without delay.

Mr. MEEDS. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore (Mr. MCFALL). The question is on the motion offered by the gentleman from Washington (Mr. MEEDS) that the House suspend the rules and pass the bill H.R. 9611, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of the Senate bill (S. 1499) to authorize the Secretary of the Interior to enroll certain Alaska Natives for benefits under the Alaska Native Claims Settlement Act, to resolve certain issues arising from the implementation of such Act, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1499

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) The Secretary of the Interior (hereinafter referred to as the "Secretary") is directed to review those applications previously submitted or hereafter submitted within one year from the date of enactment of this Act by applicants who failed to meet the March 30, 1973, deadline for enrollment established pursuant to the Alaska Native Claims Settlement Act, 85 Stat. 688 (hereinafter referred to as the "Settlement Act"), and to enroll those Natives under the provisions of that Act who would have been qualified if the March 30, 1973, deadline had been met.

(b) In those instances where, on the roll prepared under section 5 of the Settlement Act, there were enrolled as residents of a place on April 1, 1970, a sufficient number of Natives required for a Native village or a Native group, as the case may be, and it is subsequently and finally determined that such place is not eligible for land benefits under said Act on grounds which include a lack of sufficient number of residents, the Secretary shall, in accordance with the criteria for residence applied in the final determination of eligibility, redetermine the place of residence on April 1, 1970, of each Native enrolled to such place and the place of residence as so redetermined shall be such Native's place of residence on April 1, 1970, for all purposes under the Settlement Act. Each Native whose place of residence is subject to redetermination as provided in this subsection shall be given notice and an opportunity for hearing in connection with such redetermination of residence as shall any Native corporation which it appears may gain or lose stockholders by reason of such redetermination.

(c) Each Native who is enrolled, or whose place of residence has been redetermined, pursuant to this Act shall be issued stock in the Native corporation or corporations in which such enrollment or redetermination of residence entitles him to membership and, in the case of redetermination of residence, all stock issued to such Native by any Native corporation in which he or she is no longer eligible for membership shall be deemed canceled. No prior distribution of funds made by any Native corporation shall be affected by any such enrollment or redetermination of residence and future distributions by such corporation shall be adjusted to insure that cumulative distributions to individual Natives so enrolled or affected by redetermination of residence will be equal to distributions to Natives previously enrolled in such corporation. The land entitlement of any Native village, Native group, Village Corporation, Regional Corporation, or corporation organized by Natives residing in Sitka, Kenai, Juneau, or Kodiak, all as defined in the Settlement Act, shall not be affected by any enrollment or redetermination of residence pursuant to this Act. No tribe, band, clan, group, village, community, or association not otherwise eligible for land or other benefits as a Native village or Native group, as defined in said Act, shall become eligible for land or other benefits as a Native village or Native group because of any enrollment or redetermination of residence pursuant to this Act, and no Native village or Native group, as defined in said Act, shall lose its status as a Native village or Native group because of any enrollment or redetermination of residence pursuant to this Act.

(d) No distribution of funds from the Alaska Native Fund pursuant to section 6(c) of the Settlement Act made by the Secretary or his delegate prior to enactment of this Act shall be affected by the provisions of this Act. The Secretary shall make any necessary adjustments in future distributions of funds pursuant to said section 6(c) to accommodate the changes in the roll made pursuant to this Act.

SEC. 2. (a) Any and all proceeds received by any agency or instrumentality of the Federal Government derived from contracts, leases, permits, rights-of-way, or easements pertaining to lands or resources of lands withdrawn for Native selection pursuant to the Settlement Act on and after the date of its enactment shall be deposited in an escrow account which shall be held by the Secretary until lands selected pursuant to said Act have been conveyed to the selecting corporation or individual entitled to receive benefits under said Act. As such withdrawn or formerly reserved lands are conveyed the Secretary shall pay from such account the proceeds pertaining to the lands or resources of such lands, together with interest, to the appropriate corporation or individual entitled to receive benefits under the Settlement Act. The proceeds pertaining to lands withdrawn or reserved, but not selected or elected, pursuant to said Act, shall, upon the expiration of the selection or election rights of the corporations and individuals for whose benefits such lands were withdrawn or reserved, be paid as required by law were it not for the provisions of this Act.

(b) The Secretary is authorized to deposit in the Treasury of the United States such escrow account proceeds referred to in subsection (a) of this section and the United States shall pay interest thereon from the date of deposit to the date of payment with simple interest at such rate as may be determined by the Secretary of the Treasury: *Provided, however*, That the Secretary in his discretion may withdraw from the United States Treasury such proceeds deposited by him under this Act and reinvest such proceeds in the same manner provided for by the first section of the Act of June 24, 1938 (52 Stat. 1037).

SEC. 3. Any and all proceeds from public easements reserved pursuant to paragraph (3) of section 17(b) of the Settlement Act shall be paid to the holder of the land with respect to which such conveyance is made in accordance with such holder's proportionate share.

SEC. 4. For purposes of the first section of the Act of February 12, 1929 (45 Stat. 1164),

as amended, and the first section of the Act of June 24, 1938 (52 Stat. 1037), the Alaska Native Fund shall, pending distribution under section 6(c) of the Settlement Act, be considered to consist of funds held in trust by the Government of the United States for the benefit of Indian tribes.

Sec. 6. The Settlement Act is further amended by adding a new section 28 to read as follows:

"MERGER OF NATIVE CORPORATIONS

"Sec. 28. (a) Notwithstanding any provision of this Act, any corporation created pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3) within any of the twelve regions of Alaska, as established by section 7(a), may, at any time, merge or consolidate, pursuant to the applicable provisions of the laws of the State of Alaska, with any other of such corporation or corporations created within or for the same region. Any corporations resulting from mergers or consolidations further may merge or consolidate with other such merged or consolidated corporations within the same region or with other of the corporations created in said region pursuant to section 7(d), 8(a), 14(h)(2), or 14(h)(3).

"(b) Such mergers or consolidations shall be on such terms and conditions as are approved by vote of the shareholders of the corporations participating therein, including, where appropriate, terms providing for the issuance of additional shares of Regional Corporation stock to persons already owning such stock, and may take place pursuant to votes of shareholders held either before or after the enactment of this section: *Provided*, That the rights accorded under Alaska law to dissenting shareholders in a merger or consolidation may not be exercised in any merger or consolidation pursuant to this Act effected prior to December 18, 1991. Upon the effectiveness of any such mergers or consolidations, the corporations resulting therefrom and the shareholders thereof shall succeed and be entitled to all the rights, privileges, and benefits of this Act, including but not limited to the receipt of lands and moneys and exemptions from various forms of Federal, State, and local taxation, and shall be subject to all the restrictions and obligations of this Act as are applicable to the corporations and shareholders which participated in said mergers or consolidations or as would have been applicable if the mergers or consolidations and transfers of rights and titles thereto had not taken place.

"(c) Notwithstanding the provisions of section 7 (j) or (m), in any merger or consolidation in which the class of stockholders of a Regional Corporation who are not residents of any of the villages in the region are entitled under Alaska law to vote as a class, the terms of the merger or consolidation may provide for the alteration or elimination of the right of said class to receive dividends pursuant to said section 7 (j) or (m). In the event that such dividend right is not expressly altered or eliminated by the terms of the merger or consolidation, such class of stockholders shall continue to receive such dividends pursuant to section 7 (j) or (m) as would have been applicable if the merger or consolidation had not taken place and all Village Corporations within the affected region continued to exist separately.

"(d) Notwithstanding any other provision of this section or of any other law, no corporation referred to in this section may merge or consolidate with any other such corporations unless that corporation's shareholders have approved such merger or consolidation.

"(e) The plan of merger or consolidation shall provide that the right of any affected Village Corporation pursuant to section 14(f) to withhold consent to mineral exploration, development or removal within the boundaries of the Native village shall be conveyed, as part of the merger or consolidation, to a separate entity composed of the Native residents of such Native village.".

Sec. 6. The Settlement Act is amended by adding a new section 29 to read as follows:

"TEMPORARY EXEMPTION FROM CERTAIN SECURITIES LAWS

"Sec. 29. Any corporation established pursuant to this Act shall be exempt from the provisions of the Investment Company Act of 1940 (54 Stat. 789), the Securities Act of 1933 (48 Stat. 74), and the Securities Exchange Act of 1934 (48 Stat. 881), as amended, through December 31, 1991. Nothing in this section, however, shall be construed to mean that any such corporation shall or shall not after such date be subject to the provisions of such Acts. Any such corporation which, but for this section, would be subject to the provisions of the Securities Exchange Act of 1934 shall transmit to its stockholders each year a report containing substantially all the information required to be included in an annual report to stockholders by a corporation which is subject to the provisions of such Act.".

Sec. 7. The Settlement Act is further amended by adding a new section 30 to read as follows:

"RELATIONS TO OTHER PROGRAMS

"Sec. 30. (a) The payments and grants authorized under this Act shall not be deemed a substitute for any governmental programs otherwise available to the Native people of Alaska as citizens of the United States and the State of Alaska.

"(b) Notwithstanding section 5(a) and any other provision of the Food Stamp Act of 1964 (78 Stat. 703), as amended, in determining the eligibility of any household to participate in the food stamp program, any compensation, remuneration, income, or other benefits received by any member of such household under this Act shall be disregarded.".

Sec. 8. Section 17(a)(19) of the Settlement Act is amended to read as follows:

"(19) The Planning Commission shall submit, in accordance with this paragraph, comprehensive reports to the President of the United States, the Congress, and the Governor and legislature of the State with respect to its planning and other activities under this Act, together with its recommendations for programs or other actions which it determines should be implemented or taken by the United States and the State. An interim, comprehensive report covering the above matter shall be so submitted on or before May 29, 1976. A final and comprehensive report covering the above matter shall be so submitted on or before May 30, 1978. The Commission shall cease to exist effective June 30, 1979.".

Sec. 9. (a) The Secretary shall pay, by grant, $250,000 to each of the corporations established pursuant to section 14(h)(3) of the Settlement Act.

(b) The Secretary will pay, by grant, $100,000 to each of the following Village Corporations:

(1) Arctic Village.
(2) Eklutna.
(3) Gambell.
(4) Kalskag.
(5) Tetlin, and
(6) Venetie.

(c) Funds authorized under this section may be used only for planning, development, and other purposes for which the corporations set forth in subsections (a) and (b) are organized under the Settlement Act.

(d) There is authorized to be appropriated to the Secretary for the purpose of this section a sum of $1,600,000 in fiscal year 1976.

Sec. 10. (a) Section 16 of the Settlement Act is amended by inserting at the end thereof a new subsection (d) to read as follows:

"(d) The lands including and surrounding the Village of Klukwan which were withdrawn by subsection (a) of this section are hereby rewithdrawn to the same extent and for the same purposes as provided by said subsection (a) for a period of one year from the date of enactment of this subsection, during which period the Village Corporation for the Village of Klukwan shall select an area equal to 23,040 acres in accordance with the provisions of subsection (b) of this section and such Corporation and the shareholders thereof shall otherwise participate fully in the benefits provided by this Act to the same extent as they would have participated had they not elected to acquire title to their former reserve as provided by section 19(b) of this Act: *Provided, however*, That the foregoing provisions of this subsection shall not become effective unless and until the Village Corporation for the Village of Klukwan shall quitclaim to Chilkat Indian Village, organized under the provisions of the Act of June 18, 1934 (48 Stat. 984), as amended by the Act of May 1, 1936 (49 Stat. 1250), all its right, title, and interest in the lands of the reservation defined in and vested by the Act of September 2, 1957 (71 Stat. 596), which lands are hereby conveyed and confirmed to said Chilkat Indian Village in fee simple absolute, free of trust and all restrictions upon alienation, encumbrance, or otherwise.".

(b) The Secretary is authorized to poll individual Natives properly enrolled to Native villages or Native groups which are not recognized as Village Corporations under section 11 of the Settlement Act and which are included within the boundaries of former reserves the Village Corporation or Corporations of which elected to acquire title to the surface and subsurface estates of said reserves pursuant to section 19(b) of the Settlement Act. The Secretary may allow these individuals the option to enroll to a Village Corporation which elected the surface and subsurface title under section 19(b) or to enroll on an at-large basis to the Regional Corporation in which the village or group is located.

Sec. 11. Except as specifically provided in this Act, (1) the provisions of the Settlement Act are fully applicable to this Act, and (2) nothing in this Act shall be construed to alter or amend any such provisions.

AMENDMENT OFFERED BY MR. MEEDS

Mr. MEEDS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Meeds: Strike out all after the enacting clause of S. 1469 and insert the provisions of H.R. 6044, as passed.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 6044) was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORTS

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee

MEMORANDUM

The attached document entitled "Proposed Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area" is incorporated by this reference as if set out herein. Having determined that the proposed "Terms and Conditions" would facilitate land management in the Cook Inlet basin by effecting land consolidations and encouraging settlement and development on appropriate lands, and that it would serve as an equitable resolution by the United States of Cook Inlet Region's entitlement under ANCSA, the undersigned hereby agree to support federal legislation incorporating the content of the proposed "Terms and Conditions." In the event that such legislation becomes law, the undersigned agree to recommend that the State of Alaska notify the Secretary within sixty-five days of the commencement of the 1976 session of the Alaska State Legislature of its assent to be bound by the requirements of the proposed "Terms and Conditions."

It is understood and agreed between the undersigned that the proposed "Terms and Conditions" will be referred by the Governor to the Alaska State Legislature on the first day of the 1976 session. It is further understood that should the Legislature take an action within sixty days of the commencement of the session disapproving the State's participation in the land exchange transaction, the State will not assent to the agreement.

Cook Inlet Region, Inc. in consideration of the promise both to support such federal legislation and to recommend that the Secretary be notified, as indicated above, agrees now to be bound by the proposed "Terms and Conditions" subject to enactment of the federal legislation and the final consent of the State of Alaska.

By: _____
Roy M. Huhndorf
President, Cook Inlet Region, Inc.

Date: December 17, 1975

By: Michael C. T. Smith
Michael C. T. Smith
Director, Division of Lands

Date: 17 DECEMBER 1975

By: Guy R Martin
Guy R. Martin, Commissioner
Department of Natural Resources

Date: Dec. 24, 1975

KACHEMAK BAY. TESTIMONY (notebook)

HOUSE RESOURCES COMMITTEE 1975/76
bill files

STATEMENT OF

CLAYTON D. McAULIFFE
CHEVRON OIL FIELD RESEARCH COMPANY

on

ENVIRONMENTAL ASPECTS OF PETROLEUM DEVELOPMENT IN KACHEMAK BAY

presented at

HEARING

before the

HOUSE RESOURCES COMMITTEE
STATE OF ALASKA

JUNEAU, ALASKA
APRIL 9, 1976

ENVIRONMENTAL ASPECTS OF PETROLEUM DEVELOPMENT IN KACHEMAK BAY

Statement of Clayton D. McAuliffe,
Chevron Oil Field Research Company

HOUSE RESOURCES COMMITTEE HEARING

April 9, 1976
Juneau, Alaska

I am Clayton McAuliffe, Senior Research Associate, with Chevron Oil Field Research Company, La Habra, California. I received my doctorate in Soil Science with minors in Physical Chemistry and Plant Physiology from Cornell University, and was a professor at Cornell University and North Carolina State University for 8 years before joining Chevron Oil Field Research Company 20 years ago.

I am a member of the American Chemical Society, The Soil Science Society of America, the American Society of Agronomy, a member and Fellow of the American Association for the Advancement of Science, the Society of Petroleum Engineers of AIME, and several honorary societies. I have published over 40 papers covering a variety of subjects in scientific journals and I have a number of U. S. and foreign patents.

For over 6 years I have devoted my time almost exclusively to a study of petroleum in the marine environment. I assisted in the planning and coordinated the extensive chemical and biological studies conducted during and following the 1970 Chevron oil spill in the Gulf of Mexico. I performed a similar function following the collision of the tankers in San Francisco Bay in 1971. I served on the Steering Committee of the

National Academy of Sciences Panel on Inputs, Fates, and Effects of Petroleum in the Marine Environment that resulted in the recent NAS publication "Petroleum in the Marine Environment". For the past four years I have been associated with the American Petroleum Institute's Committee on Fate and Effects of Oil in the Environment. I have also served on other environmental and science advisory committees, including the Kachemak Bay marine studies program conducted at the Auke Bay Laboratory of the National Marine Fisheries Service.

INTRODUCTION

Testimony presented before this committee, and statements made in the media have alleged:

1. That it requires 0.3 parts per million of oil to kill larvae of some marine organisms in Kachemak Bay and that 3 ppm will kill all larvae.

2. That an oil spill of several thousand barrels will kill all larvae in Kachemak Bay.

3. That larval stages are more sensitive to oil than juvenile or adult forms.

4. That cold water species in Kachemak Bay may be more sensitive than warm water species. The "may" is often deleted.

5. That we don't know what will happen to oil in the water column of Kachemak Bay if an oil spill occurs, because we don't know the mixing energy.

Today I would like to review information from the scientific literature to correct these misconceptions, and to place in perspective what happens to spilled oil and the concentrations of crude oil that have adverse effects on marine organisms.

OIL CONCENTRATIONS AND BIOASSAY RESULTS

In the first slide are shown results obtained from the studies conducted at the National Marine Fisheries Service Auke Bay Laboratories.

The data shown are the results of a number of bioassay tests of the toxicity of Cook Inlet and Prudhoe Bay crude oils to larval, juvenile, and adult stages of several commercially important marine species.

A bioassay test is conducted by placing organisms in a series of aquaria or tanks. One tank is the control. To the other aquaria are added increasing amounts of a substance under test. In this case, increasing amounts of crude oil or the water soluble fraction of crude oil. The aquaria are examined each day for 4 days and the number of dead and live organisms counted. From these results, the concentration required to kill one-half of the organisms after 4 days of exposure can be calculated. This is expressed as TL_{50} - 4 days and most often expressed as ppm (parts per million).

Shown in Table 1 are the average concentrations and the range of concentrations to cause one-half kill for all bioassays conducted with the 2 crude oils to all test organisms at Auke Bay. First, note two values. The upper value represents the amount of whole oil required to give the water soluble concentration shown immediately below in parenthesis. As Dr. Stanley D. Rice, Auke Bay Laboratory, testified, it requires approximately 1000 ppm (0.1%) whole crude oil to give 1 ppm water soluble fraction in water using their chemical method of measuring the concentration in water. It is these lower values in parenthesis that have been incorrectly interpreted and quoted as whole oil.

The average concentration to cause one-half kill of adult and juvenile forms of several species is 2400 ppm (2.4 WSF) with a range for the most sensitive organism of 1100 ppm up to 4200 for the most resistant.

Tests of larval forms show an average toxic level of 6300 ppm whole oil (6.3 WSF) with a range from 1700 to more than 10,800 ppm. This high value (over 1% oil) gives the maximum concentration of water soluble constituents. Tanner and Dungeness crab larvae were not killed at this concentration. These data show, contrary to reports, that larval forms for these cold water species are not more sensitive than juvenile or adult stages. In fact, if the differences are significant, larvae are more tolerant of crude oil. Further, the larval bioassays were carried

out in sealed glass jars, whereas the juvenile and adult tests were in open aquaria with air bubbled through the aquaria. This could not be done with larvae because of their sensitivity to mechanical agitation; even gentle stirring with air bubbles cause larval kill. Mr. Daniel Hennick has testified as to this point with reference to location of larvae in Kachemak Bay. They avoid near-surface waters or are destroyed. Instead, they are found throughout the water column feeding on phytoplankton. Because the containers were sealed for 4 days, volatile oil constituents (including aromatic hydrocarbons such as benzene and toluene that are toxic) did not decrease by evaporation accelerated by the bubbling air stream as occurred in open aquaria. Larvae, therefore, were subjected to higher concentrations of water soluble compounds during the 4 day tests. If the test conditions had been the same, the amount of oil to cause toxicity would have been still higher for larval forms.

CAN A MAJOR OIL SPILL KILL ALL MARINE LIFE IN KACHEMAK BAY?

Fears have been advanced that even a relatively small oil spill or concentrations of oil in water that are not visible will kill all larvae in Kachemak Bay. Let's consider if this is possible. The next slide shows Kachemak Bay. Let us hypothesis the following:

1. Build a dam across the bay from Anchor Point out 3 miles in State waters and then south across the bay to prevent water exchange with Cook Inlet.

2. Place a cover over the water surface to prevent the evaporation of volatile hydrocarbons.

3. Stop all bacterial activity. (Hydrocarbon oxidizing bacteria are present that use oil for food.)

4. Stir the water to give a water soluble fraction of 1 ppm throughout Katchemak Bay waters. As shown on Table 1, 1 ppm is on the lower toxicity side for larvae and adults. Larvae are throughout the water column - juvenile and adult shrimp and shell fish are on the bottom; fin fish are in water at various depths.

To produce 1 ppm water-soluble fraction throughout Kachemak Bay water would require the discharge of over 200 million barrels of crude oil. (Assumed surface area of 288 square miles and an average depth of 150 feet). It would require 539 simultaneous Metula spills or the complete loss of all oil from 95, 300,000 ton super tankers to produce 1 ppm water-soluble constituents (as measured by the Auke Bay Laboratories chemical method) throughout the waters of Kachemak Bay.

Thus, even daming off Kachemak Bay, putting a lid over it, stopping bacterial activity and adding this amount of oil would only kill a portion of some species of marine life. Obviously, this amount of oil could never be spilled, water exchanges in the bay, many of the toxic constituents of crude oils evaporate, and much of the oil that does go into water is destroyed by bacteria and by photooxidation.

OBSERVED CONCENTRATIONS DURING ACTUAL CRUDE OIL SPILLS

The above example shows that it would not be possible to spill enough oil in Kachemak Bay to significantly adversely affect fin fish and shell fish. Only a few studies have been made of hydrocarbons in water from spills. When oil is discharged to the sea surface, it undergoes a number of rapid physical changes including spreading, dispersion, evaporation, solution, sedimentation. Beginning immediately, but proceeding at slower rates, are other crude oil alterations including biodegradation and photo-oxidation.

Controlled Oil Spills

The American Petroleum Institute, Fate and Effect of Oil Committee conducted 4 controlled oil spills 70 miles east of Boston in October and November, 1975. Two crude oils (24 and 39 API gravity) were discharged under 2 sea states. Each spill was 10 barrels. Water samples were collected with time at 5 and 10 feet under each slick. Samples of the oil were skimmed from the water surface to follow the loss of water soluble toxic hydrocarbons with time. Each slick had a surface area of over 100,000 square feet 20 minutes after discharge (about 3 acres - 200 feet wide X 500 feet long) and all samples were collected from the middle of each slick in order to obtain the highest concentration.

Of about 80 samples collected under the four slicks, dissolved hydrocarbons were found in only 5 samples. The concentrations ranged from 0.002 to 0.060 ppm for samples collected from 15 to 20 minutes after the spills. The highest concentration was found at 5 feet under the 39° API gravity crude spill when waves were 5 - 6 feet with white caps. Dissolved hydrocarbons were found at 10 feet in only one sample at a concentration of 0.002 ppm.

If an excess of oil is mixed with water, a maximum concentration of dissolved hydrocarbons results. The 5 samples had percentages of maximum saturation that ranged from 0.01 to 0.3% and were restricted to the upper 10 feet of water for only 30 minutes. In contrast, Auke Bay toxicity studies to kill one-half of test organisms required an average of 40% of maximum water soluble concentrations with the range from 8 to 100%. Thus, organisms under the controlled oil spills were not exposed to toxic concentrations and the exposure time was less than one hour whereas the Auke Bay bioassays were for 4 days.

The water soluble hydrocarbons were completely lost, principally by evaporation, from all four oil slicks (oil collected from the water surface) in from 4 to 6 hours.

Chevron Gulf of Mexico Spill

Similar observations were made for dispersed (emulsified) oil during the 1970 Gulf of Mexico spill. Dispersant solutions were sprayed on the platform and surrounding water surface. About 30% of the oil was emulsified and mixed in near-surface waters and looked like coffee with cream. Visually it extended as a plume about 1 to 1.5 miles from the platform when oil was discharged at a rate of 1500 barrels per day. Water samples were collected near the platform in the oil emulsion plume and extending outward from the platform.

The highest concentrations of dissolved hydrocarbons ranged from 0.02 to 0.2 ppm at the platform, decreasing to 0.002 ppm at 1 mile. The current was about 0.5 knot and organisms moving with the water were exposed to these decreasing concentrations for about 2 hours. Again, extremely low concentrations with short exposure times compared with concentrations found toxic to marine organisms in 4 day exposures at Auke Bay.

The volume of water (1/4 mile wide, 1.5 miles long and 10 feet deep) affected by even these low concentrations of dissolved hydrocarbons was small, even though the Chevron spill is classified as one of 3 major spills that have occurred during U. S. offshore exploration and production. Such a spill in Kachemak Bay would have no measureable effect on marine life if discharged at the site of the leases at the mouth of the Bay.

RELATIVE SENSITIVITIES OF COLD AND WARM WATER SPECIES

Bioassays conducted under supposedly similar conditions often give differing results. Some of the test variables may not be the same. Some of these variables include temperature, salinity, rate of aeration, weight of organisms per volume of water, and history of the test organisms. In an attempt to compensate for experimental variations and to compare the relative sensitivities of organisms, a standard toxicant (dodecylsodium sulfate) has been used. This material is a dispersant much like a household detergent used to wash clothes.

The Auke Bay marine study used this material for some bioassay tests to determine relative sensitivities of organism. Table 2 (slide) shows the test results compared with warm water species bioassays by other investigators. Following each mean value is a measure of variation of the number comprising the mean (standard deviation). Note that it is large showing appreciable variation. Within this variation, it is not possible to say that cold water species differ from warm water. They are the same.

SUMMARY

1. Larval stages of cold water commercially important marine species are not more sensitive to crude oil than juvenile or adult forms.

2. Cold water and warm water species have similar sensitivities to a common toxicant.

3. No conceivable amount of oil spilled in Kachemak Bay can kill all commercially important marine species.

4. Even a major spill will have a limited, if measureable, effect on these marine species.

5. Based upon known spills, we know that toxic concentrations in water from a possible spill at the lease locations will be below those known to affect Kachemak Bay species, and that the time of exposure would be short - a few hours.

Those in opposition of petroleum exploration and subsequent production of oil or gas, if found, paint a black or white picture - i. e. that if petroleum development occurs, the fisheries will end. Scientific studies show that such speculation is unfounded.

There can be some mechanical interferenceeen petroleum and fishing operations, but with cooperation this can be minimal. The result will be planned development of both renewable and non-renewable resources for the common good of all.

TABLE 1

AMOUNT OF TWO CRUDE OILS AND WATER SOLUBLE FRACTIONS
TO KILL ONE-HALF OF SEVERAL TEST ORGANISMS

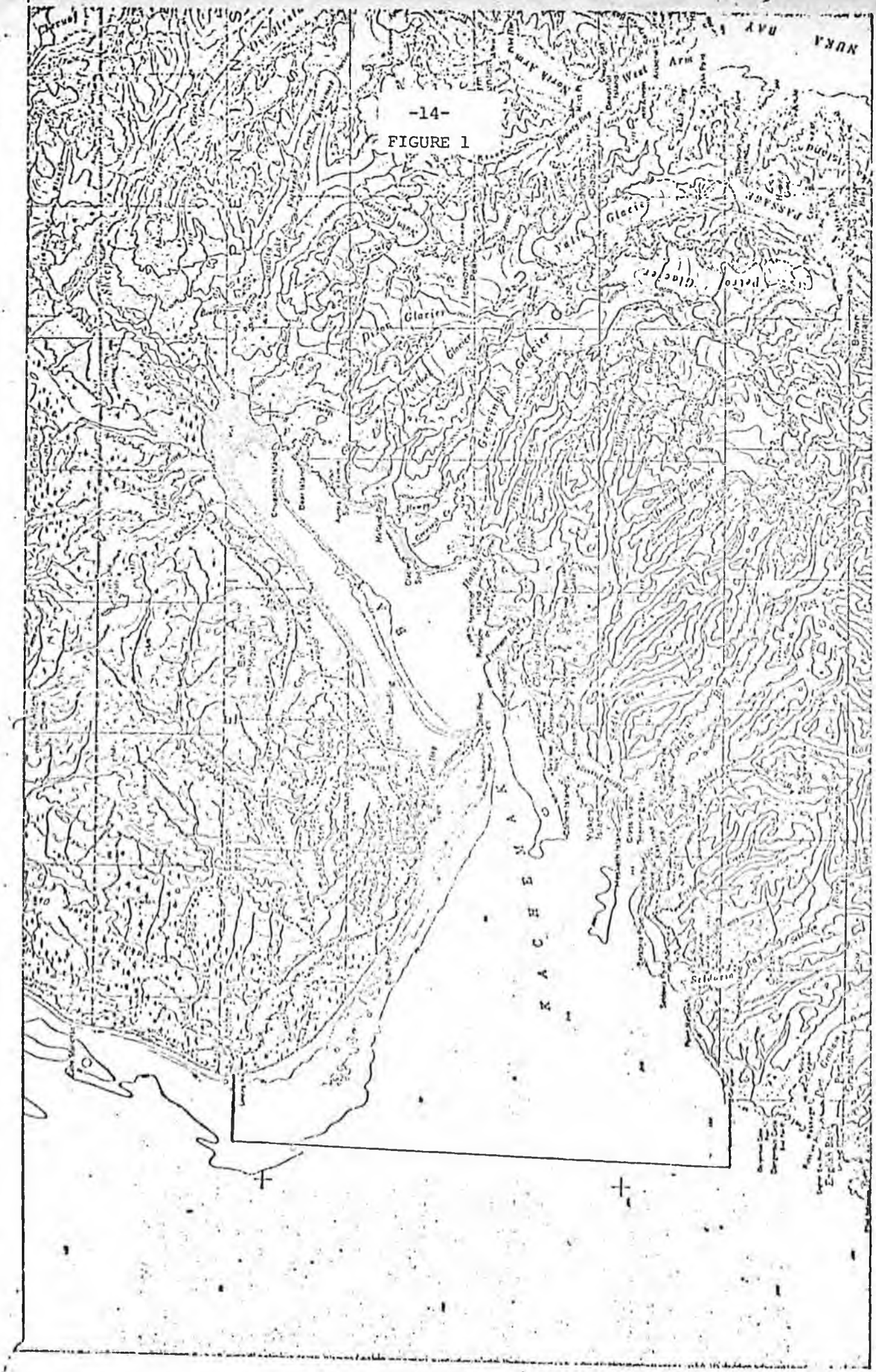
	TL_{50} - 4 DAYS, ppm	
	AVERAGE	RANGE
ADULTS - JUVENILES KING CRAB, SCALLOP HUMPBACK SHRIMP, SCOOTER SHRIMP, PINK SALMON FRY, DOLLY VARDEN SMOLT	2400 (2.4)	1100 - 4200 (1.1 - 4.2)
LARVAE, HERRING, TANNER CRAB, COONSTRIPE SHRIMP, HUMPY SHRIMP, SCOOTER SHRIMP	6300 (6.3)	1700 - > 10800 (1.7 - > 10.8)

TABLE 2

COMPARISON OF COLD AND WARM WATER SPECIES
TO STANDARD TOXICANT DODECYLSODIUM SULFATE

	NO. OF TESTS	MEAN ± VARIATION ppm	RANGE ppm
WARM WATER			
FISH, SHRIMP	14	11 ± 28	0.5 - 108
(DELETION 1 HIGH VALUE)	13	3.8 ± 3.9	0.5 - 14
COLD WATER			
3 SPECIES OF SHRIMP 1 SPECIES OF SCALLOP	4	> 21 ± 13	3.1 -> 32

FIGURE 1



WRITTEN TESTIMONY
PRESENTED TO THE HOUSE
COMMITTEE ON NATURAL RESOURCES

KACHEMAK BAY

I am Frank J. Hester. My home and office are in Santa Barbara, California. I am a marine biologist by profession with a B.A. from the University of California, Santa Barbara, a M.S. from the University of Hawaii; and a Ph.D. from the Scripps Institution of Oceanography. I was employed by the U.S. Bureau of Commercial Fisheries, now the National Marine Fisheries Service, for thirteen years, most recently as the director of the laboratory in Hawaii. For the past three years I have been a consultant on marine biology and fisheries. It is in that capacity that I am here today, having been retained by the Shell Oil Company in connection with the scientific studies relating to Kachemak Bay.

A little more than two years ago, public hearings began on the question of oil and gas development activities on the submerged state lands in the lower Cook Inlet in the vicinity of Kachemak Bay. At these hearings some of the residents of the area expressed concern over exploration and possible development of the leases off the Bay. Much of the testimony at the hearings reflected concern over potential effects on the aesthetics of the area and changes in the life styles of the residents. Such concerns are understandable, but are not open to scientific evaluation - although I am sure that economists and sociologists would disagree with me on this. Some of the fishermen in the area, however, did make some statements that are open to scientific investigation, and it is toward those statements that I wish to direct your attention.

The fisheries of Kachemak Bay amount to between two and three percent of the ex-vessel value for Alaskan fisheries, however, to the people of the area who make their livings from these fisheries, they are of major importance. At the hearings spokesmen for these fishermen stated:

.That there was a possibility that Alaskan marine animals, particularly those of commercial importance, were considerably more sensitive to the effects of oil than were marine animals from warmer water areas where oil and gas production has been conducted for many years with no apparent, detrimental effect on fisheries.

.That the configuration and circulation of Kachemak Bay was such that the populations of marine animals were self sustaining. That is, that there was a persistent gyre in the area of proposed drilling that caught and held the eggs and larvae of the marine animals in the bay from the time they were released until the time that they settled out of the water column and become residents of the bottom.

At the time these statements were made they were unsupported by scientific data. However, both statements are open to scientific study. Therefore, Shell Oil Company funded a study to determine the sensitivity to oil of selected, commercially important marine animals from the area. This study subsequently was co-sponsored by some of the other companies interested in the problem. These companies were: Marathon Oil Corporation, Phillips Petroleum Corporation, Standard Oil Company of California, Texaco Incorporated, and Union Oil Company of California. The work was contracted to be done by scientists of the National Marine Fisheries Service at the Auke Bay laboratory and its field station at Kasitana Bay. I was retained by the Shell Oil Company to administer the contract, which has just been completed.

Several months after work on sensitivity to oil had begun, the state provided funds to the Alaska Department of Fish and Game to investigate the second question - that is, to determine whether or not Kachemak Bay is a closed system. This work has not been completed, but the preliminary results of this study are available.

Let me now discuss the results of the oil study done by Dr. Rice and his group at the National Oceanic and Atmospheric Administration, National Marine Fisheries Service laboratory at Auke Bay. The final report on this project has been submitted to the sponsors. This report will be available from NOAA in a few weeks as a publication. In the meantime, preprints of the report can be obtained from the Auke Bay Fisheries Laboratory.

When this study was conceived, the first question was to decide what to measure and how to use these measurements for comparison with measurements from other areas. Studies of the effects of oil on marine organisms have been ongoing for a number of years. The best studied aspects of the problem have involved acute toxicity, that is the amount of oil that it takes to kill an animal after a short exposure, and studies of the accumulation in and release of hydrocarbons from the bodies of the organisms. Neither approach has been developed and studied exhaustively, despite the amount of effort that has gone into the subject. This is because petroleum is a very complex mixture of compounds; oils from different areas are quite different, and determining the concentrations of these various compounds administered to the test organisms is difficult. The various workers in this field appreciate the problems and are beginning to be able to get reproducible results, but there still are difficulties.

Despite the difficulties, these two aspects of oil pollution, namely, acute toxicity and uptake and depuration, are the best understood. The NMFS study, therefore, had as its principal objectives the following:

.To determine the acute toxicity of Cook Inlet crude oil to various life stages of fish and shellfish found in Kachemak Bay.

.To determine the rate and degree of uptake and depuration of hydrocarbons by these animals when they were exposed to sublethal concentrations of the water-soluble fractions of crude oil.

.To compare these results to published literature to determine to what degree, if any, Alaskan marine animals differ from animals in other areas in their response to oil contamination.

Invariably, when there is a major oil spill, there are predictions that there will be major kills of marine animals. Studies of such spills do not bear out these fears. This has been the case with all the crude oil spills that occurred in the open ocean including the well-studied Torrey Canyon, Santa Barbara and Bloc[illegible] 4[illegible] spills. In none of these spills was damage to the fisheries observed. How then does one reconcile this lack of damage with statements such as appeared recently in the newspapers here to the effect that oil poses a severe threat to fisheries in Kachemak Bay. The answer lies in a misunderstanding about the acute toxicity of crude oil to these organisms.

The procedure for determining the acute toxicity of a substance to an organism was developed long ago in connection with drug testing and agricultural pesticide applications. One might expect that it would be a simple matter to use those same methods to determine crude oil toxicity. Unfortunately, this is not the case although the design of the experiment is essentially the same; that is a number of animals are exposed to various doses of the toxicant for a set period of time and the dose at which 50% of the animals survived that time is calculated. In environmental studies the time usually specified is 96 hrs. The dose at which 50% of the organisms survived is called the median tolerance limit (TLm_{96}).

Where oil testing differs markedly from the testing of other toxicants is in the administration of the dose, and it is here that major misunderstandings arise.

Crude oil is not very toxic. Crude oil, however does consist of a mixture of compounds, some of which are quite toxic in the accepted sense of the word, and it is in these compounds that interest lies for acute toxicity bioassay work. Different oils contain different amounts of these compounds, and these various compounds differ among themselves in their solubility in water.

In order to run a bioassay, a known dose of these dissolved compounds must be administered to the test organisms. This fact was not recognized by the early pioneers in the field of oil pollution studies and they used the volume of whole oil added to the solution as a measure of dose. When this is done,

typical median tolerance limits were found to range from hundreds to hundred thousand parts per million expressed as the volume of oil added to the volume of water. Moreover, these investigators found that they were unable to get the same results twice in a row. After considerable thought, they decided that the problem lay in using the volume of oil added as a measure of the dose. What they really wanted was a measure of the amount of the soluble fractions of the oil in the water column.

Since those first experiments pointed out the problem, various procedures for controlling the dose more accurately have been developed. These are discussed in some detail in the report and I will not go into them here. What I do want to emphasize is that the doses given in the report are measures of some of the soluble fractions of the oil as determined by analysis of the water used in the tests. They are not indications of the amount of crude oil used to make the solutions. These solutions are prepared by mixing a large amount of oil in the water for a considerable length of time. The amount of oil added is not related in a simple way to the concentrations of the dissolved and suspended compounds used in the bioassay tests.

For example, the stock solutions for the bioassays using the water-soluble fractions of the oils were prepared by using a 1% mixture of oil and water; 10,000 parts per million. This mixture was stirred for 20 hrs., allowed to settle and the water and dissolved oil fractions then diluted by a factor of three or more to make up the test solutions. The assay results are reported as parts or as fractions of parts per million, but these are from analyses of the water. They do not in any way suggest that a few parts per million of whole oil can produce these effects. Nor do they mean that 10,000 parts per million of whole oil will produce this effect. All they say is that a mixture of the same oil and sea water prepared as described, and diluted to give a concentration determined by analytical methods to be the same as in these experiments, should give comparable results.

Now I realize that some people will want to attempt to calculate how much oil it will take to poison the lower Cook Inlet. All that the report says is that it will be a lot. Water column soluble fraction concentrations at least as great as those used in the laboratory studies will have to be achieved and this takes time, a lot of mixing energy, and a great deal of crude oil. The difficulty obtaining these concentrations in nature no doubt explains the apparent lack damage following most oil spills.

The report gives acute bioassay results for eight adult or juvenile Alaskan marine species. These are:

1)	Pink scallop	Chlamys rubida
2)	Humpback shrimp	Pandalus goniurus
3)	Scooter shrimp	Eualus fabricii
4)	Coonstripe shrimp	Pandalus hypsinotus
5)	Pink shrimp	Pandalus borealis
6)	King crab	Paralithodes camtschatica
7)	Pink salmon fry	Oncorhynchus gorbuscha
8)	Dolly Varden smolt	Salvelinus malma

It also provides bioassay results for the larvae of six species, some of which duplicate the ones just mentioned. These are:

1)	Humpback shrimp	
2)	Scooter shrimp	
3)	Coonstripe shrimp	
4)	Tanner crab	Chionoecetes bairdi
5)	Dungences crab	Cancer magister
6)	Herring	Clupea harengus pallasi

The results of these bioassays are summarized for you on Table 1 and Figure 1. Before discussing these data in detail, let me make two comments. First, I want to re-emphasize that those values are the concentrations of the water-soluble fractions of the oils and are not equivalent to the amount of oil used to prepare the solutions and the mixtures. Second, I want to call your attention to footnote two on Table 1, which explains the use of ECm the effective concentration for some of the larvae data. These larvae were counted out even though they were not legally dead. The investigators felt that these larvae had reached a stage past the point of recovery and could be considered dead for the purposes of the bioassays.

Now let's look at the numbers. The results from the NMFS study are given in the bottom half of the table. These ranges include the results for one or more species or organism for bioassays run with Prudhoe Bay and Cook Inlet oils, and with a fuel oil. Some assays were run using a dispersion of oil in water prepared by violently mixing oil and sea water for one minute with a paint stirrer. This procedure resulted in suspending some of the oil in the water in the form of tiny droplets, rather than in a true solution as in the case of the water-soluble fractions.

Referring now to the values, the values in the column labeled WSF range from about one to four parts per million for the adults and juvenile animals, and from about 0.2 to two parts per million for the larvae. Compare these with the values given in the upper part of the table and you will see that with the exception of the Battelle study with the coonstripe shrimp, that these values are lower, indicating that these animals are apparently more sensitive to oil than are these other animals from elsewhere. Unfortunately, because of some differences in procedure in some of these studies and in the ages or life stages of the organisms tested, the fact that different oils were used, and the fact that some of the test animals used by the other investigators were notoriously hardy, we cannot state that these differences are significant in the

statistical sense. We can say, however, that if these differences are real, and not a result of experimental error, that they are not very big. The conclusion drawn from these data is that no major difference in sensitivity exists between the Alaskan animals tested and the animals from the other areas.

To get a better feel for how Alaska animals compare with their southern relatives let us look at Figure 1. On this figure these same data are graphed. In addition, I have added some summary data compiled by Moore's group at the Massachusetts Institute of Technology as part of a study on the impact of a deep water tanker port for Maine. He has taken the results of about 40 studies on the effects of oil and summarized them into a table which is available in his report or from the Alaska Department of Fish and Game.

Some data from the MIT study, which was summarized in the ADF&G draft Status Report on Kachemak Bay, have been quoted recently as showing that less than 1 ppm of oil is toxic to marine organisms. This is, of course, incorrect. Moore's data refer to dissolved concentrations, not total oil. He does give estimates of the amount of oil needed to produce these dissolved concentrations, but these values are 1000 to 10,000 times greater.

The studies that Moore used are less precise than the present study or the other studies reported in Table 1, and these results were not used in the NMFS report. As you can see, Moore's values for the several categories of organisms have ranges much wider than the other studies, a reflection of both the imprecision of these earlier studies and the diversity of the organisms used. However, these data are useful in confirming the previous conclusion that there are no major differences between Alaskan species and those from elsewhere. This figure covers a range of water-soluble fractions from 0.1 to 100 ppm. The more sensitive stages, the larvae, appear at the lower end of the range and the less sensitive adults at the upper end of the range. The juveniles lie in between. The Alaskan species fit this conceptual picture quite well, confirming the conclusion that the Alaskan species do not show major differences in their sensitivity to oil toxicity than do their southern relatives.

Now let us consider the uptake-depuration question. This portion of the study was undertaken to see if differences in temperature, or in the metabolism of the animals in Alaska, might cause the rates of uptake and depuration in those animals to be different from the rates in southern species. If you will look at Figure 2 you will see a composite diagram illustrating the uptake and depuration of one chemical, methylnaphthalene, from solution by four of the test animals. The amount of uptake and the pattern of uptake and depuration shown here for these four animals is virtually identical with the patterns obtained in similar studies with southern species. The conclusion is that there are no major differences in this respect between the Alaskan animals tested and those from more temperate regions.

What I have presented here are the highlights of this study. The report contains a great deal more information, including some studies on behavior. These are not comparative studies with other areas so I will not go into them.

The other scientific aspect of the Kachemak Bay question is that of the circulation of the waters in the outer bay. The Alaska Department of Fish and Game has prepared a draft report on some of the work they have done to resolve the question of the persistence of the gyre. The report is still in draft form, and I believe that there will be some editorial changes made. None-the-less, the portion of the draft that presents the results of the drogue and drift card studies of the circulation in the vicinity of the bay is quite thorough.

The author states that more work will be done. The results to date are preliminary, and the methods and conclusions have not been reviewed, however, the evidence does suggest that the movement of water in the area is such that it is unlikely that larvae hatched in the bay remain to settle down in the same area. Instead it appears that many of the animals in the bay are carried in from the outside by the currents, and larvae produced in the bay are carried out to settle elsewhere. It also indicates that flushing of the area is more rapid and complete than previously believed.

Not only does this conclusion suggest that the importance of this area as a rearing area for the bay may have been misinterpreted, but it suggests that the rationale for the establishment of crab sanctuary and the critical habitat needs to be re-examined.

In conclusion, I believe that these two studies, one completed and one preliminary, answer the questions raised two years ago. Neither Kachemak Bay nor the animals in it appear to be unique with respect to their response to petroleum. These studies suggest that the situation here is not much different from that in other areas of offshore oil and gas production. There is, at this time, no scientific grounds for suggesting that fisheries and oil exploration and production off Kachemak Bay are incompatible.

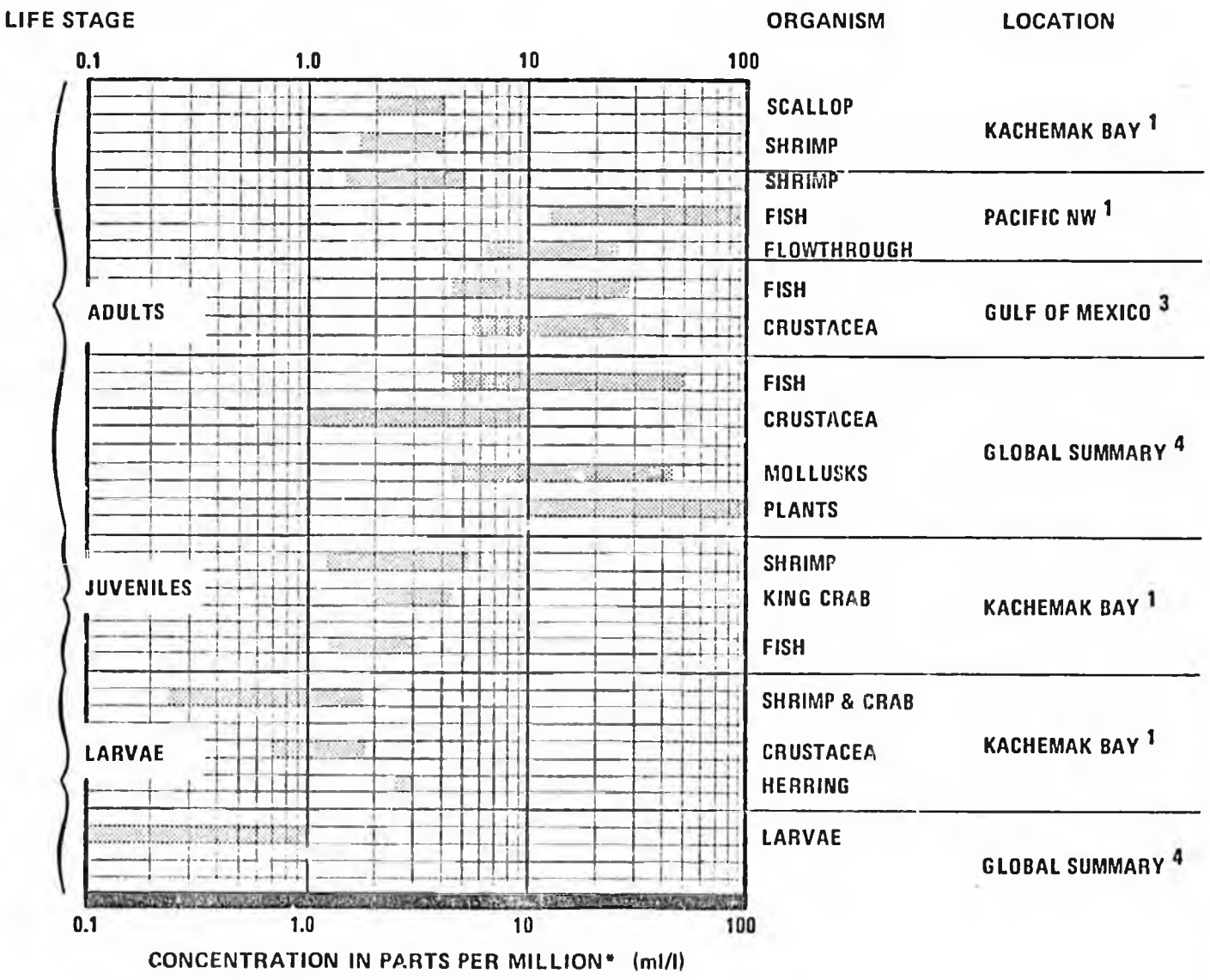
Table 1.--Summary of acute toxicity of several crude oils and No. 2 fuel oil to several marine species. Data are from four studies, each using at least two different crude oils. Ranges of 96-hr median tolerance limits (TLm's) are reported in ppm of oil as measured by IR (2930 cm^{-1}).

Study and species tested	Temperature range	(WSF) Crude oil	(WSF) No. 2 fuel oil	(OWD) Crude oil
Battelle 1973b [1]				
Two species of fish	8°C	15-65	---	---
Battelle 1974a [1]				
Coonstripe shrimp, juvenile salmon (flowthrough)	10-11°C	6.6-24.9	---	---
Coonstripe shrimp (static)	8°C	1.3-4.9	---	---
Anderson et al. 1974b				
Three crustacean species	18-22°C	6.6->19.8	1.3-4.9	18-62
Three fish species	18-22°C	5.5-19.8	3.9-6.3	38-78
This study				
Four shrimp species	3.5-5.4°C	1.26-4.34	0.53-1.69	2.31-13.9
One crab species	3.8-7.8°C	2.35-4.21	5.10	5.3-7.80
One scallop species	3.9-7.4°C	1.57-3.15	0.8	8.04-9.34
Two fish species	3.6-10.2°C	1.10-2.94	0.81-2.29	3.41-16.4
Coonstripe shrimp	3.6-4°C	1.96-2.72	---	---
Six species of crustacean larvae (Stage I-VI)	3.5-13°C	TLm = 0.54->8 ECm = 0.24-1.9 [2]	--- ---	--- ---

[1] Battelle studies do not report TLm's directly in the form of IR ppm. The values presented for Battelle are measured from their raw data. Some of their tests are flowthrough and others are static. They used different mixing procedures and their data may not be directly comparable.

[2] For larvae we also report this ECm, or mean effective concentration for moribundity. Moribund larvae showed some motion, but were unable to swim, and destined for death.

FIG. 1
ACUTE TOXICITY OF THE SOLUBLE FRACTIONS OF CRUDE OILS ON VARIOUS MARINE ORGANISMS



*NOTE: THIS IS THE CONCENTRATION OF THE WATER SOLUBLE FRACTIONS OF THE OIL AS DETERMINED BY INFRARED SPECTROSCOPY. THE TOTAL AMOUNT OF OIL NECESSARY TO PRODUCE THESE DISSOLVED CONCENTRATIONS WILL BE MUCH GREATER DEPENDING ON THE MIXING METHOD USED. ACCORDING TO MOORE ET AL[4], THE VOLUME OF OIL WILL BE 1,000 TO 10,000 TIMES GREATER THAN THE DISSOLVED FRACTIONS IT CAN PRODUCE.

1/NMFS - RICE ET AL, 1975."ACUTE TOXICITY AND UPTAKE-DEPURATION STUDIES WITH COOK INLET CRUDE OIL, PRUDHOE BAY CRUDE OIL, NO. 2 FUEL OIL AND SEVERAL SUBARCTIC MARINE ORGANISMS."2/BATTELLE PACIFIC NORTHWEST LABORATORIES. 3/TEXAS A & M - ANDERSON ET AL 1974. MARINE BIOLOGY 27, 75-88. 4/MOORE ET AL, 1973."A PRELIMINARY ASSESSMENT OF THE ENVIRONMENTAL VULNERABILITY OF MACHIAS BAY, MAINE TO OIL SUPERTANKERS." RALPH PARSONS LABORATORY REPORT #162.

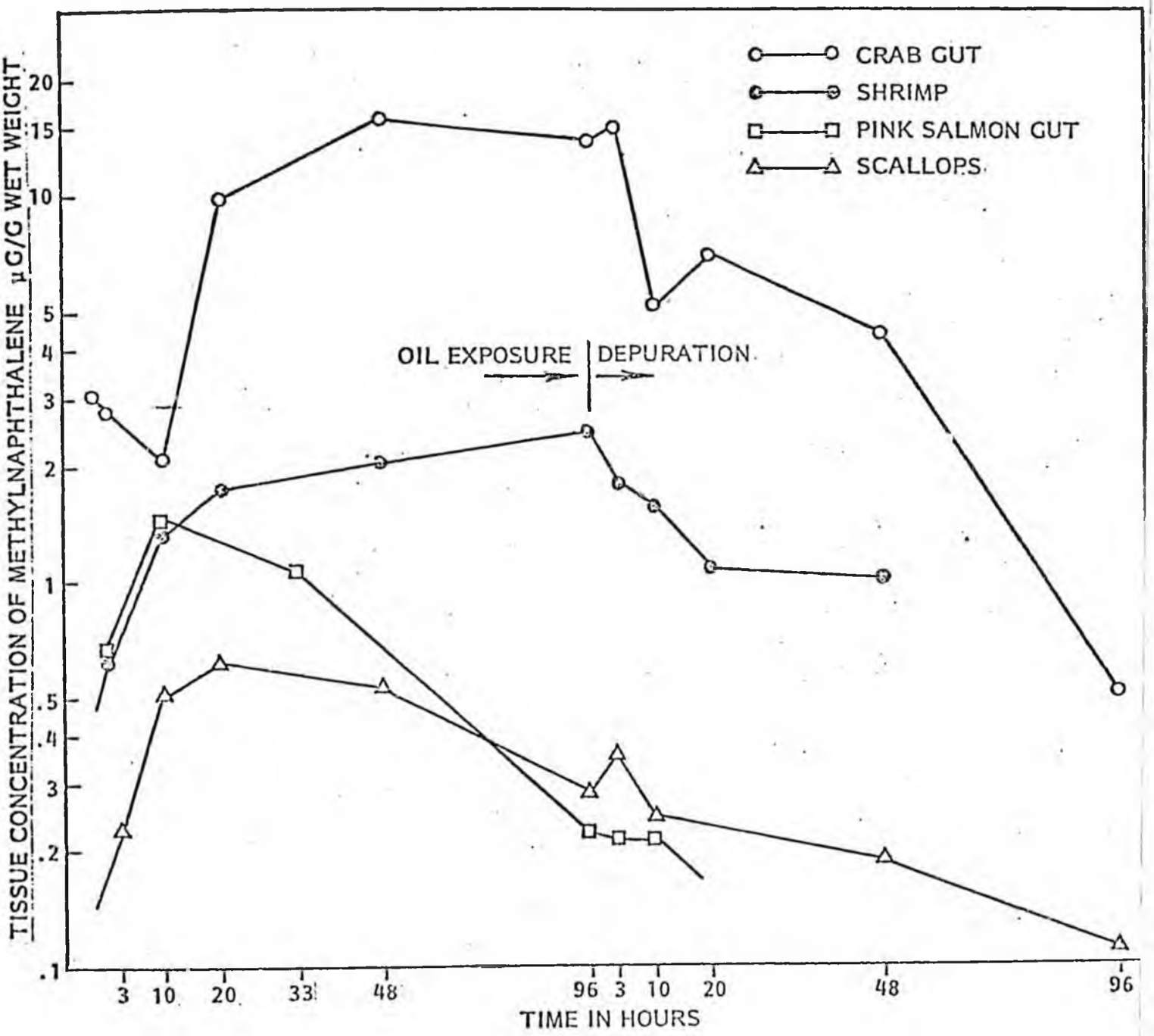


Fig. 2 .. Comparison of methylnaphthalene accumulation in juvenile king crab gut, whole shrimp, pink salmon gut, and whole scallops exposed to the water-soluble fraction of Cook Inlet crude oil. Methylnaphthalene accumulated to a greater extent than any other aromatic compound in these tissues. Concentrations during exposure were approximately equal.

2

TO
HOUSE RESOURSE COMMITTEE
STATE OF ALASKA
CHAIRMAN: NELS A. ANDERSON

STATEMENT CONCERNING DRILL RIG
"GEORGE F. FERRIS" AND ITS
ACTIVITIES AS IT MAY RELATE TO
OIL DRILLING IN KACHEMAK BAY
AND COOK INLET

PREPARED BY: RALPH OXENRIDER
OFFSHORE CONSTRUCTORS INC.
4250 WILSHIRE BLVD.
LOS ANGELES, CALIFORNIA 90010
REPRESENTATIVE OF OWNERS

April 8, 1976

The "George F. Ferris" is a four legged jack-up type oil drilling barge with no propulsion of its own. It is towed from location to location by ocean going tow boats, usually two, with a combined horsepower of 6000 H.P. or more.

During tow the legs of the Ferris are raised to a predesignated position giving the unit a minimum draft of 19 feet. When the rig arrives at its location it is held in position by means of large anchors controled by winchs on board. The legs are lowered to the bottom at a rate of 40 feet per hour by means of a hydraulic jacking system which also elevates the rig out of water when the bottom bearing becomes sufficient to carry the load.

After the elevating procedure is completed the drilling mast is raised and drilling commences immediately. The anchors are usually recovered immediately by means of hoisting them with winchs on the supply boat and hauling in the wire to hang the anchors on the rig clear of the water.

The Ferris first arrived in Kachemak Bay on August 26, 1974 and proceeded to anchorage in Jakolof Bay for inspection at the conclusion of the tow from Long Beach, California before proceeding to its first drilling assignment at Kasilof in Cook Inlet. The Ferris proceeded to Kasilof on September 2 and 3, 1974 and commenced drilling on September 4, 1974.

This assignment continued until January 7, 1975 at which time the job of lowering the Ferris began. During this process on January 9, 1975 the jacks on one of the legs broke. Lowering operations could not be continued until repairs were made or an alternate method of removal was devised.

Engineers from our company and technical consultants from many fields immediately convened in Kenai to work out the fastest and safest way to get the Ferris off this location. Several alternatives were being worked on simultaneously. It as decided that demolition of the jacks, allowing the

Ferris to drop into the water, was the most expeditious when the entire spectrum of our position was considered.

The demolition was successfully executed January 29, 1975 with flawless precision. The United States Coast Guard had been advised of all operations and were in attendance. Local agencies kept advised were the fire and police departments. Anchorage arrangements in the Port of Homer were arranged in advance.

The Ferris arrived in Homer on January 31, 1975 and anchored up as planned with no complications. The job of evaluating damage and activating repairs began immediately.

The Ferris entered Kachemak Bay on a planned course that was proposed at that time as a corridor for commercial vessels entering Kachemak Bay. Any minor alterations to this course were made to avoid crab pots in this corridor. It was strikingly evident that no attempt had been made by crab fishermen to leave this corridor clear of crab pots. In that respect no corridor exists.

This writer was on board the lead boat, the Norma Ann II, which traveled the full length of the entrance course and back to the Ferris four times between 6 A.M. and 9 A.M. spotting concentration of crab pots and relaying this information back to the tugs. It is my opinion that the tow boat skippers did an outstanding job of avoiding as many crab pots as they did. I boarded the Ferris approximately 9 A.M. about seven miles from the end of the Homer spit. My first act upon boarding the Ferris was to make a full circle search for crab pot markers and I found and recorded them all, a total of eight. These same markers were still attached when we arrived at the final anchorage site at noon. There were no more.

Immediately after recording the attached pot markers I went to the

Heliport deck and remained there for the completion of the tow. From this vantage point crab pot buoys were readily visable for a considerable distance. From the time I arrived on the Heliport until the tow was completed the Ferris definitely did not run over any crab pots.

The entry of the Ferris into Kachemak Bay in darkness has been criticized by Mr. Ken Moore. I wish to answer that criticism to this committee because I feel his criticism, with all due respect to Mr. Moore, is based only on his concern for the protection of the fishermens crab pots rather than the real issue involved which are the preservation of life and property, the preservation of the environment, and the discharge of these duties with competence.

The Ferris was a crippled barge to the extent that the legs were being held up with temporary locking pins, well sufficient for this tow in good weather. It would have been foolhardy to hold this tow in the outer bay for any reason and allow it to be caught in a storm which would cause undue stresses on the holding pins with the possibility of the loss of a leg. This is why the Norma Ann II preceeded this tow by 2 to 3 hours to confirm sea conditions and order a turn around if conditions were doubtful. The entire operation was planned to take advantage of the usual early morning calmness as well as favorable tides. An operation of this magnitude being completed in two and a half days with the only adverse effect being the collection of a few crab pots in my opinion deserves credit rather than criticism.

The question of the legs of the Ferris striking the ocean floor during jack up operation thus crushing crabs and damaging the natural environment has been publicly voiced by the Kachemak Bay Defense Fund group and by Mr. Lorian Flagg and Dr. Weennekens of the State's Fish and Game Department

with the implication that this will do considerable damage to the marine habitat of the ocean floor.

This is a serious allegation and I prsent the following facts so this committee will evaluate the protection of the marine habitat from a total use viewpoint rather than an individual use viewpoint.

The Ferris has four legs each covering 256 square feet of bottom area for a total of 1,024 square feet each time the Ferris is set up. I cannot imagine a crab or fish remaining under these legs as the legs descend to the bottom at the rate of 8 inches per minute but if they did reamin there, they would surely be crushed. This operation could conceivably take place four times per year but very unlikely that often in Kachemak Bay.

In contrast the crab fishing industry reportedly has 2,500 or more King crab pots fishing Kachemak Bay. The average of these pots cover 36 square feet each and weigh an average of 600 pounds. They descend to the bottom with sufficient speed and force to kill King crabs if struck by one. This fleet of pots striking the bottom with a killing force each time they are set out cover an area of 90,000 square feet. Assuming these pots are set out once a week for 20 weeks per year the total impact area, to say nothing of dragging during storms, is 1,800,000 square feet. This is more than 1,700 times the damage area created by an oil rig for each set up.

I respectfully request this committee give credit where credit is due and give the oil rigs credit for doing minimal damage to the bottom environment rather than serious damage as the allegations would like you to believe.

We are by no means suggesting criticism of practices in the crab fishing industry that are a necessary function of their industry. They produce a valuable and necessary product for the benefit of our entire sociaty. It is their individual inherent right to engage in this industry in the sovereign

waters of the United States. The same standards of evaluating the degree of controls on any one industry should apply to all industries.

Another erroneous allegation, made by Mr. Ken Moore, contained in a movie entitled "Kachemak Bay, Problems of Progress" produced by the State of Alaska with Federal funds and State Tax funds, and circulated primarily by the State of Alaska, implies that Offshore Constructors, Inc. dealt unfairly with the fishermen as to the settlement of their crab pot claims.

We wish at this time to refute these allegations and state to you that most of the evidence supplied by the claimants did not substantiate their claims. The fact is that most of the claims were rendered invalid by virture of their own evidence porvided.

We know the course of the Ferris through Kachemak Bay and we plotted this accurately on a chart. Each individual claimant plotted the position of his crab pots on an identical chart. We overlayed the two charts and if the Ferris passed through the claimants pots we made a settlement with him. If the Ferris did not cross through the claimants pots we did not pay any part of his claim. It was just as simple as that.

There are other significant facts that bear on the question of fair settlement. One pertains to the fact that from 3 to 5 days immediately preceeding the arrival of the Ferris there was a storm of considerable intensity in Kachemak Bay with the result that several crab pots were either dragged away from their original placement or their buoys torn loose and lost. This is substantiated by a second fact that some of the fishermen did hire a local helicopter and did go in search of their pots because they could not find them. This opens a new demension of settlement. We have offered to pay for pots found on the Ferris belonging to one particular party even though his pots were not in the path of the Ferris. This party rejected

the offer to settle for payment of the pots found on the Ferris so to this date there is no settlement completed. The door is still open on this claim.

It is common knowledge that crab pots are shifted during the course of a storm. This is an "Act of God" and who knows where they are shifted to. It appears that critics of our settlement feel that the Ferris should indemnify their losses for "Acts of God". I wish we could find a sponsor that would do that for us. We pay insurance premiums for this sort of coverage.

There have been various allegations made as to possible damage caused when the "David Foss" struck a submerged object and sank while we were trying to re-float the "Ferris" and since the "David Foss" was servicing the "Ferris" it is our fault that it sank.

We are curious as to how a law should be written to prohibit tugs from assisting a drilling barge in distress without also preventing these same tugs from assisting ships or fishing boats in distress. Who would decide who was to be saved and who was to be abandoned when a vessel is in distress. Obviously these allegations are biased and completely invalid.

In the film "Kachemak Bay, Problems of Progress" Mr. Ken Moore alledges that he was hired, or had an agreement, with Shell Oil to the effect that we were to pick him up in a helicopter prior to entering the bay and he could guide us through the crab pots. He said we did not bother to come get him and we had the helicopter tied down on the helicopter deck, further infering we had no intention of using his services.

Shell Oil did inform us they intended to make such an arrangement with one of the local fishermen, however for one reason or another we were never informed who the gentleman was that we were supposed to pick up. In lieu of this we hired, and had on board, a pilot from the Homer Pilots Association.

What Mr. Moore did not tell you is that he agreed to assist us providing

he was paid one hundred dollars in advance and that if he was not paid in advance he would not go. The fact is he was not paid so would not have come to assist us had we gone after him.

Mr. Moore's reference of the helicopter being tied down can only be viewed as an attempt on his part to discredit Offshore Constructors Inc. in the eyes of the public. The facts are that every piece of equipment on our barge, including the helicopter, is tied down during a tow just the same as Mr. Moore's crab pots are tied down when he goes to sea. I believe the intent of his implications speak for themselves.

The Ferris was towed by the "Phillip Foss", owned by Foss Launch & Tug and the "Sea Racer", owned by Crowley Maritime Corporation. These boats each carry a Captain, First Mate and Second Mate all licensed people and all with considerable experience in these waters. Captain Allen H. Anderson, the skipper of the lead tug, the "Phillip Foss", was sent up here expecially for this tow because he is particularly familiar with bringing heavy tows into Kachemak Bay. The fact that the most experienced people were intentionally gathered, using the latest equipment in the state of the art, planned in detail well in advance, and executed with flawless precision, certainly should disqualify any allegation of misconduct. It would be interesting to know by what credentials our accusers derive their authenticity to be a creditable critic.

Respectfully submitted without prejudice,

Ralph R. Oxenrider

Ralph R. Oxenrider
Vice President
OFFSHORE CONSTRUCTORS, INC.

City of Seldovia
P. O. DRAWER B TELEPHONE 234-7643
SELDOVIA, ALASKA 99663

HONORABLE NELS ANDERSON, CHAIRMAN

NATURAL RESOURCE COMMITTEE

HOUSE OF REPRESENTATIVES

POUCH V

JUNEAU, ALASKA 99811

DEAR SIR,

MY NAME IS ED GLOTFELTY, CITY MANAGER OF THE CITY OF SELDOVIA. I WOULD LIKE TO TESTIFY AGAINST CSHB-626. AND EXPLAIN HOW I VIEW THE IMPACT THAT OIL AND GAS DEVELOPMENT WOULD HAVE ON THE CITY OF SELDOVIA.

A PUBLIC MEETING CONCERNING CSHB-626 WAS HELD IN SELDOVIA LAST MONTH. MR. BOB PALMER WAS THERE REPRESENTING THE GOVERNOR. ALTHOUGH THE MEETING WAS MORE OF A PRESENTATION OF THE VIEWS OF THE GOVERNOR AND THE DEPARTMENT OF FISH AND GAME. THERE WAS A VOTE ON THE TWO PARTS OF THE BILL. THE VOTE WAS 22-23 AGAINST OIL DEVELOPMENT IN KACHEMAK BAY. AND THE VOTE ON THE MARINE SANCTUARY WAS OVERWHELMLY AGAINST THE MARINE SANCTUARY IN KACHEMAK BAY.

THE ECONOMY OF THE CITY OF SELDOVIA IS PRESENTLY IN A DEPRESSED POSITION. SELDOVIA IS A ONE INDUSTRY COMMUNITY, AND THAT INDUSTRY IS DEPRESSED BECAUSE OF THE RELATIVELY POOR CRAB SEASON THIS PAST FALL AND WINTER A FISHERMAN STRIKE IN AUGUST AND EXTREMELY HIGH WINDS, HEAVY SEAS, AND

MASSIVE AMOUNTS OF ICE IN THE INLET AND BAY PREVENTED THE BOATS FROM FISHING REGULARLY THIS PAST KING CRAB SEASON. AND THEN THIS PAST WEEK THE STATE OF ALASKA IN THEIR INFINITE WISDOM DECIDED TO CLOSE THE KING CRAB SEASON WITH ONE MILLION THREE HUNDRED THOUSAND POUNDS OF KING CRAB QUOTA UNCAUGHT.

WITH ONLY ONE INDUSTRY IN A COMMUNITY AND WITH THAT INDUSTRY DEPRESSED THE ENTIRE ECONOMY IS DRASTICALLY AFFECTED.

SELDOVIA, NEEDS A SECOND INDUSTRY AND WE FEEL THAT THE PETRO-CHEMICAL INDUSTRY WOULD BE A GREAT ASSIST TO OUR CITY.

IF THE STATE OF ALASKA CONDEMNS THE LANDS THAT THEY HAVE LEASED TO THE OIL COMPANYS, AS PROPOSED IN CSHB-626, WE FEEL THAT THE STATE WILL HAVE RENEGED ON A COMMITTMENT. THAT WILL HAVE GREAT EFFECT ON FUTURE CREDITABILITY OF THE ENTIRE STATE. AND TO USE THE MARINE SANCTURAY CONCEPT AS A MEANS TO CONDEMN THE LEASES, FURTHER COMPOUNDS THE CREDITIABILITY OF THE ACTION.

WE WOULD, HOWEVER, SUPPORT SENATE BILL-720 WHICH SEEMS A REASONABLE APPROACH TO THE COMPLEX SUBJECT.

WE DON'T FEEL THAT THE WHOLE OF KACHEMAK BAY SHOULD BE A STATE PARK.

THE ECONOMIC BASE THAT THE PETRO-CHEMICAL INDUSTRY WOULD OR COULD PROVIDE FOR OUR COMMUNITY WOULD BE MAJOR. AND THERE HAS BEEN INTEREST SHOWN ON

THE PART OF THE PETRO-CHEMICAL INDUSTRY TO DEVELOP A STAGING AREA OF MAJOR PROPORTIONS IN THE SELDOVIA AREA TO SERVICE BOTH THE DEVELOPMENT IN KACHEMAK BAY AND THE LOWER COOK INLET.

THE SELDOVIA NATIVE CORPORATION HAS LAND ACROSS SELDOVIA BAY WHICH IS OF INTEREST TO THE PETRO-CHEMICAL INDUSTRY AS A STAGING AREA. FOUR MAJOR COMPANIES HAVE HELD MEETING WITH THE NATIVE CORPORA ,ON THEY ARE BRITISH PETROLIUM, EXON, SHELL AND CITY SERVICE.

THESE LANDS MEET THE OIL INDUSTRIES MAJOR REQUIREMENTS FOR A STAGING AREA,

1. IT IS ADJACENT TO DEEP WATER,
    a, A DOCK COULD BE BUILT TO HANDLE LARGE TANKERS
    b. DOCKS COULD BE BUILT FOR BARGE UNLOADING
    c. IT IS ICE FREE
2. SUFFICIENT LAND IS AVAILABLE FOR STORAGE.
3. FRESH WATER AVAILABLE.
4. POWER IS AVAILABLE ACROSS THE BAY IN SELDOVIA.
5. TELEPHONES ARE AVAILABLE IN SELDOVIA.

THE CITY OF SELDOVIA WOULD ALSO GAIN MANY BENEFITS FROM A SECOND ECONOMIC INDUSTRY IN OUR AREA. THE BOROUGH ASSESSOR STATED THAT WITH THE DEVELOPMENT OF NEW HOUSING UNITS ALONE THE COMMUNITY WOULD INCREASE ITS ASSETS EVALUATION BY ONE-HALF THE SECOND YEAR OF DEVELOPMENT.

AND IF A DEVELOPMENT OF LOADING AND DOCKING FACILITIES BECAME A REALITY THE EVALUATION WOULD TRIPLE. HIS INFORMATION IS BASED ON SIMILER DEVELOPMENTS IN THE NORTH KENAI AREA.

WITHIN THE CITY LIMITS WE HAVE AVAILABLE INDUSTRIAL LANDS THAT SERVICE INDUSTRIES WOULD REQUIRE TO SUPPORT THE OIL INDUSTRY WE HAVE APPROXIMATELY 16 ACRES OF LAND ZONED INDUSTRIAL. DOCKING AND WHARFAGE FACILITIES ARE ALREADY BUILT. SMALL BOAT HARBOR, POTABLE WATER WHEN OUR NEW SYSTEM IS COMPLETE. AND THROUGHOUT THE CITY AND OUTLYING AREAS THERE ARE ` AVAILABLE FOR THE CONSTRUCTION OF RESIDENTIAL HOMES FOR THE HOUSING THAT WOULD BE NEEDED.

WE HAVE RECEIVED INFORMATION BOTH FROM PRIVATE SOURCES AND FROM THE OIL COMPANYS THAT THE BIOLOGICAL INFORMATION THAT HAS BEEN DISPURSED BY THE STATE ADMINISTRATION CONCERNING THE EFFECTS OF OIL SPILLS IN THE WATER OF KACHEMAK BAY, IS GREATLY EXAGERATED. AND WE WOULD RECOMMEND A YEARS MORATORIUM TO PROVIDE RELIABLE BIOLOGICAL INFORMATION ON THE BAY BEFORE PRODUCTION DRILLING. WE UNDERSTAND THE MAJOR CONCERN IS NOT WITH AN OIL SPILL OR ACCIDENT FROM EXPLORATION OR PRODUCTION, BUT THAT THE MAJOR DANGERS ARE FROM SHIPPING ACCIDENTS. THESE DANGERS WE LIVE WITH NOW. THE MAJORITY OF ALL TANKERS GOING TO AND COMING FROM THE UPPER INLET, PASS SELDOVIA EVERYDAY TO UNLOAD AND LOAD A SHIP PILOT. A MAJOR ACCIDENT OF THE PROPORTION AND MAGNITUDE THAT WOULD BE SUFFICIENT TO BE HARMFUL TO THE RENEWABLE RESOURCE COULD VERY WELL HAPPEN AT THE PRESENT TIME AND IT IS OUR CONTENTION THAT EXPLORATION WOULD NOT SUFFICIENTLY INCREASE THIS PROBABILITY.

THE MAJOR CONCERN EXPRESSED IN THE COMMUNITY IS THAT IF OIL EXPLORATION AND DEVELOPMENT DOES TAKE PLACE IN KACHEMAK BAY, THE LOWER COOK INLET OR ELSE WHERE IN ALASKAN WATERS, ARE THAT STRICT AND ADEQUET SAFEGUARDS ARE EMPLOYED. CERTAINLY WE HAVE THE TECHNOLOGY TO PROVIDE THE SAFEGUARDS NECESSARY IN THIS INDUSTRY (WE CAN PUT MAN ON THE MOON).

THE FISHERMEN ARE CONCERNED WITH A WORKABLE ARRANGEMENT BETWEEN THE TWO INDUSTRIES SO THAT FISHING GEAR LOSS DUE TO THE PROPOSED INCREASE OF SURFACE TRANSPORTATION. AND MOST FEEL THAT AN ADEQUET SOLUTION TO THIS PROBLEM CAN BE WORKED OUT.

IN CONCLUSION: THE CITY OF SELDOVIA WOULD BENEFIT THROUGH, INCREASED EMPLOYMENT AND FINANCIAL STABILITY THROUGH A STABLE ECONOMIC BASE.

IF THE PETRO-CHEMICAL INDUSTRY BUILT A STAGING AREA IN THE SELDOVIA AREA, WE FEEL THAT WITH ADEQUET SAFEGUARDS AND CLOSE WORKING RELATIONSHIP BETWEEN THE PETRO-CHEMICAL INDUSTRY, THE COMMUNITY, THE FISHERMEN, THE NATIVE ASSOCIATION AND THE KENAI PENINSULA BOROUGH, THE CITY OF SELDOVIA WOULD GROW AND PROSPER WITH THE DEVELOPMENT OF NON-RENEWABLE RESOURCES AS WELL AS THE RENEWABLE RESOURCES OF THE WATER OF ALASKA.

ADOPTED: March 24, 1975
VOTE: UNANIMOUS

OBJECTIVES OF THE CITY COUNCIL
HOMER, ALASKA

It shall be the basic objective of the Common Council of the City of Homer, Alaska to continue to strive to establish a municipal government that most efficiently provides those services desired by the greatest number of its citizens within the economic boundaries prescribed by those citizens.

To accomplish this basic objective, the following objectives and goals are hereby adopted by the Common Council of the City of Homer, Alaska:

1. To provide an adequate and healthful water supply for all of its citizens.

2. To provide an adequate and properly maintained sewage collection system and treatment plant.

3. To provide the necessary law enforcement to protect the citizens safety and property.

4. To promote its Port facilities to full utilization and to plan for its further development as necessary.

5. To plan and promote improvement and enlargement of its boat harbor facilities.

6. To encourage the proper construction of streets and provide for adequate snow removal and maintenance of such streets.

7. To plan for and develop a drainage system for the area.

8. To actively pursue the acquisition of land within the boundaries of the city to be set aside for the purpose of parks and recreation areas, bike trails, and to preserve the environmental balance necessary in development of a drainage system for the area.

9. To create a climate that will assist and support the development of all the natural resources within the purview of its environs to broaden its economic base in order to increase the opportunities for the present and future citizens without the degradation of the prospective long term use of any natural resources.

10. To create a climate that will assist and support the establishment of that industrialization necessary to provide employment for its citizens.

11. To create a climate that will assist and support the maintenance of financial institutions to provide adequate and timely capitol for construction of homes and necessary businesses to properly services its citizens.

12. To create a climate that will assist and support the development of tourist facilities that will encourage the orderly enjoyment of the recreation potential of the area.

13. To promote the development of health care facilities adequate to care for its population, number and make up, at any stage of growth and economic capability.

14. To utilize all means and technology and regulations to protect the environment and economy.

15. To provide pay, benefits, training and working conditions for its employees that are within the capability of the economic base and standards for like employment.

16. To cooperate with all borough, state and federal agencies which can assist in obtaining the objectives of the Council and to provide for the general welfare of its citizens.

17. To assist any citizen with information on city government and other government functions that are reasonably available.

18. To encourage participation by its citizens in its own government.

19. To keep its citizens informed of its actions by furnishing of all information to the media available for dissemination of such in the area.

It will be the policy of the Council to review these objectives in January of each year.

TESTIMONY FOR NATURAL RESOURCES COMMITTEE

April 9, 1976

I am Hazel Heath, Mayor of the City of Homer for nearly eight years. I am President of the Over All Economic Development Program for the entire Kenai Peninsula Borough. I serve as a member of the Governor's Tourism Advisory Board; as a member of the Alaska State Chamber of Commerce Board of Directors and am also a member of the State Board of Directors for the Alaska Visitors Association. I am a member of the Kenai Peninsula Community College Advisory Committee. I own and operate Homer Artists--an Art Gallery with art supplies and a gift shop where I sell paintings and craft items made by local artists.

Now--the situation in Kachemak Bay.

As the Mayor of the City of Homer I would like to give you four of the nineteen objectives of our City Council:

No. 4. To promote its Port facilities to full utilization and to plan for its further development as necessary.

No. 5. To plan and promote improvement and enlargement of its boat harbor facilities.

No. 9. To create a climate that will assist and support the development of all the natural resources within the purview of its environs to broaden its economic base in order to increase the opportunities for the present and future citizens without the degradation of the prospective long term use of any natural resources.

No. 10. To create a climate that will assist and support the establishment of that industrialization necessary to provide employment for its citizens.

In view of the situation in Kachemak Bay, I believe the last one is most important. We need industry that will provide employment. Tourism and fishing are good but they don't give us a broad enough economic base. I believe development of the oil leases in Kachemak Bay would strengthen our potential for such an economic base.

And speaking of "oil leases in Kachemak Bay", I get the feeling that most people feel that the Homer Spit will be surrounded by platforms and drilling rigs. The leases in question are so far out into what most of us consider Cook Inlet, I doubt if the platforms could be seen from Homer.

As President of the OEDP, while the group has not formally passed a resolution on the Kachemak Bay situation, we do believe in multiple use of the resources within the Borough.

We believe in the development of the gas and oil resources with proper safe guards to protect the fisheries. Our purpose is to encourage economic development for all areas of the Borough.

As a member of the Governor's Tourism Advisory Board and also of the Alaska Visitors Association Board of Directors, I believe in the tourist industry. It is one of the most important industries in the State but we need more than that!

The Alaska State Chamber of Commerce is based on good business and development within the State.

As a member of the Kenai Peninsula Community College ~~xxxxxx~~ Advisory Committee I am proud that our facility is able to offer a very comprehensive course in Petro-Chemical studies. We are able to train students for jobs in the industry so naturally we are FOR the development of our gas and oil potential within the Borough.

I have been a resident of Homer since 1946. It has been good to me and I love the area. I expect to spend the rest of my life in Homer. I voted for Alaska Statehood because I felt we were being governed by people in Washington, D.C. who were not knowledgable concerning Alaska and its affairs. I am concerned that Alaskans are being hampered now by too many unnecessary laws.

I do not believe we need to make Kachemak Bay a complete marine sanctuary. A critical habitat as it now is created no hardship. Let's leave it that way!

Thank you for your time!

House Resources Committee

Mr. Chairman; Members of the Committee; Ladies & Gentlemen:

My name is Bob Barnett - I'm from Homer

I am a 54 year resident of Alaska. I have worked in the placer mines at Flat near Iditerod. I was employed by the Alaska Railroad in engine sdrvice for over 8 years. I have worked in construction as a plumber & steamfitter and operated my own plumbing, heating, and hardware business for many years in Anchorage. I am a 12 year resident of Homer and have owned & operated a shrimp boat with otter trawl most of the time for the last 8 years. I own my own home and have a substantial investment in real property in Homer.

The economy of Homer, as it appears to me, is supported primarily by fishing and food stamps. The fishing industry has its good years and bad, but the food stamp sector seems to grow steadily as the population increases.

Kachemak Bay has been declared a Critical Habitat area by the State. This action, in my opinion, provides all the authority necessary for the State Department of Fish & Game to properly supervise and protect the fishing resource. If the State uses this authority wisely, it will not only protect the "Fishing industry" but it will coordinate the fishing activity with the activity of other industries including the "Oil Industry". In fact, in my opinion, all State personnel involved in resource management are morally and legally obligated to this end. The State must be made to realize that the economy is an important factor to be considered in the overall administration of State affairs.

In my opinion a bill to create a Marine Sanctuary or a State Park is completely unnecessary, and a bill to void the Kachemak Bay Oil leases is ridiculous.

I believe the only problem of any consequence is a traffic problem. Traffic in the Bay is not all oil related and could be controlled to the extent that conflict between industries could be eliminated. The creation of a corridor is a big step in the right direction and with proper administration and cooperation should eliminate most of the problems.

I am opposed to any bill creating coastal zone control by the State. I believe in stronger local government as opposed to government by State Commissioners.

I believe the State should encourage the development of natural resources and promote the multiuse concept of public land. Refers to Article VIII of State Constitution

I believe that the publicity in the news media from Homer this past year or more has been biased in favor of the radical environmental groups. Public hearings have been loaded with newcomers, many ~~who~~ SEEM not believe in the work ETHIC concept, many with little or no investment in the community. The Business people, the old timers, the home owners, and people with investments who have much at stake have expressed essentially the same philosophy that I have tried to express, but it gets little if any publicity. I would refer you to the poll

that was conducted by Mrs. Cason with the help of many local people. The Environmental groups appear to be well financed and smart enough to put people like the "Fishermen" in the front lines to give them credibility. They have apparently put a lot of money into the campaign against oil in Kachemak Bay and my guess in that much of their support comes from out-of-Homer and out-of-state.

In conclusion, I say as I have said many times in the past, I sincerely believe that we can have fish and oil, too. There are no problems between the two industries that cannot be resolved by men with common sense and a cooperative attitude.

Thank you.

Robert E. Barnett

To: House Resource Committee

Re: Kachemak Bay Legislation

WRITTEN TESTIMONY

Presented by Velton Cason

My name is Velton Cason. I am a science teacher in the Homer High School. I have a background in Agriculture, Physics, Chemistry and Biology. I have been a resident of Homer for 19 years.

The purpose of this statement is to discuss, in general terms, a report entitled "Kachemak Bay - A Status Report" which was expounded on at the "town meeting" in Homer on February 17, 1976.

This report was prepared by the staff of the Alaska Department of Fish and Game.

Further, the report appears to have been hastily prepared and not to have recieved any Departmental review or editing, as indicated by inconsistancies present. Also, the report is presented in an unscientific manner and is written in an emotional style.

We in Homer hoped the report would be a factual statement of the ongoing studies in the area. The report as presented does NOT meet this objective.

The report is divided into 5 sections, having the stated purpose to "discuss and summarize salient findings emerging

from ongoing field studies and analyses of current literature as they relate to man's disruption of the marine environment, especially by oil and gas related activities".

Section I and II addresses the ongoing studies. Section III addresses a literature review. Unfortunately, Sections IV and V are philosophical in nature and lack objectivity necessary for a technical report or to achieve the stated purpose.

Section I deals with the Fish and Game Department tracking studies of water circulation and transport in and around Kachemak Bay. At the Corps of Engineers Hearing (1974) in Homer, there was much discussion of the Kachemak Bay "gyre" which would act as a "nursery" for drifting marine species. The subject report states "residence time of the waters within the Bay appears to be 20 days at the most....". This is not sufficient time for planktonic existance of the larval animals. Thus the "gyre" theory is not applicable, as previously stated at the hearing.

The title of Section I is "The Marine Environment of Kachemak Bay". Surprisingly, there are no biological data presented in this section.

Section II is a recitation of fishery information divided into two parts: 1) historical review and 2) economics of Kachemak Bay fisheries. The economic discussion is highly subjective and thus lacks usefulness for decision-making.

I was surprized that the year 1973 was used as the base year for the economic review. I believe 1973 was a banner year and thus biases the results. Further, I am surprized that Kachemak Bay fish catches are not compared with the fish catches of the State as a whole. Such comparison would be instructive.

Haste appears to be the byword for the figures presented in Section II. Many of the figures do not state the units of measurements and thus are impossible to interpret.

Section III deals with "Sensitivities of Kachemak Bay to Man's Impact". Man's impact seems to be limited to oil and gas industry activities without regard to other stresses, such as logging, fishing, waste disposal or tourists. The singularity of purpose of this section is not indicated by the section title. I believe this oversight should be corrected, preferably by broadening the scope of this section.

Much of Section III deals with a recitation of the effects of oil on the environment. Basically, these spills are from tankers such as currently operate in Cook Inlet. Experience to date in Cook Inlet, from tanker spills, does support the authors' attempt to transfer the spill situations to Kachemak Bay. Of particular interest is the attemp to transpose a "Metula" size spill into Kachemak Bay. In the first place, no super tankers enter Cook Inlet. Secondly, the authors state, without support, an oil spill rate of 400 barrels per square mile. Lastly, no attempt has been made to relate this rate to the toxic effects cited in Table 24. The lack of such a

comparison is improper in a technical discussion. This oversight should be corrected.

Figure 54 appears to be a summary of the findings of the report. However, the figure is such a mass of typing it is virtually impossible to comprehend. Also, this figure appears to be a summary of the "worst of all worlds". I cannot believe oil can be produced and transported satisfactorily anywhere in the world if the statements shown in Figure 54 are true. I recommend this Figure be reviewed for accuracy. Further, my reading indicates that no permanent damage has been reported as the result of even the largest oil spill. The Santa Barbara, California spill area is reported to show no permanent adverse effects from that spill.

Section IV appears to be a discussion of the position taken by the Department of Fish and Game toward oil development in Kachemak Bay. The authors indicate their concern reflects the position taken by the citizens of the State of Alaska. I can assure you this is untrue for the Homer area. (Please refer to the testimony presented by Mrs. Cason, showing for Homer, that the stable citizens are <u>not</u> opposed to petroleum development in Kachemak Bay). I recommend that Section IV be removed from the report or supported with facts.

Section V addresses energy and non-renewable resources. Interestingly, the report states that the Department of Fish and Game have not been told the potential size of the Kachemak Bay field. No drilling has been permitted. Thus, it appears to me that it is impossible to define the field size when there is not

even information to indicate whether there is oil under Kachemak Bay.

In summary, I find the report difficult to interpret and lacking in objectivity. If the Department of Fish and Game has data to show the citizen of Alaska that petroleum development will be harmful to Kachemak Bay, I recommend they present it in a factual and objective manner. The present report does not meet the stated purpose to "discuss and summarize salient findings.." since findings are not presented - only opinions formed without support.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

TESTIMONY ON KACHEMAK BAY LEGISLATION

BY JULIE CLUTTS

I am Julie Clutts from Anchor Point, Alaska, a small settlement on the Northwest boundary of Kachemak Bay. The business district is on the Sterling Highway, the residential areas follow the North Fork, the South Fork and the mouth of the Anchor River. The Anchor Point area is noted for personal King and Silver salmon, steelhead and rainbow and Dolly Varden fishing in the Anchor River. Anchor Point is also the most westerly highway point on the North American Continent. My husband and I have owned and operated the Anchor River Inn for eleven years. We have 12 acres situated between the Sterling Highway and the Anchor River and adjacent to the Silver-King Kayuda State Park. [redacted] personable young all-American family.

It should be apparent by our location and the nature of our business that we are interested in any action which would harm the propagation of marine life or people. However,our opinion on the proposed action by the State to engage on the Kachemak Bay lease sale or establish a marine sanctuary or tie up more land in a State park is not clear and I hereby hope to clarify it.

Ninty percent of our tourist trade are Alaskans moving around Alaska. In the summer most of our guests are federal or state employees,servicemen their families and visiting relatives. During the winter our guests are construction workers and fishermen. Oil oriented personnel stop in the year around. We are interested in all Alaskans but we are primarily interested the welfare of the local residents whom we serve 365 days of the year. They are our employees, our carpenters, our plumber, our banker,they are also our suppliers of seafood served in our dining room. They are our friends and neighbors too.

Most of the Kenai Peninsula homesteaders were able to prove up on their homesteads through the income they received working in oil development in the Swanson River oil field, for seismograph companies from the Cook Inlet to Glen Helen on land and water. They worked as surveyors, cat skinners, drillers, fuggins, deckhands,captains, cooks, mechanics, etc. Many fished during the summer and worked in oil research in the winter. Through this employment and the arrival of many "little homesteaders" the peninsula grew. It grew through free enterprise not through dependancy on federal or state government agencies. The Anchorage, Fairbanks and Juneau areas were and still are dependent on these agencies.

The second generation finished school. (Teacher [illegible] because the most wonderful conditions because they [illegible] with [illegible] with [illegible]) Their daughters [illegible] of the land with [illegible] [illegible] [illegible]

Page 3
Testimony on Federal Law Legislation: Cook Inlet

I have touched on the economic development of the Kenai Peninsula through oil, commerce, fishing, tourism and "ground support" for these industries. We could also point here to [illegible] all the economic development we need so that's just about the work of our days - mining, planting, [illegible] fishing on the beach going at the sunset, the little fishing boats upon the blue waters with the beautiful mountains in the background. That would be just great if it were not for several things. People get hungry while hiking. Fishing boats need gas but all to get from the shore to the out of view area. People need shelter from the cold. They end up needing things which still cost money.

We could stop the growth in population if each resident would promise to stop making little people. But you know they wouldn't buy that. Those little people grow up and leave the nest. They get hungry, they need shelter from the cold. They need a way to earn a living. They must have the opportunity to work at the jobs they are best suited for.

Based on what we have seen and personally experienced it is our opinion that:

1. No bill should be passed which would prohibit the development of oil or any other natural resource in our State. It is said that the State of Alaska receives more federal dollars per capita than anywhere state in the Union. When broken down from State to Borough to City the cost of administering government for the population of our State far surpasses the cost of administering a small city of 400,000. We must assume the responsibility of supporting ourselves.

2. The "know how" to insure compatability between all industries is available and can be applied when the environmental crusade simmers down and becomes more realistic. It is interesting to note that such nations as Britain and Norway, which do not have our tradition of evangelical reform, have no compunctions about offshore drilling. Precautions against environmental dangers are taken but the drilling gets done. Do we really think that Britain and Norway are more barbarous than we are? Or are they merely being more sensible?

3. The majority of the Kenai Peninsula residents were not only aware of the possibility of the issue when they were looking forward to the day.

4. The "pollution" of the labor force on the Kenai Peninsula, in our State, and our Nation ~~should be~~ must be reduced as much as possible. e.g. unemployment, welfare, apathy, etc. The elimination of this "pollution" can be accomplished through industrial compatibility and technical assistance from environmental personnel hired by the State instead of "flat use".

5. With regard to the marine sanctuary bill. We are against this action. We are not against marine sanctuaries as such. It is our opinion that the creation of this action at this time. The same group of people who are pushing for this sanctuary today were fishing in Redoubt Bay for the past several years. Not until it became possible that the State Supreme Court could declare these waters legal did the move toward a sanctuary begin. This is an "Alaskan Watergate", The way "environmentally unsound" is used in this case instead of the way "mentally unsound" used after the procurement of an individuals medical records. Personal gain with no regard for others was the motive in both instances. However, this time public opinion is not so fast to get on the environmental band wagon. The evidence of this is contained in the recent poll of the local residents. This is also beginning to be public opinion supported by the Pacific Legal Foundation in California. Where the Sierra Club and similar organizations supports the way-out environmental charges this non-profit organization is lending a hand to those who are fighting back and saying "this has gone far enough" The people own State waters not just one group of people. Local residents who earn their living as marine pilots have just as much right to use the waters as fisherman or residents piloting supply boats. It was publically announced by Mr. Palmer over KSRM that drilling for oil did not hurt the propogation of fish. It is the shrimp that may be endangered. Since it has been stated in one report that it would be at least ten years before any damage to the shrimp could be ascertained now is the time to separate the shrimp cocktail from the meat and potatoes.

6. On the proposed State Bank bill..we are against that. We believe that more emphasis should be put on giving our residents a place to work than setting aside more land for them to play on. What good is a play area to the man who can't afford to get there by boat or plane. We have enough land set aside for the financially sound sportsman.

7. On the proposal to renege on the oil leases. We are against this action too. It is our opinion that endangering the credibility of the in future lease sales, selling bonds, etc borders on treason by our State administrators. No other business could do this and remain sound why should the State believe it can? We further believe that any consideration given to obligating Alaskans to repay twenty five million dollars plus interest and other costs without putting it before the people

Testimony on Keshenak Bay Legislation: Julia Curtis

is unavailable. It doesn't make any difference whether the funds come from a surplus fund, or should it become due or payable or taxes, it is still the people's money. And how that money is spent is the people's concern.

I believe you too now certain how the people from Ashton Point feel about the proposed Keshenak Bay legislation. We also believe that we have intelligent people managing the affairs of the State. When one remembers the day we all sat between our TV sets and watched three men ride around on the moon and heard them speak to each other while they were doing it we know that man's intelligence will solve this controversy too. It can do anything it makes it's mind up to and that is more than I can say for a dollar....

Thank you.

Julia Curtis

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

THE SEA TRAFFIC PROBLEM OF KACHEMAK BAY

My name is Bill Miller. I have been in Homer since 1965 where I have lived with the problems of the fishermen. I am president and general manager of Alaskan Seafoods, Inc. which has brought over $20,000,000 of income to this area and furnished an average of 125 jobs to Homer residents. After living with the fishermen's problems almost every day I am now convinced that a great many of their problems are related to transportation management or perhaps because of the lack of management. I am convinced the transportation problems will continue to grow until all of the progress we have made in the field of economic development will be destroyed. For example, it is the suggestion made by a state representative that all of Kachemak Bay be turned into a park.

For the last ten years fishermen have been losing crab pots, lines and buoys to large vessels traveling through the area. Rafts of logs being towed by large tugs through rough seas often act as a huge sweep to wipe a bay clean from the buoys that are attached to fishing gear. Large tankers that come into the bay to change pilots have taken their toll of fishing equipment as they turn their vessels to reverse directions. I have experienced the situation personally when a large tanker turned among five of my own king crab pots while I accompained my son on a fishing trip. You cannot realize the frustration of watching counter revolving propellers gradually drawing the 50 inch buoys into the hugh blades and spitting out the pieces.

The kind of monitoring program I would like to see is very similar to the ones used in monitoring air traffic. The base of operations would be on state property located high on Bluff Point where it overlooks Kachamak Bay and lower Cook Inlet. Every ship of every kind coming or going through

this critical area must radio his identification number and get clearance to proceed further. Part of the procedure will be for the skipper to make his position known and obtain an assignment of a traffic pattern. Oil tankers will be assigned one corridor, fishermen another. Wherever practical, small boats and sports boats will be kept out of commercial lanes. Patrol boats on law enforcement activities of the State Fish & Game Department should have equipment aboard to identify and measure spills of petroleum products. The environmental control laws will be sufficient to adequately take care of this situation. The rules of the road will be enforced and violations will properly taken care of. The ever present problem of theivery of equipment and product can be effectively controlled by identifying fishing buoys from a tower located on Bluff Point. New radar equipment can locate boats and gear from distances approximating 50 miles. These signals relayed to the surface vessels will also relay information that can be most helpful to law enforcement officers.

But let us take a look at the fishermen's position today. We have a highly developed fishery that yields about 7 1/2 million dollars a year to the local community from Kachemak Bay alone. Homer also has a great potential from the tourist business. Agriculture with new techniques and new ideas in greenhouse production is offering exciting new investment opportunities.. Is it really any wonder that many people in Homer say, "Who needs the oil?" If the question is asked, "How come Alaskan Seafoods is advocating the development of oil, I will sum up our position by stating that we have to this date invested some $2,000,000 in buildings, boats and processing facilities. We have invested this money with the intent of operating a fish processing plant in Homer on a profit making basis. If for any reason the oil industry or any other industry should damage any part of the fishery resources that would result in a loss to our company or should the State of Alaska undertake any program that would result in a loss to this company it should be clearly understood the officer os this firm will take every measure possible under the law of this land to obtain full restitution

for the damages suffered. If, on the other hand we can be assured that neither the oil people nor the state will impose hardships upon us we shall expend every possible effort to protect their rights to grow and prosper as we expect for our own business.

HOUSE RESOURCE COMMITTEE

CONCERNING KACHEMAK BAY

TESTIMONY OF HUGH WATSON

My name is Hugh Watson. I have lived in Homer for 36 years. I am a fisherman and have fished this area more than 30 years and I intend to fish the Inlet this year.

I did not come down here to represent the fishermen and I certainly am NOT lobbying for the oil companies.

I came as a citizen of Homer.

The reason I am here is to make it known I am against making a marine santuary out of Kachemak Bay. The reason I am against the santuary is that I know beyond any reasonable doubt that it is just a beginning of what will take place.

The way the environmental groups have put pressure on everything that is proposed through politics and court action makes it clear to me. It is not improbable for them to say that this is a marine sanctuary where there isn't anything to be disturbed and they are fishing there. This must be stopped and they stop it.

This may seem far-fetched but it certainly isn't. It could go much further and I will not be surprised if it does. If this did happen you will have one more person on welfare and food stamps--ME!

I went to the meeting in Homer on the 17th of February to find out what a marine sanctuary really is and to hear about the proposed bill. Instead, all that was discussed was oil and oil leases. The sanctuary bill was not discussed at all.

As for the oil leases, I am sure that you have all made bad deals. I know I have. But when we made bad deals we did not renege on them. I believe we should do as a government what we would do as individuals. I do not mean to say that the leases were good or bad. I commend Leo on feeling that the state has leased the tracts in Kachemak Bay and that the state should honor them.

From what I have read the oil rigs in the Gulf of Mexico has had very little effect on fishing there. I believe with proper safe guards it is possible to have both fish and oil--I believe these safe guards are available.

Also, as a citizen of Homer, I believe we need both fishing and oil and all other industry that can safely be developed in the area. I would not want to see a petro-chemical plant on the Homer Spit. I have heard this was in the making but I doubt it.

Again, I will repeat myself--I am against making a marine sanctuary of Kachemak Bay.

Thank you for listening.

P. O. Box 115
Homer, Alaska 99603
April 9, 1976

Mr. Nels Anderson, Chairman
Natural Resources Committee
Alaska State Legislature
Juneau, Alaska 99801

Subject: Committee Substitute House Bill 626

Mr. Chairman, Committee Members, Ladies, and Gentlemen:

We, Virgo W. and Fred W. Anderson, brothers, have resided in the Kachemak Bay area for 53 years--one year at Seldovia and 52 years in Homer, Alaska. Our residences are on our original homestead in the heart of what is now the City of Homer, and we have a full view of the Kenai Mountains and Kachemak Bay. We believe that this fact of longevity and continuous residency in itself should establish our love of this country, our appreciation of the natural beauty, and our good faith in desiring to preserve the characteristics of the area which have had us magnetized for so long.

We have been fishermen or associated with the fishing industry all of our adult lives, as was our father before us. We built our own fishing boat in 1937 on the site which is now the Fred Anderson residence. We had an Alaska-Limit purse seiner built for us in Seattle in 1947 which we still own. These facts should establish our interest and concern for the fishing industry.

During our 52 years in Homer, we, as volunteers, helped to promote, establish, or build the first dock, the first telephone system, the first electrical system, schools, the first hospital, the first cemetery, the Volunteer Fire Department and Ambulance Service, the museum, and the Senior Citizens' Center. These facts should establish our civic concern for the area.

Hence, having the above concerns--environmental, economic, and civic--which are needed to make a good citizen of a community, we feel that it is our duty to make this presentation today regarding Committee Substitute House Bill 626.

We do not feel that <u>any</u> legislation of <u>any</u> kind is needed at the present time

in regard to Kachemak Bay. The oil leases are contractual obligations of the State of Alaska which should be honored unless the Supreme Court rules that they, for some technical reason, are invalid. The leasing program was public knowledge, & sanctioned and welcomed, for years before it became a reality. Those who say otherwise simply had no interest in the matter or did not reside in Alaska at all at the time of the leasing. Also, there already is a "Critical Habitat Area" designated in Kachemak Bay.

Much has been said in regards to the value of the fisheries resources of Kachemak Bay, and the implications are that these will be destroyed by the oil companies. A few facts warrant review:

From the earliest history of the community, few have derived their livelihood solely from fisheries--except those satisfied with a meager existence, or with no families to support, or without other obligations to meet. When the population grew to only a few hundred, it was recognized that port facilities were vital to the economic well-being of the community. The establishment of the first political subdivision--the Kenai Peninsula Public Utility District No. 1, under Territorial law--was primarily for the purpose of operating a dock. The freight operation, including a pipe line for unloading gasoline and oil, provided employment, as longshoremen, to many "fishermen". The profit from the dock operation, principally from Standard Oil Company, subsidized other public services and held the property tax rate down for many years. "Fishermen" also worked as carpenters, farmers, plumbers, electricians, school teachers, guides, etc., many leaving the community to find employment to supplement their income from fishing.

It was not until after the earthquake of 1964 that a significant seafood processing industry was established in Homer. Prior to that time, there had been only a few family-type operations. Why? If Kachemak Bay is the most productive of any Bay in the world, as some would have us believe, why hadn't there been an industry developed here before? The fact is, it was not economically feasible. It was not until after the earthquake when emergency funds were made available to build

a new dock, build a small boat harbor, and raise the road and land area on the Homer Spit that the idea of a major seafood processing plan was conceived. In spite of the public improvements, there still was not enough money forthcoming from the private financial sector to establish the processing plant. The citizens of the area, recognizing the need for some economic activity to create jobs, raised funds and established the Coal Point Development Corporation for the purpose of securing a low-interest loan from the Small Business Administration which, in turn, was loaned to Alaskan Seafoods, Inc. to build a plant. Many also purchased stock in Alaskan Seafoods. The City of Homer installed approximately four miles of water line, principally for the Alaskan Seafoods operation; and, of course, the costs are born by all of the taxpayers. Now, we are being told of the vast wealth of the fisheries, yet, in spite of the public aid (subsidy) to get Alaskan Seafoods into operation, and after ten years of operation, Alaskan Seafoods has never paid a cent of dividends to the stockholders! Because of the notoriously low wages paid to employees, the seafood processing industry has attracted mainly transients, and the goal of the community for stable employment of residents has never been achieved. If the fisheries resource in Kachemak Bay is so tremendous, why did Alaskan Seafoods actively work to prevent a second processor from ever getting started?

Shrimp has been singled out the value it represents to the economy. Have you been told that the dragging for shrimp in Kachemak Bay has been done by between two and four boats, each with two-to-three man crews, in a monopoly-type situation? With the advent of the Limited-Entry Program by the State, the entire Fisheries tends to become more monopolistic. Soon, in addition to the vast government loan programs for fishing vessels and gear, we will also have to loan the fishermen money to purchase permits. If the fishing industry is thriving, why can't money be borrowed from the private lending institutions? The fact is, the fishing industry is unstable, and the fishermen over-extend their credit from a sound financial viewpoint. This, in effect, means the industry is subsidized.

On the matter of pollution and destruction of the fisheries resources, the fishermen and the processors of seafood have been as guilty as anyone. Selfish interests have prevailed always over the public interest, often aided and abetted by the Fish and Game Department regulations and/or lack of enforcement. Some purpose may have been served in the hearings on H.B. 626 in that perhaps there is now a public awareness that regulations and enforcement are necessary in both the fisheries and oil industries; that all are guilty of past abuses; but that it is possible to work compatibly in the future in the public interest.

It is with nostalgia that most of us old-timers look back upon the "good old days", but growth of the Kachemak Bay Area is, and always has been, inevitable. Diversity of economic activity is necessary for stable, healthy growth, and for the people to maintain their pride and dignity of economic independence and self-reliance. This is a necessary ingredient in maintaining political freedom and our form of Democracy--a message which bears re-vitalising during this Bicentennial year.

To summarize our position, we do not support <u>any</u> Legislation on the matter of the Kachemak Bay oil leases. If the State Supreme Court rules that the leases are indeed valid, the oil companies should be permitted to get on with their task of oil production in the local, state, and national interest.

Respectfully submitted,

Virgo W. Anderson

Virgo W. Anderson

Fred W. Anderson

Fred W. Anderson

Homer, Alaska
March 27, 1976

The House Resources Committee

Dear Sir;

My name is Louis Gjosund. I came to Alaska the first time in 1926 on a cannery tender for Sunny Point Packing Co.. I fell in love with the countryand vowed to come back to live. This came true in1933. The depressionwas on in full force in the States; I left Seattle on a tradingboat in the spring, went to Bristol Bay. I fished there in a sail boat till 1953.

In 1944 we moved to Homer, but I continued going to the Bay to fish.I fished Cook Inlet for two years, drifting and seining, crab fishing, etc. Ran a cannery tender for two years, fished Cook Inlet for two more years and in 1960 I went back to Bristol Bay and fished there till 1975, when I retired , after 42 years of fishing.

In between fishing I have long shored here in Homer, from 1953 to the present time. On poor fishing years longshoring surely did help buy the groceries and pay the bills.We hadscows with oil drilling pipe and equipment, 2700 tons, put two shifts of Long shoreman working 12 hours each shift, and it helped the economyin Homer.We had 24 to 30 men working.

I would like to see the Port of Homer once again have some longshore work.We can't a l fish crab.

The drilling rigs up in the Inlet have been pumping oil for many years now, and no oil spills. What oil showed up was mostly from Anchorage sewers or ballast from tankers and crab fishing boats.

That has been corrected and all ballast is pumped ashore. Oil can be compatable with fishing, its done all over the world .The Gulf of Mexico proves that.The oil Companies have gone to great expense to see that no oil is spilled.

This is a poor time to have to pay back the 30 million dollars or more. Whenever we need new roads or school the Governing body of the State says there is no money, so where is it coming from?

It is about time the fisherman stop thinking of just themselves and acknowledge that there are other folks who want , and must make a living too. many men living in Homer might be able to stay home and make a living if there was more work here, where as they now have to leave home to do this.

Yours Truly

Louis a Gyosund

To: House Resource Committee

Re: Kachemak Bay Legislation

Testimony of Jane Cason

My name is Jane Cason. I have been a resident of Homer for 19 years. Most of this time has been spent as a teacher in the Homer schools. Last year I retired and currently own and operate a small store in Homer. As a business-woman I am deeply concerned about establishing a stable economy for Homer.

Homer is in need of industry to provide a basis for community development and economic security.

You are all aware there has been much resistance reported to expanding the Homer economy by permitting the petroleum industry to drill for oil in Kachemak Bay. I believe this is not the true position of the residents of Homer. Mr. Gene Browning, a retired fish processor and fisherman, a resident of over 30 years, and I recently developed and circulated an opinion poll. Over 700 voting residents responded by completing and returning the questionnaire. These citizens represent an average residency in Alaska of between 15 and 20 years. Thus, you can recognize that those who responded are long time residents of this state.

The overwhelming majority, 78%, stated they "believe industry will help the area". Further, 72% stated they "believe fishing and petroleum industries, with proper controls, are compatible in this area". 78% are property owners in the area.

These statistics appear at odds with opinions reported at the "Town Meeting" held in Homer, February 17, 1976. Thus the question was asked "did you attend the town meeting?". 71% of those polled said they did not.

This indicates to me that the poll represents the stable citizens of the area and that the opinions reported expressed at the "town meeting" are not representative of the stable long-time residents.

Now I would like to turn to my background of business. A successful business is built on trust between merchant and customer. This trust is established by agreeing to perform a service or sell a piece of merchandise which, when mutually agreed upon, is the basis for the transaction.

The current proposal to, in effect, recind the leases in lower Cook Inlet is unbusinesslike and can have continuing adverse effects on further state leasing. Think how my customer would react if I sold her a dress, collected the money, but refused to let her wear it. Word would get around quickly and my business would surely deterioriate. I believe the State of Alaska is courting the same fate.

Therefore, I wish to leave this committee with a few recommendations:

1) Act in a businesslike manner. To do otherwise will do the citizens an injustice.

2) Encourage a stable economic environment so the state can become self-sufficient.by virtue of a strong industrial base.

3) Permit the citizens to assist the state in becoming economically stable by encouraging oil drilling in lower Cook Inlet and Kachemak Bay. Experience in other states and nations shows fishing and petroleum industries are compatible.

4) Much of our area, especially up the peninsula and across the bay, is already a state park or national forest. We need revenues to help restore fisheries, to build roads, schools and hospitals. The Bay is already protected as a critical habitat. Please don't further restrict us by making it a sanctuary or park.

5) Please listen to the citizens who have supported this state through its lean years.

In conclusion, I respectfully request that this testimony and these 710 questionaires be made a part of the record of this hearing.

SELDOVIA NATIVE ASSOCIATION, INC.
P.O. BOX 185
SELDOVIA, ALASKA 99663
234-7625

APRIL 9, 1976

SSHB 626

HONORABLE NELS ANDERSON, CHAIRMAN
NATURAL RESOURCES COMMITTEE
HOUSE OF REPRESENTATIVES
POUCH V
JUNEAU, AK. 99811

DEAR SIR:

MY NAME IS FRED ELVSAAS. I AM THE PRESIDENT OF THE SELDOVIA NATIVE ASSOCIATION, INC.. I AM A COMMERCIAL FISHERMAN AND HAVE FISHED COOK INLET FOR SALMON AND CRAB MOST OF MY LIFE.

IF SSHB 626 OR ANY SUBSTITUTION IS PASSED, IT WOULD NOT BE IN THE BEST INTEREST OF THE PEOPLE OF THE SOUTHERN KENAI PENINSULA, OR THE PEOPLE OF THE STATE OF ALASKA.

COMMERCIAL FISHING SHOULD BE THE NUMBER ONE ACTIVITY IN KACHEMAK BAY IN AS MUCH AS IT SUPPORTS MOST OF THE RESIDENTS OF THE AREA.

SHRIMP TRAWLS AND CRAB POTS HAVE TO BE ON THE SEA-BED OF THE BAY IN ORDER TO FISH. AS THIS IS COMMON KNOWLEDGE, IT WOULD BE A VERY SHORT TIME AFTER PASSAGE OF ANY BILL SUCH AS HB 626, THAT SOME "EXPERT" WOULD NOMINATE COMMERCIAL FISHING IN THE BAY AS INCOMPATIBLE. THIS WOULD BE A COMPLETE DISASTER TO THE LOCAL SHELLFISH INDUSTRY AND THE KACHEMAK BAY COMMUNITIES.

BECAUSE OF "CONCERNED CITIZENS" AND STATE FISH AND GAME OPPOSITION, BASED ON LACK OF ENVIRONMENTAL STUDIES, THERE HAS BEEN A LENGTHY DELAY IN EXPLORATORY WORK IN THE BAY. IT WOULD SEEM THAT IF THE CONCERNED FISH & GAME PERSONNEL WERE SERIOUS ABOUT THEIR STUDIES, THE NEEDED REPORTS WOULD BE FINALIZED BY NOW.

THE ALASKA DEPARTMENT OF FISH AND GAME BIOLOGIST AT HOMER HAS REPEATEDLY STATED THAT THE SHELLFISHERY IN KACHEMAK BAY IS THE RICHEST IN THE WORLD.

THE STAFF OF THE ALASKA DEPARTMENT OF FISH AND GAME IS RECOMMENDING A 33 1/3% CUT IN THE 1976 CRAB SEASON. PRESENTLY THERE IS NO OIL ACTIVITY IN KACHEMAK BAY, YET OUR LOCAL INDUSTRY IS BEING SUBJECTED TO A 1/3 CUT IN PRODUCTION.

THE PRESENT HIGH PRICE PAID FOR CRAB IS KEEPING THE KACHEMAK BAY FISHERY OPERATING, NOT THE ABUNDANCE OF CRAB. THIS IS PROVEN BY THE FISHERMANS STRIKE LAST FALL WHEN THE FISHING IS USUALLY BEST, BUT THE PRICE WAS DOWN.

SIMPLY BY NOMINATION, ANY ACTIVITY WITHIN THE AREA CAN BE DESIGNATED AS INCOMPATIBLE WITH THE MARINE SANCTUARY. THIS MEANS THAT ALL THE CONSERVATIONISTS, OR ANY OF THE BUTTERFLY CLUBS WOULD IMMEDIATELY START NOMINATING THE VARIOUS COMMERCIAL FISHING ACTIVITIES IN THE BAY AS INCOMPATIBLE.

THE LOGGING OPERATIONS WOULD BE A PRIME AREA FOR NOMINATION OF INCOMPATIBILITY AND UNDUE HARRASSMENT SHORTLY AFTER PASSAGE OF THIS ACT.

THE GOVERNOR HAS REPEATEDLY STATED THAT HE DOES NOT SUPPORT ANY SELF-INTEREST GROUPS; THAT INSTEAD THIS ADMINISTRATION WILL SUPPORT ALL OF THE PEOPLE OF ALASKA EQUALLY, YET THE KACHEMAK BAY CONTROVERSY MAKES THE GOVERNOR APPEAR TO BE ONLY INTERESTED IN THE CONSERVATIONIST TYPE ORGANIZATIONS.

WITH THE PASSAGE OF THIS BILL, THE EFFORTS OF THE PETROLEUM INDUSTRY WOULD BE STOPPED BEFORE IT EVEN HAD A CHANCE TO BEGIN OPERATING IN THE AREA. IN VIEW OF THE PRESENT AND PROJECTED ECONOMIC FUTURE OF KACHEMAK BAY, THE STATE LEGISLATURE AND THE GOVERNOR SHOULD BE PUSHING FOR A SAFE AND ORDERLY OIL DEVELOPEMENT PROGRAM FOR LOWER COOK INLET, NOT THROWING ROADBLOCKS IN THE WAY OF WHAT MAY WELL BE THE FUTURE ECONOMIC BASE OF THE AREA.

THE SELDOVIA NATIVE ASSOCIATION HAS MADE VALID LAND SELECTTIONS IN THE PRESENT KACHEMAK BAY STATE PARK. FOR THE PAST YEAR, WE HAVE BEEN WORKING TOWARD A LAND TRADE WITH THE STATE THAT WOULD KEEP THE PARKS EXISTENCE YET SATISFY THE SELDOVIA CORPORATIONS LAND ENTITLEMENT. WE WOULD LIKE TO ACQUIRE SOME STATE OWNED LAND AND SUBMERGED LAND IN SELDOVIA BAY BY THIS TRADE FOR AN INDUSTRIAL PARK.

IF HB 626 OR ANY SIMILAR BILL IS PASSED, THE VERY EXISTENCE OF THE SELDOVIA NATIVE ASSOCIATION, INC. WILL BE THREATENED. THIS CORPORATION HAS SELECTED 69,120 ACRES OF LAND IN THE KACHEMAK BAY AREA. ALL THIS LAND WOULD BE SUBJECT TO NOMINATION AS INCOMPATIBLE TO THE SANCTUARY IN ONE FORM OR ANOTHER. WITH SO MUCH OF THE STATE OF ALASKA BEING NONREVENUE PRODUCING, THE LEGISLATURE AND THE GOVERNOR SHOULD BE WORKING TOWARD THE FULL PRODUCTIVITY OF ANY AREA SUCH AS KACHEMAK BAY. WHERE WOULD THE KENAI PENINSULA AND THE STATE OF ALASKA BE TODAY IF THE COOK INLET AND SWANSON RIVER OIL FIELDS WERE NOT ALLOWED TO GO INTO PRODUCTION?

THE INDUSTRIAL PARK AND OUR OTHER VENTURES SUCH AS LOGGING AND SEAFOOD PROCESSING WILL BE IN JEOPARDY IF KACHEMAK BAY IS MADE A SANCTUARY.

THE SELDOVIA NATIVE ASSOCIATION FEELS THAT THE OIL LEASES IN KACHEMAK BAY SHOULD BE HONORED AND DRILLING STARTED AS SOON AS POSSIBLE.

FOR THESE STATED REASONS AND COMMENTS, THE SELDOVIA NATIVE ASSOCIATION, INC. MUST ASK THAT HB 626, OR ANY SIMILAR BILL, NOT BE PASSED.

FRED H. ELVSAAS
PRESIDENT, SELDOVIA NATIVE
ASSOCIATION, INCORPORATED

John Crawford

Box 207
Seldovia, Alaska 99663

Testimony re: CSHB 626

CSHB 626 would be disastrous to the economy of the lower Kenai Peninsula. Although parks and recreational areas may be nice to have, they do not have the tax base to support themselves.

THE USE OF STATE WATERS SHOULD BE AVAILABLE FOR EVERYONE, INCLUDING INDUSTRY.

We are attempting to create more employment in this area, by developing our forestry and seafood resources. The natural resources of the State are it's best source of revenue. This bill would seem to restrict or eliminate development of these resources -- timber, oil, fisheries and other support systems. These uses of the adjoining land could conceivably be construed as incompatible or undesirable for the area.

The decision of the Supreme Court should decide the legality of the Kachemak Bay Oil leases. There is no need for a marine Sanctuary. I believe that with the proper impact and environmental studies required, that the resources can be developed in a manner which would not destroy or harm the area. There are laws and regulations already in existance(such as the Critical Habitat area) which, if enforced, could cover possible problems.

CAN THE STATE AFFORD TO BUY BACK THE LEASES????? plus other costs - interest and legal costs. If the State does not honor their leases or commitments, can we expect others to honor their commitments to the State??

The majority (by far) of the citizens of Seldovia do not want to live in a Marine Sanctuary. Our life and livelihood is tied to the water (Inlet). It is a part and parcel of Seldovia. It must remain open, free and clear for use by all, without undue restriction, or stumbling blocks to developing industries.

Government should not circumvent judicial procedure with legislation.

John Crawford

CHAIRMAN ANDERSON AND MEMBERS OF THE RESOURCE COMMITTEE

I'M NORMA TURKINGTON, A TAX PAYING VOTER IN HOMER FOR 17 YEARS. AM MARRIED, MY HUSBAND HAS A SMALL BUSINESS IN HOMER. WE HAVE 4 CHILDREN. 3 ARE GROWN, LIVING & WORKING IN ALASKA. ONE IS STILL IN HIGH SCHOOL. I DON'T BELONG TO A LONG LIST OF ORGANIZATIONS BECAUSE I DON'T OBLIGATE MYSELF TO MORE THAN I CAN ACCOMPLISH. I don't mean To belittle Mrs. Heath. She contributes To organizations rather than use them.
MY PRIME CONCERN IS MY FELLOWMAN, AND PARTICULARLY HELPING THEM BE HEALTHY AND PRODUCTIVE. I BELIEVE PEOPLE ARE OUR MOST VALUABLE RENEWABLE RESOURCE. THEREFORE MY EFFORTS HAVE BEEN MOSTLY HEALTH ORIENTED.

PEOPLE NEED FOOD, CLOTHING AND WARM SHELTER. IF THEY ARE TO PROVIDE FOR THEMSELVES, THERE MUST BE JOBS. INDUSTRIES AND SERVICES CREATE THIS NEED. MANY INDEPENDENT CHILDREN OF OUR COMMUNITY HAVE HAD TO SEEK WORK ELSEWHERE. THE HIGH UNEMPLOYMENT PROBLEM NEEDS TO BE RECOGNIZED AND ADDRESSED. OUR YOUNG PEOPLE SHOULD ALSO BE ALLOWED TO MAKE A LIVING IN OUR BEAUTIFUL KACHEMAK BAY COUNTRY. IT SHOULD NOT BE LOCKED UP.

THE ENTIRE KACHEMAK BAY IS A CRITICAL HABITAT AREA. THUS, ONE DEPARTMENT ALREADY CAN RESTRICT USE. A PORTION, ROUGHLY 5 x 20 MILES IS A CRAB SANCTUARY. WE HAVE REGULATIONS. PERHAPS THEY NEED TO BE AUGMENTED. I REALLY WONDER IF SOMEONE IS AFRAID TO ENFORCE THEM? ...THE PROBLEM <u>WILL NOT</u> BE SOLVED WITH NEW LAWS CREATING COMPETING, SELF PERPETUATING, EMPIRE BUILDING GOVERNMENT. WE ALREADY HAVE 35 MILLION LAWS TRYING TO ENFORCE THE TEN COMMANDMENTS." Earl Wilson

AS FAR AS FISH, OIL, & TIMBER BEING COMPATABLE, I BELIEVE THEY ALWAYS HAVE BEEN. AT LEAST NO ONE HAS SHOWN <u>ME</u> THAT IT ISN'T.

I BELIEVE ITS A MATTER OF COMPROMISE BETWEEN SOME <u>PEOPLE,</u> <u>NOT THE PRODUCT</u>. I'M CONVINCED WE CAN HAVE EACH INDUSTRY WITHOUT HARM TO ANY, IF DEALT WITH BY RATIONAL THINKING ADULTS. WE CAN SHOW THE WORLD THAT WE CAN LEARN FROM HINDSIGHT AND MUTUALLY SOLVE OUR MISUNDERSTANDINGS.

I HAVE LIVED BY THIS CREED. I WOULD LIKE YOU TO CONSIDER IT TOO.

"WHEN FACED WITH A MOUNTAIN, I WILL NOT QUIT. I WILL KEEP ON STRIVING UNTIL I CLIMB OVER, FIND A PASS THROUGH, TUNNEL UNDERNEATH OR SIMPLY STAY AND TURN THE MOUNTAIN INTO A GOLD MINE, WITH GOD'S HELP" by Robert Schuler

GENTLEMEN! WHERE IS YOUR TRUE ALASKAN INTEGRITY AND COURAGE? ~~THIS~~ ISN'T A PROBLEM. To get along Together
IT'S A CHALLENGE!

Thankyou.

Norma Turkington (Mrs.)
Box 233
Homer, Alaska 99603

March 10, 1976 RE: SS HB 626

Dear Representative Anderson:

I have attempted to comment on this bill in a sensible, rational manner and make it short. However I have come to the conclusion it's impossible.

The rewrite leaves many questions and fears for me as an average taxpaying voter. I wonder how attorneys would interpret it in the future. I have seen them spend a half hour or more, arguing before the supreme court, over the definition of just one word.

I can't go along with a sanctuary in Kachemak Bay. Animals in a contained environment will eventually increase in number until their food supply in not sufficient to sustain them. I feel an attempt is being made to put the people of the Kachemak Bay area and Lower Kenai Peninsula, in much the same predicament with a controled economy. The watered down dollars that might be available from Federal Shared Revenue are not dependable. We can't selfishly tell the people of the other states that we don't want our waters to provide oil but we want Federal money to support us.

As to the bill itself: There appear to be provisions for increasing the marine park, but no provision for eleminating any portion. Has there ever been a park given up for another use? (I really don't like to "nit-pik" but we have so much at stake here, I feel I must question all I see now). Allowed are beachcombing for wood and coal, but no sea shells, rocks or other treasurers. Does the geographical description include within the Homer or Seldovia boat harbers? How about the City's tide lands? We paid a good price to get them surveyed. How about Jakalof Bay? Will the lumber operation there be allowed to continue? How about digging clams? Will ships and barges be allowed in the bay? Not just the ones stopping at the Port of Homer, but the ones that unload on the beach or come for shelter and repairs. How about marine repair facilities? Will the owner of any sunken boat or ship be required to retriev it from the bay bottom so it won't environmentally damage anything?
I oppose to condemning the leases or buying them back. I especially oppose the power of eminent domain.
I oppose creating another department (The division of Natural Resources Department for Marine Sanctuaries) This administration is going to cost this state a bundle with its many new departments, positions and councils, and creating huge debts for lease pay back and the degrading of Alaska's creditablity.

This bill was written in haste and often haste makes waste. Can't we work out uses of Kachemak Bay to the best interest of all concerned. Please just find funds to strictly enforce regulations for each use of the bay. Many thanks.....

Sincerely,

Norma Turkington

Norma Turkington (Mrs.)

cc/ All legislators

Mrs. Norma Turkington
Box 233
Homer, Alaska 99603

Feb. 18, 1976

The Honorable Jay S. Hammond
Governor, State of Alaska
Juneau, Alaska 99801

Dear Governor Hammond:

I believe by now that you realize HB 626 is completely unacceptable. I concur with that feeling.

I also reject SB612. I believe in controling all our resources but have many question as to why these approaches are taken. I believe our fish and wildlife can be protected with the laws that now exist. The department of Fish and Game can reduce or close areas and seasons when and where they feel it necessary to protect our creatures. These proposed laws imply that the department isn't able to do its job. I don't believe the legislature should get involved in management. I believe there are qualified people in the department to make decisions. The approach that I think the legislature and administration should take is to allow sufficient funds for study and enforcement of the regulations necessary for protection. DON't WRITE ANY MORENEW LAWS.

It appears the bills we are seeing are written in a panic, with far too much emotion and haste.

I object to taking a partially good bill and tacking on any clause that "just gets rid of the oil company leases". Its discrimination to pick on any one industry or group. I can't go along with this approach.

I appreciate Mr. Vennekens, Mr. Gross and Mr. Palmer comming to Homer and meeting with us. A few questions that had been on my mind were answered. I couldn't go along with the "straw poll" of various ways of wording a new bill. The wording was confusing. After seeing some of the bills already written, I wouldn't commit myself to any suggested concept. It might just come back with a different interpertation. (like HB 626) With all due respects to Mr. Gross, He seems like a very nice man, I didn't think is fair to have an attorney chair the meeting. How many laymen can ask an attorney a question and get an answer he can understand? As for the meeting in general, I was dissappointed. Where the meeting was intended to get the thinking of the people,(I thought) it left a feeling that the people were being guided as to how they should think.

I sincerely hope we can find a way to be fair to all concerned. To quote Earl Wilson " We have 35 million laws trying to enforce the Ten Commandments" Do we really need any more?

Sincerely,

Norma Turkington

INGLIMA'S

RICHARD AND LYNN INGLIMA'S
P. O. BOX 1296 HOMER, ALASKA 99603



April 6, 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee,
House of Representatives
Juneau, Alaska

Dear Sir:

I have been a resident of Alaska for thirty years, most of which has been spent on the Southern Kenai Peninsula. I am an owner-operator of Inglima's Supermarket and have been in the retail business for twenty two years; I also fished commercially for ten years.

I believe the economic conditions on the Southern Kenai Peninsula, although they have improved, cannot support the people of the area, and while tourism is important, it is only a three month season.

Herring and salmon were the major fisheries in the twenties, thirties and forties, but were depleted in the fifties and sixties, though they are now making somewhat of a comeback in the seventies. Shrimping and crabbing are the major fisheries in the area now, but both are on a quota limit. Shrimping was in trouble when a group of Kodiak boats came in to Kachemak Bay and in a few days got enough shrimp to close the area, due to the quota. The king crab fishery is a very important industry to the area, but when the first crabbing started, the winter crabs averaged close to fifteen pounds and now the average is eight to nine pounds. The summer crab has also dropped proportionately, which means the fishermen are harvesting the crab as they become of legal size. One years poor return on crab would cause the fishermen much economic hardship. The reason I bring this up is to show that the whole economy could be severely hurt with just one poor season.

All branches of our fishing industry need money; for research, for enforcement, loans for boats and equipment, etc. I feel that the only way to get this money is from the tax revenue brought in from the oil industry. I believe the oil and fishing industries can be compatible, with the proper safeguards. It will take a lot of people a lot of time to sit down and compromise and come up with a solution that would be equitable to both the fishing and oil interests, but I feel that we need them both.

Very sincerely yours,

Richard P. Inglima

Richard P. Inglima

South-Central Timber Development, Inc.

April 8, 1976

Repr. Nels A. Anderson, Jr.
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Re: SSHB 626 (Kachemak Bay Marine Sanctuary)

Dear Representative Anderson and Members of the House Resources Committee:

By way of introduction let me state that I am the sawmill manager of South-Central Timber Development, Inc.'s sawmill at Jakalof Bay. Jakalof Bay is within the proposed Kachemak Bay Marine Sanctuary. The logging operations of Western Alaska Logging Company, Inc. and the milling and shipping operations of South-Central Timber Development, Inc. in this area provide employment for over 55 people.

We are concerned that the establishment of a Kachemak Bay Marine Sanctuary would have the effect of eliminating these timber harvesting and processing activities.

We believe that the existing systems of environmental control and fishery regulation through general law are more than sufficient, and we suggest that the establishment of a marine sanctuary is not needed.

Detailed comments prepared by our legal counsel are attached to this letter.

Thank you for noting our opposition to those portions of SSHB 626 which would establish a Kachemak Bay Marine Sanctuary.

Sincerely yours,

SOUTH-CENTRAL TIMBER DEVELOPMENT, INC.

By Floyd Beach
Floyd Beach
Sawmill Manager

dkl

Enclosure: Letter of James N. Wanamaker, attorney for South-Central Timber Development, Inc. and Western Alaska Logging Company, Inc., dated April 5, 1976

255 EAST FIREWEED LANE • ANCHORAGE, ALASKA 99503 • TELEPHONE: 279-1493
SUITE 104
TELEX 090 25-246
CABLE ADDRESS: SCTDANC

WANAMAKER AND DEVEAUX
ATTORNEYS AT LAW
750 WEST 2ND AVENUE
ANCHORAGE, ALASKA 99501

JAMES N. WANAMAKER
LEROY EUGENE DeVEAUX
RICHARD L. CRABTREE

TELEPHONE
AREA CODE 907
279-6591

April 5, 1976

Repr. Nels A. Anderson, Jr.
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Sen. Kay Poland
Chairman
Senate Resources Committee
Pouch V
Juneau, Alaska 99811

Committee Members:

Theodore G. Smith, (V. Chmn.)
Alvin Osterback
Fred E. Brown
Richard I, "Dick" Eliason
H. M. "Mike" Hershberger
Leo Rhode
James H. Huntington
Leslie E. "Red" Swanson

H. D. "Pete" Meland, (V. Chmn.)
Chancy Croft
John L. Rader
Patrick Rodey
John Butrovich
Joseph L. Orsini

Re: SSHB 626 (Kachemak Bay Marine Sanctuary)

Dear Legislators:

I am writing on behalf of our clients South-Central Timber Development, Inc. and Western Alaska Logging Company, Inc. companies which currently employ over 55 people in the Kachemak Bay Area. These companies are operating logging and sawmill activities in the Jakalof Bay and Kasitsna Bay Areas.

These companies are concerned that their logging and sawmill activities could be curtailed or eliminated under the permit type system to be established by the Marine Sanctuary portions of this bill. They therefore strongly oppose the creation of the Kachemak Bay Marine Sanctuary as proposed in this bill. They submit that the present system of environmental control through general law are sufficient.

SSHB626 HAS MANY SUBJECTS:

SSHB has many subjects. I would characterize these subjects as follows:

1. Amendment to Alaska Statutes Title 38 to empower The Department of Natural Resources to establish and regulate marine sanctuaries.

2. To amend Alaska Statutes Title 41 to add planning and implementation for marine sancturaries to the powers of the Department of Natural Resources.

3. By a new section, 41.20.415 to declare all of Kachemak Bay and a large area of the adjoining Cook Inlet as the "Kachemak Bay State Marine Sancturary".

4. By a new Section 41.20.420 to create a new form of government for Kachemak Bay similar to the structures of the earlier proposed Coastal Zone Management Bill. Natural Resources will have primary "management responsibility" subject to seven special exceptions.

5. A new section 41.20.425 is created to provide a means to buy or condemn existing oil and gas leases.

Our principal comments relate to points numbered 3 and 4 as identified above. Our clients are strongly opposed to the passage of points 3 or 4.

THE MARINE SANCTUARY REGULATORY SCHEME:

SSHB 626 pays little attention to the fact that there are already in existence extensive mechanisms for the control of water pollution, solid waste pollution, air pollution, and any other activities which could potentially damage the environment of this area.

It attempts to establish a new layer of governmental authority to have "management responsibility" for the area.

It contains a shift in emphasis from the present concept of free movement and use of the waters and lands provided one does not break the law, to a new concept that the land is a preserve and no use may be made of the preserve without permission.

It is readily obvious that all parties recognise the true nature of this bill as being an attempt to put Kachemak Bay under a new governmental system of permits and exceptions. This is implicit in the Governor's letter of March 2, 1976, transmitting the "sponsor substitute".

Thus in this new version seven special uses ranging from the gathering of driftwood to the development of deep water ports and the discharge of treated fish wastes are "legislatively determined not to significantly affect the environment of the areas" (AS 41.20.420(b) page 5 SSHB 626).

If this is how the system is to be structured we would request a special exemption No. 8 to read as follows:

> (8) Activities related to commercial or subsistence logging including the operation of all authorized logging gear and the building, operation and maintenance of wood products processing plants.

WHAT LANDS ARE PUT IN THE SANCTUARY?

The area of the sanctuary as delineated by proposed AS 41.20.415 is Huge. The area goes well beyond the head of Kachemak Bay and out into Cook Inlet. The sanctuary extends far beyond the area of the Kachemak Bay State Park.

In effect, all of Kachemak Bay and this portion of Cook Inlet would be put under a permit system run by the Department of Natural Resources.

LIVING WITHIN THE EXISTING LAW:

It being the case that the State of Alaska already owns the tidelands concerned, and already has an extensive system of environmental monitoring and environmental control as well as a fine system of fish and game enforcement, one wonders why it is necessary to create a new level of government.

The only addition made by parts 3 and 4 of SSHB 626 would be that it would exchange a "permit system" for the present freedom of action system.

We emphasize our clients' opposition to SSHB 626, parts 3 and 4 (as summarized at the start of this letter).

We understand that other versions of this bill are in preparation. We request copies of such new versions at the earliest opportunity.

Thank you for your attention to the concepts set forth in this letter.

Sincerely yours,

WANAMAKER and DeVEAUX

By James H. Wanamaker

JHW/dkl

City of Seldovia
P. O. DRAWER B TELEPHONE 234-7643
SELDOVIA, ALASKA 99663

House Bill 626 was presented in Seldovia as the only avenue open to the State that would provide a means of condemning the Kachemak Bay leases.

Do we need after the fact legislation to remove ourselves from a bad deal? The first thought that came to mind after that presentation was Article one, Section ten of the United States Constitution. That section specifies that no State shall pass any law impairing the obligation of contracts. It could be said that this did not happen entered into by the State.

I have been taught that a man's word is his bond and have always lived with that doctrine.

This bill in its present form and intent will seriously damage the States credibility and the credibility of every Alaskan.

Could it be that this is the reasoning behind the introduction of the bill to further impede any economic growth in the State of Alaska.

If we don't live up to our word we will in the future have trouble getting any one to do business with us

The investment climate in the State of Alaska because of this bill and proposed oil taxation won't be very good.

I say that we should live up to our word, honor all deals we make. Try to get this State on a paying basis and not try to introduce legislation that we can't afford.

City of Seldovia

John Colberg
Mayor

BARBARA C. MANLEY
PO BOX 955
HOMER, ALASKA

TESTIMONY APRIL 9, 1976
HOUSE RESOURCE COMMITTEE
RE: LEGISLATION ON KACHEMAK BAY
CSHB626

MR. CHAIRMAN, THE HONORABLE MEMBERS OF THE COMMITTEE, FRIENDS AND FELLOW ALASKANS. I AM BARBARA MANLEY AND I AM FROM HOMER.

DURING THE PAST TWO YEARS THERE HAS BEEN SO MUCH PUBLICITY FROM ONE SEGMENT OF OUR COMMUNITY OVER THE KACHEMAK BAY OIL LEASES THAT GOVERNMENT AGENCIES, THE NEWS MEDIA, PETROLEUM INDUSTY AND OTHER COMMUNITIES WERE FIRMLY CONVINCED THAT HOMER DID NOT WANT ANY GROWTH OR DEVELOPMENT IN THE COMMUNITY. PARTICULARLY, THE CITIZENS DID NOT WANT ANY OIL AFFILIATED BUSINESS IN HOMER, WHETHER IT WAS SUPPLY AND SUPPORT VESSELS, THE PERSONNEL OF THE INDUSTRY OR EXPLORATION AND ACTUAL DEVELOPMENT OF OIL AND GAS.

THE FUROR CREATED BY THIS MINORITY SEGMENT HAD TOTALLY OVERSHADOWED THE FACT THAT THERE WERE OTHER COMMUNITIES ADJACENT TO KACHEMAK BAY. IT WAS ASSUMED THAT THE HOMER PEOPLE'S ATTITUDE WAS ALSO THE VIEW OF THEIR NEIGHBORS.

IN JANUARY THIS YEAR, SEVERAL BUSINESS PEOPLE HAD DIRECT AND INDIRECT INFORMATION FROM SOME OF THE OIL COMPANIES THAT SINCE THIS WAS THE ATTITUDE OF THE HOMER RESIDENTS, THEY WOULD NOT IMPOSE THEMSELVES ON THE COMMUNITY; THAT HOMER WOULD BE TOTALLY BY-PASSED WITH ANY DEVELOPMENT, EVEN FROM THE LOWER COOK INLET.

ON JANUARY 20, 1976 A GROUP OF BUSINESSMEN MET TO DISCUSS THE MEANS

BY WHICH THE COMMUNITY COULD OVERCOME THE ERRONEOUS CONCEPT OF OUR COMMUNITY'S ATTITUDE TOWARD THE PETROLEUM INDUSTRY. THE GROUP BELIEVED THE FIRST APPROACH WOULD BE TO TRY TO PROMOTE THE USE OF THE PORT OF HOMER. THE GROUP ELECTED TO CALL THEMSELVES "THE COMMITTEE TO PROMOTE THE UTILIZATION OF THE PORT OF HOMER".

A LETTER WAS WRITTEN TO GOVERNOR HAMMOND ADVISING HIM OF THE FORMATION OF THE COMMITTEE AND ITS PURPOSE. A COPY WAS ALSO MAILED TO EACH OF THE 60 LEGISLATORS.

WHEN THE COMMITTEE BECAME AWARE OF HOUSE BILL 626, IT SEEMED TO IMMEDIATELY DEFEAT THE PURPOSE OF THE COMMITTEE IN PROMOTING THE USE OF THE PORT OF HOMER. A PETITION, READING: "WE, THE UNDERSIGNED, PETITION JAY HAMMOND, GOVERNOR OF THE STATE OF ALASKA, HIS ADMINISTRATION AND THE LEGISLATORS OF THE 9TH LEGISLATURE OF THE STATE OF ALASKA TO RENDER ASSISTANCE THROUGH EVERY MEANS AVAILABLE TO THEM TO PROMOTE THE MAXIMUM POTENTIAL FOR DIVERSIFIED UTILIZATION OF THE PORT OF HOMER LOCATED ON KACHEMAK BAY, HOMER, ALASKA."

THESE PETITIONS WERE DISTRIBUTED THROUGHOUT THE AREA FOR A PERIOD OF TWO WEEKS. ON FEBRUARY 19TH, THE PETITONS, WITH 624 SIGNATURES, WERE SENT TO GOVERNOR HAMMOND. ON FEBRUARY 27TH GOVERNOR HAMMOND ACKNOWLEDGED RECEIPT OF THE PETITIONS, AND THE REMAINDER OF HIS THREE PAGE LETTER WAS AN IN-DEPTH EXPLAINATION OF THE "TOWN MEETING" CONDUCTED IN HOMER ON FEBRUARY 17TH BY ATTORNEY GENERAL GROSS, BOB PALMER AND PAT WENNEKENS. THE NOW FAMOUS "TOWN MEETING" PROVED TO HIM THAT ONLY 17 PEOPLE IN HOMER OPPOSED THE CONDEMNATION OF THE KACHEMAK BAY LEASES AND WHO SUPPORTED ANY KIND OF OIL DEVELOPMENT THROUGH HOMER.

IT WAS NOT THE INTENT OF THE COMMITTEE TO BECOME INVOLVED IN THE KACHEMAK BAY ISSUE AS IT WAS THE CONSENSUS OF THE GROUP THAT THIS WAS A MATTER TO BE DECIDED BY THE SUPREME COURT OF THE STATE OF ALASKA. HOWEVER, IN VIEW OF THE "TOWN MEETING" ATTENDED (AND VOTES ACCEPTED BY MR. GROSS) BY UNDER VOTING AGE HIGH SCHOOL STUDENTS, NOT ONLY FROM HOMER BUT ALSO KENAI, AND THE ORGANIZED BLOCK OF ONE SEGMENT IN THE COMMUNITY, THE COMMITTEE FELT THIS WAS NOT REPRESENTATIVE OF THE RESIDENTS OF MANY YEARS, THE TAXPAYERS, AND THAT IT SHOULD NOT BE THE BASIS FOR A DECISION THAT NOT ONLY AFFECTED THE KACHEMAK BAY COMMUNITIES, BUT EVERY TAXPAYER WITHIN THE STATE OF ALASKA.

ON JANUARY 25TH THE COMMITTEE, AS A COMMUNITY SERVICE, MAILED 500 SETS OF POST CARDS, FIVE CARDS PER SET, ASKING YES OR NO QUESTIONS ON CONDEMNATION, IF THE AMOUNT TO BE PAID SHOULD BE ON A REFERENDUM, IF IT SHOULD BE A LEGISLATIVE DECISION AND IF THE INDIVIDUAL OWNED PROPERTY. THE CARDS WERE TO BE SIGNED AND MAILED DIRECT. THEY WERE ADDRESS TO GOVERNOR HAMMOND, HONORABLE NELS ANDERSON, HONORABLE KAY POLAND, HONORABLE LEO RHODE AND OUR COMMITTEE.

THE COMMITTEE DID NOT ATTEMPT TO PERSUADE THE PEOPLE TO BE FOR OR AGAINST REVOKING THE LEASES, ONLY TO EXPRESS THEIR OPINIONS AND SEND THEM TO GOVERNOR HAMMOND AND EACH OF THE RESOUCE COMMITTEES. IT WAS OUR BELIEF THAT THE FISHERMEN'S OPINIONS HAVE BEEN WELL KNOWN AND STATED MANY TIMES DURING THE PAST TWO YEARS, HOWEVER, THERE ARE MANY RESIDENTS IN HOMER WHO ARE NOT FISHERMEN. EACH INDIVIDUAL HAS AN EQUAL RIGHT TO HIS OPINION, HIS RIGHT FOR A VOICE IN OUR DEMOCRATIC PROCESS. WE WERE ONLY ENCOURAGING THE USE OF THESE RIGHTS AND TRYING TO PROVIDE THE CHANCE FOR MORE PEOPLE TO HAVE A VOICE ON AN ISSUE IN OUR STATE GOVERNMENT.

OUR COMMITTEE HAD 342 POST CARDS RETURNED. OUT OF THIS NUMBER 322 DID NOT WANT THE OIL LEASES IN KACHEMAK BAY CONDEMNED. OF THE 20 WHO WANTED TO REVOKE THE LEASES TEN INDICATED THEY WANTED THE COST OF THE PURCHASE ON A REFERENDUM, AND TEN WANTED THE PURCHASE AND COST TO BE A LEGISLATIVE DECISION.

HOMER NEEDS A MORE STABLE ECONOMY AND THIS IS A FACT RECOGNIZED BY THE MAJORITY OF THE RESIDENTS, ESPECIALLY THOSE WHO EARN A LIVING THROUGH FREE ENTERPRISE. THE COMMUNITY IS GROWING, THIS IS TRUE. HOWEVER THAT GROWTH IS ALSO CREATING "GROWTH" IN THE DEMANDS ON THE CITY FOR SERVICE, THE SCHOOLS, THE WHOLE ECONOMY. GROWTH IN POPULATION DOES NOT CREATE GOWTH IN REVENUE THAT IS DIRELY NEEDED TO PROVIDE THE SERVICES DEMANDED, IT DOES NOT CREATE EMPLOYMENT FOR THE YOUTH WHO HAVE BEEN REARED IN OUR COMMUNITY WHO ARE NOW YOUNG ADULTS WHO NEED TO PROVIDE FOR THEIR OWN FAMILIES: NOR DOES IT PROVIDE EMPLOYMENT FOR THE INFLUX OF NEW RESIDENTS.

THE FISHING INDUSTRY CANNOT PROVIDE THIS VOLUME OF EMPLOYMENT THAT IS NEEDED TO STABALIZE OUR ECONOMY. THE SEASONAL CONSTRUCTION WORK THAT FLUCTUATES FROM YEAR TO YEAR CANNOT PROVIDE A LIVLIHOOD FOR MANY OF OUR CITIZENS.

OUR PORT HAS MANY GREAT POTENTIALS. POTENTIALS TO PROVIDE LOCAL EMPLOYMENT AND TO PROVIDE REVENUE TO THE CITY WITHOUT THE BURDEN OF INCREASED PROPERTY TAX FOR THE RESIDENTS. THIS CAN BE GENERATED FROM BOTH STATE AND FEDERAL OFFSHORE LEASES, AND WITH THE LEAST IMPACT ON THE COMMUNITY.

IT IS DISTRESSING TO ME THAT OUR ADMINISTRATION IS ATTEMPTING TO

DETER THIS DEVELOPMENT THROUGH DISCRIMINATION AGAINST ONE INSUSTRY, ESPECIALLY WHEN THE DISCRIMINATION IS BASED ON EMOTIONALISM RATHER THAN SCIENTIFIC FACT. THE ENCROACHMENT ON THE RIGHTS OF A COMMUNITY AND ITS CITIZENS BASED ON EMOTION AND/OR PERSONAL PREJUDICE OF ANY ADMINISTRATION IS INCONCEIBLE FOR A DEMOCRATIC GOVERNMENT.

I AM DEEPLY CONCERNED, NOT ONLY FOR THE WELFARE OF MY CITY, BUT FOR THE IMAGE OF OUR STATE. THROUGHOUT THE YEARS, THE IMAGE OF ALASKA HAS HAS NOT ONLY BEEN THAT OF THE VASTNESS OF THE STATE IN SIZE AND AESTHETIC BEAUTY, BUT ALSC OF HER PEOPLE: PEOPLE OF STAMINA, HOSPITABLE PEOPLE, NEIGHBOR HELPING NEIGHBOR, PEOPLE OF INTREGRITY AMONG WHOM A MAN'S WORD WAS HIS BOND, CREDITABLE PEOPLE.

UPON THE ADVENT OF STATEHOOD, I BELIEVE IT WAS THE INTENT OF THE PEOPLE OF ALASKA THAT THEIR STANDARDS OF INTREGRITY AND CREDIBILITY BE EXERCISED BY THE ADMINSTRATIONS OF THE STATE OF ALASKA.

THE KACHEMAK BAY OIL LEASES ARE LITIGATED TO THE STATE SUPREME COURT. ALTHOUGH NO DECISION HAS BEEN HANDED DOWN, THIS ADMINISTRATION HAS PERSISTED IS PASSING LEGISLATION TO CIRCUMVENT AN ANTICIPATED RULING OF THE SUPREME COURT. THIS IS A DEPLORABLE REFLECTION ON THE ABILITY OF THE STATE SUPREME COURT. IT LENDS TO THE DESTRUCTION OF THE PUBLIC'S CONFIDENCE IN JUSTICE FROM THE HIGHEST COURT IN OUR STATE. ADVOCATION OF REVOKING THE KACHEMAK BAY OIL LEASES INFERS THE TOTAL DISREGARD BY THE ADMINISTRATION FOR THE HIGHEST JUDICIAL AUTHORITY OF THE STATE OF ALASKA IF ITS DECISION IS NOT IN AGREEMENT WITH THE DESIRES OF THE ADMINISTRATION. I FIND THIS TRAGIC AT T TIME IN OUR SOCIETY WHEN SO MANY YOUNG PEOPLE BELIEVE THERE IS NO CREDIBILITY IN ANY GOVERNMENT.

I BELIEVE THAT ANY LEGISLATION TO REVOKE THE KACHEMAK BAY OIL LEASES NOT ONLY DESTROYS THE CREDIBILITY OF THE ADMINISTRATION TO THE PEOPLE OF ALASKA, BUT TO THE NATION AND TO THE WORLD.

IN CONCLUSION, MAY I EXPRESS MY SINCERE APPRECIATION TO EACH MEMBER OF THIS COMMITTEE FOR YOUR DELIGENCE IS SEEKING OUT ALL OF THE FACTS AND WEIGHING THE OPINIONS OF ALL OF THE CITIZENS IN YOUR SINCERE EFFORT TO ARRIVE AT A RECOMMENDATION THAT IS TRULY IN THE BEST INTEREST OF THE TOTAL OVER-ALL COMMUNITY. I AM DEEPLY GRATIFUL TO EACH OF YOU.

THANK YOU.

As requested by you on March 11, 1976, I have reviewed the document Kachemak Bay A Status Report prepared by the staff of the Alaska Department of Fish and Game. My review and comments are enclosed.

The main point that I wish to make in this covering letter is that, after reading the document, I am forced to conclude that the department has acted hastily by releasing this report in its present form. I recognize that it is not always possible to afford the time necessary for an independent review of such a report, but this report does not appear to have received even internal review and editing. As a consequence it is extremely difficult to read and comprehend, and contains many inconsistancies and factual errors. In addition, much of it is written in an extremely emotional style, which may embarrass the department.

Of greater importance than possible departmental embarrassment, however, is that the release of this report to the public cannot help but confuse and inflame the controversial issues surrounding the leases in Kachemak Bay. It seems to me that what was needed was a status report on the several ongoing studies of the area to provide factual, preliminary information to decision makers and the public. This document in its present form does not meet that objective.

The potentially most valuable information in the document is contained in Section I concerning the mass transport question. I suggest that all the available data and the methodology for this study be reviewed in detail. I would recommend that this be done by the Department of Oceanography at Oregon State University because of their considerable experience with coastal drogue work. Such a review need not take more than a few weeks.

I appreciate this opportunity to be of service. If you have any questions regarding my review and comments, please do not hesitate to call me.



FRANK ~~HESSOFF~~ HESTER.

REVIEW

STATUS REPORT KACHEMAK BAY

SCOPE

This report, a document in five sections, is intended to "discuss and summarize salient findings emerging from ongoing field studies and analysis(sic) of current literature as they relate to man's disruption of the marine environment, especially by oil and gas related activities" - page one of the introduction. Sections I and II of the report are concerned with the ongoing field studies, Section III is a literature study, and Section IV and V are philosophical essays that do not meet this stated intent.

CONTENT AND FINDINGS

Section I, The Marine Environment of Kachemak Bay is concerned chiefly with a recent Alaska Department of Fish and Game (ADF&G) radar tracked drogue study of water circulation and transport in Kachemak Bay and vicinity. Some additional data on circulation and physical oceanography are provided.

The main purpose for the circulation study was to test a hypothesis that water transport in Kachemak Bay is sufficiently slow that the drifting, planktonic, larvae of resident bay animals can develop and settle within the bay. For this hypothesis to be tenable, it is necessary to demonstrate that the exchange rate of water between Kachemak Bay and the outside is longer than the time of the planktonic existence of the larval animals - approximately 60 days (or 3 to 4 months according to the quote on page IV-3 of the report).

For some reason this question, though raised on page I-5, is not discussed again in this section in terms of the study results. The abstract of the report does state, "Residence time of the waters within the Bay appears to be 20 days at the most and the Bay must be considered as an input-output system with respect to the dispersal and settling of crustaceans larvae". How this conclusion was reached is not stated in this section.

The drogue and some concurrent drift card studies both strongly suggest that the previously proposed residence times for water in the bay are excessive. The data given in the report are too incomplete or illegible to allow a detailed critique

of this section. But it is clear that there is considerable net transport into and out of the area, particularly near the surface and to the west of the Homer spit. The conclusion made in the abstract appears to be valid.

The balance of Section I deals with bathymetry (adequately) and the bay. The latter is of limited value owing to the complexities of the circulation in this area. No biological data are included in this section on the "Marine Environment".

Section II, Environmental and Biological Attributes of Kachemak Bay provides a short report on marine algae, presumably a contract study, a considerable amount of fishery information and data, and a discussion of crustacean larval biology. One paragraph and four figures cover the higher vertebrates - birds and mammals.

The fishery data are in two parts: an overview that deals primarily with the economic aspects of the Kachemak Bay fisheries, and a species by species historical review of the more important fisheries. The economic discussion lacks objectivity as does the immediately following pages covering the productivity and aesthetics of the area (see Reviewer's General and Specific Comments). The base year used in the economic discussion is 1973, a record catch year, although data for 1974 and 1975 were available. No attempt was made to put the Bay's fisheries into proper prospective with those of the rest of the state. (In 1973 the ex-vessel value of Kachemak Bay fisheries was 2.58% of the state total.)

The species overview, which begins on page II-23, shows signs of hasty preparation and is difficult to interpret. This is particularly true of the figures, many of which do not provide the units of measure. The introduction to this section needs editing to gain objectivity.

The section on marine plants consists of observational notes at a series of stations in the bay. The locational and observational data are qualitative in the report, but precise locations and quantitative measurements presumably are available. The purpose of this study was not stated.

The section on crustacean larval biology beginning on page II-60 continues the discussion of larvae persistance in the "gyre" begun in Section I of the Status Report. There is considerable confusion in this section between the tentative conclusions drawn from a 1972 plankton survey of the area and the results of the 1975 circulation study discussed in Section I. These discrepencies should be resolved. In this section, on page II-63, the basis for the 20 day transit time given in the abstract may possibly be found. The maximum transit time on the figure appears to be 16 days, however. The remainder of this section consists of an abstract(?) of the 1972 National Marine Fisheries Service (NMFS) study of crab and shrimp

larvae distribution in the Bay. Since these investigations preceded the drogue and drift card studies, the interpretation of these data are probably in error, although this point is not made clear by the author of this section.

Section III, Sensitivities of Kachemak Bay to Man's Impact attempts to estimate the effect of man's activities upon the ecosystem. With the exception of one paragraph on page III-1, the discussion is directed at oil and gas development activities. No further mention is made of the possible effects of population pressures, waste disposal, renewable resource use, i.e. logging, fishing, etc. Since oil and gas activities are the main issue at this time, this dismissal of other factors is understandable in view of the intent stated in the introduction, but the title of Section III should reflect this emphasis.

The bulk of section III consists of a restatement of a number of reviews of the effects of oil on marine systems. The attempt is made to put these discussions into the Kachemak Bay site. Some calculated spill trajectories for the Bay are given.

There are many inaccuracies in this section. Some of these are in the statements of the author and some are in the literature quoted.

The author relies heavily on the Metula spill to develop an oil spill scenario for Kachemak Bay. He does not provide any projections of tanker traffic in the Bay but assumes that a Metula size spill will occur near the Homer spit. He provides an estimated oil dosage of 400 bbls per square mile (page III-17) for the inner bay. This apparently alarming statistic will undoubtedly be accepted as fact by some readers of the report. The author does not relate this dosage to the toxicity table on page III-51. If he had he could show that even his major spill does not cause toxic levels to be reached, in fact there is a safety factor of about 100.

This toxicity table, Table 24, page III-51, is a summary of acute toxicity data for several groups of organisms. Because of its convenience one can expect it to be widely quoted. Because of this possibility, the table should be clarified: The first column should be identified as water soluble fractions (chiefly aromatics), the last column should not use exponents but should be written out - e.g. 10,000 - 100,000, and the heading over this and the middle column should be rewritten to emphasize that these values are total oil added to the system i.e. the amount of oil per volume of water.

Figure 54, page III-55 is a summary figure purporting to show potential impacts of oil spills on Kachemak Bay. Because of its summary nature and probable wide use, it should be reviewed for accuracy and the wording changed to reflect its speculative nature.

The impact of oil and gas development and oil spills on fisheries is not discussed in this section. Several case histories of oil spills are reviewed, but not with this objective in mind. The author should be advised that there are data available from several areas of major oil and gas production, notably, the Gulf of Mexico, southern California, and Venezuela, where fishery data are concurrently available. These data do not indicate that the two activities are incompatible. In addition, there have been several major spills, some of which are mentioned by the author, where careful investigation failed to prove or even indicate any damage to the fisheries. These include the Torrey Canyon, the Santa Barbara, and the Chevron Pass Block 41 spills. None of the reports indicate damage to the fishery resources, either short or long term. A report of these findings would seem to be germane to the discussion.

Section IV, Conservancy and Protection of the Renewable Energy Resources of Kachemak Bay is a philosophical discussion of some of the points of conflict in present day resource use. The position taken here, and this is purported to be the position of the ADF&G, is that present practices for oil and gas development in the state waters of Alaska are unacceptable from the standpoint of environmental safety. This concern on the part of the staff of ADF&G also is claimed to be that of the citizens of the entire state (page IV-26), although this position is not supported by any documentation.

This section is not a status report per se on Kachemak Bay, but rather an expression of the ADF&G staff's feelings about the issues. As such it might have been more appropriately published in some other medium.

Section V, Kachemak Bay Perspective and Overview is a continuation of Section IV with additional philosophical discussions of energy and the use of non-renewable resources. This section states that the ADF&G has not been given information on the potential size of the Kachemak Bay field, which presumably would affect their recommendations on the environmental safeguards needed during the development (although from the discussion at the end of Section IV the size of the development does not seem to matter). The price paid for the leases, however, is a matter of record and one wonders why some comparison of the sale price with the value of the fisheries was not made.

This section also infers that using the area to produce fish is in some way more socially valuable than to produce oil, even though the two have not been shown to be mutually exclusive. The fact that the fish produced are luxury items that do not contribute to the world or the U.S. protein needs has been ignored. Further, the high energy imput required for fish production has been sidestepped by comparing foreign distant water fishing with small-boat Alaskan fisheries. The

question could be raised as to why this document does not take this opportunity to recommend a return to salmon traps. This section, as the preceding section, does not constitute a status report on Kachemak Bay.

Reviewer's General Discussion

The purpose of this document is nowhere clearly stated. According to the statement of intent in the introduction, one gets the impression that the document was prepared to provide decision makers in the state government and the interested segment of the public with recently obtained information on the Kachemak Bay question. This goal appears to be met by the abstract which, with the exception of the paragraph dealing with an analysis of the current literature, is concise, factual, and objective.

The balance of the document does not compare favorably with the abstract. All of the five sections are poorly edited and difficult to understand. Section I is objective but suffers from the lack of any useful conclusions about the question of the persistence of larvae in the Kachemak Bay "gyre". Since this was the reason for undertaking the study, this oversight is unfortunate. Instead the reader is forced to rely on the rather confused discussion in Section II to find that the earlier held view had been refuted, that the Kachemak Bay system is not closed, and that larvae enter and leave the system during their planktonic life time.

The remaining four sections of the document lack objectivity. They are used to support what is evidently the ADF&G staff's position on oil and gas development in the area. They include two unnumbered figures of high emotional content, and numerous emotional phrases, and obviously biased statements. This lack of objectivity alone seriously detracts from the usefulness of this document for the decision maker and can not help but stir up those segments of the public that are opposed to oil industry activity in the area. Furthermore, the poor editing, which may be excused in part because of the press of a close release deadline, obscures the factual information and will result in misinterpretation.

It is the reviewer's conclusion that the general release of this document in its present form would be a serious error. Because some of the information contained in it is valuable, the document should be carefully edited for purpose, organization, and objectivity.

Reviewer's Specific Comments

Abstract

Paragraph four suggests that the Metula spill can be used to assess the impact of a similar accident in the lower Cook

Inlet. Nothing in the studies undertaken of that spill suggests that such information will be developed, and this statement should be re-examined.

Introduction

Page one sets the stage for the lack of objectivity characteristic of the report.

It would be helpful if the "intent" statement in the last paragraph were expanded to include a statement of purpose so the reader could be prepared and oriented for what follows.

Page two. The second paragraph leaves one wondering whether the transport studies alone or environmental studies in general are "challenging".

Last page. The 1974-75 NMFS Auke Bay project did include bioassays. These data have not been released. The statement that low levels of oil induced mortalities on early life forms is misleading. What is a low level? Certainly we should be told whether the levels are lower than levels reported elsewhere, assuming that ADF&G know the answer.

The 1975 USFWS; Rutgers University study appears to be of salt marshes. Does Dr. Crow mean that the salt marshes only or the entire bay are the richest area he has ever studied?

Section I

Page I-4. No reference to ADF&G (1974, 1975) is given in the bibliography.

Page I-5. The statement beginning in line five needs a reference.

Page I-32. The results should include some discussion of transport times at the various depths. Although there may be some questions regarding methodology, the evidence is quite strong against the stagnant "gyre" hypothesis.

The question posed on page I-5 should be addressed.

In paragraph three the question of stratification has not been addressed by the drogue work.

Page I-39. Site E results deserve some comment, particularly in light of the trajectories in Section III.

Page I-43. Why are the low temperatures, line seven, of interest?

How does this discussion relate to the stratification statement in paragraph 3 on page I-32? An explanation of sigma-t density surfaces should be given so that the public can make some sense out of what follows.

Section I needs editing and careful synthesis. Preliminary conclusions should be presented in a summary at the end.

Section II

Page II-1. Why was 1973 selected as the statistical base year? It would be useful to give some relative comparisons here between the $3.2 million catch from Kachemak Bay and the catch for the rest of the state. What is the value of the oil leases to the state? What is the value of oil and gas production in the upper Cook Inlet to the state?

Page II-2. The statement in line three and four needs a reference.

Bluff Point is not shown on figure 35.

Page II-5. It would be enlightening to be told why the area was set aside as a crucial critical habitat, and what does this mean?

The wording of paragraph three is more suitable for a travelogue than a scientific status report, even including the Freudian slip re: crabs. Such obviously emotional reporting is prevalent throughout the report and should be edited out.

The last paragraph is an attempt to paint a false picture of the bay. The blanketing of the bottom of the bay by individual shrimp is not supported by the T.V. survey in figure 36. Nor do the NMFS trawl surveys support his statement. To be conservative and assume that the statute mile is used for the distance of the drag rather than the more likely nautical mile, and that the foot rope of the trawl covers 40 feet, the highest catch - 4444 lbs - gives a density of 0.02 lbs/ft^2 or about two individuals per square foot of bottom. Most of the stations are less productive by a factor of 10 or more.

Page II-8. This section on Macrophytic ecology is too technical for the purpose of this report. It needs to be summarized in a more detailed fashion than is done on page II-22 if it is to have any meaning for the general or technical reader.

Page II-23. There seems to be a size discrepancy between the 35 by 10 miles given here and the 45 by 22 miles given on page I-1.

Page II-24. No reference in bibliography for the report cited in line 13.

The last paragraph is more travelogue rhetoric.

Page II-25. The 1973 Kachemak Bay catch of $3.2 KK was 2.58% of Alaska catch.

Line 21. Nearly 60% by weight but less than 50% by value.

Page II-26. What are the units of salmon catch?

Page II-27. Why not use 1974 or 1975? Is it because the value dropped considerably?

A more honest table is given below:

1973 Ex-vessel Value
($millions)

Species	Kachemak Bay	Alaska	Kachemak Bay % of Alaska
Salmon	0.2	60.0	0.3
King Crab	1.7	44.7	3.8
Tanner Crab	0.7	10.8	6.5
Shrimp	0.4	3.9	10.2
Dungeness Crab	0.2	3.4	5.9
Herring	0.03	2.6	1.2
Total	$3.23	$125.4	

Note: $\frac{3.23}{125.40} \times 100 = 2.58\%$. This is the percent of the total Alaska ex-vessel value taken in Kachemak Bay.

Page II-31. What are the units?

Page II-33. What do these numbers mean?

Page II-51. The first paragraph needs some data and references to support the statement.

Page II-60. This begins a very poorly edited and confusing section. The problem stems in part from combining speculation based on a 1972 study with the recent investigations by the department described in Section I. The results is that statements such as that in line 18ff are in conflict with statements elsewhere - cf. page II-61, bottom and page II-62, bottom.

Page II-62. Line three admits that the conclusions in these studies do not "quite tally". "Quite" should be omitted.

The planktonic times given in paragraph four should be checked and references given.

Page II-65ff. This portion of the section needs editing and clarification as to who did it, when, and what it now means.

Section III

Page III-3. The choice of words "Nondegradable Pollutant" is unfortunate since the category is defined as including slowly degradable substances. In nature such substances are continuously entering various ecosystems. There they are usually quickly dispersed or otherwise kept below effective concentration levels by various natural processes. This point should be made here for the discussion that follows on page III-5ff.

There is little evidence to suggest that biological magnification in the food chain really occurs. The so-called magnification is confined to only one or occasionally two trophic levels.

Page III-5. The transition from an introductory discussion to the specifics of Kachemak Bay came swiftly. The Bay as an input-output system must be considered in order for the Odum model to apply. The author has lost sight of the fact that figure 47 is an illustration of principles and does not actually depict Kachemak Bay. The assumption that the "pollutional state" of Kachemak Bay lies close to the ordinate is not a fact that has been verified for inclusion in a status report.

Page III-7. This figure needs an explanation of where these data came from. If these are speculations on the part of the author, he should so state.

Page III-8. The choice of the Metula spill for developing a spill scenario is ridiculous. There is virtually no data available yet from this spill, nor is there likely to be. The Gunnarson narrative does not reveal anything that enables one to make a quantitative assessment of the effect on the fisheries (if there was any effect, or any fisheries to be affected).

If a total of only 7 tissue (mussel) samples were collected as is stated then the outlook for an intensive study is dim.

There have been several major spills that have been studied and that occurred in areas where fishery statistics were available. None of these spills resulted in any detectable effect on the fisheries. Many of these are summarized in Table 4-1 of Petroleum in the Marine Environment, National Academy of Sciences (1975). Others are available in the recent literature. The only thing that recommends the Metula spill is its size and the high latitude location. However, in view of the lack of quality investigations, this spill cannot provide an insight into the Kachemak Bay situation.

Page III-13. The conversion of tons to gallons should be checked.

It is unlikely that an uncontrolled well could spill anywhere near the amount suggested, namely, more than 20,000,000 gallons.

Page III-17. This discussion of dosage is pointless, however, if it is to be made, the author might carry it a bit further. Four hundred barrels of oil per square mile is about 20 g/m^2. Taking only the upper meter of the bay, this dosage would be less than 20 ppm total oil or 0.02 ppm SAD (as defined in his table 24, page III-51). Since the bay is more than one meter deep, this is a high estimate of dosage and well below the LD_{50} for larvae (table 24). This is a good indication of why spills do not seem to affect open water fisheries.

Page III-22. The second paragraph needs to be developed further. The studies mentioned seem to suggest that an accident in the leased area would not remain in the bay but would be carried away. The drogue trajectories and the spill trajectories would not coincide. He should differentiate between the slicks on the surface and the hydrocarbons in the water column.

Page III-27. Forester also provided some concentration data in his tar particle study. These were all in the low parts per billion <u>total oil</u>.

Page III-29. Lethal levels should stipulate the exposure time. Most of the values in the literature are for four day (96 hr) exposures. The best study of field dosage to date is the McAuliffe et al study: <u>Chevron Main Pass Black 41 Oil Spill: Chemical and Biological Investigations</u>. In the 1975 Conference on Prevention and Control of Oil Pollution. (555-566) According to this study neither the dosage nor the exposure time were great enough to cause biological effects during a multi-day spill of some 65,000 bbl.

Page III-37. The author does not tell us that prior to the spill similar quantities of oil were found in the sediments in the Santa Barbara Channel, evidently from the natural seeps. Nor does he mention that natural seeps in the Santa Barbara area produce the equivalent of two Santa Barbara spills each year. It would be interesting to learn what the flow rates are in the Cook Inlet seeps, and how that volume is assimilated by the ecosystem.

Page III-44. The <u>Torrey Canyon</u> spill was a tragedy perhaps, but it did not result in any detectable damage to the fisheries in the area, a fact that needs to be emphasized.

PageIII-38. The following, and the preceding for that matter, are much better discussed in the 1975 National Academy of Sciences <u>Petroleum in the Marine Environment</u>.

Page III-55. This summary figure suffers from the use of "will" rather than less definite verb. As a result, the fact that this is the author's conjecture of fate and effects is easily lost.

Section IV

This entire section does not seem to belong in a status report. Rather it expresses the view of a single author who is using this opportunity to publicize his particular philosophy. His desire may be understandable but the use of this forum is questionable.

One of the false impressions that this section gives is that the designation of the Kachemak Bay Critical Habitat preceded the lease sale when in fact this designation was imposed after the state had received its money.

Following page IV-27 there is an unnumbered figure of questionable value to the report.

Section V

This section is a continuation of the author's philosophical essay on environmental affairs. His arguments do not add to the usefulness of the document as a status report.

The author makes much of the use of the area for food production, but ignores the fact that none of the species exploited are cheap food, all are luxuries. Almost all the catch is exported. His statement on page V-11, second paragraph is clearly fallacious.

Following page V-14 is another unnumbered figure.

Frank J. Hester
Santa Barbara, CA
March 17, 1976

Draft Statement to State of Alaska - House of Representatives Committee on Resources Hearing on Proposed Legislation to Create a Marine Sanctuary in Kachemak Bay and Prohibit Oil and Gas Operations

Much of the concern about compatibility of oil and gas operations with fishing has addressed the effect of oil on the marine life if it does enter the water. At least as important is the question of whether or not an oil spill might occur during exploratory drilling.

A number of safeguards are applied in the drilling of any exploratory well to prevent oil from getting into the water.

First, during the drilling of any well where oil or gas may be encountered, the well is filled with drilling mud to prevent uncontrolled flows of fluids to the surface. This is called primary control.

Second, a system of valves and control devices is placed on the well during drilling to provide a means of closing the well, should the control by mud be lost. This equipment is called a blowout preventer and provides a back-up if the mud system fails. It is, therefore, called secondary control. Personnel on the drilling vessel are thoroughly trained to recognize symptoms indicative of a loss of primary control and to take the requisite control measures before the well can begin uncontrolled flow. Regular and frequent drills are performed by the crew using the blowout preventers to assure prompt and correct response by the personnel and proper working order of the equipment.

Third, equipment and response capability are provided, both on board the drilling rig and at convenient shore sites to contain and recover any spilled oil which could result from a failure of one of the above systems.

This is called the oil spill response capability. The rig itself has on board some 800 feet of boom to be deployed if significant oil volumes were spilled. Additionally, the rig will have on board a skimmer to pick up any oil contained by the boom. Sorbent and dispersant materials will also be available for use in picking up or dispersing small amounts of oil not recoverable by the skimmer. Again, the drilling crew and the crews of the support boats will be trained in handling the oil spill containment and recovery equipment.

A massive oil spill, such as have been associated with tanker groundings, is not a realistic prospect from exploratory drilling. In all offshore drilling to date, only 3 significant oil spills have resulted from blowouts of drilling wells. Even in such cases where considerable volumes of oil have been released to the water such as in the Santa Barbara spill, follow-up environmental studies have shown rapid and thorough recovery of the biota.

In summation of this necessarily brief and simple statement about a highly complex problem, I want to emphasize:

1. If oil and/or gas are encountered, the chance is [redacted] remote [redacted] that the well fluids will not be controlled by the drilling mud.

2. If the drilling mud should fail to provide primary control of any oil or gas the blowout preventers would be activated to close in the well.

3. If all of the above should fail, oil spill containment and recovery equipment is provided on board the drilling rig for

prompt deployment and recovery of any significant amounts of spilled oil.

4. In the very unlikely event of an oil spill, experience has shown, without exception, that there has been rapid recovery of the biota and no significant lasting damage has occurred.

Summary Chapter from:

ACUTE TOXICITY AND UPTAKE-DEPURATION STUDIES WITH COOK INLET CRUDE OIL, PRUDHOE BAY CRUDE OIL, NO. 2 FUEL OIL AND SEVERAL SUBARCTIC MARINE ORGANISMS

By

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Final report to Marathon Oil Corporation, Phillips Petroleum Corporation, Shell Oil Company, Standard Oil Company of California, Texaco Incorporated, and Union Oil Company of California on contracted laboratory studies relevant to oil development in Kachemak Bay, Alaska.

December 1, 1975

1 Summary

1.1 Background and Scope

This is a laboratory study of the effects of petroleum hydrocarbons on selected Alaskan marine animals. The purpose was to determine whether or not commercially important Alaskan marine animals react differently to crude oil than do marine animals in other areas, particularly those areas where oil and gas development activities have been established for a considerable time with no apparent effect on the fisheries.

This study was conducted by the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Northwest Fisheries Center, using the facilities and personnel at the Auke Bay Fisheries Laboratory and the Kasitsna Bay Field Station. Funding was provided by a contract with the Shell Oil Company, and was cosponsored by Marathon Oil Corporation, Phillips Petroleum Corporation, Standard Oil Company of California, Texaco Incorporated, and Union Oil Company of California.

The primary objectives of this study were:

to determine the acute toxicity of Cook Inlet crude oil to various life stages of fish and shellfish found in Kachemak Bay.

to determine the rate and degree of uptake and depuration of hydrocarbons by these animals when they were exposed to sublethal concentrations of the water-soluble fractions of crude oil.

to compare our results to published literature to determine to what degree, if any, Alaskan marine animals differ from animals in other areas in their response to oil contamination.

Secondary objectives included the identification and quantitation of some sublethal behavioral and physiological effects.

1.2 Methods

1.2.1 Acute Toxicity

The acute toxicity of crude oil to Alaskan marine animals was determined by standard bioassay. All the bioassays were static; that is, the test solution was not replenished with fresh solution during the course of the four-day (96-hour) test period. As a consequence, evaporation and bacterial decomposition decreased the concentration of many of the soluble fractions during the tests. Both oil-water dispersions (OWD's)* and water-soluble fractions (WSF's)* were used for the bioassays. The oil-water dispersions (microscopic oil droplets in water) were prepared by short-term but high-energy mixing of oil and seawater. The water-soluble fractions were prepared by stirring an oil-water mixture for 20 hours and then siphoning off the water and dissolved oil fractions from under the remaining oil slick. The concentrations of hydrocarbons in the test solutions were determined by infrared and ultraviolet spectrophotometry. Ultraviolet measurements appear to be the superior method for monitoring toxicity.

1.2.2 Uptake and Depuration

The rate and amount of hydrocarbon uptake and depuration (the release of hydrocarbons from body tissue) were determined as follows.

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*For a glossary of the abbreviations used throughout this report, see Appendix A.

The test animals were exposed to seawater containing less than 20% of the WSF concentration that would be expected to kill 50% of the animals in 96 hours (the 96-hr TLm [median tolerance limit]). Samples of tissue from the test animals were taken periodically during exposure and depuration for determination of their hydrocarbon concentrations by gas chromatography. Exposure and depuration periods typically lasted for 96 hours each.

1.2.3 Low Level Effects

In addition to acute bioassays and uptake-depuration experiments, some preliminary investigations were made of the effects of low-concentration exposures on behavior and physiology. These included behavioral observations of larvae in the vicinity of surface oil slicks, and physiological studies of crab respiration as affected by dissolved oil fractions.

1.3 Results

1.3.1 Acute Toxicity

Acute oil bioassay studies are subject to technical problems not usually encountered in acute bioassays using less complex substances. As a consequence, the values obtained from oil bioassays are dependent to some extent on experimental techniques. The results generally exhibit a considerable range of variability making it difficult to assess minor differences in sensitivity among different species, especially among different studies.

The results of the acute toxicity studies on both adults and

larvae are summarized in Table S-1. For comparative purposes, data from other investigations of oil toxicity on marine animals from the west coast and the Gulf of Mexico are included. The Alaskan species appear to be more sensitive than the Gulf of Mexico or Pacific coast animals tested by Anderson et al. (1974b) and Battelle (1973b, 1974a) since the ranges of median tolerance limits for Alaskan species are lower and do not overlap those for Gulf of Mexico or Pacific coast species. This apparent sensitivity of Alaskan species may actually reflect differences in test oils, temperature, salinity, or test procedures used in this study and the other studies. Since as previously stated, there is considerable variation between replicate bioassays in this and the other studies, we cannot state that these apparent differences in sensitivity are statistically significant.

Larvae tested in this study are generally more sensitive than adults, but their range of sensitivity does overlap with those reported for adults.

1.3.2 Uptake and Depuration

The uptake and retention of hydrocarbons by Alaskan species appears identical to the pattern reported for temperate and subtropical species. Actual quantitative differences in accumulation or depuration rates may exist but cannot be determined for lack of statistical confidence limits on the tissue analysis of hydrocarbon concentrations. All of the species we tested accumulated significant amounts of aromatic hydrocarbons. Methylnaphthalene was accumulated to the greatest extent and persisted the longest (Figure S-1). Naphthalene and other

substituted naphthalenes showed similar uptake and depuration behavior but did not accumulate to such high levels in the tissues.

1.3.3 Low Level Effects

Larvae were apparently unable to detect or avoid oil slicks.

The results of the preliminary experiments on crab respiration were inconclusive and their chief interest lies in suggesting paths for future inquiry.

1.4 Conclusions

We caution the users of these data that the reported concentrations are for dissolved or dispersed petroleum hydrocarbons. They should not be confused with volumetric additions of oil to water.

1.4.1 Conclusions on Acute Toxicity

1. The acute toxicity bioassays (Table S-1) suggest that the Alaskan species tested are more sensitive to dissolved and dispersed petroleum hydrocarbons than are species from other areas. However, this apparent sensitivity may be the result of differences in test oils, temperature, salinity, and test procedures. The precision of the comparative data is not sufficient to permit us to test these differences for statistical significance. However, the magnitude of the differences suggests that they may not be statistically significant.

2. The median tolerance limits of the eight species tested with oil were quite similar. Juvenile king crabs and scallops were consistently the most resistant while fish and shrimp were least resistant.

3. The median tolerance limits of Cook Inlet crude oil water-soluble fractions (WSF's) to herring, crab, and shrimp larvae ranged from 1.8 ppm to above 8 ppm (determined by infrared spectrophotometry). Many of the early stage larvae would lie moribund on the bottom, unable to swim, for several days before actual death. The median effective concentrations (ECm's) for this condition of moribundity ranged between 0.3 and 3 ppm (determined by infrared spectrophotometry). The later stages of coonstripe shrimp larvae appeared to be more sensitive to oil than earlier stages. Molting coonstripe larvae were more sensitive than inter-molt larvae.

4. Larvae are the most vulnerable of the life stages of the organisms tested in this study. They were quantitatively more sensitive to oil toxicity, especially during molting. Crustacean larvae may be particularly susceptible to oil toxicity compared to adults because of the frequency that larvae molt.

5. Comparisons of dodecylsodium sulfate (DSS) toxicity from several studies show extreme variance within some species. No quantitative conclusion about species differences was made. The use of DSS as a standard toxicant as recommended by La Roche et al. (1970) is not indicated.

1.4.2 Conclusions on Uptake-Depuration of Hydrocarbons

1. We found the uptake and depuration of hydrocarbons by the Alaskan species tested to be qualitatively identical to the patterns reported for species from other areas. The quantitative differences between the hydrocarbon uptake studies cannot be compared directly. There are no

estimates of variance since the cost of chemical analyses precluded running replicates in any of the studies.

2. With the exception of scallops, all the species we tested seemed able to resist n-paraffin accumulation.

3. All species tested accumulated relatively higher concentrations of aromatic hydrocarbons as compared to paraffin accumulation. Pink salmon fry were able to rid themselves of most of the accumulated naphthalenes while remaining in contaminated seawater. Juvenile king crabs were able to depurate within 48 hours after removal to clean seawater. Depuration by scallops and shrimp was slower and incomplete by the end of a 48-hour depuration period in clean seawater. The rate of depuration for these species suggests it would take up to several weeks to return to control levels of aromatic hydrocarbon concentrations.

1.4.3 Conclusions on Behavior and Physiology

1. Dungeness crab larvae and herring larvae were apparently unable to detect and avoid oil. Larvae were observed to touch oil slicks repeatedly in observations on behavior. At high concentrations of oil the larvae began to settle in the water column, which was interpreted as inability to swim to the surface rather than avoidance behavior.

2. When king crabs were exposed to the water-soluble fractions of Cook Inlet crude oil the respiration rate was depressed, but only at oil concentrations equal to or just below the 96-hour median tolerance limit. Measurement of metabolism does not appear to be a sensitive index of oil toxicity stress to crabs.

1.4.4 General Conclusions

1. Our studies do not suggest that major differences exist between the responses of the Alaskan marine animals tested and the responses of marine animals from other areas as reported in the literature.

2. The concentration of oil in water dispersions and water-soluble fractions of oil in solutions is dependent on a number of factors, including oil volume, confinement of the oil, mixing duration, and mixing energy. As a consequence, we do not attempt to transfer the results of our study to a field situation (including Kachemak Bay) or attempt to establish the potential effects of oil contamination on the environment. If oil pollution did occur, the oil concentrations that would occur in the water column are difficult to predict, since the oil volume, mixing duration, mixing intensity, and confinement of the spill are all important but unknown variables that would depend on the specific conditions prevailing at the time of the spill. Further, there are too few quantitative studies on the effects of an oil spill in arctic and subarctic waters that include measurements of oil in the water column for us to state that our laboratory exposure concentrations might be encountered under a field spill situation.

3. Our findings are most useful for establishing the similarities of the effects of oil on Alaskan marine animals and on animals elsewhere, and quantitating the relative sensitivity of larvae compared to adults or juvenile forms.

Table S-1.--Summary of acute toxicity of several crude oils and No. 2 fuel oil to several marine species. Data are from four studies, each using at least two different crude oils. Ranges of 96-hr median tolerance limits (TLm's) are reported in ppm of oil as measured by IR (2930 cm^{-1}).

Study and species tested	Temperature range	(WSF) Crude oil	(WSF) No. 2 fuel oil	(OWD) Crude oil
Battelle 1973b [1/]				
Two species of fish	8°C	15-65	---	---
Battelle 1974a [1/]				
Coonstripe shrimp, juvenile salmon (flowthrough)	10-11°C	6.6-24.9	---	---
Coonstripe shrimp (static)	8°C	1.3-4.9	---	---
Anderson et al. 1974b				
Three crustacean species	18-22°C	3.6->19.8	1.3-4.9	18-62
Three fish species	18-22°C	5.5-19.8	3.9-6.3	38-78
This study				
Four shrimp species	3.5-5.4°C	1.26-4.34	0.53-1.69	2.31-13.9
One crab species	3.8-7.8°C	2.35-4.21	5.10	5.3-7.80
One scallop species	3.9-7.4°C	1.57-3.15	0.8	8.04-9.34
Two fish species	3.6-10.2°C	1.10-2.94	0.81-2.29	3.41-16.4
Coonstripe shrimp	3.6-4°C	1.96-2.72	---	---
Six species of crustacean larvae ~~(Stage I-VI)~~	3.5-13°C	TLm = 0.54->8 ECm = 0.24-3.9 [2/]	--- ---	--- ---

[1/] Battelle studies do not report TLm's directly in the form of IR ppm. The values presented for Battelle are measured from their raw data. Some of their tests are flowthrough and others are static. They used different mixing procedures and their data may not be directly comparable to ours.

[2/] For larvae we also report this ECm, or mean effective concentration for moribundity. Moribund larvae showed some motion, but were unable to swim, and destined for death.

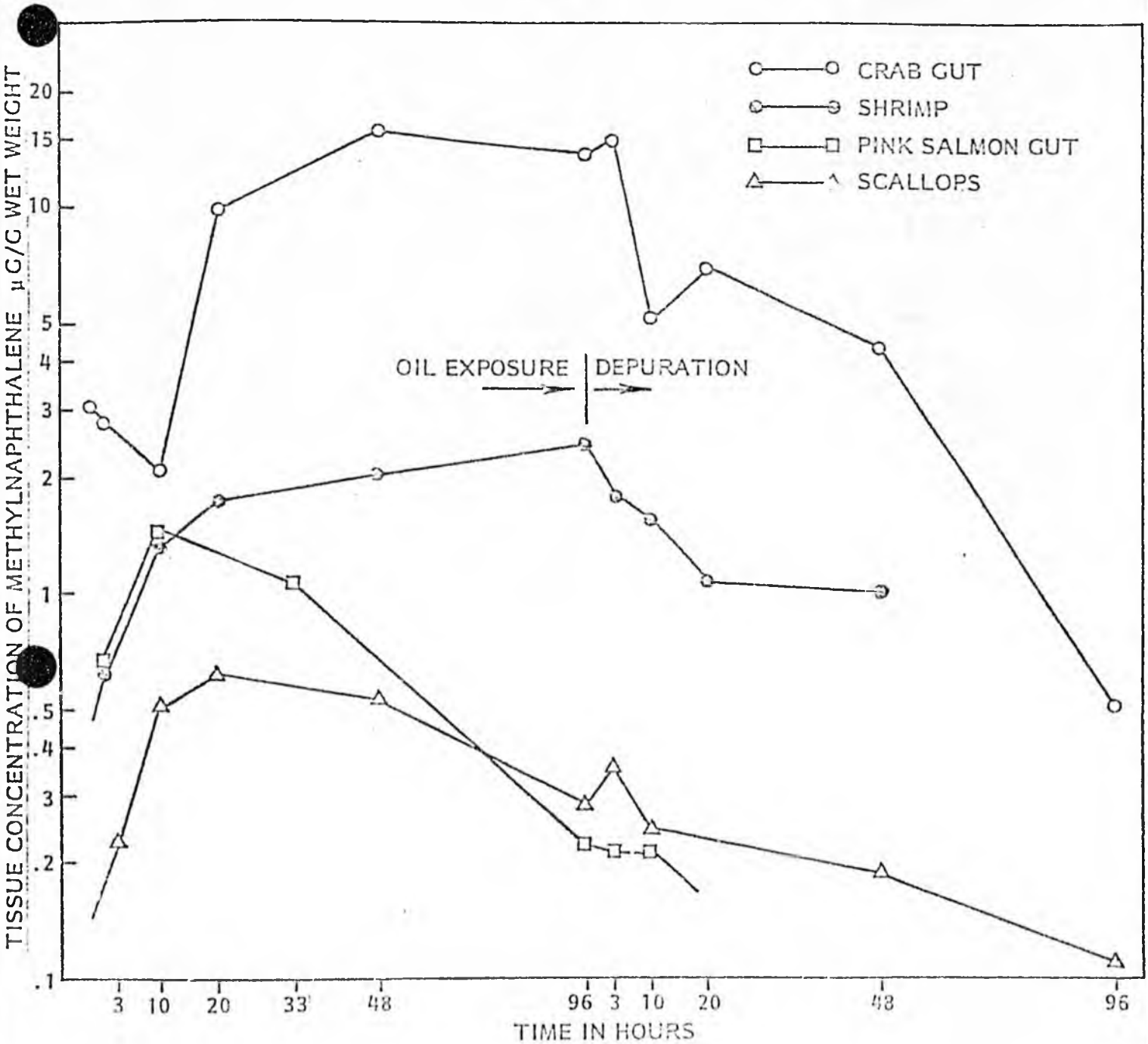


Fig. S-1. Comparison of methylnaphthalene accumulation in juvenile king crab gut, whole shrimp, pink salmon gut, and whole scallops exposed to the water-soluble fraction of Cook Inlet crude oil. Methylnaphthalene accumulated to a greater extent than any other aromatic compound in these tissues. Concentrations during exposure were approximately equal.

Testimony of Loren B. Flagg, Habitat Protection Biologist. Alaska Department of Fish and Game (Homer, Alaska)

before the

Alaska House Resources Committee

on

Sponsor Substitute H.B. 626 relating to establishment of marine sanctuaries and condemnation of the Kachemak Bay Oil and Gas Leases

March 22, 1976
Juneau, Alaska

Mr. Chairman and committee members. My name is Loren B. Flagg and I'm representing the Alaska Department of Fish and Game. I have been employed as a biologist for the state for the past 8 years. During this time I have been stationed in Homer and have worked in the Kachemak Bay and lower Cook Inlet area both as a Commercial Fisheries Management Biologist and, more recently, as a biologist for the Habitat Protection Section of the Department of Fish and Game.

Kachemak Bay, on a per acre basis, is considered by biologists of the Alaska Department of Fish and Game to be one of the most highly productive marine environments in the world. This contention is based upon historical harvest data and from results of oceanographic and biological studies by the Department of Fish and Game and the National Marine Fisheries Service. Five species of salmon as well as king crab, tanner crab, shrimp, dungeness crab, herring and halibut are harvested on an annual basis from Kachemak Bay. In addition to the presence of adult age classes of the species mentioned above, the Bluff Point area on the north side of Kachemak Bay is known to be a major release area for shrimp, tanner crab and king crab larvae. Juvenile age classes of both shrimp and king crab are abundant in the area. Bluff Point is a major reproduction area for king and tanner crab and breeding,

molting and egg hatching take place in this area, primarily from late winter to mid-summer.

To put this in perspective, Kachemak Bay comprises only 2.6% of the marine waters of the Cook Inlet management area, yet yields 60% of the entire shellfish harvest. Tagging studies as well as recent studies of currents and larvae transport indicate that Kachemak Bay harbors important life stages of shellfish ultimately harvested in other areas outside the bay. King crab tagged in the bay during the breeding season have been recovered in harvest areas to the south in the vicinity of Cape Douglas and the Barren Islands (Cook Inlet Map - Figure 1).

In 1973, the year the oil and gas leases took place, there was a total salmon harvest in the Kachemak Bay area of 126,407. The king crab catch for 1973 was 2.1 million pounds, tanner crab 3.8 million pounds, shrimp 4.7 million pounds, and dungeness crab 308,000 pounds. There were also 407,500 pounds of herring taken from Kachemak Bay in 1973. The Kachemak Bay commercial harvest by year and by species appears in Table 1. The total value of the 1973 Kachemak Bay commercial fisheries harvest, was 3.2 million dollars to fishermen and 7.3 million dollars on a first wholesale basis. (Table 2.)

The number of vessels participating in the various Kachemak Bay commercial fisheries during 1973 was king crab-56, tanner crab-80, dungeness crab-53, pot shrimp-40, trawl shrimp-8, herring-12, and salmon-60. There were also a considerable number of halibut vessels that fished Kachemak Bay during 1973, however, statistics on this fishery are kept by the International Pacific Halibut Commission.

The following is a brief discussion of the various commercial fisheries in the Kachemak Bay area.

SALMON

The major portion of salmon taken in Kachemak Bay are taken with seine gear and the major species caught are pink salmon. Pink salmon have made up 82.7 percent of the catch since 1954 followed by chum salmon (8.2 percent), sockeye salmon (7.8 percent), coho salmon (1.2 percent) and king salmon (.1 percent). The annual average total salmon catch for Kachemak Bay since 1954 is 248,886.

Catch figures for Kachemak Bay for 1975 indicate it will be the highest year on record with a total salmon catch of over 900 thousand. The bulk of this year's catch were pink salmon (866,335). The peak escapement counts in 1975 for the pink salmon run to Kachemak Bay totaled 120 thousand to the four major streams. Salmon catch zones and spawning streams in Kachemak Bay are shown in Figure 2.

KING CRAB

In 1973 a total of 56 different vessels landed 2.1 million pounds of king crab from Kachemak Bay. In 1974 there were a total of 138 king crab vessel registrations in the Cook Inlet area. Of these, 76 vessels landed 1.6 million pounds of crab from Kachemak Bay. The bulk of the king crab harvest is taken during the months of August and September and the major fishing area lies along the south side of the bay. (Figure 3).

TANNER CRAB

The commercial catch of tanner crab in Kachemak Bay from 1968 through 1974 has averaged 1.7 million pounds. The peak year of production occurred

in 1973 when 3,763,060 pounds were landed. A total of 80 vessels landed tanner crab from Cook Inlet waters in 1973 and most of these vessels fished Kachemak Bay during the peak of the season. Market conditions were poor and effort fell off during 1974 and these factors as well as an apparent weak year class were responsible for the reduced catch of 1.1 million pounds. Figure 4 shows the tanner crab as well as the winter king crab harvest areas.

DUNGENESS CRAB

The peak year of production for dungeness crab occurred in 1963 when 1.7 million pounds were landed from the bay. Since 1969 the dungeness fishery has been sporadic in Kachemak Bay with an average annual yield of 235 thousand pounds. The highest year of production since 1964 was in 1974 when 721 thousand pounds were landed from the bay. A total of 36 vessels participated in the 1974 fishery and made a total of 609 landings. The bulk of the catch was made in the Bluff Point area between July and November. (Figure 5).

SHRIMP

The trawl shrimp season presently runs from June 1 through March 31. The waters of Kachemak Bay inside a line from Anchor Point to Point Pogibski are on a guideline harvest level or quota of 5.0 million pounds annually. The major fishing areas are shown in Figure 6. The trawl shrimp catch from 1970 through 1974 averaged 5.2 million pounds for the Bay. Since the trawl shrimp catch averages about 100 shrimp to the pound, 5 million pounds then represents about 500 million total shrimp.

The average C.P.U.E. for the Kachemak Bay trawl shrimp fishery is the highest in the state, surpassing even the most productive areas in the Kodiak

region. It is also higher than the Gulf of Mexico and the Gulf of Maine where major trawl fisheries on shrimp also occur. The C.P.U.E. in the Kachemak Bay trawl fishery is the highest we know of in the United States and may quite possibly be the highest in the world. Catch rates have been recorded as high as 22,000#/drag hour in Kachemak Bay.

There is also a pot shrimp fishery in Kachemak Bay. This fishery did not start up on a significant basis until 1971 when 55,665 pounds were landed. The 1974 catch of 678,097 pounds was the highest on record to date and the fishery presently appears to be in a healthy state.

HERRING

Pacific herring have undergone two periods of exploitation in Kachemak Bay. The first period was from 1914 through 1928 when a salt fishery was centered in the Halibut Cove area. A total of nearly 90 million pounds of herring were harvested during this time period. The second fishery on herring in Kachemak Bay started in 1969 when a sac roe market developed. Since 1969 a total of 7.2 million pounds have been harvested from Kachemak Bay. In the peak year of 1970, 11 vessels landed 5.4 million pounds. The herring fishery occurs during May and early June in the Kachemak Bay area and most of the catch comes from the Halibut Cove - Glacier Spit and Mallard Bay areas.

In addition to commercial fisheries there are substantial subsistence and sports fisheries in Kachemak Bay which harvest all of the above mentioned species plus several species of bottom fish and clams. The subsistence fishery is the highest use subsistence fishery in the Cook Inlet area and probably in the state of Alaska. It is a year round fishery on a multitude of species. The Kachemak Bay sports fishery in terms of man days of effort expended was the highest use sports fishery in the state in 1973. Over 31,000 man days of

effort was recorded between June and September. (Sports Fish Investigations of Alaska, 1974 Report)

Kachemak Bay is not only unique as judged by it's greatly diverse and highly productive marine fisheries. It is unique in many other ways. At various seasons of the year the Bay harbors tremendous concentrations of shore birds, sea birds, and waterfowl. There are several species of marine mammals including harbor seals, porpoises, sea otters, sea lions and several species of whales which are common in the Bay. Several major big game species including black bear, brown bear, moose, mountain goats, and Dall sheep inhabit the shore line and adjacent mountainous area around Kachemak Bay. All of the above forms of life are found elsewhere in the state of Alaska. But nowhere else in the State can one find the diversity and abundance of life all together in one place as it is in the Kachemak Bay area. You add to this the fantastic scenic qualities of the area and this is what makes Kachemak Bay so unique and so worth protecting. A map depicting the environmental attributes of the Kachemak Bay area appears in Figure 7.

Productivity of a bay cannot simply be measured by the commercial and sports catch. In the case of Kachemak research studies indicate it is contributing to the catch in other areas of lower Cook Inlet and possibly to the northern areas of the Kodiak district. As mentioned earlier results of tagging and larval transport studies have shown this.

CRUSTACEAN LARVAL STUDIES

In 1971 the NMFS began a comprehensive study of the larvae of commercially important crab and shrimp in Kachemak Bay. In general, the study was designed to determine the distribution, abundance, and survival of larvae.

The patterns of larval abundance and distribution in Kachemak Bay in 1972 can be summarized as follows: king crab zoea (which is the initial stage

larvae after the eggs hatch) were released in Kachemak Bay primarily in the Bluff Point area. Many larvae remained in the release area throughout their planktonic or free floating existence.

Larvae first occurred in the plankton samples during the latter half of April. The area of greatest abundance occurred in the Bluff Point area. Abundance decreased rapidly on either side of this area. During the latter half of May larvae were distributed throughout Kachemak Bay. The most obvious feature of larval distribution at this time was the band of highest abundance which extended across the outer bay south of Anchor Point to Seldovia Bay, (Figure 8). Two centers of abundance existed in the outer bay in June. The first centered around the Bluff Point area and extended as a tail in a southwesterly direction from the Bluff Point area. Another extended as a band of abundance from the Homer Spit southward to Kasitsna Bay. In general, the concentrations of larvae from April through June provide evidence of the location of releasing sites. The initial occurrence and higher abundance of these larvae off Bluff Point indicate that this area is the major releasing area in Kachemak Bay for king crab zoea larvae. This assumption is supported by studies of female king crab by the Alaska Department of Fish and Game. These studies show that egg bearing king crab congregate in this area during spring for the purpose of releasing larvae. During the king crab larval study, information was also obtained on other crustacean larvae including shrimp and tanner crab. An analysis of this information indicates that the area of greatest abundance of these species was also in the vicinity of Bluff Point.

Further insight into the importance of Kachemak Bay to early life stages of shellfish was obtained last year as a result of the Alaska Department of Fish and Game Habitat research program. During studies of current patterns using radar tracking, two circular gyres or eddies were located in outer

Kachemak Bay, (Figure 9). Since the planktonic or "free floating" stage of our key species of shellfish larvae lasts for three to nine weeks, without a gyre system they would not have the opportunity to develop to the settling stage while still residents of Kachemak Bay. The gyres afford this opportunity as demonstrated by benthic (bottom) studies conducted in Kachemak Bay last year. These studies showed a tremendous concentration (preliminary estimate of 35 million per square mile) of post larval or first stage juvenile king crab had settled to the bottom along the northern shore of Kachemak Bay, (Figure 10).

Mr. Chairman, if you would like I can review a few reports which show some of the evidence pointing out the dangers to which we are exposing Kachemak Bay with the pending oil development. (Chairman Anderson approves).

The first is a report from the Federal Government entitled "Oil Pollution--A Report to the President" and concerns some of the effects upon the aquatic environment, vividly illustrated by the grounding of the Torrey Canyon. The report states: "The shock, economic to man and lethal to marine and bird life, was created by the thousands of tons of crude oil which were disgorged into the open seas and subsequently blanketed portions of the shores of Great Britain and France.

When surface feeding fishes were observed swimming into the floating oil their bodies and gills became coated. If death did not result from such contact, their flesh absorbed the taste and odor producing fractions of the oil rendering them unfit for human consumption for a long time afterwards. As an oil mass moves landward, toxic oil fractions can bring death to both larval and adult forms of invertebrate marine life which inhabit the shallow inshore areas. Marine life valuable to man as a food resource may be totally destroyed by the oil. When chemical compounds are used in the shallow or littoral areas to precipitate or sink oily materials or otherwise cleanse the surface of the water, the effect to the aquatic community may be more deadly than the floating oil itself."

There have been two oil spills on the east coast of the United States that have been well documented. The first occurred in 1963 in the State of Maine where the effects of a spill were monitored for ten years under the direction of Robert Dow, Research Director of the Maine Department of Marine Resources. His studies showed that 7,000 parts per million of oil in bottom sediment and 200 parts per million in soft shell clams still existed ten years after an 850,000 gallon oil spill by the tanker "Northern Gulf" outside of Casco Bay in Maine.

Studies conducted by Dr. Max Blumer of the Marine Biological Laboratory of Woods Hole, Mass., show similar results. Dr. Blumer reported in 1973-- "that oil was still chemically identifiable and that the original animal populations had not returned except at the most lightly polluted marginal locations."

Dozens of species of fish, shellfish, marsh grasses and bottom living eels and worms washed up dead on shore. The presence of the latter species was a surprise since most people believed that oil would not affect the bottom, but rather float on the surface. These bottom dwellers, however, were apparently coming out of their burrows in hoards and being washed ashore dying or dead. They comprised a major portion of the kill. When sampled, the sediment was found saturated with oil to a depth of at least a foot, and subsequent samplings showed no perceptible reduction.

A more recent report concerns an area closer to home in that the study took place in Alaska. The report, by Mr. Dale Evans and Stanley D. Rice, from National Marine Fisheries Service at Auke Bay, is on the effects of oil on marine ecosystems. They state the following in their summary: "Assessments of the impact of oil pollution cannot depend solely on evaluation of immediate kills of organisms from acute exposures. Chronic low level oil pollution can

cause subtle changes in organisms and is potentially more dangerous to the ecosystem than dramatic, catastrophic spills.

Chronic pollution may eliminate a species from an area entirely, and once eliminated that species may remain suppressed and may not repopulate the area because of continuing pollution or because its niche has been filled by a more tolerant, possibly less desirable species. The adverse effects of oil on animal populations has been of wide concern when stocks of special interest such as those providing the basis of a sport or commercial fishery have been involved."

A report will be published next month from the National Marine Fisheries Service Auke Bay Labratory which will show results of bioassey studies using Cook Inlet crude in tests with various species and stages of shellfish from the Cook Inlet area. Results of this study will show that levels as low as 0.3 ppm is toxic to larval stages of commercially important shellfish species. this confirms the findings of Moore (Table 3) showing that larvae are more susceptable than other forms of marine life. Our concern is that if levels this low are toxic to shellfish larvae, what will happen in the event of a spill in the proposed lease area/during the time of year the larvae are abundant in the water column? We fear that if a spill entered the eddy or gyre system at the same time the larvae were present the result could be devastating. (Figure 11)

What are the odds that we will have a spill in the Kachemak Bay area? The record from oil activities in upper Cook Inlet speaks for itself. From 1962 to 1973 there were a total of 260 reported oil spills. Most of these occurred from 1966 to 1970 at a time when most of the development phase was occurring, (Table 4).

Mr. Chairman, I think it is safe to say there will be more oil spills with future oil development, and I hope you now share our concern for the dangers that this development will bring to Kachemak Bay.

Thank you.

TABLE 1

Kachemak Bay, Cook Inlet, Commercial

Fisheries Harvest, 1966-75

Year	Kings	Reds	Cohos	Pinks	Chums	Total
1966	60	12,192	4,535	177,544	28,754	223,085
1967	173	26,350	2,393	95,100	23,416	147,432
1968	61	18,716	4,671	154,033	4,518	181,999
1969	59	12,578	485	70,753	2,600	86,475
1970	91	12,245	3,705	208,174	8,174	232,389
1971	41	18,403	3,151	50,066	2,857	74,518
1972	69	31,345	1,283	9,126	4,936	46,759
1973	139	24,072	1,241	97,574	3,588	126,614
1974	182	27,029	3,054	48,075	2,725	81,865
1975 1/	138	27,385	1,240	866,335	5,411	900,509

Shellfish (Pounds)

Year	King Crab	Tanner Crab	Shrimp	Dungeness Crab
1966	1,910,364		309,676	12,523
1967	1,279,708		741,438	7,168
1968	996,520	146,491	26,030	484,452
1969	1,302,554	1,436,680	849,710	49,894
1970	1,501,288	1,152,609	5,815,268	209,819
1971	1,251,142	1,186,488	5,438,091	97,161
1972	1,900,006	2,942,082	5,450,498	38,930
1973	2,114,841	3,763,060	4,709,486	308,777
1974	1,609,530	1,106,263	5,740,647	721,183
1975 2/				

Herring

1969	1.1 Million Pounds
1970	5.4 Million Pounds
1971	25,000 Pounds
1972	2,000 Pounds
1973	407,500 Pounds
1974	219,359 Pounds
1975 1/	48,833 Pounds

1/ 1975 data preliminary.

2/ Shellfish seasons still in progress.

TABLE 2

ESTIMATED VALUE IN MILLIONS OF DOLLARS OF KACHEMAK BAY COMMERCIAL FISHERIES IN 1973

SPECIES	VALUE TO FISHERMEN	FIRST WHOLESALE VALUE
SALMON	.2	.4
KING CRAB	1.7	3.3
TANNER CRAB	.7	1.7
SHRIMP	.4	1.5
DUNGENESS CRAB	.2	.4
HERRING	.03	.06
TOTAL	3.2	7.3

Summary of Toxicity Data

Class of Organisms	Estimated Concentration (ppm) of soluble aromatics causing toxicity	Estimated amount (ppm) of Petroleum substances containing equivalent amount of aromatics	
		#2 Fuel Oil	Fresh Crude
Flora	10-100	50-500	$10^4 - 10^5$
Finfish	5-50	25-250	$10^4 - 10^5$
Larvae (all species)	0.1-1.0	0.5-5	$10^2 - 10^3$
Pelagic Crustaceans	1-10	5-50	$10^3 - 10^4$
Gastropods (snails, etc.)	10-100	50-500	$10^4 - 10^5$
Bivalves (oysters, clams, etc.)	5-50	25-250	$10^4 - 10^5$
Benthic Crustaceans (lobsters, crabs, etc.)	1-10	5-50	$10^3 - 10^4$
Other Benthic Invertebrates (worms, etc.)	1-10	5-50	$10^3 - 10^4$

TABLE 3

TABLE 4

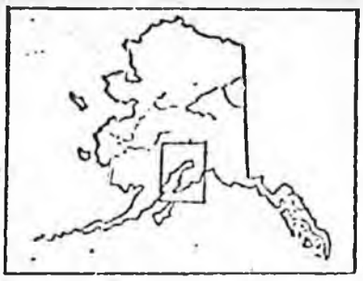
DOCUMENTED OIL SPILLS IN COOK INLET [1]

YEAR	TOTAL KNOWN SPILLS [2]	SPILLS CAUSED BY OIL INDUSTRY [3]
1962	1	1
1965	1	1
1966	27	9
1967	41	22
1968	70	52
1969	39	28
1970	41	17
1971	16	6
1972	17	1
1973	7	6
TOTAL	260	143

[1] SOURCE: EPA RECORDS

[2] TOTAL DOCUMENTED SPILLS IN COOK INLET WATERS.

[3] DOCUMENTED OIL SPILLS IN COOK INLET WATERS CAUSED BY OIL INDUSTRY.



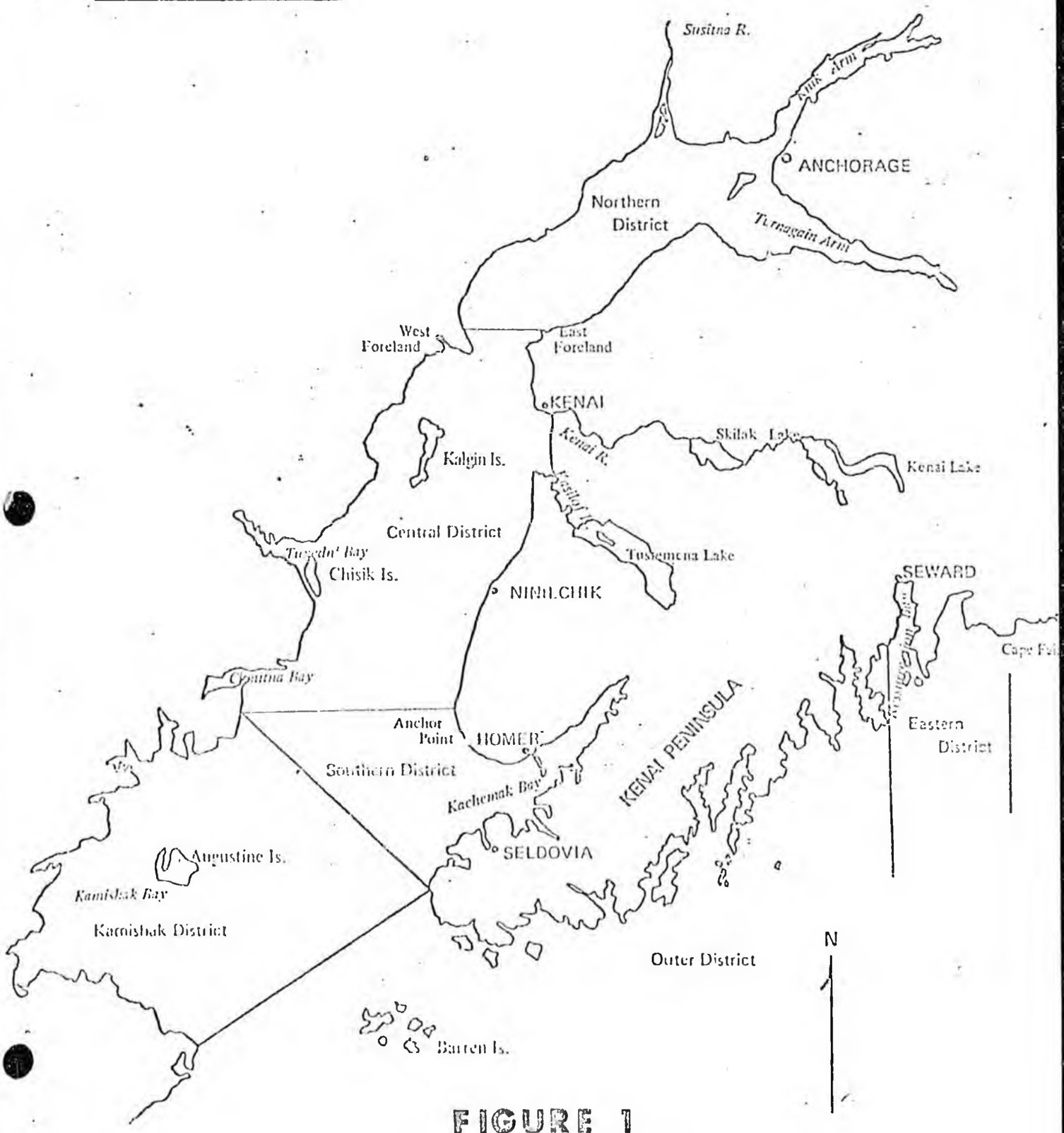
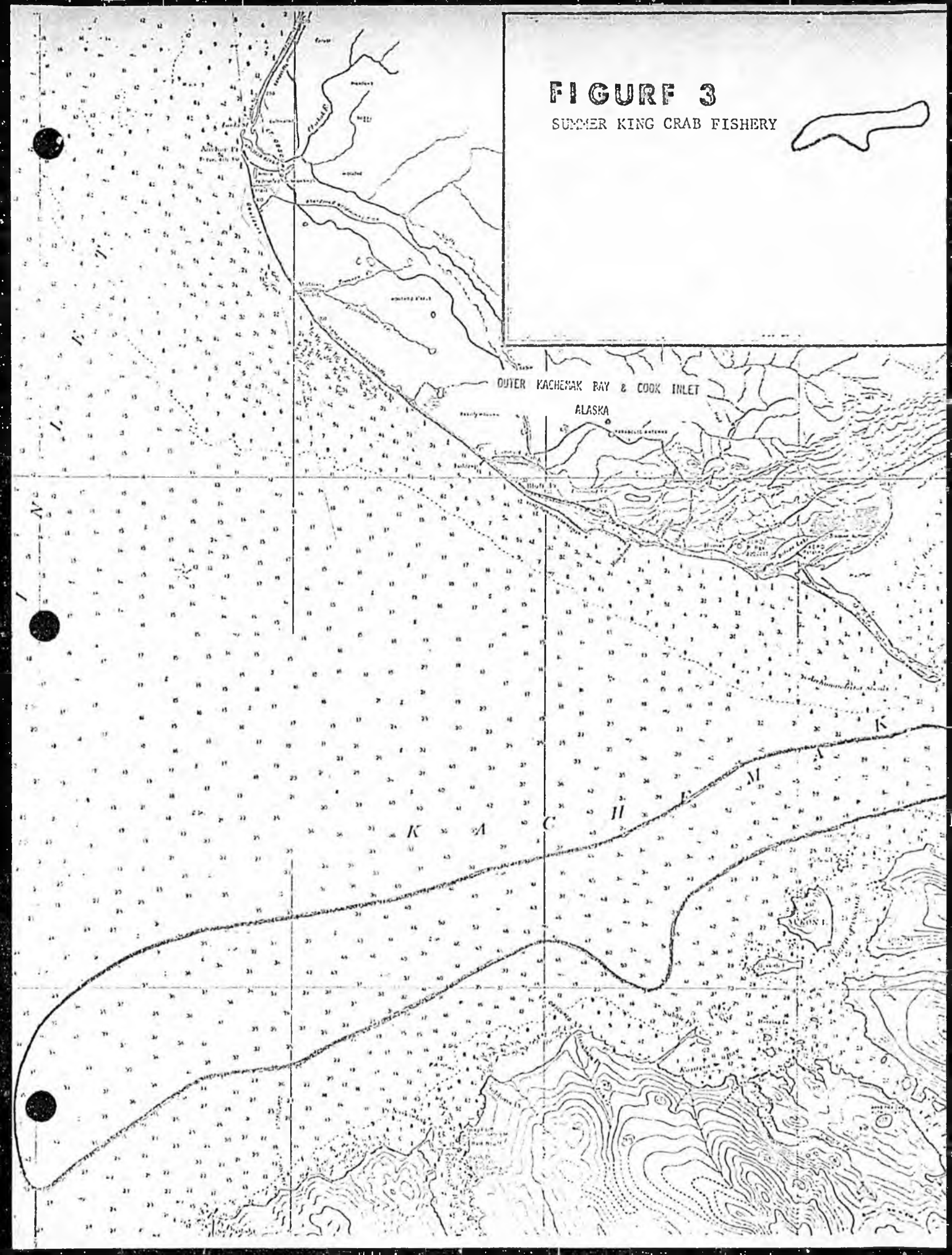


FIGURE 1

Cook Inlet area


FIGURE 3
SUMMER KING CRAB FISHERY
OUTER KACHEMAK BAY & COOK INLET
ALASKA

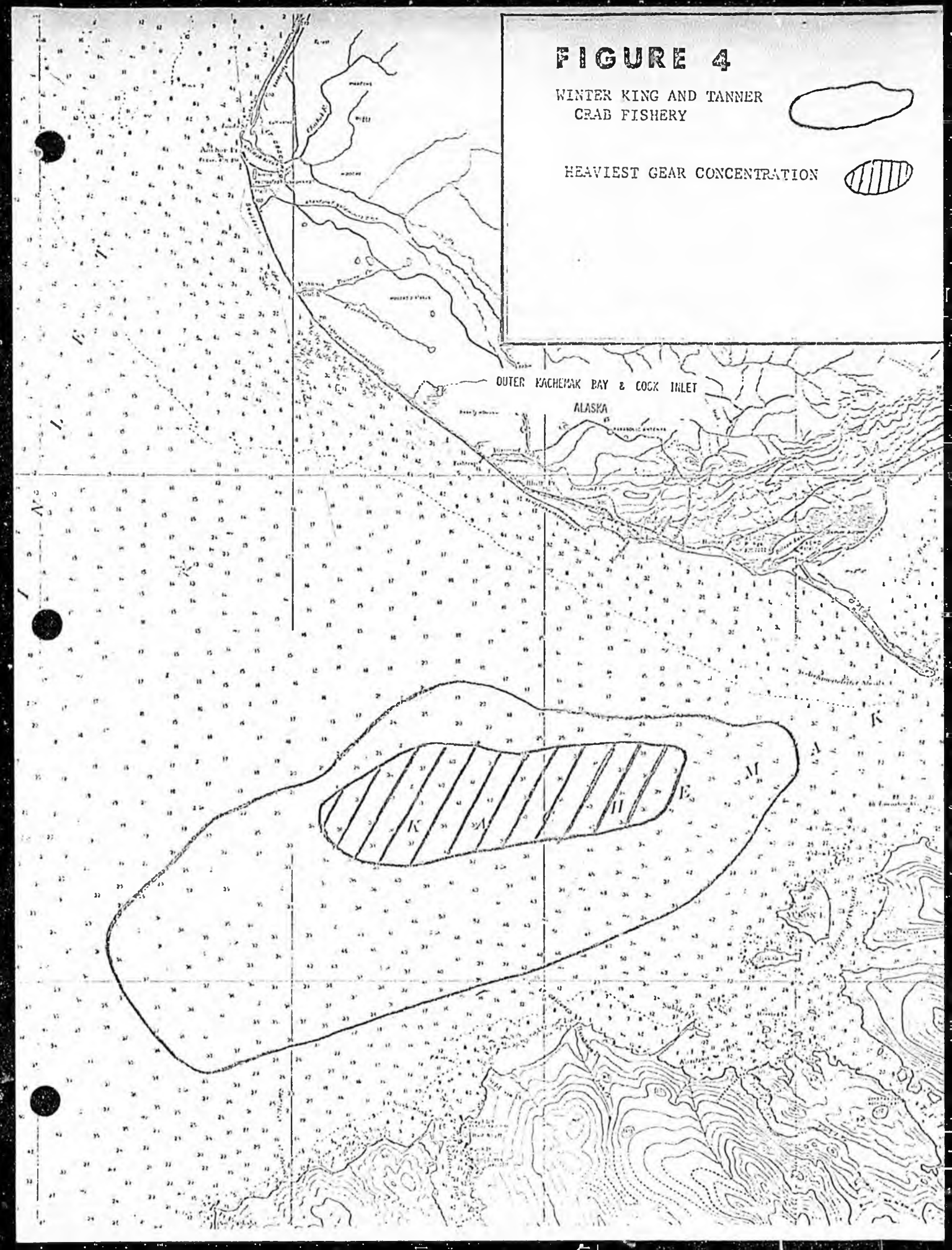
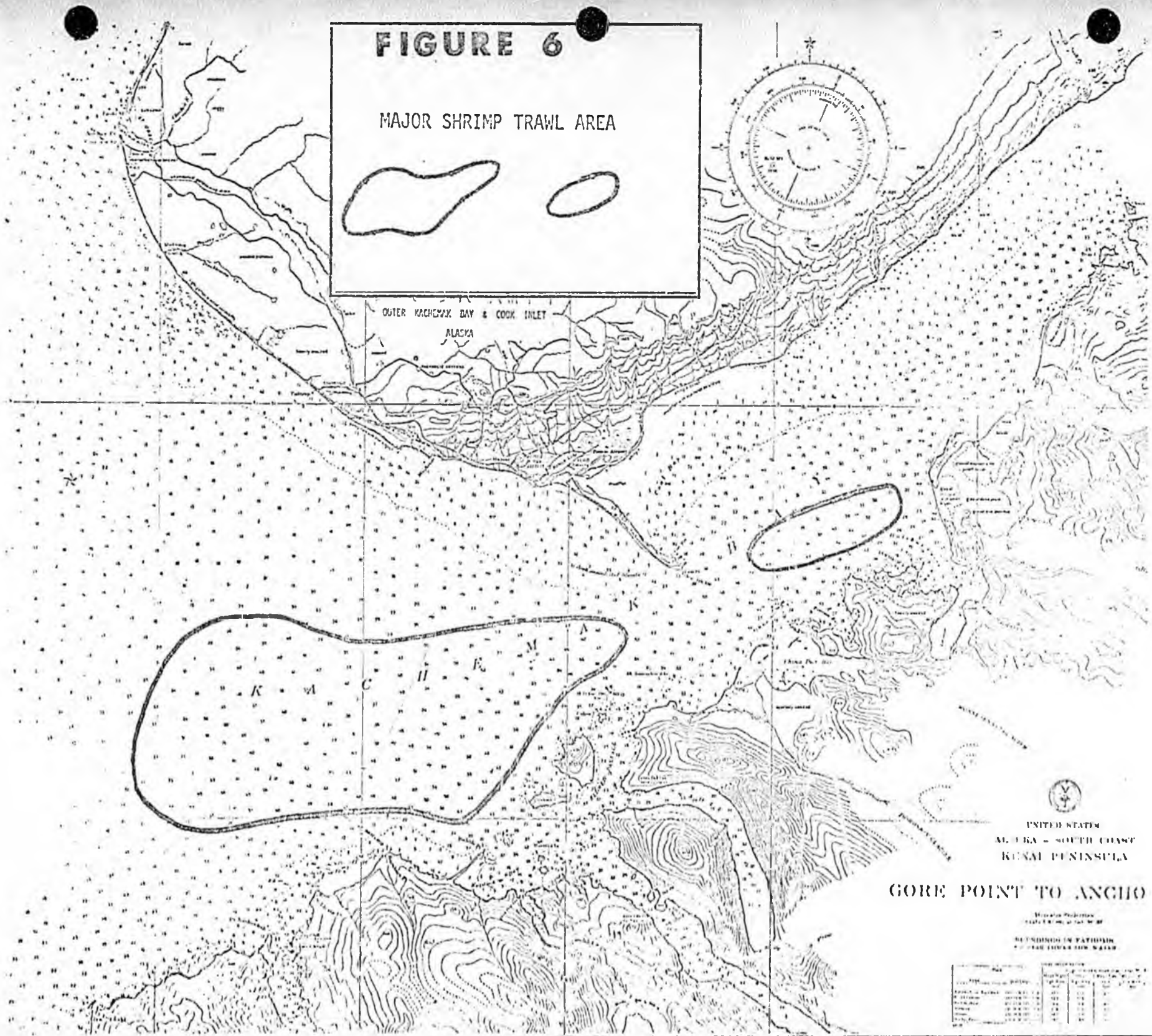

FIGURE 4
WINTER KING AND TANNER CRAB FISHERY
HEAVIEST GEAR CONCENTRATION
OUTER KACHEMAK BAY & COOK INLET
ALASKA

FIGURE 5

FALL DUNGENESS FISHERY




FIGURE 6
MAJOR SHRIMP TRAWL AREA
OUTER KACHEMAK BAY & COOK INLET
ALASKA
UNITED STATES
ALASKA - SOUTH COAST
KENAI PENINSULA
GORE POINT TO ANCHO

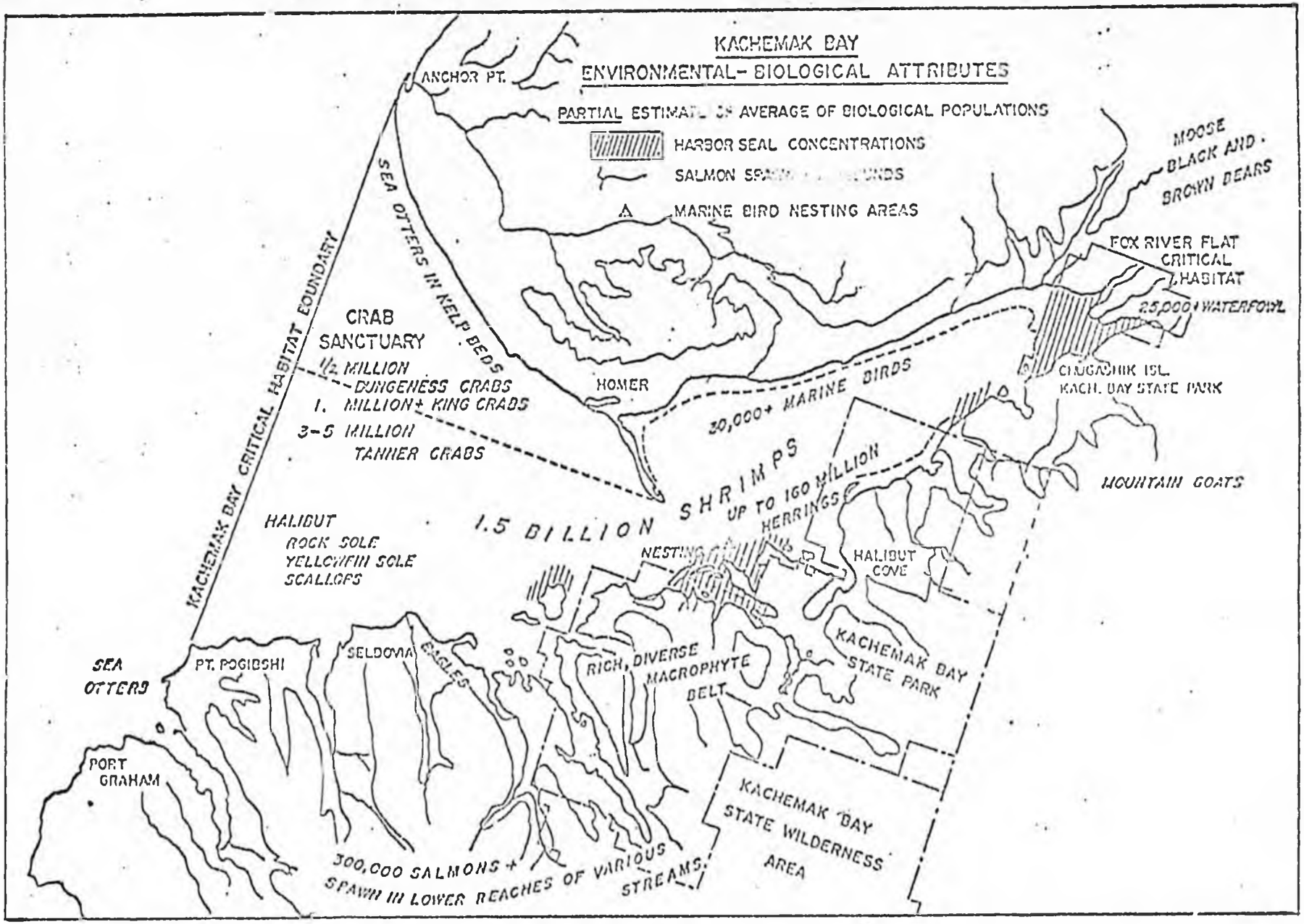


FIGURE 7 Kachemak Bay - Environmental-Biological Attributes

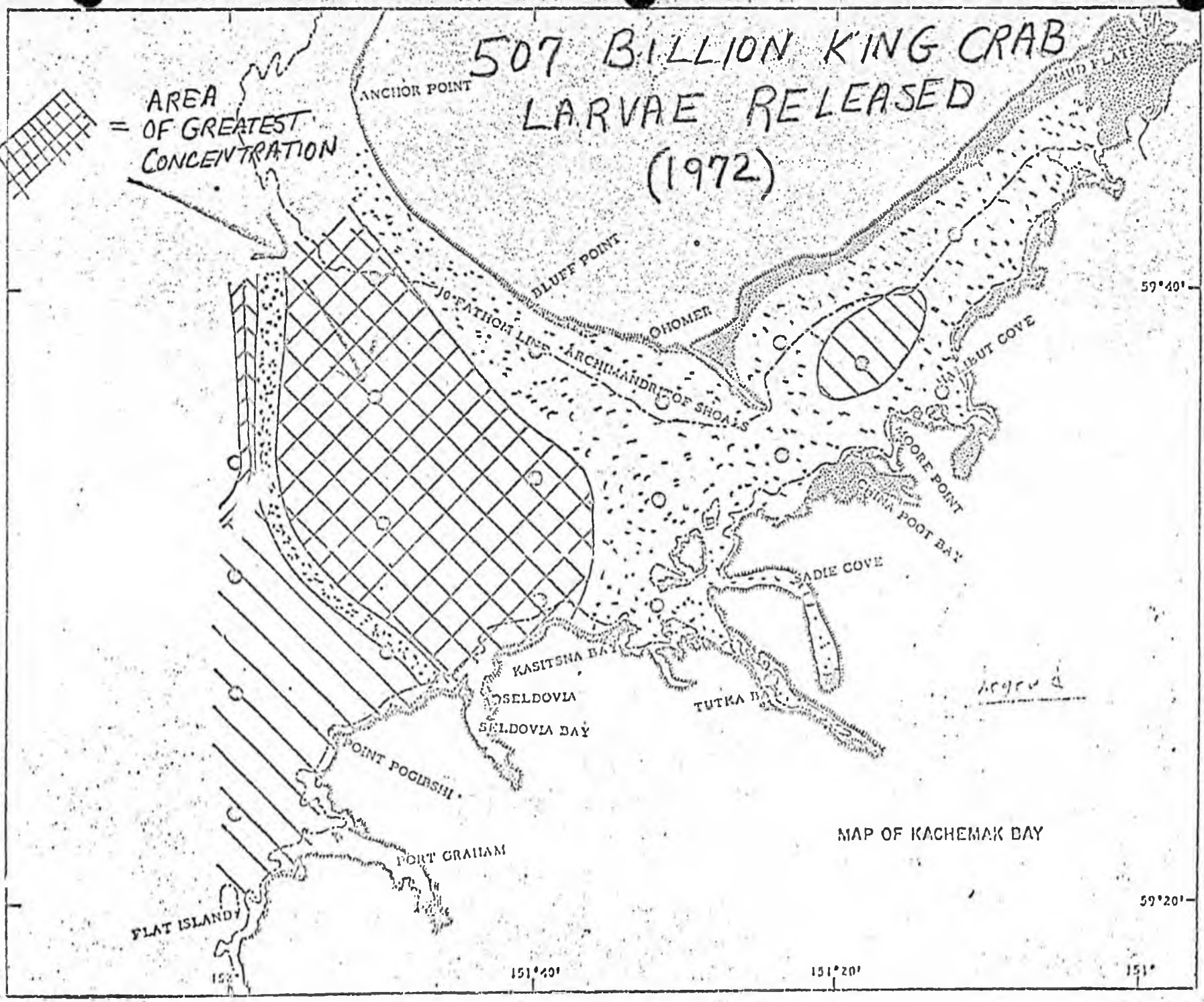

507 BILLION KING CRAB
LARVAE RELEASED
(1972)
= AREA OF GREATEST CONCENTRATION
ANCHOR POINT
BLUFF POINT
OHOMER
ARCHIMANDRITOF SHOALS
59°40'
MOORE POINT
CHINA POOT BAY
SADIE COVE
KASITSNA BAY
SELDOVIA
SELDOVIA BAY
TUTKA BAY
POINT POGIBSHI
PORT GRAHAM
FLAT ISLAND
MAP OF KACHEMAK BAY
59°20'
151°40'
151°20'
151°

FIGURE 8

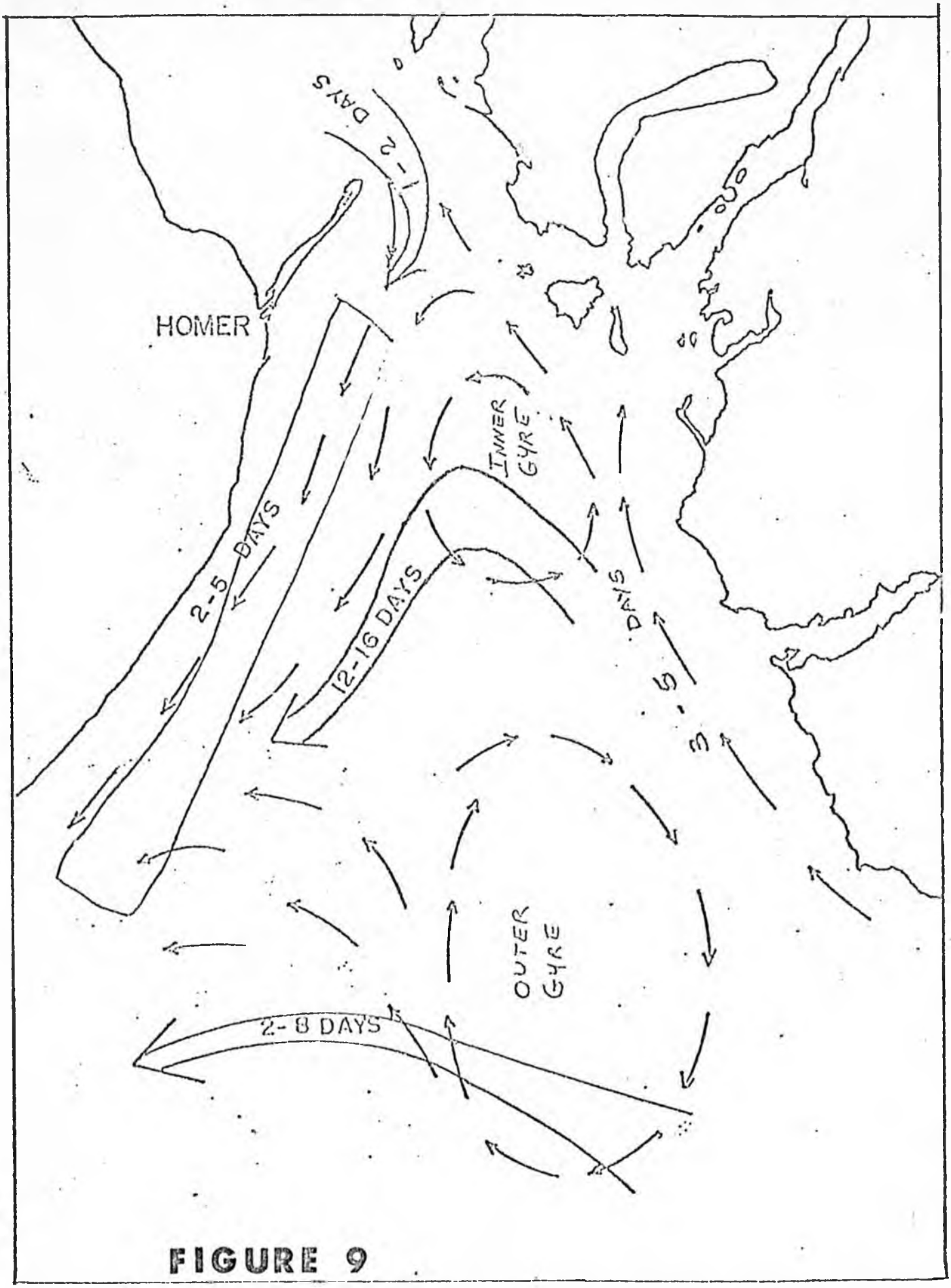
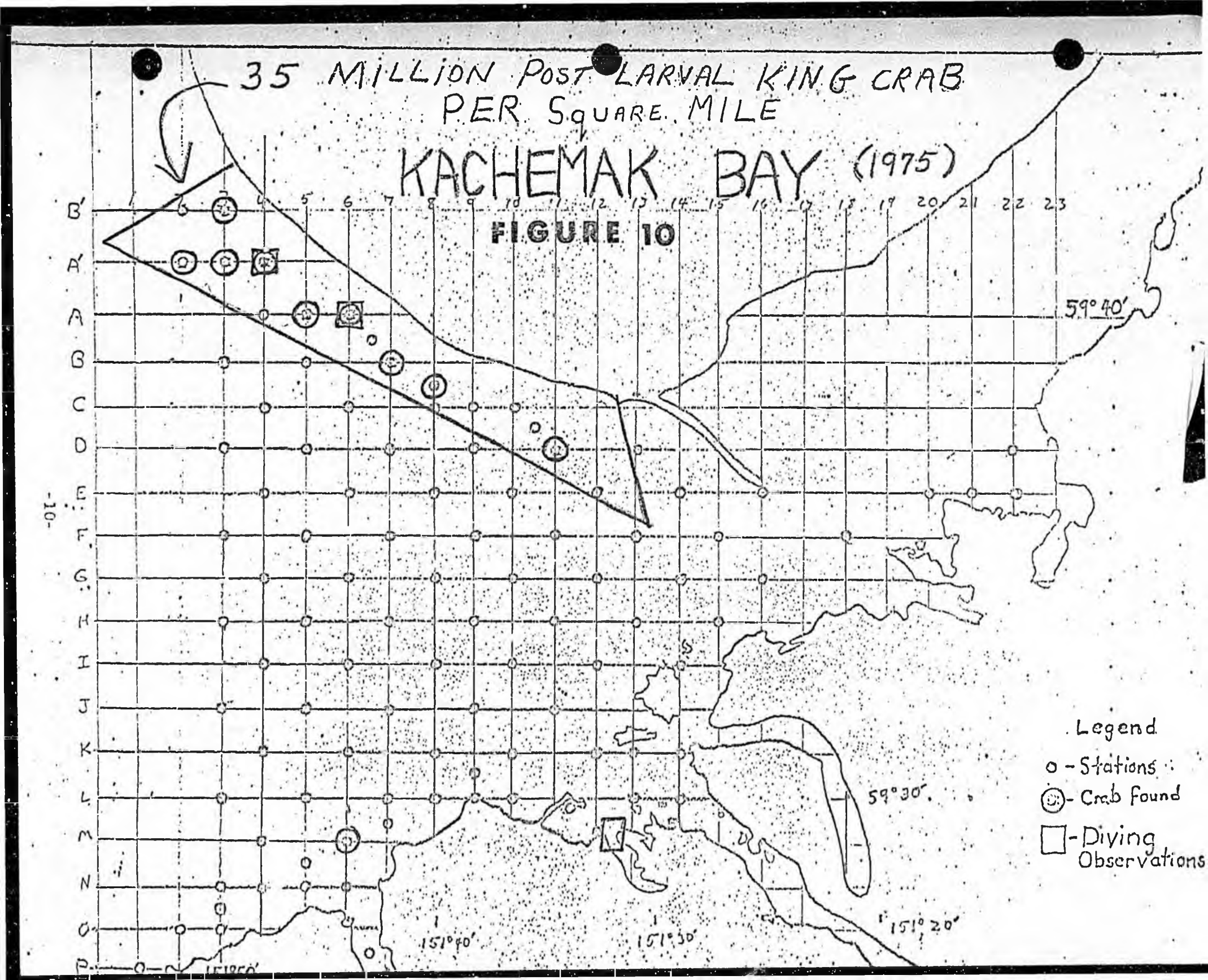
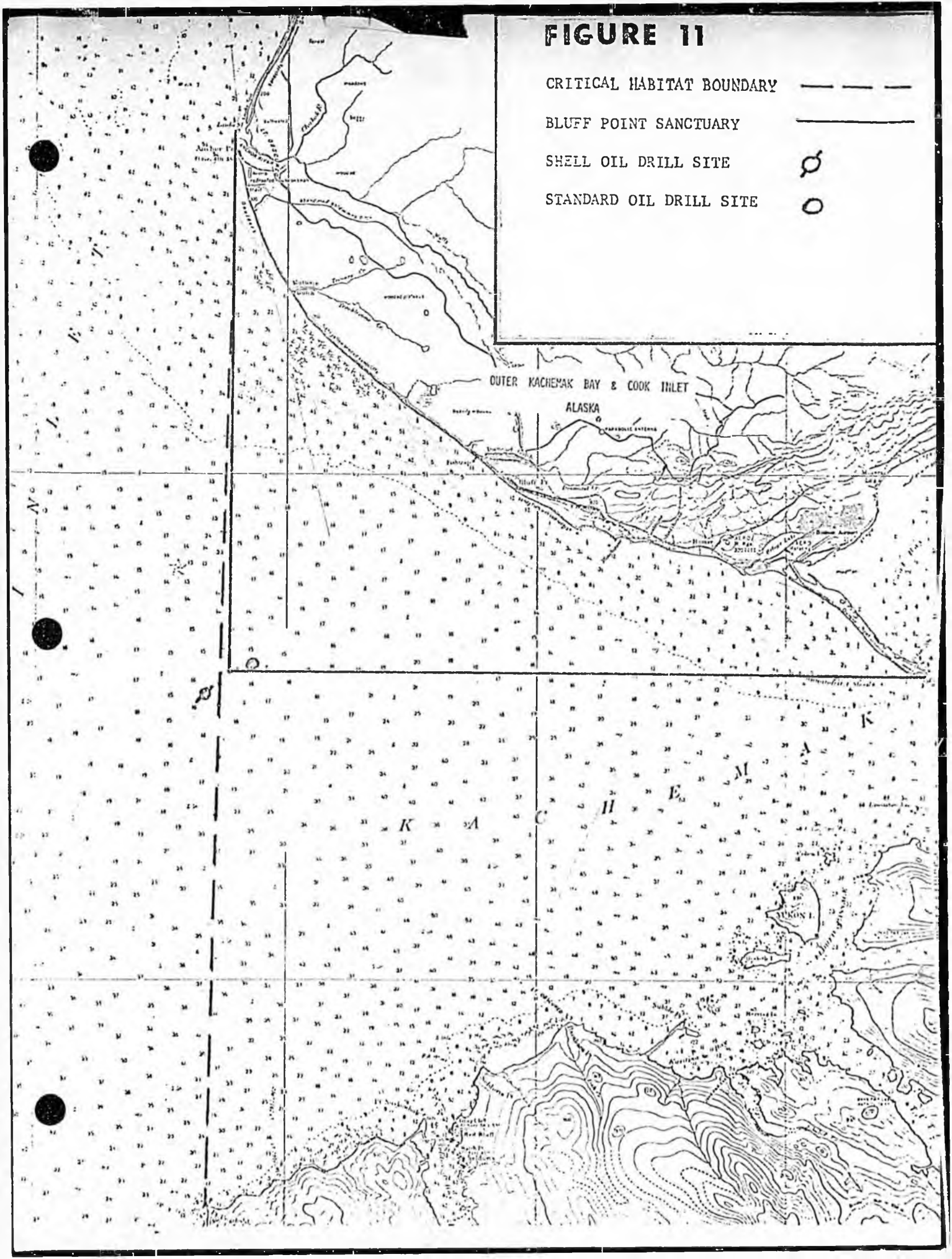


FIGURE 9

NET TRANSPORT VELOCITIES THROUGH KACHEMAK BAY AS DERIVED FROM DROGUE DATA


35 MILLION POST LARVAL KING CRAB
PER SQUARE MILE
KACHEMAK BAY (1975)
FIGURE 10
B'
A'
A
B
C
D
E
F
G
H
I
J
K
L
M
N
O
P
59° 40'
59° 30'
151° 40'
151° 30'
151° 20'
Legend
o - Stations
- Crab found
- Diving Observations


FIGURE 11
CRITICAL HABITAT BOUNDARY
BLUFF POINT SANCTUARY
SHELL OIL DRILL SITE
STANDARD OIL DRILL SITE
OUTER KACHEMAK BAY & COOK INLET
ALASKA

MISC.

HOUSE

RESOURCES

Comm.

1975

GREATER ANCHORAGE CHAMBER OF COMMERCE

TESTIMONY DELIVERED BY BOB HARTIG

BEFORE THE HOUSE RESOURCES COMMITTEE

JUNEAU, ALASKA

APRIL 16, 1975 AT 8:00 A.M.

RE: 1975 STATE TAX REVENUES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM ROBERT L. HARTIG OF ANCHORAGE. I AM SPEAKING ON BEHALF OF THE GREATER ANCHORAGE CHAMBER OF COMMERCE.

MAY I BEGIN BY SIMPLY SAYING THAT I RECOGNIZE THE STATE'S NEED FOR SUBSTANTIAL ADDITIONAL REVENUES BETWEEN NOW AND MID-1977 OVER AND ABOVE THOSE PRESENTLY EXPECTED, JUST TO COVER THE STATE'S PROJECTED BUDGETS AND WITHOUT ADDING NEW PROGRAMS REQUIRING ADDITIONAL STATE EXPENDITURES.

WHILE I CAN ACKNOWLEDGE OUR NEED FOR SUBSTANTIAL ADDITIONAL NEAR-TERM REVENUES, I MUST ALSO RECOGNIZE THAT THE PROBLEM WE NOW HAVE IS ONE WHICH FOR THE MOST PART WE HAVE CREATED OURSELVES. WE HAVE LET OUR STATE BUDGETS DRIFT UPWARDS IN THE LAST FIVE YEARS AND BY VERY SUBSTANTIAL AMOUNTS EACH YEAR. WE HAVE TALKED FISCAL RESPONSIBILITY BUT HAVE NOT DONE WHAT WE SAID. WE HAVE ASSUMED AND ARE STILL ASSUMING THAT SOMEHOW ALL OUR BILLS WILL BE PAID BY SOMEBODY ELSE.

MAKE NO MISTAKE. I AM NOT HERE TODAY ON BEHALF OF THE OIL COMPANIES. I AM SPEAKING FOR ALASKAN BUSINESSMEN WHO KNOW, IF YOU'LL PARDON THE EXPRESSION, THAT "YOU CANNOT GO TO THE SAME WELL TOO OFTEN OR YOU BEGIN TO DRY IT UP." THESE SAME BUSINESSMEN KNOW THE RISKS OF CONTINUALLY LIVING BEYOND OUR MEANS. THEY CANNOT DO IT NOR CAN ANY OF US DO IT FOR VERY LONG. THEY ARE DEEPLY CONCERNED ABOUT THE FUTURE OF THIS STATE WITH GOVERNMENT AND GOVERNMENT PROGRAMS GROWING IN SO MANY DIRECTIONS. THEY ARE WORRIED ABOUT THE NEGATIVE IMPACT SUCH A COURSE WILL HAVE ON THE LONGER RUN ECONOMIC HEALTH AND STABILITY OF ALASKA.

CERTAINLY ONE THING THAT IS NEEDED TODAY IS EVERY EFFORT ON THE PART OF THE ADMINISTRATION AND THE LEGISLATURE TO HOLD THE LINE AND EVEN PUSH IT BACK A LITTLE IF YOU CAN. PERHAPS ALASKAN BUSINESSMEN COULD PROVIDE SOME CONSTRUCTIVE COUNSEL TO THE STATE ON THIS, IF THEY WERE ASKED TO DO SO. THIS WOULD HELP, BUT BY ITSELF, IT IS NOT LIKELY TO SOLVE THE NEAR-TERM NEED OF THE STATE FOR SUBSTANTIAL ADDITIONAL REVENUE.

WHAT THEN, ARE THE PRACTICABLE ALTERNATIVES FOR FILLING THE STATE'S REVENUE GAP? ONE IS BEFORE YOU IN THE FORM OF ALTERNATIVE BILLS TO TAX OIL AND GAS RESERVES IN PLACE FOR A COUPLE OF YEARS. THIS WAS THE FIFTH OF FIVE ALTERNATIVES IDENTIFIED BY GOVERNOR HAMMOND ON MARCH 14TH, AND WAS APPARENTLY MENTIONED AS THE STATE'S "LAST RESORT". WITH THE EXCEPTION OF A VERY FEW, EVERYONE FROM THE GOVERNOR ON DOWN IN THE ADMINISTRATION, MANY IN THIS LEGISLATURE, BOTH OF ALASKA'S U.S. SENATORS AND ITS CONGRESSMAN, THIS LEGISLATURE'S ADVISOR MILTON LIPTON, VARIOUS NATIVE CORPORATIONS AND GROUPS, MANY ALASKAN BUSINESSMEN AND BANKERS, AND OUR PRESS HAVE SAID THAT THIS IS A BAD TAX, THAT THEY DON'T LIKE IT, AND THAT IT WOULD HAVE A REGRESSIVE EFFECT ON THE PROPER DEVELOPMENT OF THE STATE. YET HERE WE ARE GIVING THIS "LAST RESORT" FIRST CONSIDERATION!

IN PAST LEGISLATURES, MENTION WAS MADE FROM TIME TO TIME OF THE FAIRNESS OF TAXING BUSINESS, INCLUDING THE OIL AND GAS INDUSTRY, ONCE THEIR BUSINESS WAS UNDERWAY AND THERE WAS CASH FLOW BEING GENERATED TO PAY TAXES. THE DETERRENT EFFECT OF SUBSTANTIAL TAXES DURING THE DEVELOPMENT STAGE OF A BUSINESS SEEMED APPARENT THEN AND STILL IS. IT ALMOST BEGS THE PURSUIT OF ANY OTHER PRACTICABLE REVENUE ALTERNATIVES WHICH MAY BE OPEN TO THE STATE.

BUT IT'S NOT JUST A MATTER OF FAIRNESS OR INCENTIVES IN THE PROPER DEVELOPMENT OF THE STATE. THE CERTAINTY OF REVENUES IS ESSENTIAL, AND I DON'T BELIEVE THAT A RESERVES TAX OFFERS ANY GUARANTEE OF CERTAINTY. THESE LEGISLATIVE PROPOSALS ARE OBVIOUSLY ON THE HORNS OF A DILEMMA. IF THE RESERVES MADE SUBJECT TO THE TAX ARE DEFINED BROADLY ENOUGH TO BE NONDISCRIMINATORY, THE TAX WOULD PROBABLY NOT BE PASSED BY THE LEGISLATURE. ON THE OTHER HAND, IF THE TAX IS NARROWED, AS SEEMS TO BE THE INTENT OF THE BILLS BEING CONSIDERED, TO PLACE SUBSTANTIALLY ALL OF THE BURDEN ON A FEW COMPANIES IN ONE FIELD, THE DISCRIMINATORY ASPECT RAISES SUBSTANTIAL QUESTIONS UNDER THE STATE'S CONSTITUTION AND THE U.S. CONSTITUTION AND INVITES LITIGATION LIKELY TO DELAY PAYMENT OF THE TAX. THE SUBJECT OF RESERVES TAXES HAS BEEN HEAVILY LITIGATED IN OTHER JURISDICTIONS AND THERE IS NO REASON TO BELIEVE THAT ALASKA WILL BE EXEMPT FROM SUCH LITIGATION.

ONE MIGHT ASSUME THAT THESE TAXES WOULD BE PAID UNDER PROTEST AND THUS BE AVAILABLE TO THE STATE WHILE ANY LITIGATION GRINDS ON. IN THE ORDINARY CASE INVOLVING A FEW DOLLARS, THAT MIGHT BE SO. HERE, SOME OF THE AMOUNTS TO BE RAISED ARE SO LARGE THAT MAJOR FINANCING ARRANGEMENTS WOULD HAVE TO BE UNDERTAKEN. THERE IS A REAL QUESTION WHETHER SUCH FUNDS COULD BE BORROWED WHEN THEIR PURPOSE IS TO PAY A TAX WHOSE VALIDITY IS UNDER SERIOUS CHALLENGE BY SOMEONE, WHETHER IT IS BY A PARTICULAR TAXPAYER OR NOT. LENDERS MIGHT ALSO QUESTION THE ABILITY OF THE STATE TO REPAY SUCH TAXES IF IT LOSES THE LITIGATION. SOME ACTION TO ENJOIN THE PAYMENT OF ANY RESERVES TAX SHOULD SEEM LIKELY.

THESE ARE NOT HAPPY THOUGHTS. THE TROUBLE WITH THIS KIND OF LITIGATION IS THAT YOU DON'T KNOW WHERE YOU STAND UNTIL YOU'RE DONE. IN ANY EVENT, IT WOULD BE DIFFICULT TO ARRANGE FINANCING UNDER ANY REASONABLE TERMS WHEN A BURDEN HAS BEEN PLACED FOR THE PAYMENT OF TAXES SUCH AS THESE UPON A SEGMENT OF OUR INDUSTRY BEFORE A PROJECT HAS EVEN BEGUN.

I THINK IT IS IMPORTANT IN THIS REGARD TO RECOGNIZE THAT THE FUTURE ECONOMIC VIABILITY OF ALASKA IS DEPENDENT TO A GREAT EXTENT UPON THE WISE DEVELOPMENT OF THE STATE'S NATURAL RESOURCES. WE SHOULD ALSO BE MINDFUL THAT, CONTRARY TO SOME BELIEFS, THESE RESOURCES DO NOT OCCUR EVERYWHERE WITHIN THE SUBSURFACE OF THE STATE. THE RESOURCES MUST BE EXPLORED, DEVELOPED, PRODUCED AND MARKETED. IN THIS RESPECT, ALASKA, A RECOGNIZED HIGH-COST EXPLORATION AREA, MUST VIE FOR THESE INDUSTRY DOLLARS IN COMPETITION WITH OTHER MINERAL POTENTIAL AREAS OF THE WORLD.

WHILE IT IS RECOGNIZED THAT REVENUES FROM OUR STATE RESOURCES MUST BE MAXIMIZED, LET'S NOT PLACE UNREASONABLE BURDENS UPON THE OIL AND GAS INDUSTRY WHICH WOULD THWART ALASKAN DEVELOPMENT AND CAUSE THESE DOLLARS TO BE SPENT ELSEWHERE.

FOR THESE REASONS, THE OTHER ALTERNATIVES MENTIONED BY THE GOVERNOR A MONTH AGO DESERVE SERIOUS CONSIDERATION BY HIS ADMINISTRATION AND ENCOURAGEMENT BY THE LEGISLATURE.

OIL AND GAS LEASE SALES

OF THE $400 MILLION NEEDED THROUGH MID-1977, FIGURES FROM $200 MILLION TO UPWARDS OF ONE BILLION DOLLARS HAVE BEEN MENTIONED AS THE POSSIBLE RANGE OF PROCEEDS FROM A BEAUFORT SEA LEASE SALE. IT WOULD APPEAR THAT SOMETHING SUBSTANTIALLY IN EXCESS OF $200 MILLION IS LIKELY, AND THAT THIS IS AN ATTRACTIVE NEAR TERM MEANS FOR THE STATE,

LEGALLY AND WITHOUT ADDITIONAL LEGISLATION, TO COVER MOST OF ITS REVENUE NEEDS, I SHOULD ADD THAT IT'S HARD TO UNDERSTAND WHY PROCEEDS FROM SUCH A SALE SHOULD BE RESTRICTED IN USE BY H.B. 324 WHEN THE NEEDS OF THE STATE ARE REAL AND THE POTENTIAL OF A RESERVES TAX IS FRAUGHT WITH PROBLEMS.

PLANNING SHOULD BE COMPLETED FOR AN EARLY LEASE SALE IN THE LOWER PART OF COOK INLET FOLLOWING THE SUCCESSFUL DETERMINATION BY THE UNITED STATES SUPREME COURT OF THE STATE'S OWNERSHIP TO THESE SUBMERGED LANDS. REDUCED LOGISTICAL PROBLEMS, GREATER ACCESSIBILITY OF MARKETS, FAVORABLE NATURAL GAS PRICES AND THE AVAILABILITY OF CURRENT GEOLOGICAL INFORMATION MARKS THIS GEOLOGICAL PROVINCE AS A PRIME AREA FOR THE RECEIPT OF SUBSTANTIAL LEASE BONUS.

CONSIDERATION SHOULD ALSO BE GIVEN TO A COORDINATED FEDERAL-STATE LEASE SALE IN THE GULF OF ALASKA. PRESENT SCHEDULING CALLS FOR A LEASE SALE OF THE SUBMERGED LANDS BEYOND THE THREE MILE TERRITORIAL SEA IN LATE 1976 OR EARLY 1976 BY THE DEPARTMENT OF THE INTERIOR.

SALE OF ROYALTY GAS

ANOTHER ALTERNATIVE MENTIONED BY THE GOVERNOR AND ONE WHICH MAY BE RECEIVING ACTIVE CONSIDERATION BY HIS ADMINISTRATION AND THE ALASKA ROYALTY OIL AND GAS ADVISORY BOARD, IS THE POSSIBLE ADVANCE SALE OF PART OF THE STATE'S ROYALTY GAS. SUCH A SALE COULD PROVIDE THE STATE WITH FUNDS ON THE ORDER OF $200 MILLION WHEN IT NEEDS THEM AND DO SO ON THE BASIS THAT THE ADVANCE WOULD BE APPLIED AGAINST THE ACTUAL MARKET PRICE OF THE GAS AT THE TIME IT IS ACTUALLY PRODUCED.

THIS ALTERNATIVE AND THE BEAUFORT SEA LEASE SALE WOULD APPEAR TO COVER THE STATE'S NEEDS AND MORE SO, AND WITHOUT ADDITIONAL LEGISLATION OR THE LIKELIHOOD OF LITIGATION, IF THE ADMINISTRATION WILL JUST MOVE AHEAD.

SALE OF ROYALTY OIL

YET ANOTHER ALTERNATIVE INDICATED BY THE GOVERNOR IS THE ADVANCE SALE OF A PART OF THE STATE'S ROYALTY OIL INTEREST IN PRUDHOE BAY. THE POTENTIAL FOR SUBSTANTIAL ADDITIONAL REVENUES, IF NEEDED, IS REASSURING, PARTICULARLY IF THE ROYALTY BOARD CAN ARRANGE SUCH A TRANSACTION TO PROTECT THE STATE'S INTEREST IN ANY APPRECIATION IN FUTURE OIL VALUES, TO MINIMIZE THE INTEREST COST TO THE STATE, AND TO RESERVE MOST OF THE REVENUE POTENTIAL FROM THIS SOURCE FOR FUTURE YEARS.

GIVEN THESE ALTERNATIVES, THE TIME HAS COME FOR THE GOVERNOR AND HIS ADMINISTRATION TO MOVE AND TO MOVE POSITIVELY. ONE OR MORE OF THE THREE ALTERNATIVES NOTED CAN AND SHOULD BE PURSUED NOW WHILE PIPELINE CONSTRUCTION IS IN FULL SWING. THE PROBABILITY OF THEIR SUCCESS SEEMS HIGH, AND NO REASON FOR US TO PANIC.

THE POSSIBILITY OF PIPELINE DELAY CONCERNS US ALL. IT MAY NOT OCCUR, AND WE WILL KNOW A GOOD DEAL MORE ABOUT THAT NEAR THE END OF THIS CONSTRUCTION SEASON. IF THERE IS DELAY, IT WILL AFFECT STATE REVENUES IN FISCAL YEAR 1978, AND CAN BE FULLY CONSIDERED BY THE 1976 SEASON OF THIS LEGISLATURE. I BELIEVE THAT PRUDENCE SAYS WE MUST WATCH THIS CLOSELY, BUT NOT CREATE PROBLEMS FOR OURSELVES.

IN ANY EVENT, THE NEAR TERM REVENUE NEEDS MUST BE MET, AND I URGE YOU TO URGE THE GOVERNOR TO ACT FORTHRIGHTLY.

THANK YOU.

TESTIMONY ON THE PROPOSED WILDLIFE REFUGE AREAS

For the Senate and House Resource Committee Hearings

Mr. Chairman and members. I would like to thank you in advance for this opportunity to present testimony regarding the proposed state game refuges.

My name is Dimitri Bader and I have been with the Alaska Department of Fish and Game for 8 1/2 years; I am presently serving as a regional habitat biologist with the department's Habitat Protection Section. My duties include field and management level statewide responsibilities involving refuges, sanctuaries, critical habitats and game management areas.

The Alaska Department of Fish and Game strongly supports the refuge nominations of the Susitna Flats, Trading Bay, Redoubt Bay and Yakutat-Dry Bay areas.

These areas have a variety of valuable wildlife species, however, the waterfowl resource is our major concern in supporting these proposals.

As you all probably know Alaskan waterfowl are of international importance. The 6-7 million ducks, geese, swans, and 20+ million shorebirds that come to Alaska, with some continuing on to Russia and Canada, nest and produce young which go to South America, Mexico, Asia, Canada and most of the other 49 states.

These waterfowl generally funnel through two major pathways when migrating to Alaska before dispursing to the large Tundra, Arctic and river delta

nesting grounds. These two pathways are identified for the purposes of this hearing as the interior path and the Alaskan coast.

The Yakutat-Dry Bay and Cook Inlet areas are very important waterfowl migration habitats as well as significant nesting areas on the Alaskan coastal migration pathway.

These millions of waterfowl and shorebirds are on a critical climatic and physiological time table during the spring season. Many of the birds have already paired, bred, and are ready to lay eggs as soon as they arrive on the nesting grounds. If there is a significant delay in nest initiation such as caused by late spring breakup or a severe spring storm, the birds begin to reabsorb their unlaid eggs. If they nest at all reproduction is minimal.

A loss or reduction of our major migration areas - such as the refuges we are supporting - would delay the birds timely arrival on their nesting grounds. This could result in a significant reduction of the waterfowl populations in the Central and Pacific Flyways.

During the fall and after the interior areas freeze up, these coastal habitats provide good feeding places where the birds can rest, feed and gain strength before their long flight south.

We view the purposes in designating these areas as refuges as: (1) to protect, preserve and improve the natural habitat and associated fish

and wildlife populations; (2) to protect and preserve existing and projected public demands for hunting; (3) to provide the vehicle for intensive wildlife management as existing and projected public demands dictate; and under certain future situations (4) to provide specialized viewing opportunities in addition to other public wildlife related recreation activities.

The Susitna Flats, Trading Bay, Redoubt Bay, the Yakutat-Dry Bay areas were nominated because they represent some of the best coastal waterfowl areas in the state that the four purposes just mentioned address.

More specifically I will summarize the values and importance of each area as we seem them.

The Susitna Flats

The land status of the proposed refuge includes approximately 391 acres of private property; 60,620 acres of borough selected lands and 240,936 acres of state owned land of which 38,550 acres are classified as mental health lands; this totals approximately 301,947 acres including tidelands, uplands and submerged lands.

The wildlife resources of the Susitna Flats are the most abundant and varied found on any of the present or proposed state refuge areas in Cook Inlet. An estimated 1/2 million ducks, geese, swans and cranes use this area during spring and fall migration periods and about 8,000 ducks, 150 Canada Geese and 25 Trumpeter Swans nest here. Several hundred moose, from at least two (2) different game management units,

winter and calve here. There are at least seven salmon spawning and rearing streams located here. Brown and black bear come from the surrounding mountains and forests to utilize the young spring vegetation, prey on the numerous moose calves as well as on the fall spawned salmon. A variety of small game, furbearers and non game birds, eagles and mammals also exist here in significant numbers.

Hunting, fishing, trapping and viewing are the most popular resource activities occurring in this area. Hunting, specifically for waterfowl, is the greatest public use. The Susitna Flats experiences the highest level of hunter use, as well as ducks harvested, of any location in the State of Alaska. It is also the 6th highest statewide goose harvest area as well as the 3rd highest in South Central Alaska.

The Susitna Flats are used by people statewide, but are most important to the residents from the Matanuska Valley, the Municipality of Anchorage, the Kenai Peninsula and the settlements located on the East side of Cook Inlet.

Many individuals including air charter and guide services have built duck cabins here for the purpose of providing overnight facilities for waterfowl hunters. We are in favor of having such duck cabins, but at the same time quality public hunting can't be maintained if cabins are too concentrated/or located in the prime hunting areas. Other unregulated hunting related development, including short air strips, storage areas and additional cabins, appears annually.

Approximately 15 salmon set net sites, about 391.2 acres of private land and numerous oil and gas leases occur within this area. These refuge lands would naturally be subject to pre-existing lease or ownership rights.

As we see it, the importance of the Susitna Flats refuge designation is to: (1) protect the wildlife habitat and related game populations for the public; (2) to control access and cabin development; (3) to increase wildlife production and hunter use through habitat development; and (4) to provide for anticipated increases in public demands on wildlife resources associated with the increases in human populations related to Alaska's present and future oil and mineral development.

Trading Bay

The land status of the proposed refuge includes approximately five (5) acres of private property and 168,993 acres of state owned lands of which 3,840 acres are classified as mental health lands; this totals approximately 168,998 acres including tidelands, uplands and submerged lands.

The wildlife resources of Trading Bay are varied and include brown bear, black bear, moose, furbearers, small game and waterfowl. Many of the waterfowl that utilize Cook Inlet utilize Trading Bay. There are between 3 and 5,000 ducks that nest here. There are at least five salmon spawning and rearing streams within the area. More than a hundred moose winter and calve here. Brown and black bear utilize the spring vegetation as well as prey on the numerous moose calves and fall spawned salmon.

Hunting, fishing and trapping are the most popular public activities with waterfowl hunting being the most significant. Trading Bay has provided the 9th highest statewide duck harvest and 5th highest South Central (S.C.) Alaska duck harvest. This area is also a significant goose harvest area. Trading Bay is used primarily by people from the Kenai Peninsula and Tyonek; however, people from Anchorage go there specifically for the excellent duck and goose hunting. Several privately built cabins are present. The values of classifying this area a refuge are similar to those of the Susitna Flats.

Several (less than 5) salmon set net sites, about 5 acres of private land and numerous oil and gas leases occur within this area. The refuge classification of these lands would naturally be subject to the pre-existing lease or ownership rights.

Redoubt Bay

The land status of the proposed refuge includes approximately 889 acres of private property; 640 acres of borough selected lands and 205,247 acres of state owned land of which none are classified as mental health or University lands; this totals approximately 206,776 acres including tidelands, uplands and submerged lands.

The wildlife resources of Redoubt Bay include black and brown bear, moose, salmon, small game, furbearers and waterfowl. Of all the waterfowl areas in Cook Inlet, Redoubt Bay has, in addition to Canadian Geese, the only summer resident population (1,000 - 1,500) of white-fronted geese.

Hunting, fishing and trapping are the most popular activities occurring here. Limited aircraft landing areas, however, have prevented the public from utilizing the wildlife resources at levels comparable to Susitna Flats or Trading Bay.

The Alaska Department of Fish and Game anticipates increased demands for wildlife resource utilization here as the human population on the Kenai Peninsula and in Anchorage grows. Redoubt Bay's importance as a refuge lies in preserving and perpetuating the wildlife habitat and game resources for the public; the potential development of wildlife habitat to increase wildlife production and hunter use; and improving additional access necessary to satisfy future public demands.

Less than five (5) salmon set net sites, about 889 acres of private lands and several oil and gas leases exist within this area. The classification of this land would naturally be subject to the pre-existing lease or ownership rights.

Yakutat-Dry Bay

The status of the land within the proposed refuge includes approximately 15 acres of private land; 58,515 acres of National forest service land and 46,403 acres of state owned land of which none are classified as mental health or University lands. This totals approximately 104,934 acres including tidelands, uplands and submerged lands.

Since Senate Bill 637 addresses state owned lands, including tide and submerged land and all those lands acquired in the future, federal lands

included within the Senate Bill 637 description would not be affected by this classification.

The wildlife resources of the Yakutat-Dry Bay area are as varied as found on any of the present or proposed refuge areas in Alaska and includes black and brown bear, moose, salmon, furbearers, harbor seals, small game and waterfowl.

This area is important in providing habitat for most of these wildlife species, but is especially important in protecting critical moose winter habitat and waterfowl migration habitat. Millions of waterfowl and shorebirds utilize this area during the spring, summer and fall seasons.

Hunting, commercial and sport fishing and trapping are presently the most significant resource activities. This area has provided the 10th highest statewide goose harvest as well as the 3rd highest goose harvest in Southeastern Alaska. It is also the 4th highest hunter use and duck harvest area in Southeastern Alaska.

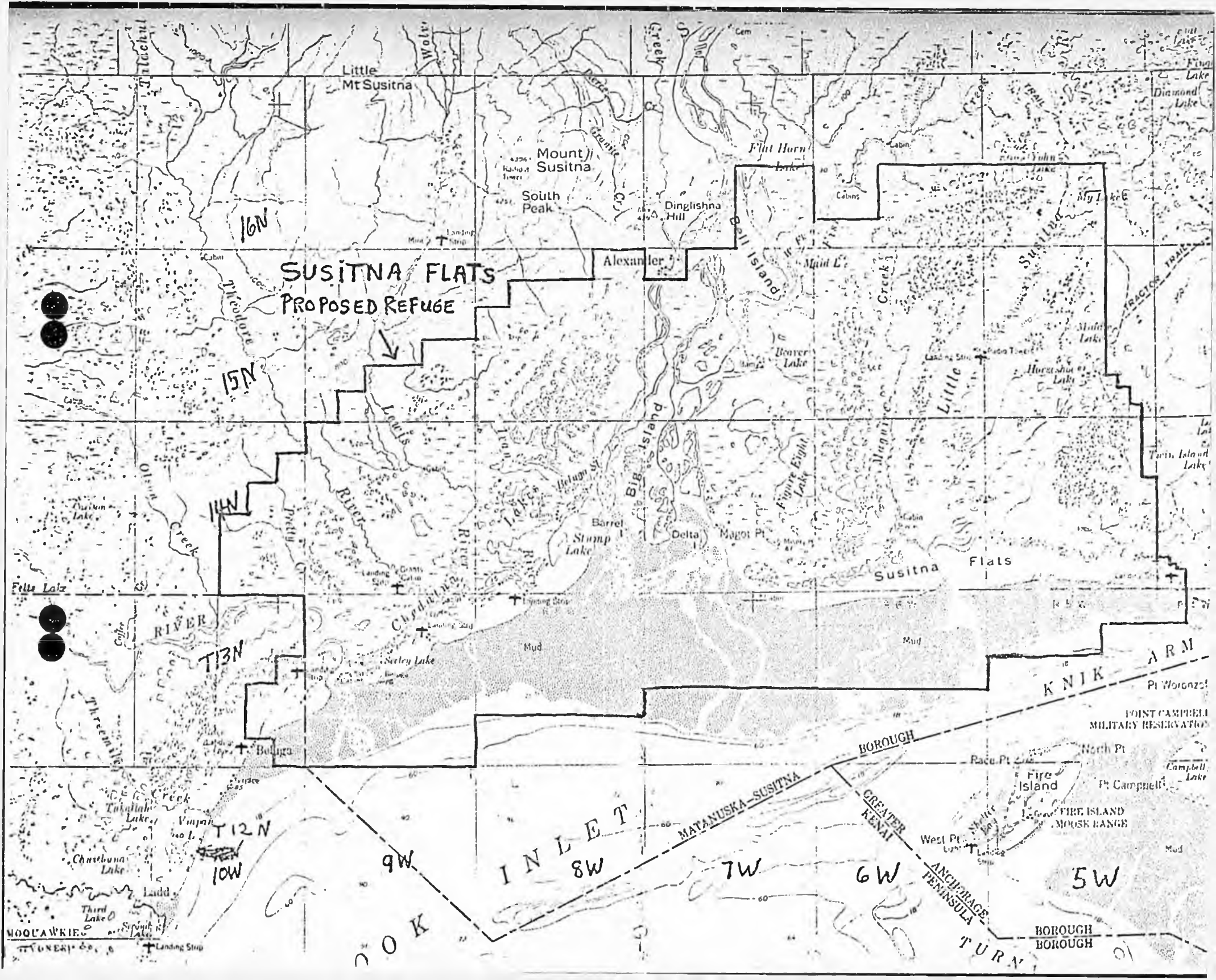
Some of the hunting effort and public interest orginates from the city of Yakutat, but additional hunters come from Juneau and other Southeastern Alaska settlements. Although total human use is now low, it is well known that this area has a future laced with oil development and human population growth.

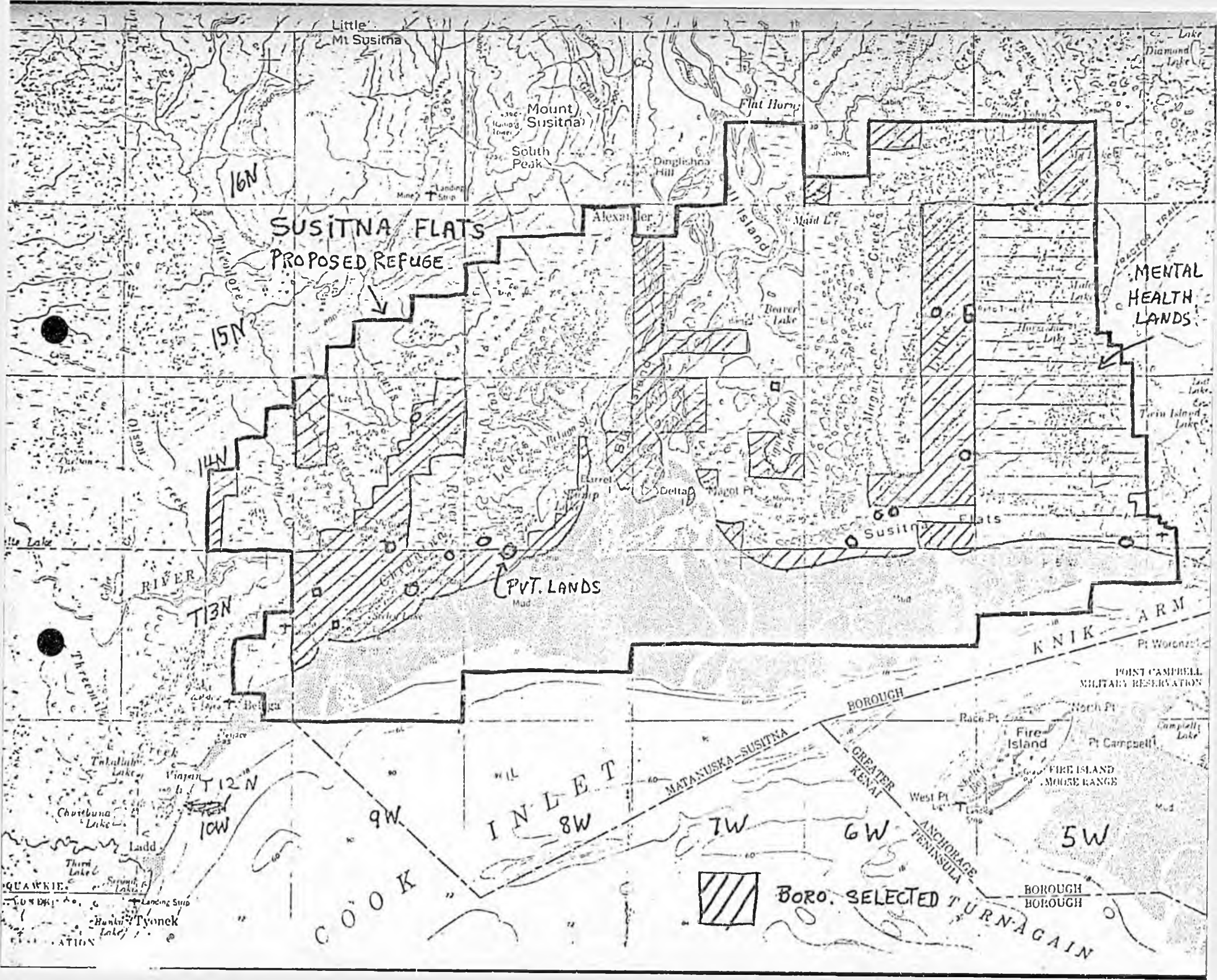
Our department anticipates significant increases in public demand for wildlife utilization, construction of cabins and commercial uses on wildlife habitats. Therefore, we view the importance of the Yakutat-Dry

Bay's refuge designation as habitat protection, and providing for the increased public hunting and other user demands associated with future oil development.

Before we draft final refuge management plans our department anticipates holding public meetings for each refuge area to determine what uses Alaskan residents desire. Such a meeting has already been held for the Potter Refuge at Anchorage which resulted in valuable public input for the direction of the areas present and future management.

Mr. Chairman and committee members I would like to thank you again for allowing me this opportunity to bring this information before you today.


SUSITNA FLATS
PROPOSED REFUGE
Little Mt Susitna
Mount Susitna
South Peak
Dinglishna Hill
Flat Horn Lake
Alexander
Bell Island
Beaver Lake
Horseshoe Lake
Figure Eight Lake
Barrel Stump Lake
Delta
Magot Pt
Susitna Flats
Big Lake
Lakes
Beluga
Beluga River
Susitna River
Lewis River
Theodore River
Threemile Creek
Felix Lake
Chuit Lake
Seeley Lake
Mud
Tyonek
Ladd
Third Lake
Chuitbuna Lake
Tukatlatla Lake
Vinpin Lake
Fire Island
Pt Campbell
Campbell Lake
North Pt
Race Pt
West Pt
Pt Worongzof
POINT CAMPBELL MILITARY RESERVATION
FIRE ISLAND MOOSE RANGE
KNIK ARM
INLET
COOK
TURNAGAIN
ANCHORAGE PENINSULA
GREATER KENAI
MATANUSKA-SUSITNA BOROUGH
BOROUGH
BOROUGH
16N
15N
14N
13N
12N
10W
9W
8W
7W
6W
5W
T


SUSITNA FLATS
PROPOSED REFUGE
MENTAL HEALTH LANDS
PVT. LANDS
BORO. SELECTED
TURN AGAIN
Little Mt Susitna
Mount Susitna
South Peak
Flat Horn
Alexander
Maid Lk
Beaver Lake
Susitna Flats
Delta
Point Campbell Military Reservation
Fire Island
Pt Campbell
Fire Island Moose Range
Ladd
Tyonek
Cook Inlet
Matanuska-Susitna Borough
Greater Kenai
Anchorage Peninsula
Knik Arm
16N
15N
14N
13N
12N
10W
9W
8W
7W
6W
5W

T12N

T11N

T10N

T9N

R17W

R16W

R15W

R14W

R13W

G.S.

MH

TRADIN BAY

Proposed REFUGE

PVT

Boro

G.S. = General Selection

MH. = Mental Health Selection

REDOUBT BAY Proposed REFUGE

OIL ABC

MEMORANDUM

March 14, 1975

Re: Advance Sale of Royalty Oil by the State of Alaska

This memorandum and the three agreements attached hereto supplement several brief memoranda dated February 20, 1975, generally describing the structuring of a transaction pursuant to which the State of Alaska could sell its rights to receive a portion of the future production of royalty oil from selected North Slope leases and thereby receive advance payment of the purchase price. The February 20 memoranda are attached hereto for convenient reference; the attached agreements have been prepared in order to further illustrate the transaction described in the memoranda.

As indicated in the February 20 memoranda, the transaction is likely to involve at least three parties:

1. The State of Alaska, which, as seller, would contract to sell a portion of its royalty oil to a buyer for delivery as and when produced.

2. A Buyer which would contractually agree to purchase such royalty oil and to pay the purchase price in advance. The buyer could be an oil company which has use for the oil or some other substantial person or entity; however, there may be relatively few, if any, companies which have funds available to pay the purchase price of the magnitude required by the State or which are willing to incur the debt necessary to pay the purchase price in advance. Therefore, the buyer is likely to be a corporation created for the purpose of serving as the financing vehicle for the transaction. Since the transaction could be structured to provide some financial return to the buyer, that corporation might be owned by a charitable organization or native corporation which could derive some financial benefits from being a party to the transaction without itself

incurring any financial or other obligations which it might be unable to fulfill.

3. A Lender to provide funds to the Buyer in order to pay the purchase price to the State in advance.

Inasmuch as the Buyer is likely to be an entity having neither use for the oil nor the capability of disposing of it, the Buyer would have to make arrangements for disposition of the royalty oil which it is entitled to receive under its agreement with the State. Disposition of the Buyer's share of royalty oil could be accomplished by authorizing an agent to sell the oil on its behalf.

As indicated in the February 20 memoranda, three agreements may be required to effect the transaction discussed therein:

1. An Agreement For the Sale and Purchase of Royalty Oil pursuant to which the State agrees to sell a portion of its royalty oil to the Buyer and the Buyer agrees to pay the purchase price in advance. An example of an agreement illustrating that contractual arrangement is attached hereto as Exhibit I and is hereinafter called the "Purchase Agreement" for convenient reference.

2. A Loan Agreement pursuant to which the Buyer obtains a loan from a lender, presumably a bank or group of banks, to enable it to make the advance payment of the purchase price to the State. A loan agreement so providing is attached hereto as Exhibit II. The loan itself would be evidenced by a note or notes, examples of which are attached to the loan agreement. The Lender would probably require that the notes be secured by a collateral assignment of the Buyer's rights under the Purchase Agreement and the agency agreement pursuant to which the oil would be sold for the Buyer.

3. An Agency Agreement pursuant to which the Buyer would authorize an agent to sell on behalf of the Buyer the royalty oil purchased from the State. Under that agreement, the agent would be required to remit the proceeds of sale to the Buyer which the latter would in turn apply toward liquidation of its loan. The agency agreement would presumably be required if the Buyer did not have the capability or facilities to dispose of the

oil which it is purchasing. The agent could be the State of Alaska or an agency thereof or any private person or corporation, including an oil company. An example of an Agency Agreement is attached hereto as Exhibit III.

There are a number of variables in structuring the transaction which should be considered and merit special comment, particularly insofar as the terms of the Purchase Agreement are concerned. The Purchase Agreement is the keystone to the supporting agreements, i.e., the Loan Agreement and the Agency Agreement.

The Purchase Agreement (Exhibit I) contemplates that the purchase price will be paid in advance to the State in one payment. Alternatively, the agreement could provide for advance payment of the purchase price in installments over a period of time. Installment payments of the purchase price might reduce the total interest costs incurred by the Buyer, but it would probably require payment of commitment fees to the Lender since the Lender would be required to earmark funds for future disbursement of the loan. If the State requires funds in installments, the transaction might be structured to provide for a series of advance sales (by separate purchase agreements) of smaller portions (i.e. smaller percentages or fewer leases) of royalty oil.

Under Section 2 of the Purchase Agreement, only a stated percentage of the royalty oil produced from the lands covered by the leases described therein is sold to the Buyer. Inasmuch as the Alaska Native Claims Settlement Fund is entitled to receive 2% of the gross value of the oil produced from the State's leases, the applicable percentage of the royalty oil sold to the Buyer cannot exceed 98%. The stated percentage of royalty oil sold to the Buyer would presumably be much less and would depend upon the number of leases covered by the Purchase Agreement, the anticipated production schedule, the anticipated field market price of oil and the Lender's requirements for repayment of its

loan to the Buyer.

The Purchase Agreement does not specify the number of barrels of oil purchased by the Buyer. The quantity of oil purchased is to be determined pursuant to the formula provided in Section 4 and is that quantity the proceeds of sale which equal the purchase price plus (i) any taxes paid or other expenses incurred by the Buyer in connection with the transaction and (ii) an interest factor (the so-called "Applicable Computation rate") in order to provide funds for payment of interest on the loan which enabled Buyer to pay the Purchase Price and the taxes and expenses incurred as a result of the transaction. When the proceeds of the royalty oil delivered to the Buyer equal the aggregate of the Purchase Price and the amounts added thereto, the Purchase Agreement and the Buyer's right to oil will terminate. Only at that time will the total quantity of oil purchased and sold be known. Thus, the quantity of oil purchased is a function of, among other things, the cost of the loan, the time when oil is produced and delivered and the market price of oil from time to time during the term of this Agreement. The determination of the quantity of oil to be delivered is made by adjusting the Purchase Price upward by the expense and interest factors and downward by application of the sale proceeds of royalty oil actually produced and delivered to the Buyer until such time as the unapplied balance of the purchase price, as so adjusted, is reduced to zero.

The Applicable Computation Rate provided for in Section 1(g) of the Purchase Agreement is a fraction (1/16 for illustrative purposes) of 1% above the prime rate charged from time to time by the Lender. This fractional percentage increase above an assumed interest rate on the loan is designed to provide an economic return to the Buyer which, as indicated above, might be owned by a charitable organization or native corporation.

Section 8(d) of the Purchase Agreement provides that so long as

the agreement continues in existence, the State would not require the lessee to pay royalties in the form of money (rather the delivery of royalty oil in kind) at least to the extent of the percentage of the royalty oil purchased by the Buyer under that agreement.

Most of the other provisions of the Purchase Agreement are self-explanatory.

The Loan Agreement is an example of a loan agreement used by a major U.S. bank in a similar transaction and assumes that the interest rate will be the Lender's prime rate. If compensating balances are not provided by the borrower, the rate charged by the Lender will generally involve an increment of interest in excess of prime.

Sale by the State of Alaska of Rights to Receive Future Production of Royalty Oil and Gas

State of Alaska legislation in 1974 provides a procedure with respect to the sale of the State's royalty oil and gas. The Commissioner of Natural Resources of the State can sell royalty oil and gas received in kind at the time of its production. He can also sell the State's rights to receive future royalty oil and gas production and receive payment for all or part of it now in the form of an advance sale.

Such sales must be made with the prior written approval of the Alaskan Royalty Oil and Gas Development Advisory Board and with the prior approval of the Legislature. These sales are not sales of oil or gas in place. The Constitution of Alaska prohibits sales in place.

If the State made a sale of its rights to receive future production of royalty oil or gas, the following questions come up:

1. How would such a deal be structured?

2. Would the State lose any of the increased market value of oil sold in this way between the time of sale and the time of production?

3. What portion of the State's royalty from Prudhoe Bay would have to be committed to the repayment of, say, $100 million, over a 3½ year period, commencing with the startup of production?

Structure of the Transaction

A transaction of this type would involve at least three parties--seller, buyer and a financial institution. The State of Alaska, as the Seller, would contract to sell oil to a Buyer and deliver it as it is produced. The Buyer would contract to buy the oil and would pay for

it in advance. Since it is quite unlikely the Buyer would have money available for such an advance payment, he would very likely borrow it from a group of banks. The Seller and the banks can be readily identified. However, a Buyer cannot be so readily identified.

The Buyer could be an oil company who has use for the oil, however, it is doubtful that there are companies with the money available, or the willingness to incur the debt necessary for such an advance payment. Therefore, the Buyer would likely be a financial vehicle created for this purpose, perhaps a company owned by a charitable organization.

If the Buyer is owned by a charitable organization, the questions arise as to why it would be in such a transaction, and how it would use this oil. It would be in the transaction for the financial gain it would realize. It would probably enter into an agreement with another party, a fourth party in this transaction, to sell the oil as its agent. Such fourth party might well be the working interest owner of the properties from which the oil will be produced. This overall arrangement is outlined on the attached exhibit.

Market Value of Oil

The State should lose nothing in terms of market value by making such a sale. The terms of the agreement would be somewhat as follows: "Seller agrees to sell to the Buyer that quantity of crude oil representing __ percent of its royalty interest in leases _____, _____, and _____, until the market value of that oil at the time it is produced is equal to $_____." The quantity of oil to be delivered would include oil to cover interest for the use of the money which the Seller receives in advance and for any profits which the Buyer would make on the transaction. Such profits would be small in terms of the whole transaction.

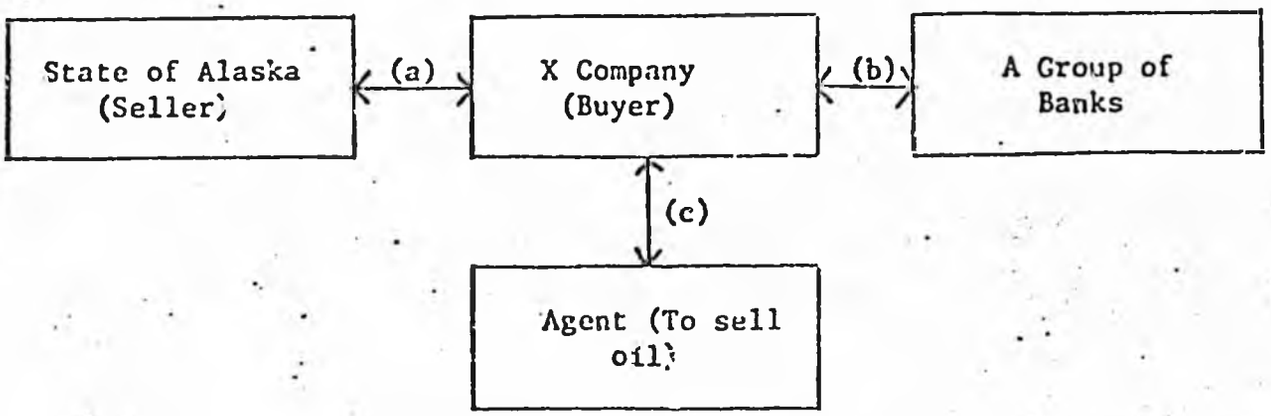
Portion of Royalty Dedicated to the Sale

If a sale of $100 million of Prudhoe Bay royalty oil were made on July 1, 1976, and if production commenced at Prudhoe Bay on July 1, 1977, the advance could be paid out of about 15 percent of the State's royalties during the period July 1, 1977 to December 31, 1980--that is, a period of three and one-half years. The 15 percent applies to the State's royalty after payment of 2 percent into the Native Claims Fund. A wellhead value of the oil of $5 per barrel and a production rate of 600,000 barrels per day for the first six months and 1.2 million barrels per day thereafter have been assumed. With an assumed interest rate of 8 percent, the State would deliver 25.1 million barrels--20 million to repay principal and 5.1 to pay interest. Thus, about 20 percent of the 15 percent dedication (or 3 percent) would go to interest.

2/20/75

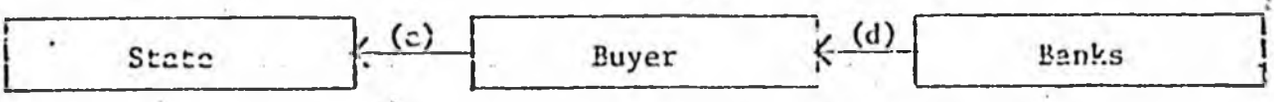
ADVANCE ROYALTY SALE BY STATE OF ALASKA

1. Agreements



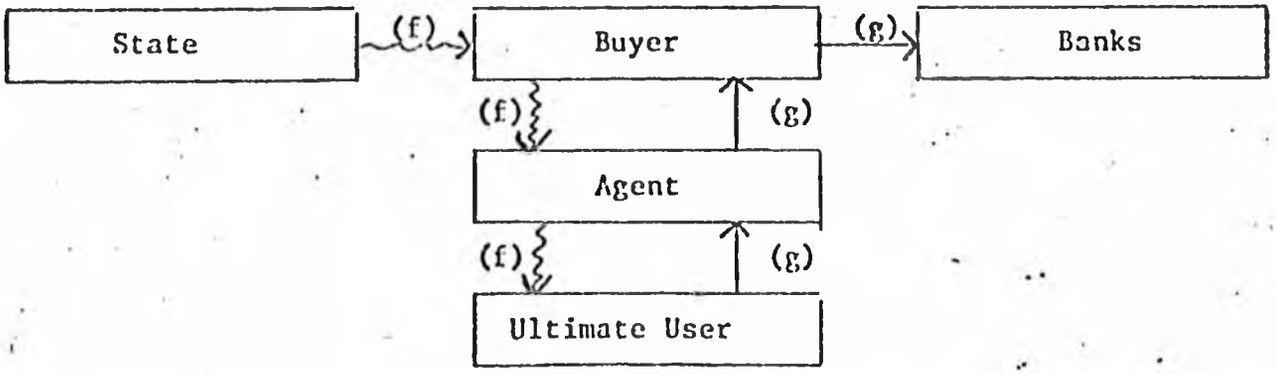
(a) State agrees to sell oil to Buyer.
(b) Buyer makes credit agreement with Banks.
(c) Buyer appoints agent to resell oil to ultimate user.

2. Flow of Money on 7/1/76 (e.g.)



(d) Banks lend money to Buyer.
(e) Buyer makes advance payment to State.

3. Delivery of Oil (~~~~>) and Flow of Money (——>)--7/1/77 to 12/31/80



(f) State delivers oil to Buyer who resells and delivers it to the ultimate user, by using an agent to make the sale.
(g) User pays for the oil and Buyer repays the bank.

2/20/75

PRUDHOE BAY ROYALTY AND SEVERANCE
PRODUCTION COMMENCING 7/1/77; 600 M B/D
AVERAGE FIRST SIX MONTHS, THEN 1.2 M B/D
(Millions)

	1976	1977	1978	1979	1980	1981
1. Production (B/D)	0	0.6	1.2	1.2	1.2	1.2
2. Wellhead Value Per Barrel (a)		$5	$5	$5	$5	$5
3. State Income-- No Advance Sale						
Royalty (b)	0	69	274	274	274	274
Severance (8%)	0	38	153	153	153	153
Total	0	107	427	427	427	427
4. Effect of Advance Sale on State's Royalty Income	+100	-10	-39	-39	-38	0
5. State Income-- With Advance Sale						
Royalty (b)	100	59	235	235	236	274
Severance (8%)	0	38	153	153	153	153
Total	100	97	388	388	389	427

(a) Project Independence Blueprint of the Federal Energy Administration makes reference to "Minimum Acceptable Prices" of $5.16 to $6.15 per barrel at the wellhead to stimulate development in "special regions," (including the North Slope of Alaska). See Table B-1 in Part 2 of FEA publication dated November 1974 entitled "Task Force Report - Finance."

(b) Includes portion going to Native Claims.

2/20/75

[SAMPLE FORM]

AGREEMENT FOR SALE AND PURCHASE OF ROYALTY OIL

THIS AGREEMENT made as of _____, 1975, between THE STATE OF ALASKA, acting by and through its Commissioner of Natural Resources, (hereinafter called the "State"), and _____ _____, a corporation organized and existing under the laws of the State of _____ (hereinafter called "Buyer").

W I T N E S S E T H:

The State, as lessor, has executed and delivered the oil and gas leases listed and described in Exhibit A attached hereto and made a part hereof covering certain lands in the Prudhoe Bay Area of the North Slope of Alaska and is entitled to receive royalties on production of oil, gas and associated substances produced and saved from such lands as provided in such leases. The State wishes to sell the percentage hereinafter specified of the Royalty Oil (as hereinafter defined) to which the State is entitled under the leases described in Exhibit A for a limited period of time and Buyer is willing to purchase such Royalty Oil upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, the State and Buyer have agreed and do hereby agree as follows:

1. Certain Definitions. The following terms as used in this Agreement shall have the meanings given below:

(a) "Exhibit A" shall mean the schedule or list of Leases attached to this Agreement and marked "Exhibit A".

(b) "Lease" shall mean any one of the oil and gas leases listed and described in Exhibit A, and "Leases" shall mean all thereof.

(c) "Oil" shall mean crude petroleum oil and other hydro-

carbons regardless of gravity which are produced and saved in liquid form at the well by ordinary production methods.

(d) "Barrel" shall mean a barrel of 42 standard United States gallons.

(e) "Commissioner" shall mean the Commissioner of Natural Resources of the State of Alaska.

(f) "Board" shall mean the Alaska Royalty Oil and Gas Development Advisory Board.

(g) "Applicable Computation Rate" shall mean, as to any period, a rate per annum equal to 1/16 of 1% above the best rate of interest being charged during such period by _____ Bank for new credits of ninety (90) days to responsible and substantial commercial borrowers, any change in such best rate of interest which may be made by said bank from time to time shall be reflected in the Applicable Computation Rate as of the date of the change in such best rate of interest.

(h) "Effective Date" shall mean _____ A.M., Anchorage, Alaska time, on the date first written above.

(i) "Purchase Price" shall mean the total sum required to be paid by Buyer to the State pursuant to Section 3 hereof concurrently with the execution and delivery of this Agreement and "Adjusted Purchase Price" as of any date shall mean the Purchase Price paid to the State on such date plus all additions to the Purchase Price or Adjusted Purchase Price, as the case may be, required to be made under Section 4 hereof.

(j) "Royalty Oil" shall mean the Oil which the State is entitled to take as royalty in kind under the Leases.

(k) "Assigned Royalty Oil" shall mean the percentage of Royalty Oil specified in Section 2 hereof sold to Buyer under this Agreement.

(l) "Market Price of Oil" means the price actually paid or agreed to be paid to the Buyer at the well by the purchaser of the Assigned Royalty Oil if such Assigned Royalty Oil is resold by the Buyer directly or through an agent. If the Assigned Royalty Oil is not resold by the Buyer, "Market Price of Oil" shall be the field market price or value of Royalty Oil as required to be determined under the provisions of the Leases (in most such Leases, the applicable provision is numbered paragraph 16).

(m) "Proceeds" when used herein with reference to the value of Assigned Royalty Oil delivered to or for the account of Buyer hereunder shall mean the number of barrels so delivered in any delivery or during any period multiplied by the appropriate Market Price of Oil.

2. Royalty Oil Sale and Purchase Obligations. Subject to the terms and provisions of this Agreement, the State hereby agrees, during the period of this Agreement, to sell to the Buyer and the Buyer agrees to purchase and pay for in the manner herein provided _____ percent (_____%) of all Royalty Oil produced and saved and removed on and after the Effective Date from the lands covered by the Leases until expiration of this Agreement as hereinafter provided in Section 5. Title to the Assigned Royalty Oil delivered to or for the account of Buyer under this Agreement shall pass to Buyer at the time when the Assigned Royalty Oil is delivered to or for the account of Buyer by the lessee pursuant to numbered paragraph 14 of the Leases.

3. Purchase Price. As consideration for the foregoing sale by the State to Buyer of the Assigned Royalty Oil, Buyer shall pay to the State in immediately available U.S. funds at the office of the _____ Bank, _____ _____, the sum of _____ Dollars ($_____) concurrently with the execution and delivery of

this Agreement.

4. Amount of Assigned Royalty Oil Sold to Buyer. The total barrels of Assigned Royalty Oil purchased by and to be delivered to or for the account of Buyer hereunder, as and when produced from the Leases, shall be that quantity the Proceeds of which determined as hereinbefore provided and which are to be applied under Section 6 hereof equal the aggregate of the following:

(a) the amount of the Purchase Price; plus

(b) an amount equal to the aggregate of all amounts paid or payable by or for the account of Buyer from time to time to the United States and to any state or political subdivision thereof on account of ad valorem, gross receipts, gross income, gross revenue, occupation, sales, franchise and other taxes and assessments of any kind whatsoever (but excluding net income, net profits and capital gain taxes of the Buyer) including penalties and interest thereon, imposed or assessed with respect to or measured by or charged against or attributable to payment of the Purchase Price by the Buyer under this Agreement (and/or any additions thereto), the purchase of the Assigned Royalty Oil by the Buyer hereunder, sales by or for the account of the Buyer of such Assigned Royalty Oil or the proceeds thereof, or the acquisition, ownership, sale, assignment, transfer or other disposition by the Buyer in whole or in part of this Agreement or any of its rights hereunder; provided, however, that the State shall have the right at its expense to contest any such taxes or assessments in good faith on behalf of the Buyer; plus

(c) An amount equal to the aggregate of all reasonable expenses of the Buyer incidental to its purchase, ownership, pledging or transferring of the Assigned Royalty Oil or any part thereof, the obtaining of any loan required to enable Buyer to purchase the Assigned Royalty Oil and the receipt and disbursement of funds (including, without limitation, all fees and expenses of accountants and counsel for the Buyer and of counsel for any lender making any such loan) and all other fees in connection with and all expenses and costs of litigation and the contest, release or discharge of any adverse claim or demand made or proceeding instituted by any person affecting in any manner whatsoever the Buyer's rights to the Assigned Royalty Oil hereunder, which shall have been paid or incurred by the Buyer from time to time until termination of this Agreement; plus

(d) As to any period amounts computed (on the basis of a 365-day year) from time to time on the aggregate of the amounts referred to and described in the preceding subparagraphs (a), (b) and (c) of this Section 4 outstanding during such period as reduced from time to time during such period by the application (as provided in Section 6 hereof) of the Proceeds of the Assigned Royalty Oil delivered to or for the account of Buyer, such computations to be made as of the first day of each calendar year quarter occurring after the Effective Date at the Applicable Computation Rate and in accordance with the following provisions:

(i) The first such computation shall be made as of the first day of the calendar year quarter next succeeding the Effective Date for the period commencing with (and including) the Effective Date to (but not including) such first day of such first calendar year quarter.

(ii) Subsequent computations shall be made quarterly thereafter on the first day of each succeeding calendar year quarter and such computations together shall cover the period commencing on the date of the first computation under the preceding clause (i) and ending with the calendar year quarter in which this Agreement is terminated. Each separate quarterly computation shall cover the calendar year quarter immediately preceding the date as of which each successive computation is required to be made and the first days of such calendar year quarters as of which computations are required to be made are sometimes hereinafter referred to in this section as "Computation Dates".

(iii) The computations required to be made on the successive Computation Dates under the preceding clauses (i) and (ii) shall take into account the amounts, if any, paid or becoming payable by the Buyer under the provisions of subparagraphs (b) and (c) of this Section 4 and not previously reflected in the totals arrived at under such subparagraphs, and shall also take into account and reflect, as of the date of application by the Buyer under Section 6 hereof, the amount of Proceeds of Assigned Royalty Oil applied or deemed to have been applied pursuant to Section 6 hereof during the period embraced in each such computation.

5. Termination of Agreement. When Proceeds equal to the full aggregate amounts specified in subparagraphs (a), (b), (c) and (d) of Section 4 of this Agreement have been received by the Buyer, this Agreement and all rights of Buyer to receive Royalty Oil shall immediately terminate. The Buyer agrees that, if so requested by the State at any time or from time to time after the termination of this Agreement, it will execute or cause to be executed such instruments as may be necessary or appropriate to evidence the termination of this Agreement and of Buyer's rights to receive Royalty Oil.

6. Application of Proceeds of Assigned Royalty Oil Received by Buyer. The Proceeds of Assigned Royalty Oil delivered to or for the account of Buyer shall be applied toward liquidation of the Adjusted Purchase Price in accordance with the provisions of this Section 6. The Proceeds of Assigned Royalty Oil used by Buyer or resold by it in any calendar month shall be deemed to have been received by Buyer on the date of actual use thereof or actual receipt from the purchaser or on the last day of the next succeeding calendar month following the month of delivery, whichever is the earlier date, and such Proceeds shall be deemed to have been applied immediately after the opening of business on the next succeeding day. If any date of application specified above shall be a Saturday, Sunday or legal holiday under the law of the jurisdiction in which such Proceeds are actually received or deemed to have been received by the Buyer, such proceeds shall be deemed to have been received and applied as of the close of business on the last business day next preceding such Saturday, Sunday or legal holiday in such jurisdiction. Proceeds remitted to an assignee designated by the Buyer shall be deemed to have been received by the Buyer on the date of receipt by such assignee.

7. No Property Rights in Leases in Favor of the Buyer. Nothing contained in this Agreement shall be construed as granting to or vesting in the Buyer any property rights or interests, legal or equitable, or any economic interests, in any of the Leases or the properties described therein,

or in the crude oil reserves capable of being produced from such properties.

8. Representation by and Certain Agreements of the State. The State hereby makes the following representations to the Buyer and also makes the following agreements, among others, with the Buyer:

(a) The terms, provisions and conditions set forth herein and the execution and delivery of this Agreement by the Commissioner on behalf of the State have been approved in writing by the Board and have also been approved by the legislature of the State by a concurrent resolution concurred in by a majority of the members of each house in compliance with the provisions of Sections 38.06050 and 38.06055 of the Alaska statutes.

(b) All of the Leases were validly issued by the State and are in full force and effect on the date hereof.

(c) Each of the Leases provides for the payment by the lessee to the State of a royalty of Twelve and one-half percent (12.5%) in amount or value of Oil produced and saved and removed or sold from the lands covered by the Leases

(d) The State has not heretofore exercised the option given to it in Paragraph 15 of each Lease to require the lessee to pay to the State the fair market price or value at the well of all royalty with respect to Oil but has exercised the option given to it in Paragraph 14 of each Lease to take in kind the royalty payable with respect to Oil. The State hereby agrees with the Buyer that such election will not be revoked or changed with respect to the Assigned Royalty Oil without the written consent of the Buyer at any time prior to the termination of this Agreement.

(e) The State will not, without the prior written consent of Buyer, agree to reduction of its royalty under the Leases at any time prior to termination of this Agreement.

9. No Obligation of State With Respect to Assigned Royalty Oil. Prior to termination of this Agreement, the Buyer shall be entitled to receive all Assigned Royalty Oil directly from the lessees under the Leases and the State shall have no obligation to the Buyer to receive, store or otherwise deal with the Assigned Royalty Oil.

10. Access to Leases. The State shall permit any one or more representatives designated by the Buyer, but at the Buyer's risk and expense, to inspect the Leases and, to the extent available to the State and/or permissible under the Leases, any logs and test data relating to wells drilled pursuant thereto, any records relating to production and disposition of Royalty Oil produced from the lands covered by the Leases and such other information relating to this Agreement as the Buyer may reasonably request from time to time.

11. Reports to the State. Within twenty (20) days after the close of each calendar month during the period of this Agreement, the Buyer shall furnish or cause to be furnished to the State a written statement showing with respect to such calendar month, the amount of the Purchase Price or Adjusted Purchase Price at the beginning of such month, all additions to the Purchase Price or Adjusted Purchase Price, all applications of Proceeds thereto, and the unliquidated balance of the Adjusted Purchase Price as of the close of such month.

12. Transfers of the Rights of State. Nothing contained in this Agreement shall be construed to limit or restrict in any way the right of the State to sell, transfer or pledge any portion of the Royalty Oil other than the Assigned Royalty Oil sold to Buyer under this Agreement.

13. Transfers of the Rights of Buyer. Nothing contained in this Agreement shall be construed to limit or restrict in any way the right of the Buyer to sell, transfer, assign or pledge its rights under this Agreement,

in whole or in part.

14. Rights of Assignee or Secured Party. If the Buyer shall at any time execute an assignment or security agreement covering all or part of the Buyer's rights under this Agreement as security for any obligation of the Buyer, the assignee or secured party therein named or the holder of any obligation secured thereby shall be entitled, to the extent such assignment or security agreement so provides, to exercise all of the rights, remedies, powers and privileges conferred upon the Buyer by the terms of this Agreement and to give or withhold all consents required to be obtained hereunder by the State, but the provisions of this Section 13 shall in no way be deemed or construed to impose upon the State any obligation or liability undertaken by the Buyer under such assignment or security agreement or under the obligation of Buyer secured thereby.

15. Notices. Any notice, request, demand, report or other instrument which may be required or permitted to be given or furnished to or served upon either party hereto shall be deemed sufficiently given or furnished and served if in writing and delivered to such party or person or to an officer of such party or person or deposited in the United States mail in a sealed envelope, with postage prepaid for certified or registered mail, addressed if to the State in care of _____

_____

and if to Buyer at _____

or to such other address or such other person as the party or person to be addressed shall have designated by written notice to the other party or person.

16. Governing Laws. This Agreement shall be construed and interpreted under and in accordance with the laws of the State of Alaska.

17. Headings. Section headings in this Agreement are for convenience only and shall not affect the construction of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above stated, in several counterparts

(one of which with all property descriptions included in Exhibit A is on file at the office of State), each of which is an original and all of which are identical. Each of the counterparts of this Agreement so executed shall for all purposes be deemed to be an original, and all such counterparts together shall constitute but one and the same Agreement.

STATE OF ALASKA

By:_____
Commissioner of Natural Resources

_____

By:_____
Buyer

EXHIBIT A
TO
AGREEMENT FOR SALE AND PURCHASE OF ROYALTY OIL

SCHEDULE OF LEASES

[SAMPLE FORM]

LOAN AGREEMENT

LOAN AGREEMENT, dated as of _____, 1975, between _____, a _____ corporation (the "Company"), and _____ BANK, a national banking association (the "Bank").

R E C I T A L S

A. By an Agreement entitled "Agreement For Sale and Purchase of Royalty Oil", dated as of the date of this Agreement (the "Purchase Agreement"), between the State of Alaska (the "State"), as Seller and the Company, as Buyer, a true copy of which has been furnished to the Bank, the State sold to Buyer and the Company purchased from the State a percentage of the Royalty Oil (as defined in the Purchase Agreement) produced and saved from the lands described in the Leases (as defined in the Purchase Agreement) for a limited period of time. The Purchase Agreement requires the Company to pay to the State the sum of _____ Dollars ($_____) for the Royalty Oil purchased and sold thereunder.

B. By an Agreement entitled "Agency Agreement" dated as of the date of this Agreement (the "Agency Agreement") between the Company, as principal, and _____, as Agent ("Agent"), a true copy of which has been furnished to the Bank, the Company appointed the Agent to act as its agent for the sale of all Royalty Oil to which the Company shall become entitled under the Purchase Agreement and the Agent accepted such appointment for such purpose.

C. The Company has requested the Bank to make a loan to it to enable it to pay to the State the purchase price of the Royalty Oil purchased and sold under the Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Company and the Bank have agreed and do hereby agree as follows:

1. Commitment of the Bank. Subject to the terms and conditions of this Agreement the Bank agrees to lend to the Company on the date hereof the sum of _____ Dollars ($_____) in order to pay to the State the purchase price of the Royalty Oil purchased by the Company pursuant to the Purchase Agreement and to pay the other obligations of the Company described in Section 3 below. The advances so to be made by the Bank are herein collectively called the loan.

2. Notes and Interest. The loan shall be evidenced by (i) a promissory note of the Company (the "Loan Note") in the principal amount of _____ Dollars ($_____), and (ii) certain additional notes to be executed and delivered from time to time as provided in Section 3 below (singly called an "Additional Note" and, collectively, "Additional Notes"). The Loan Note shall be dated the date hereof, shall mature and bear interest as provided in, and shall otherwise be in the form of, Exhibit A hereto. Each Additional Note shall be dated the date of its issue as provided in Section 3, shall

mature and bear interest as provided in, and shall otherwise be in the form of, Exhibit B hereto.

3. Advances on Account of Loan. Pending receipt by the Company from time to time of the Proceeds (as defined in the Purchase Agreement) from the sale of the Royalty Oil purchased from the State and to be sold by the Agent pursuant to the Agency Agreement, the Bank will, on the first day of each Accounting month, commencing , 1975, advance to the Company, against delivery to the Bank of an Additional Note in a principal amount equal to the amount to be advanced, an amount sufficient to enable the Company to pay, to the extent they cannot be paid out of such Proceeds: (i) Interest accrued to said date on the Loan Note, and (ii) Interest accrued to said date on all Additional Notes.

4. Security for the Notes. The Loan Note and the Additional Note (collectively, the "Notes") shall be secured by an Assignment of even date with the Loan Note from the Company to , as Trustees (the "Assignment"), by which the Company's rights under the Purchase Agreement and under the Agency Agreement are collaterally assigned to the Trustees for the benefit of the Bank and the Proceeds from the sale of Royalty Oil are collaterally assigned to the Bank. The Assignment shall be in substance and form satisfactory to the Bank.

5. Representations and Warranties by the Company. The Company represents and warrants that:

(a) The Company is a corporation duly organized and existing under the laws of the State of .

(b) The Company has the power and authority under its charter and laws of the State of to execute the Purchase Agreement, the Agency Agreement, this Agreement, the Loan Note, the Additional Notes and the Assignment, and the performance of its obligations thereunder does not and will not conflict with any provision of law or of its charter or by-laws or of any agreement binding upon it; and

(c) The Purchase Agreement, Agency Agreement and this Agreement have been duly authorized, executed and delivered by, and constitute legal, valid and binding agreements of, the Company.

All representations and warranties herein shall survive the consummation of the transactions contemplated by this Agreement.

6. Covenant of the Company. The Company agrees with the Bank that from and after the date of this Agreement and until the delivery of the Assignment, the Company will not, without the written consent of the Bank, agree to any material change in the provisions of the Purchase Agreement or the Agency Agreement or give any consents thereunder.

7. Conditions Precedent to Loan Disbursement. The obligation of the

Bank to make the loan is subject, in the discretion of the Bank, to the following conditions precedent:

(a) No default shall have occurred and be continuing in the performance of any of the Company's covenants or agreements herein set forth, nor shall any representation or warranty made by the Company herein be untrue in any material respect;

(b) No order, writ or injunction of any court or administrative agency shall be in effect prohibiting the transactions contemplated by the Purchase Agreement, Agency Agreement or this Agreement;

(c) This Agreement, the Assignment, the Loan Note and the Additional Notes shall have been duly authorized and, with the exception of the Additional Notes, executed and delivered, and the form and substance of each thereof shall be satisfactory to the Bank;

(d) The Purchase Agreement shall have been executed and delivered by the parties thereto;

(e) The Agency Agreement shall have been executed and delivered by the parties thereto; and

(f) The Bank shall have received from Messrs. counsel for the Company, an opinion in scope and substance satisfactory to the Bank and its counsel as to:

(1) the matters referred to in 5(a), 5(b) and 5(c);

(2) the legality, validity and enforceability of this Agreement, the Assignment, the Loan Note and the Additional Notes (if and when delivered) as against the Company in accordance with their respective terms; and

(3) such other matters incidental to the transactions contemplated hereby as the Bank and its counsel may reasonably request.

(g) The Bank shall have received from counsel for the State and the Agent, an opinion in scope and substance satisfactory to the Bank and its counsel as to the legality, validity and enforceability of the Purchase Agreement and the Agency Agreement against the parties thereto in accordance with the respective terms thereof.

8. Expenses. The Company will pay (i) all expenses incurred in connection with the loan provided for herein, including the fees and disbursements of its counsel, printing or reproducing costs, recording fees, stamp or transfer

taxes, if any, and all other expenses incurred by it in purchasing and selling the Royalty Oil or incurred by it in connection with the transactions contemplated by this Agreement, (ii) the out-of-pocket expenses of counsel for the Bank, and (iii) the out-of-pocket expenses of the Bank incurred in connection with the aforesaid loan.

9. Notices. Any notice or communication required or permitted hereunder shall be given in writing and delivered by hand or sent by United States mail, postage prepaid, or by prepaid telegram, addressed as follows:

To the Company: To the Bank:

10. Miscellaneous.

(a) All covenants and provisions of this Agreement by or for the benefit of the parties hereto shall bind and inure to the benefit of their respective successors and assigns.

(b) This Agreement and the Notes shall be deemed to be contracts entered into under the laws of the State of and for all purposes shall be construed in accordance with the laws of that State.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date hereinabove first written.

By:_____

BANK

By:_____

EXHIBIT A

LOAN NOTE

$ 1975

On or before , 19 , the undersigned, , a corporation, (herein called the "Company") promises to pay to BANK (the "Bank"), or its order, at the office of said Bank in , the principal sum of DOLLARS ($), together with interest on the balance of principal remaining from time to time unpaid from the date hereof until maturity at a rate per annum which is equal to the Bank's prime rate (being the best rate of interest the Bank charges for new credits of ninety days to responsible and substantial commercial borrowers at its office in) in effect from time to time as publicly announced by the Bank.

This Note evidences a Bank loan made to the Company by the Bank under, and is subject to the terms and provisions of, a Loan Agreement, dated as of , 19 (and, if amended, all amendments thereto), between the Company and the Bank and is secured by an Assignment (the "Assignment") of even date herewith from the Company to , as Trustees, assigning to the Trustees the rights of the Company under the Purchase Agreement and the Agency Agreement (as such terms are defined in the Loan Agreement) and the Proceeds of sale of Oil to be sold by the agent under the Agency Agreement. Reference is made to the Loan Agreement for a statement of its terms and provisions and to the Assignment for a description of the rights assigned, the nature and extent of the security and the rights of the Trustees, the Bank and the Company in respect of such security.

By_____

President

Attachment to Loan Note, dated , 19 , in the principal amount of $, made by and payable to the order of Bank.

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

EXHIBIT B

ADDITIONAL NOTE

$ 19

On or before December 31, 19 , the undersigned, , a corporation (herein called the "Company") promises to pay to BANK (the "Bank"), or its order, at the office of said Bank in , the principal sum of , together with interest on the balance of principal remaining from time to time unpaid from the date hereof until maturity at a rate per annum which is equal to the Bank's prime rate (being the best rate of interest which the Bank charges for new credits of ninety days to responsible and substantial commercial borrowers at its office in) in effect from time to time as publicly announced by the Bank.

This Note is one of the Additional Notes referred to in, and is subject to the terms and provisions of, a Loan Agreement, dated as of 19 (and, if amended, all amendments thereto), between the Company and the Bank. This Note is also secured by an Assignment (the "Assignment") dated , 19 from the Company to , as Trustees, assigning to the Trustees the rights of the Company under the Purchase Agreement and the Agency Agreement (as such terms are defined in the Loan Agreement) and the Proceeds of sale of Oil to be sold by the agent pursuant to the Agency Agreement. Reference is made to the Loan Agreement for a statement of its terms and provisions as they apply to this Note and to the Assignment for a description of the rights assigned, the nature and extent of the security and the rights of the Trustees, the Bank and the Company in respect of such security.

By_____
President

AGENCY AGREEMENT

THIS AGREEMENT entered into as of the day of , 1975, by and between , a corporation (herein called the "Principal"), and , (herein called the "Agent"):

W I T N E S S E T H, T H A T

WHEREAS, the State of Alaska as the seller entered into an "Agreement for Sale and Purchase of Royalty Oil" (herein called the "Agreement") with the Principal, therein called the "Buyer" dated as of the date of this Agency Agreement, whereunder the State agreed to sell and deliver certain percentage of the Royalty Oil produced and saved from the Leases (as those terms are defined in the Agreement) in the Prudhoe Bay Area of the North Slope of Alaska during a period commencing on the date of the Agreement and continuing thereafter until the said Agreement by its terms shall have terminated; and

WHEREAS, the Principal desires to have the Agent act as its agent for the sale of all of the Oil to which the Principal shall become entitled under the aforesaid Agreement with the authority, powers, rights and duties hereinafter set forth and the Agent is willing to act for the Principal in such capacity.

NOW, THEREFORE, the parties hereunder have agreed and do by these presents agree as follows:

1. The Principal hereby designates and appoints the Agent as its agent, on its behalf and for its account, to enter into contracts from time to time with a purchaser or purchasers, selected or approved by the Agent, for the sale and delivery of all of the Oil to which the Principal may become entitled under the Agreement. In its capacity as agent the Agent shall have full power and authority to determine and agree upon the terms and conditions to be contained in any such contract or contracts including, but not limited to, the selling price or prices per barrel, the terms of payment and the point of delivery (which may be either in the field where produced or at some other point), to arrange for transportation of the Oil from the Prudhoe Bay Area to the point or points of delivery, to collect the selling price of all of the Principal's Oil so sold and out of such funds to pay for the account of the Principal any taxes of the kind referred to in Paragraph 8 hereof which are required to be paid by the Principal, the gathering charges, if any, for the gathering of the Oil in the field where produced and all transportation charges, if any, for transporting the Oil from the field where produced to the point of delivery.

2. The Agent hereby accepts its appointment as agent of the Principal and agrees to act as Agent for the Principal and to use its best efforts to sell the Oil which the Principal will be entitled to receive under the Agreement at a price or prices per barrel which, after deducting the

transportation costs, if any, incurred in transporting such Oil from the field where produced to the point of delivery, will fairly represent the going field price per barrel in the field where produced at the time of the delivery of such Oil to the purchaser or purchasers in the field or at the time of the delivery of such Oil to a common carrier pipeline in the field for transportation to some other delivery point.

3. In entering into a contract or contracts for the sale of Oil for the account of the Principal the Agent may, but need not, disclose the fact that it is acting as agent for the Principal. Any such contract or contracts may relate solely to the sale of the Principal's Oil. However, the Agent may have, during the period of this Agreement, quantities of Oil of its own to market. Under these circumstances the Agent is hereby authorized, if it shall see fit so to do, to enter into contracts with a purchaser or purchasers for the sale of quantities of Oil produced in the Prudhoe Bay Area, and to fulfill such contract or contracts by delivering to the purchaser or purchasers in part the Principal's Oil and in part the Agent's own Oil. However, in making contracts for the sale of Oil and in making deliveries of Oil to the purchaser or purchasers under such contracts, the Agent shall give no preference or priority to its own Oil as against the Oil sold by the Agent for the account of the Principal.

4. The Agent further agrees to extend credit only to purchasers having acceptable credit ratings, and to make collection for the account of the Principal of the selling price for all of the Principal's Oil sold hereunder. In view of the latitude of the Agent under this Agreement in the selection of a purchaser or purchasers, and in determining credit terms and approving credit ratings, the Agent assumes the risk of collection.

5. The Agent shall, from time to time, remit to the Principal or to a collection agent (which shall be a bank which is a member of the New York Clearing House Association and with which Principal shall maintain an account) designated in writing by the Principal, and to such address as the Principal shall instruct in writing, the Net Proceeds of the Oil sold and delivered by the Agent for the account of the Principal. The term "Net Proceeds" as used herein shall mean the selling price less taxes, if any, of the kind referred to in Paragraph 8 hereof, imposed on the Principal and which the Agent may be obligated to pay under the provisions of said Paragraph 8 for the account of the Principal, and less transportation charges, if any, incurred by the Agent for the Principal.

For accounting purposes under this Agreement and under the Agreement, the Principal shall treat the accrued taxes, which were deducted by the Agent in arriving at the Net Proceeds included in a remittance, as though the Principal had paid such taxes directly to the taxing authority and had been immediately reimbursed therefor.

Remittances by the Agent to the Principal or its collection agent

shall be made on the last day of each calendar month and the Agent shall remit on such day all Net Proceeds applicable to deliveries of the Principal's Oil made during the preceding Accounting Period (as hereinafter defined), whether or not the full sale price of the Principal's Oil shall have actually been collected by the Agent prior to the remittance date and whether or not the taxes and/or transportation charges, if any, payable by the Agent for the account of the Principal have actually been paid by the Agent. If through error or inadvertence the Agent should remit to or for the account of the Principal, for any accounting Period, a sum or sums aggregating more or less than the Net Proceeds which the Principal is entitled to receive for Oil of the Principal delivered in such Accounting Period, the Agent shall make the necessary adjustment on the next remittance date. As used in this Agreement the term "Accounting Period" shall mean the period commencing with and including the first day of the calendar month preceding the month in which applicable remittance date occurs and ending with and including the last day of the calendar month preceding the month in which the applicable remittance date occurs.

6. Notwithstanding any other provisions of this Agreement, if the Agent shall in any Accounting Period sell and deliver to any purchaser Oil belonging to the Principal and also shall sell and deliver to the same purchaser Oil produced from the Leases and belonging to the Agent, the obligation of the Agent hereunder to make remittances of the Net Proceeds of such sales of the Principal's Oil shall be deemed satisfied in all respects if the Agent shall account for and shall remit to the Principal in accordance with Paragraph 5 hereof an amount per barrel equal to the weighted average amount per barrel of the net proceeds accruing to the Agent for the account of the Principal and for its own account from the total quantity of Oil produced from the Leases and delivered to each such purchaser by the Agent in such Accounting Period. If the Agent shall in any Accounting Period sell and deliver to any purchaser Oil of the Principal but shall not sell and deliver to the same purchaser any Oil produced from the Leases and belonging to the Agent, the Agent shall remit to the Principal the actual Net Proceeds per barrel from such sale or sales.

7. From and after the date on which deliveries shall first be made of Oil of the Principal to a purchaser or purchasers, the Agent for and on behalf of the Principal, and if and to the extent that Agent may lawfully do so, shall pay or cause to be paid punctually before the same shall become delinquent (or as to any thereof which are being contested in good faith, promptly after the determination of such contest) to the United States and to any state or political subdivision thereof all ad valorem, gross receipts, gross income, gross revenue, occupation, sales, franchise and other taxes and assessments of any kind whatsoever (but excluding net income, net profits and capital gain taxes of the Principal) including penalties and interest thereon, imposed or assessed with respect to or measured by or chargeable against or attributable to the Purchase Price paid by the Principal to the State under the Agreement (and/or any additions thereto), the purchases of Oil by the Principal, sales by or for the account of the Principal of such Oil or the proceeds thereof, or the acquisition, ownership, sale, assignment, transfer or other disposition by the Principal in whole or in part of the Agreement or any of the Principal's rights thereunder.

8. From and after the commencement date referred to in Paragraph 7 hereof, and continuing until this Agreement shall terminate, the Agent shall promptly after the close of each calendar month furnish to the Principal a statement showing the number of barrels of Principal's Oil delivered to a purchaser or purchasers and the computation of the Net Proceeds applicable to such barrels.

All monetary computations and reporting required of the Agent under this Agreement shall be in U. S. dollars and all remittances of Net Proceeds made by the Agent to or for the account of the Principal shall be in immediately available funds.

9. This Agreement shall continue in effect so long as the Agreement continues in effect and until such time thereafter as the Agent shall have made all required remittances of proceeds to the Principal and all other undertakings of the Agent hereunder shall have been fulfilled. The Principal may terminate this Agreement at any time by giving written notice of termination to the Agent not less than ninety (90) days prior to a date of termination specified in such notice or if the Agent shall default in the performance of any of its undertakings hereunder and such default shall continue unremedied for a period of thirty (30) days after written notice thereof shall have been given by the Principal to the Agent, or if such default cannot be remedied within such period, the Agent shall not have commenced to remedy such default within such period after receipt of such notice, or having commenced to remedy such default within such period shall not thereafter continuously and diligently pursue the remedying of the same until cured. Written notice of any such termination by the Principal shall be given to the Agent and shall specify therein the effective date of termination, but any such termination shall be subject to all uncompleted contracts for the sale of Principal's Oil entered into by the Agent and existing at the effective date of the termination of this Agreement.

10. The Principal may hereafter assign in whole or in part its rights under the Agreement. If the Principal shall make such an assignment, then the Principal shall assign this Agreement in whole or in part to the same party, and prompt written notice thereof shall be given to the Agent. Such notice shall specify the effective date of the assignment of the rights under the Agreement and under this Agreement, the name and address of the assignee and the portion and extent of the rights assigned by the Principal to such party. If the Principal shall make such an assignment of rights under this Agreement, then by acceptance of such assignment, the assignee shall be deemed to have appointed the Agent as its agent for the purposes of this Agreement and shall be bound by the terms and provisions hereof, and Agent hereby agrees to act as Agent of such assignee. In such case the word "Principal" as used herein shall mean and include such assignee. The Agent shall not assign this Agreement without the prior written consent of the Principal.

11. The Agent shall make no charge for its services in marketing the Principal's Oil or for its services in collecting the proceeds from sales thereof or in accounting for and remitting the Net Proceeds to the Principal. No deductions from the selling price in arriving at Net Proceeds, other than those hereinbefore authorized, shall be made by the Agent.

12. Any notice, request, demand, report or other instrument which may be required or permitted to be given or furnished to or served upon either party hereto shall be deemed sufficiently given or furnished or served if in writing and delivered to such party or person or to an officer of such party or person or deposited in the U. S. Mail in a sealed envelope, registered, with postage prepaid, addressed if to the Principal to

, and if to the Agent to

, or to such other address as the party or person to be addressed shall have designated by written notice to the party or person giving such notice or furnishing such report or making such request or demand.

All agreements and undertakings of the several parties hereto shall be binding upon, and inure to the benefit of, the respective parties hereto and their respective successors and assigns. No amendment, change or modification of this Agreement shall be binding upon the parties hereto unless made in writing and signed by both parties hereto.

13. The construction and interpretation of this Agreement shall be governed by the laws of the State of Alaska.

IN WITNESS WHEREOF, the parties have caused these presents to be executed as of the day and year first above written.

By _____
President

PRINCIPAL

By _____
President

AGENT

STATEMENT ON AD VALOREM TAXATION OF OIL AND GAS PRODUCING PROPERTIES

Robert H. Paschall
April, 1975

I. DEFINITIONS

A. "Ad valorem" means "according to value" of the property. In regard to oil and gas properties, "ad valorem" does not mean or imply a given gross income or a given proven reserve of oil or gas. It means the best estimate of the price that might prevail in a sales transaction between two willing and knowledgeable parties. That and nothing more.

B. An ad valorem tax on oil and gas properties is not a "tax on reserves" or a "tax on oil (or gas) in place." It is, instead, a tax on the value of the leasehold or other mineral interests which properly implies a tax on the value of the right to produce the oil and gas.

II. SOME HISTORY AND COMPARISONS

A. Oilfields in California have been subject to ad valorem taxation for 60 years. Assessment and tax collection is done locally. In addition, the state levies an income tax that is 50-60 percent as large as the property (ad valorem) tax. The state does not levy a gross production tax.

B. Oil and gas field values are reviewed and revised annually by professional staffs. The market value of all fields in California in 1974 was about $4.7 billion, and ad valorem taxes were about $115 million.

C. Oil and gas field valuation (which is the assessor's main task relative to these properties) is actually less troublesome than the appraisal of heavy manufacturing plants, e.g., cement plants, steel mills, oil refineries. Put another way, the valuation of any complex property is a challenge, but not at all impossible. In fact--and this is a most important consideration--industry itself regularly makes appraisals. Every major oil company has a properties acquisition department and that department commonly must appraise oil and gas fields in all stages of development.

III. ELEMENTS OF AN INCOME-TYPE VALUATION

A. Definitions

1. The goal sought by the valuation engineer is the present worth of anticipated future net income.
2. Net income is gross income less the out-of-pocket expenses incurred in producing the gross income, that is, in producing the oil and gas.
3. "Present worth" is derived by discounting the future net income at an interest (discount) rate that reflects investors' goal of return on investment.

B. Elements Required by the Appraiser

1. Estimate of oil and gas reserves
2. Future rate of production
3. Prices of oil and gas
4. Operating expenses
5. Discount rate

IV. OBSERVATIONS ON VALUE AND ON AD VALOREM TAXATION

A. Value is only a fraction of ultimate gross income (which in turn equals the barrels of oil or the MCF of gas multiplied

by their respective prices). My 1973 Prudhoe Bay value estimate was only 14% of ultimate gross income.

B. Ad valorem taxes are directly tied to the profitability of a producing oil field. Since "profit" and "net income" are essentially synonymous, the higher the future net income, the higher the present value.

C. The net effect of "B," above, is that a well administered ad valorem tax has the same effect on a producing oil field as a perfectly graduated severance tax. That is, when the field is new and has its highest value, the ad valorem tax might be 10 percent or more of gross income, and would then decline over the life of the field to zero when the field reaches its economic limit.

D. Ad valorem taxation tends to stimulate development of any type of property, oil or other, not retard it. For example, it is notorious in South America that potentially productive farm land lies idle because it is subject to little or no property taxation.

Actually, economic analysts have criticized an ad valorem tax on oil as an undue stimulus to development and production. So statements that an ad valorem tax might hinder development of an oil discovery are incorrect.

E. Distant income has little present value. If the discount rate is 15 percent, $1.00 to be received in 1995 has a present worth of less than 7¢. This means that oil reserves estimates need not be precise if the reserve is to be produced over a relatively long period. For example, I cut off my Prudhoe Bay appraisal at the 20-year mark, although 600 million barrels of oil and 15 trillion cubic feet still remained. But the value shortfall that resulted amounted to

only a fraction of one percent. (A declining rate of production was also influential in this case, as well as the matter of diminishing present worth.)

F. Some Misconceptions on the Part of Senate Witnesses

1. One witness stated his belief that two fields with reserves of 150 million barrels each would both be appraised at the same value, even though one is difficult to produce and will last 30 years, and the other is easy to produce and will last just 15 years. Not so. The net effects of (a) different rates of production, (b) different operating expenses, and (c) different discounting to present worth make it evident that the shorter-life field would have a greater value than the longer-life field--in fact, the value of the one would be about three times that of the value of the other.

2. Another witness was under the impression that gross income and value were the same, so his "estimate of value"--if it can be called that--was 8 to 23 times higher than reality, depending on whether one considered the tax on the total property interest or on only a native corporation's net profits interest in the property.

G. Many precedents exist for the assessment and levying of ad valorem tax on shut-in oil and gas properties. Specifically, a shut-in gas field awaiting pipeline connection is now going into its third year of assessment in California. No one protested its taxability or the $15 million that went on the assessment roll.

H. A guide exists for the appraisal of oil and gas properties for ad valorem tax purposes. It is the California State

Board of Equalization's 266-page Assessors' Handbook 566, Valuation of Oil and Gas Producing Properties. That volume was subjected to lengthy and critical review by the oil industry ten years ago, and has since been used as an appraisal manual by all state and county valuation engineers.

V. ECONOMICS OF ADMINISTRATION IN CALIFORNIA

1974 Fair Market Value of Oil and Gas Fields	$4.7 Billion
1974 Taxes	$115.0 Million

Estimated Cost of Administration

Appraisal Staffs	$345,000	
Enrollment	68,000	
Tax Collection	135,000	
TOTAL		$548,000
Costs as Percent of Taxes		.48 of 1%
Or Conversely, Net Tax Collection		99.52%

LA RUE, MOORE & SCHAFER
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DALLAS, TEXAS 75201
214/747-7705
TELEX 73-321

March 19, 1976

Alaska Federation of Natives, Inc.
670 West Fireweed Lane
Anchorage, Alaska 99503

Attention: Mr. Sam Kito, Jr.
President

Gentlemen:

In accordance with your request I have reviewed a report to the Alaska State Legislature entitled "Alaska's Prudhoe Bay Oil, Profitability and Taxation Potential," prepared by Dr. Michael Tanzer of Tanzer Economic Associates and dated January 9, 1976. This study reaches the following basic conclusions:

1. Operators developing the Prudhoe Bay field will reap unearned and undeserved profits because of increased world oil prices and these profits benefit the operators disproportionately and therefore should be taxed at a rate of 50 percent.

2. Profits past 1985 are of little value to the producing company and can be taxed at an even higher rate of 80 percent.

3. Imposition of these taxes would not deter oil exploration in Alaska.

4. The State of Alaska should assume an active participation in oil exploration.

Dr. Tanzer's report is a near-perfect blueprint for disaster -- both for producers working in the State and for the State itself. There can be no surer way to bring petroleum exploration on State and private lands to a complete stop than to implement Tanzer's proposals. Moreover, great and perhaps irrevocable damage to the State's credibility and the ability to finance Alaskan projects has been done in the eyes of many firms by actually introducing Tanzer-type taxation bills into the legislature.

I very much disagree with Dr. Tanzer's analysis, his economics, his conclusions, and his moral justification of taking property by fiat because some foreign nation has done so. The following is a discussion of the basis for this disagreement and includes a commentary on relationship of the Prudhoe Bay field to

way of comparison, an American Petroleum Institute study on 90-day productive capacity shows that none of the fields in the lower 48 states will support this high a rate on an individual well basis utilizing their present equipment. While a few of the lower 48 fields, if so developed and equipped, could produce at rates required by Alaskan frontier economics, most could not; likewise, a great number of Alaska oil discoveries in frontier areas will prove to be non-commercial because of size and rate.

Exploration Objectives, Alaska Frontier

Because of the extremely high cost and risk of exploring on the North Slope and interior areas of Alaska, only the largest prospects are attractive to explorationists. Minimum size field prospect to be of interest at this time is probably between one-half billion and one billion barrels, and must appear capable of producing at rates of around 3,000 barrels per day per well. Probably the minimum rate of return acceptable for an exploration venture of this nature would be 40 to 50 percent. This high rate of return is required by operators in the screening process because the successful ventures must pay for the failures on a company-wide basis regardless of where expenditures are made. If a field is discovered it will hopefully yield this type of return. If not, development will proceed assuming that the lesser rate of return is satisfactory as an investment to company management, but eventually a better field must be found to average out with the failures or the firm must cease exploration.

Prudhoe Bay Economics

Capital costs of 3 billion reported in the Tanzer study for development of the Prudhoe Bay field appear low by a factor of at least 2. But even if his numbers were right and discounted future net revenues derived therefrom were correct, the conclusions drawn are fallacious. Taxing the Prudhoe Bay field to the point where the rate of return on that particular venture is minimally satisfactory to the operator would have two very undesirable effects. First, it would provide no margin for exploration failures in the company's ventures because any failure would reduce the overall rate of return to levels below acceptable limits. Second, it would mean that if a field similar in reserves to Prudhoe Bay were found, but with only one-half of the well productivity, this new field could be below minimum economic standards.

What ensues, therefore, from setting Alaska tax policy on the basis of one giant field is that it becomes impossible to look for any field which is not economically superior to the Prudhoe Bay field. By way of example, if the proposed taxation caused the minimum acceptable prospect to move from 1 billion barrels to 2 billion barrels of reserves, and the Alaska field size distribution is similar to the United States or even the world distribution, the chance of finding such a field is diminished by a factor of about 2.

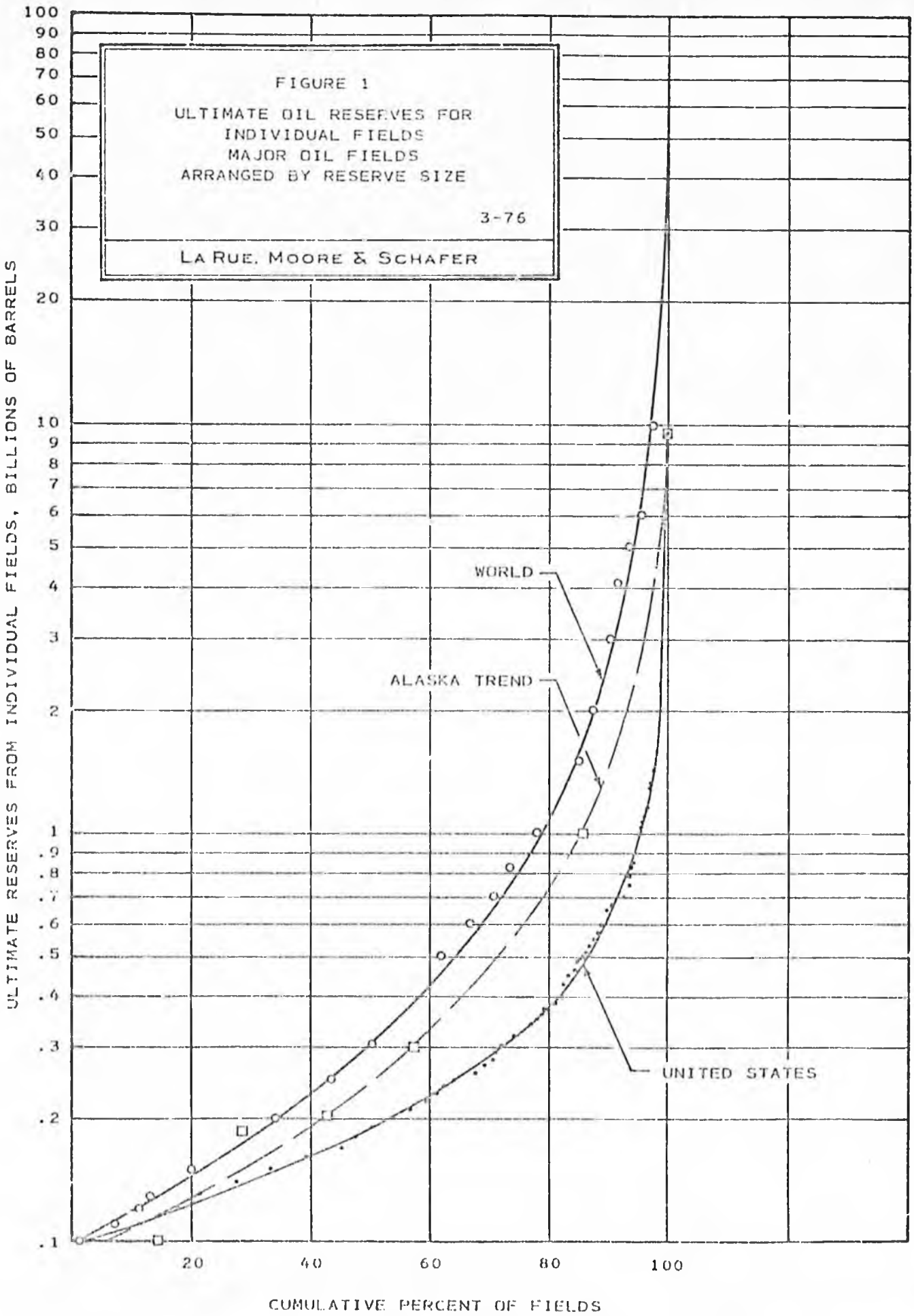
severance and ad valorem taxes required by the state to provide services for all residents, including commercial concerns. Combined severance and ad valorem taxes in oil and gas producing states reaches a maximum of 12 percent and averages about 9 percent. These taxes have not been discriminatory and are at such a level that they do not generally prevent development of oil properties.

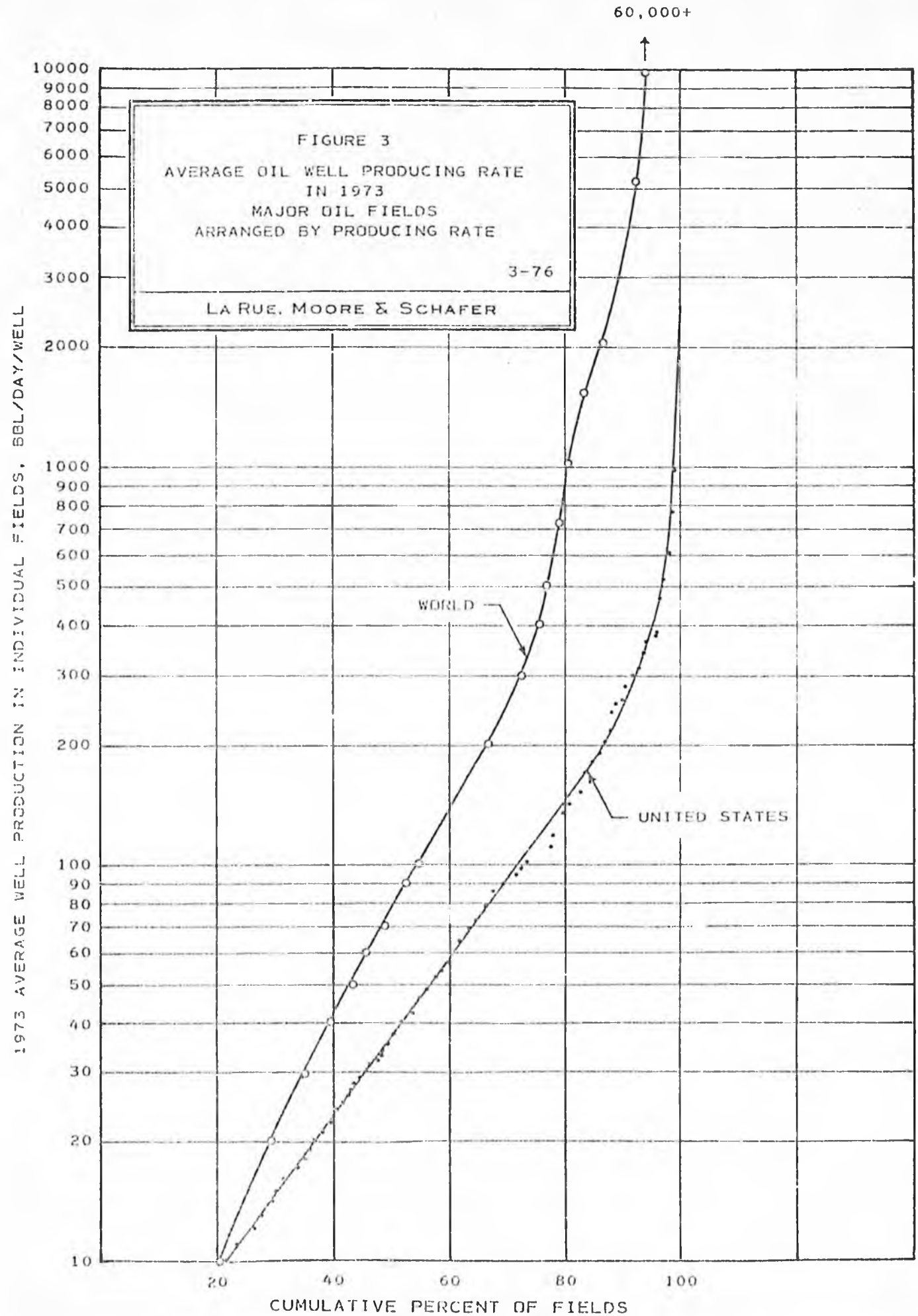
Virtually all the oil producing states, including Alaska, have highly qualified petroleum experts in their state regulatory agencies and most have state lands. The states have found, nevertheless, that it is far better for governments to collect revenues through reasonable taxation and royalties where state lands are involved than to enter into risk ventures. Many of the foreign governments which have plunged into the oil business have found very quickly that it is more economical and efficient to permit private companies to develop properties through leasing arrangements. Others have not come to this conclusion and are still struggling to obtain some measure of success within the constraints imposed by all government bureaucracies. Most observers do not view the nationalization of industry by Great Britain and government management of those industries with Dr. Tanzer's enthusiasm.

Effect of New Taxes on Exploration

Clearly, the addition of any new taxes on Alaskan oil production will work to the detriment of exploration activity in the frontier areas in proportion to the burden. Whatever tax policy is followed it must be stable because instability means political risk to the companies engaged in exploration. Both the North Slope and the interior areas of Alaska are just beginning what promises to be a long and successful period of petroleum exploration development. If taxes such as those proposed by Dr. Tanzer were to become effective in these frontier areas the door would simply close on exploration activity.

It would seem more prudent, if the State is desirous of additional petroleum revenues, to encourage the orderly exploration and development of lands within the State's boundaries and levy taxes in a manner consistent with those which have evolved in other states having long term petroleum experience. The revenues to be gained by the State under this procedure, together with royalties, bonuses and rentals from State lands and taxes on private lands, will no doubt outweigh any one time benefit which might be gained by a confiscatory tax on the nation's largest field. If, after some period of time, the revenues accruing to the State from fields as yet undiscovered do not equal those which might be generated by the "Tanzer taxes," the State could always reverse its position and tax the exploring companies out of business.


FIGURE 1
ULTIMATE OIL RESERVES FOR
INDIVIDUAL FIELDS
MAJOR OIL FIELDS
ARRANGED BY RESERVE SIZE
3-76
LA RUE, MOORE & SCHAFER
ULTIMATE RESERVES FROM INDIVIDUAL FIELDS, BILLIONS OF BARRELS
100
90
80
70
60
50
40
30
20
10
9
8
7
6
5
4
3
2
1
.9
.8
.7
.6
.5
.4
.3
.2
.1
WORLD
ALASKA TREND
UNITED STATES
20
40
60
80
100
CUMULATIVE PERCENT OF FIELDS


60,000+
FIGURE 3
AVERAGE OIL WELL PRODUCING RATE
IN 1973
MAJOR OIL FIELDS
ARRANGED BY PRODUCING RATE
3-76
LA RUE, MOORE & SCHAFER
1973 AVERAGE WELL PRODUCTION IN INDIVIDUAL FIELDS, BBL/DAY/WELL
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
900
800
700
600
500
400
300
200
100
90
80
70
60
50
40
30
20
10
WORLD
UNITED STATES
20
40
60
80
100
CUMULATIVE PERCENT OF FIELDS

Tape 7 Side 2 2642 - end
Tape 8 Side 1 0 - 1402

HOUSE RESOURCE COMMITTEE - Minutes - March 4, 1976

Present were Huntington, Hershberger, Rhode, Osterback, Smith, Brown Swanson, Staff Assistant Van Doren and Chairman Anderson

Subject: HB 769, HB 580

Sponsor Gardiner began. The basic problem is that a two-year time frame imposed on the salvage operations is unworkable. This bill would cut down the time-frame to 30 days with an extension possible. A loss would be recorded by the Department, then after 30 days, if salvage was still desired, but had not begun, an extension would be available. The desire is to make salvage possible of logs the timber industry is not interested in. The Dept. of Natural Resources does not have a policy on the sale of logs from beaches. Permits now are tied up in paperwork--so salvage takes place "illegally". Under HB 769, the state doesn't have to respond to a request for a permit. Automatic approval is granted if no response. Also, the bill would set up a federal-state log agreement. Most salvage logs are above the mean high water--which is federal land. Regarding brands--each business has its own brand.

(2783) According to Gardiner, there would not be any added administrative problem under this proposed legislation.

Chairman Anderson asked whether there was now a problem with permits. Answer: Yes, the process is cumbersome. The timing in the proposed bill is based on the current abandoned log status.

In answer to a question as to what happens to undistinguishable brands on abandoned timber, statement was made that it is now salvageable under permit. Gardiner also stressed that there is no magic in the 30-day timing in the bill. Time is needed to retreive the logs, but the longer you wait the more "junk" accumulates in the logs. They then become unusable in the mills.

Osterback stated that logs are a hazard to boats. The bill would be an aid to fishermen.

Mr. Smith asked whether there might be another solution to the problem. The proposed bill still presents a cumbersome proposition.

Rep. Gardiner stated that the "sign off" procedure in the bill for the state could speed up the process. Basically the industry is interested only in the larger amounts of logs. They don't bother reporting the smaller amounts. The state does nothing to or with reported losses. It only files them. It is up to the salvager to "do something".

Mr. Miller, co-sponsor of the bill, stated that, as Gardiner had said, the two-year waiting period was the hassel. (Miller referred to letters from Mr. Yates, and Mr. Dutton, copies of which are in committee folders)

Mr. Jim Clark, representing Alaska Lumber and Pulp, presented testimony on HB769. He stated that people will be here Fri., Mar. 5, who could present additional testimony on this bill. Mr. Clark stated that the problem is not when the title passes, although there could be a constitutional problem involved, but the problem is finding people who are willing to salvage the logs.

Mr. Clark elaborated on the title problem. Probably the logs belong to the Forest Service until they are scaled--which is when the actual number of board feet in the contract is known.

Contracting for beach salvage logging is difficult. Tides are a problem--no one has ever "made it" as a beach logger in Southeast. The companies end up getting people from down south to do the salvaging. Industry would "like to have a contract with a beach logger".

Chairman Anderson asked how industry now reflects salvage loss. Mr. Clark stated that it shows up on the books as a loss--the monitoring program shows the loss.

Mr. Clark stated that floating logs are comparatively easy to get. Beached logs are much harder to get. In answer to a question on what the market is for beached logs, Mr. Clark answered that it depends on the condition of the logs. Clark also stated that 30 days was not long enough for industry--people cannot be brought up fast enough to recover the logs in the 30-days.

Chairman Anderson asked whether a 1:30 p.m. meeting Friday would be acceptable with the industry people. The meeting was then set.

Mr. Clark stated additional industry concerns--under the failure to report clause, the term "lost logs" should be used, not "timber property". Also, clarification of "immediate" is needed. Also, there is an unclear relationship between the sections of the proposed Act. Clark made reference to the "Uniform Commercial Code" and its requirements.

Rep. Smith asked that there be clear title passage wording in the Act.

Mr. Anderson asked who owned the logs while they were being pulled down the channel. Mr. Clark answered that the Forest Service says that they own them at that time. However, the question is very real, as to who owns break-away logs. The industry and government have been working under "understandings". Now they are attempting to ascertain "definite" ownership criteria.

Rep. Miller stated that the title problem has nothing to do with the bill.

Clark continued--Industry does bear the risk of loss--they are concerned about the right to get their logs back.

Mr. Huntington asked whether in industry's opinion the present law giving 2 years was o.k. Clark answered "not necessarily, but 30 days is too short".

Rep. Brown referred to the "Uniform Commercial Code", and stated that problems in the proposed legislation could be amended. He stated that others must have had similar problems--and they must have solved them. It would be helpful to have law reference from other jurisdictions.

Mr. Smith asked why the log salvage had become an issue.

Mr. Larry Dutton, State Forester, presented testimony. He said that the state has been attempting to solve the salvage problems since at least 1970. Evidently the bill as presented would preclude sale of salvagable timber. The problem with permits is that the state should be able to recover administrative costs of the program. A fee is needed--either a flat fee or a volume-based fee. Also, the state has to know how much is actually being salvaged. Mr. Dutton felt that the permit system is burdensome. Also, the problem of logs above high water necessitates agreement with the federal people. An estimated value of the logs in question is necessary, with a price.

(Tape 8, Side 1) It is difficult to award a sale without watching out for protection of wildlife habitat. Cooperation with Fish and Game is thus necessary. Also, if 2 or more are applying for the same salvage logs, who gets it? Not enough information is provided. Mr. Dutton stated that large sales are not advertised--they are negotiated. He stated approval of the cooperative agreement that would be forthcoming under the bill between the federal and state governments.

Discussion of salvage problems included: Only 5 to 6 months per year can be used for salvage. Also, only 5 to 6 months [illegible]ear are covered by insurance on log-towing. Initial recovery period should be for at least 90 days. If industry attempts salvage, it will begin within 30 days. The total time needed would not be more than 90 days.

Mr. Smith asked about research on a state "Log Patrol". The answer was that in 1970 one was tried, but had a lack of support from the timber industry.

According to Mr. Dutton, Alaskan people are in the majority in applying for salvage permits.

Mr. Osterback asked whether if the insurance company has paid for the lost logs, then do they no longer belong to industry? Answer: Maybe.

As to what the insurance company is actually insuring, answer was that this is all or part of the question on when title passes.

Mr. Dutton added that a tremendous amount of money is involved in each log from the minute cutting starts. What the brand means is that that company has an interest in that log, even if the ownership at a given time is not clear.

Mr. Brown elaborated, stating that an example would be the sale of property (land) under contract. Lots can happen before the title

actually passes to the next party.

Mr. John Raynor, U.S.F.S., Div. of Timber Management, testified. (Tape 8 Side 1 0474--0595)

Form 421 is used to report the tree count to the Forest Service. When the raft arrives at the scaling point, a recount is made. If there is a significant difference, a check is made. If the check indicates that adverse conditions of weather or raft were present, adjustments might be made on the basis of comparing with the logs shipped.

Mr. Huntington asked why, if the Forest Service has been selling logs for over 20 years, how come no solution has been reached yet. Also, if the logs are on your beach, why wouldn't they be your logs. Answer was made that ownership of the brands goes for two years, with a 1 year extension possible. That's why this bill is necessary. After a three-year period, the logs are worthless.

A problem was stated as to combining state and federal logs in any one sale.

Mr. Anderson asked how come the problem hasn't been solved (salvage) yet, at least on federal lands. He also asked whether the federal government could charge industry a rental fee for space the logs take up. There was no concrete answer.

A question regarding navigation problems, ascertained that if the logs are not on National Forest lands, they are not the responsibility of the Forest Service.

Mr. Brown stated that the Federal Government has control of the navigable areas through the Coast Guard.

In answer to a question from Mr. Huntington as to what other states do about this situation, reply was made that the magnitude of the problems other states face is not as great as ours.

It was stated that there is support for the state and federal governments working together on this problem. As to progress on a proposed state-federal agreement alluded to, Mr. Raynor answered that only the concept has been discussed, with no agreement proposed yet. The bill would accelerate the process of getting agreement finalized. Probably three years would be necessary to complete the agreement.

Chairman Anderson stated that we definitely need to move on the waste problem.

Mr. Dutton quoted a memorandum to Roger Lewis re: a governor's log salvage bill. Evidently it is not going to be available. If HB 769 is passed, and if sale is involved, wording from the memorandum needs to be included.

Mr. Clark added information on timing. The logs go from the U.S.F.S. to the insurance company (if lost) and possibly a "reasonable" time needs to be specified for each step of the process. Chairman Anderson felt that this problem could be solved by regulations. Clark stated that regulations might be better than law for timing.

Mr. Brown asked whether the bill could refer not to the owner of the logs, but the owner of interest in the logs? Clark answered--"Probably".

Action on HB769 was recessed until 1:30 p.m. Friday, Mar. 5, 1976.

Announcement was made that status platts are to be sent on SB444 from Anchorage.

Mr. Smith moved that HB580 be passed with No Recommendation to Finance. Motion passed.

HOUSE RESOURCE COMMITTEE - Minutes - March 5, 1976
1:30 P.M.

Tape 8 Side 1
2730 to end
Side 2-0 to 1321

Present were Eliason, Huntington, Rhode, Smith, Osterback and Brown, with Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 769

Mr. Smith began continuation of the hearing on HB 769 by asking whether a tidelands lease was really necessary to salvage logs.

Mr Jim Clark, of Alaska Lumber and Pulp Co. (counsel) stated affirmatively. The state still has some requests for permits from a year ago. In order to salvage the logs, a rafting area must be established. The "killer" is that the Corps of Engineers require a permit for a rafting area. This problem could use up the entire 30 days plus an extension proposed in HB 769.

Mr. Smith stated that short term permits only are necessary for such as rafting procedures. That wouldn't take as much time.

Rep. Mike Miller stated that an entire raft breakup would not be usual. Small breakups are the common occurrence.

Mr. Walt Begalka, of Ketchikan Pulp Co., stated that he has worked with permits at least since 1958. Originally much leeway was allowed. Now permits are required for everytrhing. If a change of as little as one-half mile is incurred from the original permit, a new permit must be obtained.

Question: What is the feasability of logging salvage?
Answer: If "everything" was picked up, it could be profitable.
Question: How soon do you have to get wood for it to be saleable?
Answer: The biggest problem is iron and rocks in the wood.

Mr. Jim Rynearson, of Ketchikan Pulp, stated that salvageability depends upon when the logs were lost. If the logs are originally washed up high on the beach, they may be good for at least 3 years. However, if they are washed up at low tide, they probably will be battered.

Question: How can salvage operations be improved?
Answer: There are many problems--legal problems. So far, private ownership situations are no problem, but when the native ownership takes over additional problems will occur.
Also, the Corps of Engineers permits take up large amounts of time. Temporary permits used to be offered, but now only permanent permits are available.
British Columbia operations have been observed for several years, and many ways have been tried to solve the salvage problem. No profitable solution has yet been found.
Question: Why are there no Alaskan salvage operators?
Answer: Possibly because of the ownership problem (ownership of the logs). But basically, because of the cumbersome salvage permit system.

Mr. Begalka stated that many ways have been tried. Many losses are incurred at this time of year when it is impossible to retreive lost logs.

Mr. Huntington asked for a suggestion of a proper time frame for the bill. The answer was maybe a year, but some agencies don't move very fast. A year after the permit was awarded would be plenty of time.

In answer to a question as to how long a salvage permit lasts, answer was one year. It can be renewed, but a new fee is necessary. Also, total areas are not necessarily covered. There may be large open spaces between areas covered by the permit.

Discussion:

Rewrite the bill to fit time constraints. That would be a positive advance.
Eighty percent of logs are left above mean high tide.
Certain types of logs simply can't be used--no metal, no holes, no cedar, no rocks.
Logs used to be moved in flat rafts--logs left the rafts. It was/is difficult to bundle the logs.
The only real way to log after their being stranded on a beach is to load them with an A-frame or a loading machine. They must be bundled.

Regarding title: Title stays with the U.S.F.S. until the logs are scaled. Once rafts are paid for under loss, insurance company would own the logs. (right of subragation)

The industry's loss on an annual basis is possibly 2,000,000 feet a year. or $300,000.00. (Begalka)

Mr. Dutton stated that the Administration wouldn't object to a one-year limit if the subject company notified the state if at any time it actually abandoned the logs.

Discussion of the time involved to deliver logs from their source to their mill elicited that a possible 4 knots could be attained with rafts in good conditions. But the total situation is unpredictable. Logs are started in the South, transfered to northern tugs, then wait for a favorable tide at Sitka.

Mr. Dutton stated that the proposed bill requires an immediate report of log loss, whereas industry doesn't know a loss has been sustained until the scaling of the logs at the destination.

Mr. Begalka stated that any logs not accounted for at the destination must be paid for to the Forest Service.

Mr. Miller stated that the two-year period is generally agreed to be too long, both by government and by industry. But he expressed concern as to the "smoke screens" being raised on the issue. The problem is not title--it's time. Possible 45 days could be allowed for reporting, with no absolute outside limit for recovery. (3485) "If your are going to recover them, we don't care how long it takes".

Miller (cont.) Originally industry was not behind the bill because too much money was involved with little return. Now the main problem may be a need for legal counsel overview to clear up any problems that have been incurred.

Chairman Anderson: There is a problem--If industry is required to retreive logs, then the profitability decreases--is that correct? Mr. Begalka answered that at least 10% of wood on beaches is Douglas fir. Also on beaches is cottonwood and pine. The Forest Service won't allow any logs to be taken unless all are taken. (180). A concerted effort by industry and government is needed to recover the wood.

_____, representing the U.S.F.S., stated that the salvage problem has been recognized for many years--at least since 1957. Many of the stranded logs are not of Alaskan origin. (He will have more facts on this by next week). Probably only 2% to 3% are uprooted trees. The rest were once logs. Brands are unrecognizeable in 96% of the logs beached. Cedar comprises 21% of the useable lumber--and cedar is unuseable in pulp. There is lots of hemlock on the beaches, also. The longer the logs are on the beaches, the more the brands will disappear. There is also a trespass problem in recovering the logs. This problem will also be researched for the committee.

Chairman Anderson asked what was done with the logs no one wanted? Answer: There is no good solution at this time.

The representative of the Forest Service stated that at the time of an adjustment for lost logs, title passes. In effect, scaling is then accomplished.

Anderson--It doesn't appear to hurt industry if a few logs are lost. What is industry losing? The federal government should be able to go ahead and say to a salvager in such a situation "Get rid of it".

Mr. Al Anderson, of Alaska Wood Products, stated that just because the logs are insured doesn't mean that industry doesn't care what happens. Insurance rates go up. In answer to a question as to whether an insurance company will go out and gather up logs it has paid for, answer was "Maybe".

Mr. Miller asked how often there was a major spill. Mr. Begalka answered that Ketchikan Pulp has had two major breakups in 20 years. Al Anderson stated that an insurance company had recovered 900,000 out of 1,400,000 b/f in their most recent spill.

Mr. Begalka stated that the problem of lost logs is compounded by count inaccuracies.

Roger Allington, of Sealaska Corporation, testified to future problems foreseen by the native corporations. The corporations will be industry, but will also own the land. There is a problem with what the government

can do, versus what a private land owner can do. For instance, a private land owner cannot condemn property. Also trespass is a problem--there is a need for clarification on when a private owner can handle log property--in other words, who owns and for how long?

Mr. Miller stated that he sees it as a good deal for the private owner. If 30 days goes by they are already your logs by right of possession.

Chairman Anderson informed the committee that the bill will be addressed again after the information is in from Dutton.-- with a tentative date of March 19 for the rehearing. Staff was advised to get in touch with insurance companies for the timber industry.

Meeting adjourned.

Tape 10 Side 2
0479 - 1525

HOUSE RESOURCE COMMITTEE - Minutes - March 18, 1976

Present were Huntington, Swanson, Hershberger, Rhode, Smith and Brown; : Staff Assistant Van Doren and Chairman Anderson.

Subject: CS SCR 83 am
CS HB 769
HB 863

Motion was made to Pass CS SCR 83 am out of committee. Swanson made objection. General discussion cleared up the objection by Swanson. Motion carried to recommend Do Pass on CS SCR 83 am.

RE: HB 769. Joel Bennett gave a general resume of the changes in the committee substitute from the original bill. 1) there is now a 90-day salvage clause. 2) there is addition of good faith wording as applied to salvage attempts. 3) there is addition of "rightful transporter" wording.

Mr. Brown asked whether there might be a need for a definition of "rightful transporter".

Mr. Bennett answered that "rightful transporter" is to help clarify responsibility. Bennett also mentioned that the criminal provision of the original bill has been removed at request of the sponsor. Guidelines for the "good faith effort" will be in draft regulations.

Brown stated that regulations wouldn't be needed--"good faith" is familiar in the law. Brown presented a possible definition of "rightful transporter", (approx.) a person having an executory contract or interest in the logs, or his designee, or one who in normal process of trade transports or causes to be transported the logs. (0955)

Swanson expressed concern with regulations--they might present the catch in the bill.

Huntington stated the problem of logs the state owns that are under salvage contract, but the salvagers haven't done the job.

Brown suggested that there might be a need for another phrase covering "good faith" in the salvage operation.

Swanson mentioned situations in which it was impossible to retreive logs because of adverse tides. There is "alot to salvage besides "floating" the log".

Mr. Smith presented a possible "good faith" wording--"good faith effort includes the fact that effects of weather, tide, etc., might preclude salvage operations" (approx.)

Motion was made to include Mr. Smith's "good faith" wording and Mr. Browns "rightful transporter" wording in the Committee Substitute. Motion passed.

Motion for Do Pass recommendation of CS for HB 769 carried unanimously.

Mr. Brown suggested that a bill be presented by the Resources Committee addressing the salvage owner problem. Chairman Anderson requested the staff to handle this as expeditiously as possible.

It was requested that HB 863, scheduled for Monday morning, be brought before the committee for consideration. Committee agreed.

Pending receipt of a fiscal note, the Committee moved a Do Pass recommendation on HB863. Motion carried. If there is an adverse impact reflected in the note, the committee will reconsider the bill.

Meeting adjourned.

day, it's the average rate of return on the net assets of the stockholders, it can be an internal rate of return, it can be the marginal efficiency. These are technical things about which economists will argue endlessly. The point is that it is the prospective profitability which the State may want to look at but the tax system should be such that it is not triggered in any case until the potential profitability is realized. One doesn't tax on the basis of projections of profitability.

Therefore, if you are looking at the taxation system of Alaska, which encompasses already a severance tax, a normal corporate income tax, which we find faulty for reasons I will not discuss again but which I think should be fixed up in any case, and the proposals for some form of supplementary tax. How high the supplementary tax should be, how you determine what income is subject to supplementary tax -- we will discuss all of these things a little later. But, if you took at the entire tax system of Alaska and possible amendments to it, I'd say there are several things you must keep in mind which are absolutely basic if the tax system is to serve the interests of Alaska. First of all, it should not discourage exploration. There should be nothing in your tax system which discourages continuing exploration. You, yourself, will determine what kind of exploration and how it should be done by your leasing policy itself, but you should not use a tax system to discourage exploration and you wouldn't want anything in your tax system which does discourage exploration. That is to say, don't push back the margin of exploration. If there are prospects that industry would be well to explore, the tax system should encourage them, not discourage them from the exploration. Secondly, that the tax system should not impinge unduly on the prospects for profits and profitabilty of successful fields. On the prospects for profit and profitability of successful fields! Don't confront the industry in advance with a full knowledge that the tax system works in that way. Third, and this follows from what I said before, that the tax system, particularly if there is to be some form of surtax, or surcharge, that it should not be based on the assumption of superior profits, but it may well come into effect and apply when the fact, the evidence and the knowledge, the reality of superior profitability becomes evident. This is what I mean by not misinterpreting my remarks about DCF calculations, about Prudhoe Bay. I don't think the State has to close its eyes to the potential profitability of Prudhoe Bay, but if the potential profitability is established and a fact, then I think it is perfectly reasonable within certain guidelines, for the State to say that this is a proper avenue for taxation amongst all of the other decisions by the Legislature as to what the spending and disbursement policy of the State is, what the total revenue policy of the State is, but, certainly one cannot say _____ that one can ignore this as a potential avenue for revenue.

So the critical question then becomes, "Should there be, in Alaska, such a thing as a surtax." In other words, if in addition to your normal income tax, which is paid by every corporation based upon its taxable income within the State of Alaska, should there be for

the oil industry, first of all and I'd like to get this in as often as I could, a restructuring of your income tax of the oil industry at least pays the same nine plus percent tax on its producing profits as it would if it were any other type of industry in the state. But beyond that, should there be a surtax? This absolutely must fall within the discretion of the Legislature. No one can say, from the standpoint of economic policy, from the standpoint of the pros and cons of the industry's position, you must do it, or you dare not do it. It depends upon the whole structure of the Legislature's own thinking about the needs for revenue, about the alternative sources of revenue and is this something which ranks as a high priority rank in the minds of the Legislators as a source of revenue. Let me assume for a moment, for purposes of our discussion, that the answer is yes, that the Legislature is inclined to look upon the income from oil producing operations in the State of Alaska, separate and apart from the income of other economic activity in Alaska. It may chose not to do so, but if you do, what are the guidelines to the kind of tax that might then appropriately be levied?

First, I think the most important thing, such a surtax should not be effected before the company that is producing in Alaska and the income of that company from oil producing operations in Alaska is clearly beyond the average profitability. That is to say, the profitability is not estimated, is not imputed, is not guessed at, but it has been clearly established. Secondly, that the surtax should, under no circumstances, become effective for anything which is close to marginal exploration. That is to say, anyone who is looking at an exploration prospect here, and says, in the State of Alaska there is a surtax on certain types of oil producing income, must know that if what he finds is a marginal field, if it is barely worth developing, or if it is going to give him modest profit as well, that he is not discouraged either from looking at the prospect in advance and taking a lease, or having taken a lease because he thinks its going to be a real good prospect and finding out that it is very very marginal -- is the candle worth the burning -- should we develop that field or shouldn't we -- there should be nothing in the tax structure that discourages that.

This means, in effect, that the price which the United States Government is holding out to the State of Alaska and which determines the value of oil produced in Alaska, this price that the U.S. government is setting, the upper tier price, the price for new oil, which is designed as an incentive thrust to encourage people to go in and explore farther, explore harder, that there is nothing in the Alaska tax system which cuts away any of the incentives under that price. The full price is basically available as the incentive to exploration in Alaska as much as it is to exploration in any other state in the union, as much as it is to exploration in the Outer Continental Shelf or on federal lands.

It seems to me that the criticism which we may have of the bills that are now before the Legislature, which in one form or another involves surtax, the excess value surtax which is House Bill 703 and Senate Bill 621 and the oil production income tax which is House Bill 803, at least in the version that we have seen, and I am not sure we have seen all of the sponsor's amendments to them, but at least in the version that we have them, our criticism of these bills would be that to expose profits on production to a surtax before this superior profitability has really been established. In other words, they are anticipating that. One can object to them in principle also, there should or shouldn't be a surtax. I think I have covered that -- I suppose I should repeat it every once in a while because it gets lost. On the assumption that there is willingness on the part of the Legislature to consider at least the principle of the surtax. Our basic criticism of these bills is that they trigger the exposure of producing profitability to a surtax at a time when we feel is previous, unnecessary and possibly introduces all kinds of disincentives towards the exploration operation.

I suggested in my testimony yesterday morning, that there might be a alternative. I'm sure there are many alternatives. But there is one that we threw out and we put it out on the floor of the Joint Committee -- I will mention it here also because I think it is worth something as a basis for discussion by staffs and by legislators too. And this was the idea that if there is to be a surtax that what determines the breaking point between the time when a producing company pays no more than the regular state corporate income tax on his profits and when he is exposed to some surtax or some surcharge on his continuing profits from the producing operation in Alaska, should be the principle of capital recovery. That is to say, for purposes of the state income tax he continues as is normal under your state law and under your revenue department's regulations, he takes depreciation as it is allowed, expenses as it is allowed and so on. But for purposes for determining whether or not there is any producing income liable to surtax and if so, how much income there is liable to surtax, he shall be able to charge against his producing income as fast as he has revenues to do so, all of his capital costs necessary to achieve that production. Which means the lease acquisition costs, exploration costs, development costs and so on, and capital costs plus. That is to say, some markup of those capital costs, charged against his producing revenue. This means that for some length of time, even the most prolific field will probably not be susceptible or liable to any surtax. How long depends upon how much production is coming out of the field and what the costs were. But for a while there is no exposure to the surtax. For marginal fields, where it may take the life of the entire operation to recover all of the capital costs, there would never be any surtax so that it has no effect upon the marginal whatsoever. For the fields of modest profitability, not by guesswork, I am talking about at the end of the day, at the end of the life, there may or may not be exposure to surtax, depending upon what the capital cost ratios are. Now, capital recovery plus how much? I don't want to offer

a number at the present time. I might suggest for example that where there is such a tax system in practice, which is in the U.K. North Sea, they allow 1.75 times the capital recovery. I am not proposing the State of Alaska consider the U.K. tax regime, far from it. In our Bicentennial Year, I am not going to suggest that the United States look at a British tax system 200 years after they fought against the Stamp Act and got our independence. But there are some features which are similar and I think this is worthy of discussion because it meets one very important criterion, and that criterion is that it does not or should not have any affect upon the incentive for exploration and it really doesn't become effective until superior profitability is established.

Whether or not this would yield any revenues from Prudhoe Bay depends upon many circumstances. Nevermind the DCF calculations about Prudhoe Bay. What is the margin of profit? That is to say, the cents per barrel that would be made. This depends upon an awful lot of factors. None of us really know what the price is going to be and so on. But it all falls into place so that over time there is very substantial profitability in Prudhoe Bay, I would say, yes, it probably will be _____. If things go wrong in Prudhoe Bay, incidentally, -- if things so right it works well. Suppose things go wrong. What can go wrong? The _____ for example -- in the timing of the start of the production -- or the ability to move from 600,000 barrels per day to 1.2 million barrels per day -- experience in the first few years of producing operations. Nothing else should go wrong in Prudhoe Bay, enough has gone wrong already. But there has been no real experience with the affect of producing operations upon reservoir pressures but the industry has tremendous confidence and so on. But the economics of Prudhoe Bay, probably at this stage of the game, depend more than anything else upon well producability and the ability of wells with an average producability of four or five, six thousand barrels a day, but this has to carry forward. If it turns out that it is going to take a tremendous amount of additional drilling of producing wells after several years of operation in order to sustain the producability of Prudhoe Bay, then something else has gone wrong and that begins very seriously to interfere with the flow of the barrel profits and the ultimate profitability. So you see, what this principle of capital recovery costs does is it says to the oil company, "Up to the day you produce the first barrel, you've taken all of the risks. You took risks when you first took a lease from us and paid bonuses." They weren't so large in '64, '65 and '66, but they were pretty big in '69. "You took exploration expenses and they could have been dry holes. You started to develop" -- and development costs in Alaska typically must run tremendously high -- "You've taken all of the risks and now the first barrel is being produced. We the State, will pick up some of the risk now. That is to say, if there is to be a surtax, that surtax is not going to touch you for some period of time. You are now going to recover your capital which you have invested and for taking all these risks. After that period, your risks have become very little. You have recovered your capital. The State feels that if a superior profitability" -- now that doesn't mean that the industry shouldn't be compensated several times over for the

risks that they took. This has to do with the rates of return and what you expect if you are taking all these risks. The State says at least, "We are not going to even touch you with any kind of a surtax until -- we are taking the risk here and if things go wrong in a producing field so that you incur greater expenses, okay, then we are going to allow you the recovery of that also before a surtax comes into effect." In the producing operation which may be very profitable for a while but in order to sustain production it is going to require reworking of wells, a secondary recovery, these become capital outlays and the State says, "Fine. If you do this to sustain production, our surtax becomes abated until you recover that as well." But it does say that "If at some point in time you have very superior successes in Alaska, the State will not ignore that this is something vital, this industry is vital to Alaska, we do everything to sustain it but at that point in time we do not close our eyes to the fact that there can be superior profitability and this is the way in which we propose to tax."

Secondly. If the State is considering a surtax -- I think this is tremendously important -- what is the rate of the surtax? If you move from the state income tax at a little over 9% which you must strengthen so you make sure you get that 9.3% severance tax. But if you move to a surtax, the surtax rates cannot be oppressive. If the surtax rate is oppressive I think it does violence to three tremendously important features of a state tax policy.

First of all, an oppressive surtax cuts into, it cuts too deeply into the superior profit which the most successful are expected to earn and have to earn if they are going to pay for the marginal fields and for all of the losses. In other words, the tax system should not imply that suddenly all of this added profitability is surplus profits, windfall profit, or in the language of the economist, all economic rent, and therefore you can tax all of it away. That is to say, do not leave one unnecessary dollar with an oil company. I don't think this should be the policy of state taxation. You can't have excess profitability until you recognize that there are sufficient losses. You can't have windfall profits until you recognize that there are windfall losses. And there is no such thing as an economic rent on an oil field. There is only an economic rent in an entire oil producing product. You simply cannot measure economic rent on an individual oil field. You ahve to have a margin of superior profitability. This is what brings people into the exploration game. Nobody really looks to find a marginal oil field. Nobody really looks to drill dry holes -- of course not. Nobody looks to discover a marginal oil field -- the real incentive to exploration is the attraction of the bonanza, of the great discovery. And a certain amount of that must always be the expectation, and it must always be the realization. So the rate of surtax has to attune itself to the fact that there is going to be superior profitability which remains with the most successful company.

Secondly, I think you must be very, very concerned, careful, as to how deeply the State's rate of taxation cuts into the federal tax _____. I would hate to suggest to the Alaskans that they take their taxes after the federal government. You obviously have first claim. I don't think it is in the interest of Alaska completely to ignore the fact that when they are taxing with a surtax, the profits of companies, they are also taxing the income of the federal government. The federal government picks up a part. You take that into account when you reckon what the net cost is to an oil producing company to pay taxes to Alaska. I don't think you can really ignore how much you are taxing the federal government, when you establish a tax system in Alaska. You may weigh this how you will but the fact is that Alaskan oil producing operations are very much a part of the U. S. oil producing area. They are in many different ways. The most particular one and of relevance to you is that under our present energy act, the value of oil in Alaska is determined by the federal government. The producers at Prudhoe Bay suffered as many of the _____ and misfortunes as any successful explore could have been confronted with. Between the time of the discovery well and their first barrel of production there have been delays, there have been run up of costs, there has been misadventure after misadventure. All the risks that a private company should take, and have taken all of those risks, the profitability of Prudhoe Bay may have been driven down to an infinitesimal figure if they hadn't been bailed out. What happened in the interim was the tremendous run up of world oil prices by OPEC. This did not bail out the producers of Prudhoe Bay because the world congress which authorized the construction of the Alyeska system forbid, without special approval, the export of a single barrel of North Slope oil. You may be able to get $15 a barrel in world markets but you are not allowed to do it. What has bailed out Prudhoe Bay has been the policy of the federal government, which has said, even under conditions of price control that we are establishing price incentives for new exploration ventures. Whereas before, at the time of the discovery well, the average price of crude oil to the United States was about $3.40 a barrel, under normal circumstances it might have gone up five percent a year -- seven percent a year. $5.00 oil in the lower 48 states would have left Prudhoe Bay a poor venture indeed. But the federal government said that, "despite the fact that we maintain price control, we are allowing an upper tier price for new oil." Prices today as high $11.28 and they are going to go higher. But this is all pursuant to federal policy. And the purpose of this federal policy is to _____ exploration. And I don't think the state of Alaska would want to do anything which says in effect that the pricing policy of the federal government was designed to achieve certain purposes, shall not be fully appreciated here in Alaska, and we will ignore this by an undue level of taxation.

I have been quoted to the effect that, "If Alaska isn't careful, the FEA, the Federal Energy Administration, is going to lower the price of North Slope oil." I never said that. I think that is nonsense. I don't think the difficulty that may emerge between Alaska and the Federal government if you go to an exaggerated tax

system is going to depress the price of your oil. I think that is silly. That would be cutting their nose to spite their face. There is uncertainty as to what the price of North Slope oil is going to be for a lot of different reasons. But the problem has to do less with whether there is going to be specific retaliation, but more in the nature of how does Alaska as a state fit into the whole concept of our federal system and where does one draw the line between what the state takes first and what is left thereafter.

Third, it has to do with the implications of your surtax rate for the export of capital. Let me explain what I mean by that .... And if you don't allow the expensing of dry holes in Texas, you should allow the export of capital as well. That is to say, Alaska has benefited from the willingness of companies to come in and explore in Alaska on the basis of the superior earnings of their exploration efforts elsewhere. When you look at your rate of surcharge, what that tax rate is, you must be perfectly willing to allow that there are superior profits. You've given them an incentive to invest superior profits in Alaska. But they should not be denied superior profits even if they want to export the capital out of the State. In other words, you admit that you are part of the United States and you are not trying to tax away every dollar of superior profitability unless it stays in the State of Alaska. The principle then that I am addressing myself to is that if there is to be any such thing as a surtax, called by whatever name it is, if there is to be, (1) It should hold marginal and modest exploration efforts harmless against any surtax; (2) it should not come into effect in any case until superior profitability has been well established - one to one criterion is the recovery plus of capital; and (3) when it is applied, the tax rate shall not become onerous, it shall be a tax rate which is reasonable in terms of the presumed profitability so it does not attempt to simply siphon off all of that profitability, but it remains cognizant, aware of, and sensitive to the fact that a superior exploration effort must continue to earn superior profitability, even though it becomes subject to and liable for some surtax in Alaska.

SENATOR JOE ORSINI: If we had a regular corporation profit tax of 9 percent, which would actually tax them, as you pointed out numerous times in past years, that you are actually taxing at nine percent. Would we then also have the severance tax or should we drop the severance tax if we had sufficient regular corporation tax?

MILTON LIPTON: I think that a corporate income tax at the level that you have it, coupled with a severance tax is absolutely appropriate. I see no reason why the State of Alaska, if it subjects the oil industry to nothing more than normal corporate income, should give up principles of taxation which have been adopted in every other state -- either a combination

of severance tax, gross production tax, advalorem taxes and so on. I think that your attention of the severance tax is absolutely appropriate. It is not unreasonable for you to consider possible increases or restructuring of your severance tax rates in light of what has happened. I wouldn't want you to go ahead and decide on a whole new set of severance tax rates before you've made a decision on so many of the other tax bills that are before the legislature.

SENATOR JOE ORSINI: Then you recommend against then, to have the advalorem tax?

MILTON LIPTON: You are quite right. I should have said yes and dropped it. But I want to draw an analogy. Our criticism of the advalorem reserve tax was in effect, that it was a tax on profits before the first profit was being had. What we are trying to suggest to you is that if you go the surtax route, that again, you don't assume that there are superior profits until the evidence of superior profits is in hand. Of course the evidence is in hand after there has been this degree of capital recovery. And after the risks have been largely removed and you are saying to the company, "You have taken all the risks up to now, we will take the risk now." The criticism of the advalorem tax was that you tax normal profits before they began. If you are going to have a surtax, I don't think you would want to tax superior profits until the fact of superior profitability is clearly evidenced and not because somebody has computed, no matter how correctly, a DCF rate of return.

SENATOR JOE ORSINI: If we are going to change our regular corporation tax structure to adequately get the oil company, do we have the mechanisms now to allow the various costs involved to be amortized over a period of time?

MILTON LIPTON: I think that if you go ahead with a revision of the corporate income tax. For example, the net proceeds tax proposal is essentially, as I understand it, an attempt to transform the companies' options under the tax law, to a new method of calculating what the profit is on oil production per se, and subject them to the same rate of taxation as they would have if the present income tax could reach out and identify producing profits, which we don't think it can. The net proceeds tax would involve a certain form of revenue accounting to your Revenue Department. But so would it today if the companies filed on the basis of income -- that

is direct accounting under your present law would require them to show gross proceeds from sales in Alaska, allocation of costs, proper allocation of depreciation according to the nature of the property and so on. All of that would have to be done. The reason it really isn't done is because the companies don't fill out more than the first line - gross revenue from sales in Alaska - None. Nothing else is necessary and you can't touch oil producing profits in the State of Alaska. You could go to the allocation _____, we think that is sufficient. Now, whether you go the net proceeds bill -- I think your Revenue Department will comment on that net proceeds bill -- if you want us to we can also. Or the Revenue Department may come up with its own way of doing direct accounting. But if once you have that kind of accounting for purposes of the regular corporate income tax, there is not a lot more of accounting which is going to be necessary to determine whether a company is liable to surtax or if so to what extent it is liable to surtax. But I don't think this involves a bureaucratic nightmare.

SENATOR JOE ORSINI: You haven't then, looked at the net proceeds tax proposal? As I understood, you weren't prepared to comment on the specifics.

MILTON LIPTON: Yes, I have looked at the net proceeds tax. Yes, we would be glad to comment on the specifics if you like us to. I don't know if you are at that point.

(QUESTION INDISCERNIBLE)

MILTON LIPTON: Our major objection to the net proceeds bill as it is written, is that it makes the determination of gross value, which is the starting point of everything else, we think unduly cumbersome. It says, "FOB price at the Alaska border or other convenient point or as determined by the Department" and so on. The idea here is to separate out a company's income tax liability on account of profits from oil operations from all other forms of income because the feeling is that this is the one thing that gets most badly hidden in your present tax regime. If that were the case, it seems to us the most convenient and the most representative place to calculate the value before everything else is computed is at the wellhead. It has to be calculated at the wellhead in any case for reasons of severance tax and for reasons of royalty payments. And there would be as much or as little dispute about wellhead value for these purposes as it would be for income purposes. Indeed, if you could, under your present tax laws,

say, "Line 1 of direct accounting for income in Alaska." If you could legally say, "Gross revenues from sales in Alaska or in the case of oil producing operations, wellhead value of oil produced in Alaska", then you could go with your present tax law, you wouldn't have any problems. I think that for that purpose, it would make an awful lot of sense to start with a wellhead value since the purpose is to separate the income from oil producing operations from everything else so that it becomes identified and susceptible to the normal income tax rate.

There are some problems about the deduction of drilling costs and capital expenditures. It is not clear what this definition of property is, whether these allowances are by lease or what provision is made for dry hole expenditures. I think there are technical things in here that one has to look at very carefully. There may be easier ways to go about it but this is the sort of thing that the Revenue Department can probably speak to quite quickly.

SENATOR CHANCY CROFT: With the changes that you've suggested with regard to the net proceeds tax, do you think it is a reasonable approach?

MILTON LIPTON: The net proceeds tax? Yes. If we understand the intent and purpose of the net proceeds tax -- is to say that there shall be in effect a direct accounting of income from oil producing operations in Alaska. We are going to _____ at it this way, it's by indirection, but we are going to get it out this way and we are going to subject it to the same rate of taxation as if it fell under the perview of the regular corporate income tax law. This is not literally true. The minute you segregate out one piece of income from another piece of income, the two taxes don't work exactly the same. I have no real criticism of this approach. If this is the way in which you insure that oil producing profits in Alaska are subject to the normal state income tax rate, all well and good. Certain things happen. For example, you cannot reduce your liability for corporate income tax on the profits of Prudhoe Bay by money you lose in a gasoline station. On the other hand you can't reduce your tax liability for profits you make on gasoline by a dry hole somewhere else. You are separating it out. I don't think that is an abomination. I think the most important thing is that the oil producing income is reasonably subject to a corporate income tax. This is whether or not you have a surtax. If there is an easier way of doing it, I would like to to be done an easier way.

SENATOR CHANCY CROFT: Do you know of an easier way of doing it?

MILTON LIPTON: The easier way depends upon legality. My feeling is that if you could simply have all companies report either gross value of sales in Alaska or in the case of any product -- I hate to get involved in things which may involve other industries -- but if you're willing to say that in the case of oil producing operations, if you can simply _____ either the value of sales in Alaska or the value at the wellhead. The value at the wellhead presumably represents a net _____ from the value of the sale whereever it took place. If you can do that legally, I think that is the easiest and simplest way. If not, then you have to go the round about way and if it involves this kind of segregation, which means that you are separating out the profits in oil production from the profits elsewhere, you are separating out the losses in oil production from losses elsewhere, then you've done that kind of artificial division. I don't think there is anything terribly wrong about that.

SENATOR CHANCY CROFT: Just so that I understand it, its one thing to say there's nothing terribly wrong about it, but its another to say that....

MILTON LIPTON: I will be much more positive. I think that if this is the way that you can insure that Alaska collects its normal rate of corporate taxation of oil producing profits, then I think it is a good piece of legislation. I cannot say that there may not be a simpler way. But, per se, I think it is certainly an appropriate way of going about this.

SENATOR CHANCY CROFT: I know that you _____ money, but I think that you have had a chance to see, to at least talk to, some of the people on the staff and it seems to me that it was their opinion that the reason for taking this approach was that legally you had substantial problems with any other method. I think it was because of the legal concerns that you discussed that this method was proposed.

What about the question of severance tax? Do you think we should consider changes in the severance tax rate at this time?

MILTON LIPTON: Yes, but I don't think that you should do it independently of your decision as to how to dispose of the other tax legislation. I think it is perfectly appropriate to consider revisions in your severance tax from a lot of different standpoints. You may want to consider what the effect of higher rates

may be, you may want to change the steps schedule, you may want to continue or abandon the cents per barrel feature which I think has worked in a rather uncertain way, sometimes to the detriment of the industry sometimes to the detriment of the state. I well remember the reason for it having been put in. The merits of the reasons at that time are no longer merits today. I think an awful lot has happened since those severance tax rates were established. You will remember that when this aspect of severance taxation was introduced and was being discussed, we talked about them excessively for keeping severance taxation in Alaska reasonably in line with severance taxation elsewhere taking into account also, where there is or is not advalorem property tax. Alaska has found a range of advalorem property taxes in the interim which they have added to it. When we say, reasonably in line, it doesn't necessarily mean that a barrel of oil produced in Alaska shall pay no more in severance tax and advalorem tax than a barrel of oil produced somewhere else. What it means is that if a severance tax in Alaska were adopted by all 48 states, would it make sense or would it _____. Now the feature of the severance tax which we feel is most progressive is the step schedule, which says in effect that the State of Alaska is prepared to tax, as a percent of the gross value of oil at the wellhead, certain producing operations, less than virtually any other state in the union. It is prepared to tax as a percent of wellhead value for certain operations more than many states in the union but not more than some. To consider, at this stage of the game, with a vast change in the circumstances of costs, prices, values and everything else, to reconsider these severance taxes -- I think it is appropriate. My only suggestion at this moment for the committee is that the decision on the severance tax not be the first decision taken but it be taken in the context of how the other tax legislation is disposed of.

SENATOR CHANCY CROFT: Just so that we might have it in perspective. You mentioned that the problems and the risks that the owners of the Prudhoe Bay fields have taken, and it is true that from their original estimate of some 900 million dollars to build the pipeline, they are now talking close to 10 billion dollars at this point -- a tenfold increase in that item of cost alone. But shouldn't we also keep in prospective the increase in the value of Prudhoe Bay. At the time they were talking about $900 million, they were talking about $3 00 a barrel oil?

MILTON LIPTON: The expectation is that by the time it is produced it might be on the order of $5.00 a barrel.

SENATOR CHANCY CROFT: And now we are talking about over $10.00 a barrel.

MILTON LIPTON: The net effect of everything that has happened in the interim upon Prudhoe Bay, per se, is certain or uncertain depending upon how you measure the net effect. If you measure it in terms of the rate of return on their investment -- it depends upon what calculation you use. By our basis of calculation, and we are not prepared to utilize the industry's arguments that all capital investments including the pipeline and tankers will all have to be paid out of the profits of Prudhoe Bay. But by our calculations, it would appear that -- and again, say that the assumptions about the future, and you are right about those assumptions, that the rate of return on Prudhoe is probably lower today than what? This is the important thing. Than might have been estimated in 1970 on the basis of what then were reasonable assumptions about the future. And people made different kinds of estimates then. We think that the rate of return may well be lower. Especially if you use the DCF calculation. But the aggregate profitability is going to be ever so much higher. The dollars per barrel that will be earned on production should be much greater today than one might have assumed before, dollars per barrel. Which means that if your profitability on one -- if your rate of return on one Prudhoe Bay has gone down, if you now have a lower rate of return on several Prudhoe Bays, because the rate of return is now being calculated on a multiplied capital investment. In a sense, the rate of return on Prudhoe Bay has gone down but because of the acceleration in prices and so on -- it is not as though the rate of return on Prudhoe Bay has gone down, but it is as though the companies have now found oil field A, oil field B, and oil field C, all of which have somewhat _____ rates in tax. I don't know what you make of this as a principle of taxation. I don't think it is really relevant for formulating what kind of tax policy the state should follow.

If you take into account what has happened to costs and to prices, then in general it would seem, that because of the tremendous inflation would -- When the costs that were inflated are capital costs, it takes a hell of a lot of earning to maintain a rate of return. But you may still have a very, very large increase margin of profit per barrel. This

is the net effect of what has happened in between. I would guess that the oil industry could probably demonstrate to you that the rate of return has gone down to very much lower than what has been assumed. And they argue that the margin per barrel has not increased as much. This is a matter of judgement. The profitability rate of return is probably lower, the total profit per barrel, and multiplied by all the barrels at Prudhoe Bay are very considerably larger.

QUESTION: Larger? Is it fair to say that the rate of return on Prudhoe Bay has gone down and other fields have gone up, since 1974 of world ....

MILTON LIPTON: Yes. The rate of return on most existing oil producing operations will have been improved because the capital base remains unchanged. Operating costs have gone up somewhat owing to inflation but it is relatively unimportant. But if the price under which the oil is sold is very much higher, and this is true even for a large number of established oil fields that are operating under the old price ceiling, these can be very, very profitable. When the price which you get goes from $3.40 to $5.25, and even taking into account the loss of the depletion allowance in the interim, it looks as though, on the average, the profitability of oil fields has improved.

I'm not sure the net effect would have been in the Cook Inlet because while their capital base has remained the same, it's an old established thing, and the prices have gone up somewhat, the State of Alaska has really subjected them to a high rate of severance taxation. Quite independent of the increase in their own wellhead price. In Cook Inlet they are paying on the basis of cents per barrel and the cents per barrel has gone up under your severance tax escalation clause not only because the price of old oil has gone up but it's based upon the wholesale price index of crude oil and that raised the combination of new oil prices and old oil prices. And when the new oil price started going up, as it did last month up to about $13.00 a barrel, that pulled the wholesale price index up. The wholesale price index escalated your cents per barrel severance tax and for over a year their own wellhead price is under old oil price control. This stuff stayed here, the cents per barrel tax came up and you were collecting windfall profits which the state had never anticipated. The state thought the cents per barrel would go up as the posting at Cook Inlet would go up. "Don't let the oil companies fool around too much with their posting, we are going to make sure they're honest. To get back to your question, I would guess that for -- Your question really needs two

different answers. What the effect of a relationship between higher prices and higher costs will be on an exploration venture in Alaska today. I would guess that it is favorable for the exploration venture and for profitability. Although costs have multiplied several fold, there has really been quite a rapid run-up in the new oil price, the upper tier price, and it is still going higher. I think it should be very favorable for exploration incentives and for the profitability of successful ventures. The second part of my answer deals with something I discussed on Tuesday morning and I think it is very well worth bearing in mind. In any aspect of your consideration of taxation, if in fact there has been a favorable impact on the profitability of exploration ventures, this is absolutely essential. It is essential because this higher price which gives you the higher profitability on successful exploration ventures was intended to bring the industry in to more exploration than they otherwise would have done. And more exploration means taking leases where they otherwise would not have. Taking leases on inferior prospects. Drilling more dry holes. Abandoning more leases. Doing seismic work and then saying, "No we are not going to drill." It means that the high price is an inducement to the industry to lose more money. "We give you this high price with the complete expectation that you will lose more money in unsuccessful ventures." If the industry doesn't, then the whole U.S. policy falls apart. But how do you induce industries to lose more money? Because the high price says that when you are successful you will make more profit than you would have if you were successful with a five dollar price or a four dollar price. In other words, although the new price cost relationship should be favorable for profitability, they very well better be, if the industry is going to do the kind of exploration and suffer the kind of risks which the high price is designed to encourage. So there are two balanced aspects of it. I think this is part and parcel of the intention of our oil policy and the idea of giving out a higher price will support the objectives of policy only in so far as it works that way. Only in so far as the industry is prepared to take on greater risks than they otherwise would have before, when they are successful to earn somewhat higher prices to pay for the greater number of losses. This is one of the things I said that the State should take into account when they say, "Well, where is the measure of superior profitability. What rate would we, if we do at all impose a surtax on them."

SENATOR CHANCY CROFT: I am also curious with regard to the question of the profitability of Prudhoe Bay and that analysis. There is some indicaton that the oil industry is again moving the point at which it plans to maximize its profit from its integrated operations. It has moved it historically through several different stages of the process and there is an indication again, with the loss of the depletion allowance that industry is moving their profits from the production stage to the refining and marketing stage. I wonder if you might care to comment on that?

MILTON LIPTON: It is pretty difficult to generalize about what the industry is doing when each company strikes its own _____ and it does it only within the limits of what it is permitted to do by tax laws. The profitability of the producing venture is supported by prices. Prices have gone up even though your depletion allowance has been eliminated. Profitability, historically had been very low in refined marketing. One of the reasons of course is that the competition is very intense. Competition is intense because of the structure of operation. Not only the structure of the industry, there are more firms in refining marketing, but it is the structure of the operation too. The fact that if you have capital invested in a refinery and the refinery operates at 80% of capacity, you've got 20% of refining capacity, you utilize it. Then the marginal processing is very much lower than the _____.. When you can measure capacity in the refinery -- you can't measure capacity. You certainly can't measure unutilized capacity in distribution plants and gasoline stations. Historically, you've got so much unutilized capacity in that feature of the industry -- you put investment in gasoline stations, you want to get volume, turnover, and so the oil company operates a gasoline station, like a department store, you want to get as many people walking through, you want to sell as many units of your product as you can. And historically the companies could survive if there was intense competition at that end, provided they had some form of superior profitability in the producing end. Whether it was because of the depletion allowance on U. S. operations, or high unit profitability on foreign operations. That is pretty much out of the window now. Now the industry is faced with the need to obtain competitive profitability in virtually every function of their operation. There really isn't one thing that is going to support the other. A great deal of the profitability in foreign operations has been very much reduced. So that you find a tendancy, a trend towards the strengthening of product prices out of the sheer necessity to make them profitable

so that you can support them, insofar as competition permits it. It is not happening in Europe yet, that is for sure. In the United States, of course, there has been a reduction in product prices but this is part of the _____. I would say over the next few years, I would expect that refining and marketing profits will improve here. I don't think it is a matter of shifting so much. I think in Alaska we have always been very much concerned about the _____ of integrated profitability as between the producing function and the transportation function. Because the profits on the pipeline is virtually assured so long as operations continue and they are protected against the rate of taxation in that, so in effect, if the profit goes into the pipeline, which reduces the wellhead value, they are protected against any higher rate of taxation on a dollar of producing profit than it would have on a dollar of transportation profit. This is one of the things that the state would presume to maintain surveillance over, is Alaska Pipe Company.

SENATOR CHANCY CROFT: You were very critical yesterday of the discounted cash flow method of analysis that has been utilized in attempting to analyze profitability. Several of us in the legislature have been told that is the method by which the industry itself often evaluates a venture before they commit themselves to it, is the discounted cash flow. It also seems to me that you're suggestion with regard to a capital recovery mechanism in the surtax proposal is somewhat similar to a discounted cash flow method of analysis, that what you are ensuring is that there is a rate of return based on a level of expenditures.

MILTON LIPTON: I am not critical of DCF calculation. I am critical of some of the ways in which DCF calculations have been used or interpreted in connection with analyses of Prudhoe Bay. How can you critize a DCF calculation? It is a piece of arithmetic, that's all it is. Does the industry use DCF calculations? The industry must speak for itself, company by company must speak for itself. Let me tell you what our experience has been with oil companies, insofar as we are consultants with oil companies. The DCF calculation is used typically, to array alternative investments. If you have a DCF rate of return of 35 that goes here, if it is 30 it goes here, if it is 15 it goes down here. It permits you to array. Secondly, when you say that this is higher in the array and this is lower in the array, you've got to look at what your nature of the investment is. DCF calculations become reasonably comparable and are useful for purposes of array if two things hold true. If the intensity of capital

investment is approximately the same and if the lifetime of the investment is approximately the same I don't think any oil company would ever array a 31 percent DCF rate of return on an exploration venture, side by side with a 31 percent DCF rate of return on a refining venture. It wouldn't go into the arrays even. These DCF rates of return are not comparable. Now, if you talk about exploration ventures, I would suggest that most oil companies in an exploration _____ utilize DCF calculations. This is one way of pulling together all of the facts which are necessary to make a judgement. To my knowledge, an oil company would not, having made a DCF calculation, determine what its bonus bid is going to be on a lease. They might use it as one of the pieces of evidence, but they would not say that under this DCF calculation ... I am being more specific than I ought to be, but if a DCF calculation on a particular exploratory prospect comes out 50% and the company has as a rough criterion for yes, no, do we take a crack at the lease or don't we take a crack at the lease. _____ and then say okay, if I take the difference between 50% and X percent and I can translate that into a bonus payment and that is what I'm going to bid. And I wouldn't bid a penny more because if I do that I ruin the rate of return and I wouldn't bid a penny less because I have to be competitive. The DCF rate of return is one tool that serves a purpose. But you see, I would have been equally critical about the utilization of a rate of return calculation on Prudhoe Bay for tax purposes whether a DCF rate of return or were it an average return on net assets over the lifetime of the field, whether it was the marginal efficiency of capital or anything else. My real quarrel with the rates of return is that presumptive rates of return ought not to be the basis for taxation. These are presumptive rates of return. Even if it were the end of the day, I think it would be very difficult to look back and say, "Yes, there is superior profitability, but the superior profitability, because it yielded a return of 48% is exactly this much because it should have yielded only 24%." You may be able to calculate the 48% at the end of the day, but you really don't know what it ought to have been. The economic rent is over the whole area of the oil exploration operation.

MILTON LIPTON: I would like to suggest that perhaps you would like on Friday, to at least devote a little time to the question of leasing policy. This has been an old issue and I know that the native corporations have raised the whole subject of leasing policy as something which is vital to how the state reviews both tax policy and leasing policy. There is a bill that is before the legislature on leasing policy and I think it might be worth spending at least a few minutes if it is of interest to you now.

SENATE RESOURCES COMMITTEE

TESTIMONY OF MILTON LIPTON

LEGISLATIVE CONSULTANT ON OIL & GAS

March 26, 1976

Members in attendance were Senator Kay Poland, Chairman, Senator Joseph Orsini, Senator John Butrovich, Senator Chancy Croft and Senator Pete Meland.

SENATOR KAY POLAND: We have Mr. Lipton with us again today. And although Senator Croft will be along in five minutes, I think we will go ahead and start. Mr. Lipton?

MILTON LIPTON:

I don't propose to repeat our discussion of Wednesday. I would like to pick up approximately where we left off, but in the context of a great deal of the testimony that has been presented to the two resource committees in the intervening days. I suspect that there has been more discussion here this week on the subject of capital risks, profits, and tax policy than has probably taken place anywhere else outside of the University classroom. There has been a lot of divergence as to attitudes, _____. I wish I could select the few pippy words and resolve all of the controversy. There is just no way of doing it. But I am struck by the fact that the evidence that has been put on the record in the last few days, by the companies, indicates that the rates of return to date in Cook Inlet are not nearly as fullsome as some of the previous studies have indicated. It is difficult really, to judge even historical data without access to the specific numbers. I found extremely striking the ARCO representation that the operating costs per barrel in Cook Inlet were on the order of $1.35 per barrel. If this is the case, and definitions of operating costs are elusive until one sees exactly what goes into it, but if this is the case, and considering the very high capital investment per barrel in Cook Inlet where you have very heavy platform costs and only a few hundred barrels per day in production, this would indicate that perhaps the returns in Cook Inlet, at least thus far, are not all that exhuberant. Looking ahead, of course, it depends upon what is going to happen in the future to the prices that they will be able to get for Cook Inlet oil.

Prudhoe Bay is much of the same story. The evidence as put down before you that quite apart from some of the very high rates of return which earlier studies had indicated, at least individual

companies estimate that at best, their rates of return now after the run-up in prices, but having to compensate for the increase in costs, at best are only as good as they were in 1969 when they first looked at Prudhoe. And since the rates of return now, they suggest, are going to be fairly low -- on the order of 16% -- they suggest that these companies are really quite heroic in having entered into the fantastic cost of development and pipeline construction and everything else. In 1969, with the expectations of no more than a 16% rate of return. Everything remains for the future. I don't believe that any government can really devise a tax policy or even a schedule of tax rates on the basis of anticipation. The principle of taxation can be laid down well in advance. It may or may not raise the revenue for the government or for the state, depending upon what future results are in terms of production and profitability of the field. For example, if you go back to Prudhoe. If in fact, it should take, at Prudhoe, five, six, seven years to recover all of their capital costs, to obtain the leases, to explore, to develop and to establish the production capacity -- if it should take five, six, seven years to recover their costs and thereafter their per barrel costs, the margin between the price, the value of the oil at the wellhead and their royalties, severance taxes, operating costs and state income tax -- if that margin is slim and it takes five to six to seven years to recover costs, then, in fact, Prudhoe Bay will not be anything like the bonanza that they or the world or we might have anticipated.

On the other hand, if it turns out that the capital costs associated with Prudhoe Bay development can be recovered in two to three years and thereafter there is a relatively large margin between the value of the oil at the wellhead and all the continuing costs of production, royalties, severance tax, operating costs and so on, then I would say that the superior profitability of Prudhoe Bay will have been established. The industry's position throughout has been that any proposed changes in taxation look to take more than the industry would like to surrender to the state. There are others who believe that under the existing forms of taxation, the state may get less than is probably fair to the state. This is really more a theological debate than anything else. What is fair cannot be defined. What is right or what is wrong cannot be defined except in theological terms, which I am disinclined, under any circumstances to argue. But certainly with respect to the oil industry where theology was very much thrown into the balance in the middle east, the industry argued the Christian ethic in terms of sanctity of contract, and lost the theological argument very, very quickly because the answer was "If Allah wanted you to have the oil he would have given it to you. He gave it to us." You cannot argue theology when the islamic world has the reserves.

But what is interesting is whether or not the state can devise a tax structure which is not necessarily destructive of incentives for exploration or for marginal development. This brings us back to the discussion that we had on Wednesday as to what are the effects and implications of the tax. Not what is fair. Not what is right or what is wrong. But if the state is willing to consider

a form of taxation upon the oil industry which is separate and apart from other industries. Whether it should do it or not, you must decide for yourself. There are pros and cons in that. The pro is the source of revenue. The con is that you select this industry and you raise very serious questions about the stability of your tax rates in the future even though the tax system is very good. But if you propose to do it, then it should be done in such a way that if it raises revenue for the state in the first instance, it does not run counter to the long run incentives to development. If, in fact, the industry's return on Cook Inlet turns out to be as poor as has been indicated in recent submissions, and on Prudhoe Bay as lacking in "oomph" as the DCF studies by the industry indicate, then it is terribly important that the state maintain exploration because how else can industry get its money back except from future successes to pay for the failures in Cook Inlet and the failures in Prudhoe Bay, if this is the fact.

I do think that you can seriously consider other forms of taxation if this is the interest and direction the legislature wants to take, providing only that you appreciate that it is done in such a way as it does not destroy incentive.

Now I go back to my main theme, capital risks, profits and tax policy. The second thing which has run through the discussion before the committees this week is that you just can't look at Prudhoe Bay itself. After all, the investments in the pipeline have been ever so much greater even than the investment in the discovery and development of Prudhoe Bay. These pipeline expenditures involve not only capital outlays but they involve risks as well and you must take into account the risks in the pipeline outlay, the pipeline construction, when you consider whether or not the potential profitability in Prudhoe is average, superior or very, very superior. I don't believe that this is really a cogent argument. This is one of the problems also when you use DCF rates of return. Throughout the oil industry there are different orders of risks that an operating company is confronted with. The greatest risk is the risk that is incurred when a lease is taken and exploration is mounted. These are outlays by the industry which may be completely lost if it turns out that the exploration is unsuccessful -- the lease will be abandoned, the costs of that lease whether it be bonus payments, or dead _____ in the interim, all of the spending on dry holes, on the geophysical work that had taken place -- all of these are completely lost. This is the greatest risk to which the industry is subjected.

If you look at the North Slope, the second order of capital expenditures was much greater than the exploration expenditures. These are the tremendously large capital expenditures necessary to develop the productive capacity of a field which has close on to ten billion barrels of reserves, hopefully, recoverable reserves. At this point, the risks are different. The risk is not so much of losing all of one's money. The risk has to do with what will be all the future costs? What will be the prices in the future?

In other words, the risks have to do with whether or not you get a nominal return on your capital investment or you get a very large return on your capital investment. These are the commercial and economic risks, not the risks that nature imposes upon the industry. So when the companies decided to develop Prudhoe Bay, they were gambling a tremendous amount of capital, they were gambling on whether it would be marginally or better or superior profitability.

The pipeline investment is quite a different story. The pipeline investment involving perhaps seven billion dollars of outlays over a very considerabe length of time represents an investment for which the risk, in fact, is not very great. Why is it not very great? All of the investment in the pipeline, of the seven billion dollars, will be repaid in due course out of the value of the oil, not in Prudhoe Bay, out of the value of the oil in Valdez. The first claim upon the value of the oil in Valdez will be to meet the operating costs of the pipeline. After that the banks, the insurance companies, the lenders who have, through their lending, financed about 85% of the construction costs of the pipeline, will have a claim so that they will not only be paid their interest, but they will recover their capital as well. And, out of the value of the oil in Valdez, through the pipeline tariff, the companies will as well, pay all of their tax liabilities. Both to the state of Alaska, advalorem and income taxes and to the Federal government. And the tariff that obtains will still be high enough to give them a profit on the total investment and a multiple profit on their own equit . This is ensured unless there should be a complete failure of Prudhoe Bay production, or such a severe decline in Prudhoe Bay production over time, that they couldn't possibly conceive of a tariff high enough to cover it. But so long as the oil continues to flow and so long as the value in Valdez is satisfactory, the companies pipeline investment will be recovered and the profit will be made. When they knew that they had some ten billion barrels of reserves in Prudhoe Bay, at that point there were tremendous outlays, long waiting, certain uncertainties, but the profitability from the pipeline is more sure than the profitability in an exploration venture or even in a development program. And it is for that reason that I do not believe it is appropriate for the industry to say that when you judge the profitability of Prudhoe Bay, take into account the tremendous costs and risks of pipeline investment. Exploration is one order of risk, development is a second order of risk, the pipeline investment is still quite a different order of risk. This is not to say that the companies participating in the pipeline who are also producers at Prudhoe do not suffer from the high cost of pipeline construction. They certainly do, just as the state does. The run up in pipeline costs is going to diminish the value of oil in Prudhoe Bay. And if it diminishes the value of oil in Prudhoe Bay they will make less money on their wellhead value and the state money will make less money on its royalty, on its severance tax and on its income tax. But once that is taken into account, in other words, the profitability of the pipeline has been charged against the value of the oil in Valdez, I do not think it is correct to say that when you judge the profitability of Prudhoe,

take into account the great risks which we the operating companies assume when we undertook to build this mammoth construction project.

Well, I thought I would just mention these points as apropos of the debate over capital risks, profits and tax policy, an extention of the discussion which we had on Wednesday and then leave it to you to decide if you wanted to pick up the whole question of specific tax bills or general tax policy.

SENATOR POLAND: Are you familiar with Senate Bill 295 that they had in last year on the severance tax?

MILTON LIPTON: Was that Senate Bill 295 last year? I was certainly familiar with it last year. I'm not sure I can identify it this year. Oh yes. This is the one that added brackets to the severance tax structure and increased the tax rate in the two additional brackets of average well producability. I see that in the schedule of severance taxation. Added is a tax on gas and gas liquids. There was a bill before the legislature last session to increase the severance tax on gas to 10%. Did you have a specific question about this Senator Poland?

SENATOR POLAND: Well, I wondered how you felt about this type of production at this time?

MILTON LIPTON: We testified, I believe, before the legislature last session. I know we wrote a memorandum to all of the committee chairmen toward the end of the session and sent it from New York. We responded also to a letter from Senator Croft on the subject of severance taxation. My reply on all three occasions was that in principle, we do think it is quite appropriate for the state to consider the rates of severance taxation, on oil specifically. Gas is, in a sense, a separate question because for a good portion of your gas, any increase in severance tax will be paid by Alaskan consumers. You will have to consider whether or not yo[illegible]t to increase the state's revenues from gas pr[illegible], both from the Japanese and from Petro Chemical Industry and from the Kenai-Anchorage consumers simultaneously. We felt that it was appropriate considering only that one is careful that the increases shall come not of the lower producability wells but towards the top brackets. Which means possibly adding some brackets and providing also that even at the top that the rates of severance taxation, since it is on gross wellhead value not on profits, do not become unduly onerous.

I would like to call to your attention to the way in which your cents per barrel tax for example on Cook Inlet has operated. In your present severance tax as a percent of value, the rate of the percent of value, for a well up to 300 barrels a day, the current tax, as a percentage of wellhead value would come out to about 4.4%. That is on gross barrels. The 20 million cents per barrel which is actually being paid works out to 6.1% of wellhead value. That is to say, that where you have put the floor under it to your cents per barrel costs because of the esclation of your floor every month until February with some decline already built into it, the result was that on a well in this bracket they were actually paying 6.1% instead of 4.4%. If you take a well of 1,000 barrels a day or over, the percent of value rate of taxation, in your present law, calls for seven percent on the net barrel, whereas the cents per barrel payment, 46 cents a barrel works out to 9.8%. You are already getting higher severance taxes which are a higher percent of wellhead value that the percentages that are built into your severance tax law.

I do believe that all things considered, including the fact that we are almost certainly, but not inevitably, in a rising trend of wellhead values in North America that it might be appropriate now, judiciously to look at a stretching out of the bracket and some increases in the severance tax at the top bracket. You felt that way then. You responded to interogatories and in my first testimony I repeated that with the admonition that if you are looking at a whole tax package, I would hate to see the legislature decide upon changes in the severance tax law before they had resolved the issue of what is to become of the surtax legislation which has been laid before you.

COMMENT: I'm sure you have noticed that in the Committee Substitute that we have lowered the tax on the first 200 barrels.

SENATOR POLAND: Where there any questions any of the committee members had with regard to that that they wanted to ask Mr. Lipton right now?

SENATOR CHANCY CROFT: The tax on the gas taking it from 4 to 10 percent -- some states have run into the problem of taxing residents, in effect -- the domestic use of gas more by going to that rather than some type of cents per MCF. Do you see any problem like that

here? I'm not sure whether we're at that stage yet or not with Cook Inlet gas production.

MILTON LIPTON: Well, I think that any increase in the growth production tax on gas, under the contracts as I recall them, can be passed on to the consumer. Which means that although the state would be getting greater revenue, it would be getting greater revenue in part from consumers outside the state, in part, if other contracts don't provide for escalation for severance tax, in part, out of producer's profits but I think that is unlikely, but in part out of the prices paid by Alaskan consumers.

SENATOR CHANCY CROFT: As I recall, in Texas, the intrastate sale of gas was at a higher price than the interstate sale because the interstate sale was regulated so that if you used a percentage approach, Texans were paying with the pass-through provision more cents per MCF than were people in other states. And that if you went to a cents per MCF then you, in effect, tax the interstate gas at a higher rate. Is that something we should consider in Alaska? Is there that much difference in gas prices?

MILTON LIPTON: I really don't know. The last I had heard there was a very appreciable increase in their intrastate gas prices. Their interstate prices went up also. There is another aspect to this. And that is whether or not the state can, by indirection, relieve its consumers of the added burden of an increase in the severance tax. Louisiana for many years has had a device -- although they are not allowed to charge a lower severance tax for gas used within the state from gas that is exported, they in effect had a state system of _____ for industry so that the state coffers would know stuff about the severance tax but the costs of energy to Louisiana industry carried a certain state _____.

I have no idea whether the magnitudes we are talking about here warrant a shift from percent of wellhead value to cents per barrel. I don't think, particularly in the case of oil, it makes too makes sense to continue the floor by virtue of cents per barrel. I think you should very seriously consider whether you want to get rid of this one or the other alternative as a means by which the producer pays his taxes. But cents per barrel, especially the way it appears in existing law, and as it may if there is escalation in the future, means that the producer and the state is at the mercy of the vagaries of lower 48 state Prudhoe prices. An for a long period of time, the producers in Cook Inlet found that

their severance taxes were going up, not because their own wellhead prices were going up, not because old oil prices were going up, because the wholesale price index for crude produced in the United States was going up because the new crude price was decontrolled and it was going up very, very rapidly. That pulled the average up. The average lifted your cents per barrel floor and the producers, caught with a fixed old oil price, were paying a progressively higher severance tax. In February, suddenly, it worked to the advantage of the producer and to the disadvantage of the state because the government under the energy act rolled new oil prices back from around $13 a barrel to $11.28 a barrel, which reduces the wholesale price and makes your floor go down and all of a sudden you have an entirely different severance tax. I don't think this is a particularly healthy situation. There are too many uncertainties in it.

The cents per barrel was introduced into the severance tax at a late moment in the legislature's deliberation and the basic incentive to it at that time to provide a certain guarantee to the Department of Revenue that the revenue projection through 1977 and so on, would not be upset by the possible failure of the Prudhoe Bay wellhead price to reach the level that had been estimated or projected in their projections. I sense that the revenue projections, released as revenue needs got out of kilter for a lot of other reasons in the intervening years. I don't know that there is any particular merit in maintaining the cents per barrel. This you must consider whether you still want a floor somewhere.

SENATOR CHANCY CROFT: You have also looked at Senate Bill 567, which is also the production tax by the interim committee. I was just wondering with regard to either of these two bills and the rate does vary between the two of them, and the tax on gas is certainly different. But is there is any problem that you see with the state enacting either one of those two bills?

MILTON LIPTON: I would not presume to pass judgement on the relative merit of a particular tax, rates and their various brackets. I think in a way there may be a certain virtue in reducing the tax rate in the very low brackets. How high you go in the upper bracket, this is a matter of judgement. I think we were a little concerned with the cents per barrel floor that was put into the sponsor's substitute.

SENATOR CHANCY CROFT: Before we get to that. Just with regard to the percentage.

MILTON LIPTON: No real recommendation to make. One as compared to the other.

SENATOR CROFT: And considering both of them, do you think either one of them goes too far?

MILTON LIPTON: If I say no, neither one of them goes too far, the next question is should you go to 14.5 percent. No I don't think either goes too far.

SENATOR CROFT: Secondly, are they realistic considering the changes that have taken place, the things that you have described to us. Do they still establish a realistic and responsible level of taxation for the state at this point.

MILTON LIPTON: I think so. Basically, although some of these rates look to be higher than, say Louisiana where the top rate is 12.5%, the fact remains that if you go to 12.5% or 14.5%, this is part of the step schedule. And the effective rate is an averaging of what the producer will pay for the first 300 for the next 700 or 1,000, and so on. I wouldn't think that the rates, per se, are horrendously out of line. Furthermore I would say that if either one of these severance tax bills were enacted into law and then Colorado or Texas or California were prepared to say that we will adopt that as a model. I don't think they would. Louisiana might not raise their revenues very much if they take that as a model because Louisiana would have to give up 12.5% on a hell of a lot of oil of their production before they could pick up 14% on the kind of wells that you are apt to have here. The only thing I would add is that you are still talking about a percentage of gross wellhead value and although this step schedule gives you a certain sensitivity because you are looking at average production per well, there is a time when you have to cry halt. This is not an endless device which you can constantly increase because eventually, what you are doing is when you tax the percentage of gross wellhead value you are taxing the percentage of net much higher than that. How much higher depends upon the margin of cost. The fact remains that it may very well be that the cost of the percentage of gross wellhead value will obviously differ field by field in this state, among the two areas you already have and a third which you will hopefully discover within a year or so and all the other fields to come. There has to be somewhere a realization that

you are taxing gross wellhead value. Within the limits of these qualifications, I don't think that these are, per se, _____.

DICK: I think Milton's comments were really directed to the percentage of value as they appear in this law. If you look at the cents per barrel tax in the law, and apply the wholesale price index _____ one comes up with very substantially higher rates of taxation than the percentage of values..

MILTON LIPTON: That is the sponsor substitute? If you talk about the percent of wellhead value you get one set of answers. If you look at the cents per barrel, it changes, and the kind of escalation which takes place, then you get a much heavier rate of taxation than is _____ by the percent of _____.

SENATOR CROFT: What, with regard to committee substitute for Senate Bill 295, those since ...

MILTON LIPTON: We haven't looked at those. We were just given this but we haven't looked at them too carefully. We can run a quick check on them this afternoon.

QUESTION: I would guess that they would be very much -- they look to be relatively _____ percentage of value and the escalation I noticed does not go back to the summer of 73, it starts as of today _____.

SENATOR CROFT: The last step is higher than in 567 but it is more as you mentioned before?

MILTON LIPTON: Senator, it is very difficult. And I think it would be irresponsible for us to make quick judgements until we can do some calculations on this. For example, I hadn't read the text and I'm not quite sure how these would apply and so on. We do know that in the Sponsor's Substitute there is a much more rapid run up in the tax liability when computed on the cents per barrel basis than when computed on the potential wellhead value.

SENATOR CROFT: Could you also look through both of these bills and see if there are any particular provisions to see if they cause you any concern because I assume, as you indicated Tuesday, that you have advised us that we should consider the revision of our severance tax both in terms of reducing the severance in the lower range and substantially increasing it in the upper range and I would assume that both of these bills were in line with that general suggestion. Is that correct?

MILTON LIPTON: Yes.

SENATOR JOE ORSINI: Maybe I am getting something wrong here. As I understand it, your basic premise is not to have the lowered value -- your perception of national policy is to have lower value wells put into production, so as to get more oil...

MILTON LIPTON: Yes. By all means, if you are producing, don't let the well become uneconomical. Try to maintain the greatest possible recovery out of your discovered reserves. Absolutely.

SENATOR ORSINI: In that regard then by going to a gross production tax, either percentage or cents per barrel, are we accomplishing that end or should we go to some sort of a net and somehow tax on the net rather than the gross. Is that a practical approach -- to tax on the net?

MILTON LIPTON: If you start taxing net, you've got an income tax. And the question is, what form of an income tax do you want to use? You have a gross production tax at the present time. And I think that the relatively low rate of severance taxation that you have at the present time tends to encourage the maintenance and production out of these low producability wells. I think if you lower the severance tax a bit more, it also works in that direction. You know you have in your state statutes the rights of the commission to abate royalty, if it is necessary to sustain production. I think the state in general has put together an attitude toward producing operations which is conducive to optimum recovery of reserves. This is just on the side, one of the difficulties that we have and it is in our recent report to the state, was royalty bidding. That rate was a danger and in due course the bidding of high royalties may discourage the optimum or certainly the maximum recovery of oil from discovered reserves. But short of abandoning altogether a gross production tax and going entirely to another form of income tax, I don't think that what you have on the books or what is being proposed really is going to inhibit the maintenance of operations in your fields or optimum recovery from those reserves.

QUESTION: On Senate Bill 620, net proceeds tax. Kind of tieing in with Senator Orsini's comments...

MILTON LIPTON: The two things that we had commented on before when we were asked was (1) the definition of gross value, which is the beginning of the whole concept

of net proceeds; and there gross value is defined as the FPB price at the Alaska border or other convenient point or as determined by the Department. We simply felt all along that the logical and the easiest way of operating is if gross value was value at the wellhead. And there, working with the same figure whether it's for royalty purposes, severance tax purposes or net proceeds purposes. Now there may be a legal reason for this and if there is that is well worth looking into.

The other thing has to do on page three, section 040, the deducting of drilling costs and capital expenditures, there is a problem of the definition of property in there and whether it is by lease or by field or what, and the treatment of dry hole expenditures, I think those have to be looked at rather carefully. The department, in computing the allowable amortization of the exploration costs shall allow up to 7% of the exploration cost per year. I would think that in the treatment of capital expenditures and drilling costs in the net proceeds bill, you ought to hold this as carefully as possible for what has already been the regulations of the department on it. How have they been treating these things in the past. But in general, we think that if this is the way to get at producing income in the state, to identify it and therefore to make it liable and susceptible to income taxation, then the approach is certainly worth trying. I should say though, the bill starts out by saying that it is really in lieu of the state income tax. This is what it is meant to be. It is not strictly an in lieu of income tax bill. I think you must all understand that. That under the income tax law, it is the corporation that is being taxed presumably for all of its activities in Alaska. It will merge all of its revenues from all activities. It will deduct all of its costs from all activities and presumably come up with a net profit on account of operations in Alaska. Either directly accountable or by allocation or whatever the case may be.

What the net proceeds bill does is it separates the oil producing operation from oil. That means, in effect, that if there are losses on producing operations, they can be deducted only from profits on producing operations. They cannot be deducted from profits on refining or marketing or real estate speculation or anything else. If there are losses on marketing in Alaska, they cannot be deducted from profits in producing. What you said in effect, a corporation now is going to be taxed

on its income or on its profits from producing operations, separate, apart and independent of all other activities that they may or may not take on in this state. I don't quarrel with that at all. But you must know that this is what you are doing. It means that there is less of an incentive for somebody to put profits from the supermarket business in Alaska into oil exploration because if he loses his money in a dry hole, he can't charge it off against his taxes on profits in the supermarket in Alaska. You have separated these things apart. I say this because you must appreciate that this is what the bill does. The purpose of the bill is to enable you to identify and tax the profits on production -- the way the bill does act is to cut off the business of oil exploration and oil production in the state from every other economic activity.

SENATOR ORSINI: My understanding is that you have advocated this for a long time as what we should do.

MILTON LIPTON: I have advocated for a long time that you must be able, within your income tax law, to identify producing profit in the state, not have them imputed because either the old fashioned direct accounting or now, the imputing of profit by the formula is not going to give you a handle on what the profits may be. You have to be very careful because now the industry is telling of very few profits in Cook Inlet and hardly anything coming up on Prudhoe Bay. But maybe there will be a more successful field someday. And this is quite apart from anything else you do with your tax legislation. I think it is very important for the state that you are able, as a state, to identify the profitability of producing operations here. I don't think it is appropriate that oil that is produced in Alaska and sent out of the state without any sale here in a sense should escape a proper allocation of the profitability of that production. It may be sold in Los Angeles or it may be shipped to Texas or whatever the case may be, but there is a value at the wellhead of that oil having been discovered and produced in Alaska and that value and the profit on the value should be susceptible to your taxation.

QUESTION: How else could you do this other than the approach that is presented in this bill?

MILTON LIPTON: I don't know. I presume that your Revenue Department will be testifying. They may have other ideas.

QUESTION: As far as you know, are there other viable approaches?

MILTON LIPTON: I always felt that the easiest approach, if it could be legally handled, would be if when the company reports on his gross proceeds in the state, gross proceeds are defined either as the revenue from all sales in the state or the value of production in the state if it is exported and not sold in the State. That way everything after that could follow. And then you have all of the cost deductions, all the amortizations of capital and everything. If that could be legally done -- I gather that there might be some problems. If your tax committee and its stand feel it must go this route.

QUESTION: Your feeling as to the optimum way would be to, on our regular tax laws, would be to define the gross proceeds as you just have, in lieu of normally a business would be of gross income. But if there is some legal problems with that, then you see this type of vehicle as a suitable vehicle for...?

MILTON LIPTON: This is a round about device and I gather the reason for it being round about is because there are legal problems. I would rather not talk to the legal problems, you have your own revenue department and your own AG and your own committee that are much better informed about that than we are.

QUESTION: Have you had a chance to look, study this fairly closely? Given that we have to use this type of vehicle, are you satisfied that other than the things you've mentioned here...

MILTON LIPTON: Yes. Yes, we have looked over it very carefully.

Dick calls my attention to line numbers 28 and 29 on page two. The actual cost of transporting the product from the well to the FOB point. What is meant by the actual cost? Is it the cost of service of a company who is both a shipper and owner of the pipeline or is it a tariff? My own feeling is that if you didn't do it on the basis where it says gross value -- if you use wellhead, you avoid all of that.

QUESTION: Do you think the various allowances of costs, expensing deductions and capital expenditures over ten years, etc., these are reasonable?

MILTON LIPTON: I think you would be better advised to get the Revenue Department's evaluation of that because they already have regulations for the rates of which amortization is charged against various

categories and I don't see any particular reason, if you are going this route, why the regulations just have to be changed because you go net proceeds instead of income tax. And there, I think the Revenue Department has had a policy about this for a long time and you should probably talk to them about that.

QUESTION: What about this combination of this type of approach in conjunction with existing _____ we're proposing some applications be advalorem. Do you see those as meshing together?

MILTON LIPTON: Yes.

QUESTION: You have mentioned previously that some of the costs involved in general exploration such as geophysical testing and this kind of thing are legitimate expenses. Of course the problem is that a lot of this work is done outside the state. How would you suggest we get at that kind of a thing? Rely on direct evidence from the involved companies? Or can you think of some rough handle, some percentage of something else is a good measure or how would that...?

MILTON LIPTON: The bill does provide that the deduction shall not include any expenditures for the salary of a person that actually engaged in the operation of the well, or office and engineering work in the state necessary in connection with the operation. On the other hand I don't think that you can disallow services which are purchased from people outside of the state such as geophysical services.

QUESTION: A company may use its own computer, its own staff, who are not in the state for work that is taking place in the state.

MILTON LIPTON: The bill does not allow them to charge the salaries of the people directly. I don't think the bill would deny them the right to bill operations here where the service is rendered. I don't think that you want to be so restrictive that you deny any right to charge legitimate costs for Alaskan operations.

QUESTION: If those kind of costs were not included in that piece of legislation, you're suggesting that we do do those things?

MILTON LIPTON: Yes. I am certain it is perfectly legitimate that the costs associated with exploration and producing

operations in Alaska, if they are performed _____. I am not sure what percentage of home office overhead you would like to allow applied to Alaska.

QUESTION: Is there any rule of thumb that you can think of? I see a lot of hassle for the companies involved to go separating out 10 percent of this guy's salary and two percent of somebody else's salary and so many square feet of floor space, six months per year or something like that....

MILTON LIPTON: I would think that the -- what can be done of course is if you have an operating company in Alaska who buys a service and he gets billed for it and he pays. It is done as though -- what you would pay for it if it was at arm's length and if it was done in house you pay what otherwise would have been at arm's length price.

QUESTION: Another way to use a rule of thumb -- for every well drilled it is going to cost you the cost of that well plus 20 percent or something. Is that a viable approach or not?

MILTON LIPTON: No. I don't think so. I shouldn't speak so quickly. You may want to give a statutory allowance for costs not otherwise allocable because they were performed elsewhere. You may want to give it statutory allowance which is some small fraction of all costs incurred. That kind of statutory allowance...

QUESTION: It may be worth saving to the administration just to be able to say a flat percentage of some sort. I was looking for something to tie that percentage in to.

MILTON LIPTON: I would guess, again, that the Department of Revenue must have some figures on that. Within the state, what are these small unidentifiable items. Allow the same thing whether its in or out of the state. You are talking about a small fraction of one percent of all the eligible costs.

SENATOR ORSINI: Does this committee have the bills on the state gas pipeline?

SENATOR POLAND: No. You are certainly welcome to ask any questions you want to about those bills because they may be coming to this committee.

QUESTION: We have legislation with respect to gas, to build our own gas pipeline. I was wondering if you had gotten to that at all, if you had anything you were..?

ANSWER: I don't think we do.

QUESTION: Have you had a chance to look at Senate Bill 525 with regard to taking oil or gas from the state, in terms of conditions under which that can be done that is substantially similar with the Texas statute except for obvious changes in regard to...

MILTON LIPTON: This is the one that requires lease restrictions on oil and gas export. I think the only reaction that we had to it was in 180 on lines 14 and 15, that the oil and natural gas is not required to meet the existing need for fuel or raw material. The question is, what is meant by "required". How do you define requirements? I would say too, that one should think very, very carefully about whether or not this is necessary to protect the interests of the state to the extent that you want to put it into a lease. Because the more restrictions you put into a lease, the less attractive the lease becomes. If it is necessary to protect the interests of the state that is one thing. But then you must ask yourself, given the mounting energy requirements of the state, _____ oil and gas reserves and the tremendous hydroelectric development that it's going to get over the next 14 years, does the state really have to worry about running out of energy. All I am saying is that if there is a real concern, one should define in one's mind, how real is this concern, how far does it go. If it is necessary to put it into a lease, okay, but otherwise if you encumber a lease with unnecessary restrictions I think you do a disservice, basically, to the exploration incentive. I cannot speak for a company. But if I were a company going to bid, however I bid, whether it is bonus or net profit carry interest, or anything else, for oil and gas exploration in the state and there were restrictions on the disposition of the oil and gas, I don't think I would be very much worried. It is pretty difficult to conceive that in the state of Alaska internal needs, if they are precisely defined, are ever going to come anywhere close to impinging upon the ability to exploit to a more profitable markets. Companies may feel differently, particularly if they find out that under the lease that each one is required to leave a certain portion of their oil or gas within the state. I would think that the use of royalty oil and gas within the state would probably give as much protection to the state's energy requirements as restrictions on the export. You have to make projections of what the state's future energy needs would be. I personally can't see that this is an urgent requirement, but I may be wrong.

SENATOR CROFT: Part of the background had to do with the concern over gas, that it might give the state a stronger position with regard to the federal Power Commission as a result of some work ...

MILTON LIPTON: Yes, but that would be for the future. This is an attempt to achieve through the leasing -- with a restrictive covenant in the lease which you could not do as the state of Alaska in placing an embargo on exports from the state.

QUESTION: Another bill was Senate Bill 706 (INDISCERNIBLE)

MILTON LIPTON: We have not seen 706.

QUESTION: Once you have a chance to look at that sometime, and maybe you could make some comments on it?

MILTON LIPTON: We'll certainly do that on the severance tax.

SENATOR POLAND: Any other questions for Mr Lipton? Thank you very much Mr. Lipton.

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE

U.S. FOREST SERVICE COMMENTS ON THE JOINT RESOLUTION (SENATE NO. 12/HOUSE NO. 13) RELATING TO THE PERENOSA TIMBER SALE ON AFOGNAK ISLAND INTRODUCED FEBRUARY 20, 1975.

Introduction

The Perenosa Timber Sale was prepared to further establish Afognak Island as an integral portion of the timber management plan for the Chugach National Forest. A task force, appointed by former Alaska Governor Walter J. Hickel and consisting of State and Federal land managers and timber industry leaders, also studied the potential for new timber industry development in Alaska. The timber task force considered the Kodiak-Afognak-Shuyak Island group as a potential economic opportunity for the development of a new timber based industry in Alaska. The Forest Service and the task force recognized that:

a. No timber industry existed in this island group.

b. An estimated sustained yield of 40-50 MMBF 1/ per year was available from the Kodiak Island-Afognak Island-Shuyak Island group.

c. A ready market existed for Alaskan timber.

The intent of the Forest Service and the State of Alaska in selling the Perenosa Timber Sale and the adjacent State timber on Shuyak Island

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1/ MMBF = million board feet

was to establish a new permanent industry in the Kodiak Island group to bring under management an undeveloped timber resource and diversify the economy of that area.

Preparation of the Perenosa Timber Sale began in 1966, and was completed in 1967, proposing a sale of 525 MMBF under a 15-year contract. The gross sale area included approximately 120,000 acres with just 21,000 acres actually scheduled for harvest in 73 clearcut units. The anticipated annual harvest on the sale was to be 35 MMBF. The sale was carried out by oral auction on June 4, 1968, and awarded in July 1968 for a bid price of $27.05/MBF [1/] to Columbia Lumber Company of Alaska.

The purchaser took no action on the sale during 1968. The export market began to drop during 1968-1969. On July 15, 1969, Columbia Lumber Company entered into a third-party agreement with the Afognak Timber Company who then became the company to operate under the sale contract. Recently it has changed hands again and is now held by the Kodiak Lumber Mills.

The Forest Service took advantage of these changes in purchasers, realizing that additional measures could be taken in the sale to protect or enhance other forest resources, and developed a Draft Environmental Impact Statement which considered alternatives to the original sale. A Final Environmental Impact Statement was filed with the Council on Environmental Quality April 5, 1974.

The decision resulting from the Environmental Statement process was to proceed with a greatly modified timber sale contract. Major changes included a timber volume reduction of about 40 percent, an average cutting

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1/ MBF = thousand board feet

unit size reduction to 100 acres, and added resource coordination requirements. A table illustrating the changes follows:

Table 1

Comparison of Original Timber Sale with the Revised Sale

Item		Original Sale	Revised Sale
1.	Total sale volume, MBF 1/	525,000	332,329
2.	Total sale area (acres)	120,000	120,000
3.	Total area logged (clearcut areas)	21,000	12,074
4.	Total number of clearcut units	73	121
5.	Average unit size (acres)	288	100
6.	Maximum unit size (acres)	905	228
7.	Smallest unit size (acres)	51	34
8.	Roads (miles)	114.0	140.3
9.	Volume logged to water for transport via log rafts in water, MMBF 2/	172	0
10.	Logging period, years	15	10
11.	Volume logged per year, MMBF 2/	35.0	33.2
12.	Acres logged per year	1,400	1,200

1/ MBF = thousand board feet.

2/ MMBF = million board feet.

Comments

The following are some specific comments on wording of the resolution:

WHEREAS the Perenosa timber sale on Afognak Island is presently being pursued in the face of widespread opposition from the public, the Kodiak Borough, local legislators, and Koniag, Inc., the local Native corporation.

COMMENT: Responses in the Final Environmental Impact Statement show support from several State agencies. Other individuals and groups in Kodiak were in favor of economic diversity; however, due to several reasons, they prefer to remain non-vocal in public. Recent correspondence from the Natives indicate they are not in favor of the resolution.

WHEREAS questions raised in administrative appeals, including the uncertainty of reforestation, the effect of herbicides, insecticides, and road building on salmon spawning streams, and the elimination of critical elk and bear habitat, have never been satisfactorily answered by the Forest Service.

COMMENT: Multiple use means wise use of a blend of resources. Recreation is one of the main activities on the Chugach National Forest of which Afognak is a part. The wildlife, the fish, the scenery, water, and soils are also valuable resources. For example, we believe increased use and management of the wildlife and fish resources will result from the sale. To date, surveys to determine improvement potential of wildlife and fish habitat have been limited primarily to the coastal area on salmon streams capable of producing commercial salmon and on lakes having a potential for sport fisheries. More intensive management of the wildlife and fish resources will take place as access becomes easier and more use is made of them.

The combination of forage and cover which exists around the edge of clearcut blocks is known as "edge effect" and is beneficial habitat for deer and elk.

More of the fishing and hunting potential of the interior of the island will be realized if the sale is completed and the planned permanent roads are built.

WHEREAS repeated requests for a stay of activities pending appeal were turned down by the Forest Service.

COMMENT: An appeal to the Secretary of Agriculture was considered by him, and he upheld the decision to proceed with the modified sale. The Forest Service is in agreement with the Secretary.

WHEREAS the wildlife, commercial and sport fish, and recreational resources within the sale area are extremely valuable to the citizens of the state and will be particularly important in satisfying the growing recreational demands of Anchorage and the entire southcentral area.

COMMENT: We agree. We believe completion of the proposed sale would result in an increase in the recreation opportunity for developed recreation sites on a road system.

More of the fishing and hunting potential of the interior of the island will be realized if the sale is completed and the planned permanent roads are built.

WHEREAS since the sale was made, land selections by Native corporations on Afognak seriously limit the amount of suitable land available for general public use and further question the advisability of committing 120,000 acres to single purpose use at this time.

COMMENT: A portion of the 12,000 acres designated for harvesting has been or is expected to be selected by Native corporations. This was provided for in the Alaska Native Claims Settlement Act, and timber sale alternatives prescribed by the Act can be chosen which will meet the needs of the public.

Only 12,000 acres, not 120,000 acres, is committed to timber activities. Even on these acres, single use is not the apporpriate term. Elk,

deer, bear, and many other forms of wildlife use cutover areas as do hunters, picnickers, and others. We have also observed that roads improve access for such big game animals as deer and bear, as well as for humans.

WHEREAS the Forest Service's own Forestry Sciences Laboratory, which cautioned against large-scale logging on Afognak until more is known about the island's soil instability and special reforestation problems, was largely ignored.

COMMENT: Studies have shown that most of the areas logged in the past on Afognak Island have been adequately re-stocked with natural tree regeneration (over 90 percent stocked). However, there may be some tree regeneration difficulties because of competing grass and shrubs. The Forestry Sciences Laboratory is in agreement that what is now planned is responsive to the silvicultural needs of the sale area. The regeneration plans and their coordination with the other resources are discussed in the Environmental Impact Statement. The Forestry Sciences Laboratory research publication (PNW-176) recommended we ". . . proceed cautiously with large-scale timber harvesting. . . ." The sale as modified is a much more cautious approach and size of cutting units are scaled down.

WHEREAS large-scale cutting of Afognak timber, bound for Japan, ignores the larger public need for a balanced utilization of Alaska resources and provides little more than a minimal dollar return for Alaskans.

COMMENT: The capital investment necessary to start a new industry and the payroll for 120 or more employees are important to the State. Locally, an annual direct payroll of about $2,000,000 is quite significant. In addition, many economists believe that the Nation's ability to maintain a healthy balance of payments is critical. Export of the manufactured products from this sale can help this balance. Trees,

unlike oil and minerals, are renewable, thus harvesting now will actually insure more wood products for the future.

WHEREAS this return, only 25 percent of the net sale price, is only a token amount considering the probability of having to hand plant seedlings, the loss of recreational resources to the state, the added services required, and the degradation of critical commercial crab and salmon spawning and rearing areas.

COMMENT: As mentioned in our comment on the fourth WHEREAS, recreational resources will be increased. The only resource loss is wilderness. Added community services are looked upon as a benefit by some. We believe the revised sale requirements adequately protect crab and salmon spawning and rearing areas.

Any action recommended in a resolution should be realistic. A bilateral cancellation of the contract requires agreement of the purchaser as well as the Government. It is doubtful he would agree unless indemnified. There are no changed circumstances of consequence since June 13, 1974, when the purchaser and the Forest Service signed the modified contract. The contract has already been modified to better protect the environment and other resources. This included an elaborate restructuring of the size and location of cutting areas. Contract clauses are designed to more adequately protect waters from pollution.

To summarize, the Forest Service, obligated by a valid timber sale contract signed in 1968 and which was fostered by the State, voluntarily undertook a bilateral modification with full involvement and participation by the public and the purchaser in 1973. The decision to modify the contract and to proceed with the sale was announced on May 16, 1974. Correction of every personal concern for management was not possible, but most all concerns expressed during this effort were addressed in

this decision-making process. We believe that the National Environmental Policy Act has been complied with, resulting in a contract much more in tune with the public thinking. We were fortunate in having a sale purchaser who was cooperative and willing to give a great deal in the public interest. It is our recommendation that the Legislature stand by the decision to proceed with the sale and not pass the resolution as proposed.

C. A. Yates

C. A. YATES
Regional Forester

Supplemental Statement to accompany U. S. Forest Service Comments on Joint Resolutions (Senate No. 12/House No. 13), Relating to the Perenosa Timber Sale on Afognak Island, which was presented to House Resource Committee on March 11, 1975.

LANDSCAPE, SOILS, AND EROSION HAZARD

In this discussion we are mainly concerned with the N.E. portion of Afognak Island. It is this area which is proposed for timber harvest under the Perenosa Timber Sale Contract.

Landscape

Except for one mountain and several small, somewhat lower hills, all of the sale area is below 1,200 foot elevation. For the most part it is rolling terrain (slopes $< 20\%$) with many lakes, ponds, and muskegs.

The geologic history of the area is quite complex. Bedrock consists mainly of metamorphic rock types. During the last ice age most of the sale area, except possibly for the highest mountain area, was covered by ice. This glaciation resulted in coating the underlying bedrock with glacial till.

During and since the melting of the ice, volcanic ash has been falling on Afognak Island. These ash falls culminated with the last major fall in 1912 which originated from the Mt. Katmai Area.

Supplemental Statement presented before House Resources Committee, Juneau, Alaska, by Tom Sheehy, Soil Scientist, Chugach National Forest, April 3, 1975.

Although many people tend to think of the 1912 ash fall as the volcanic Ash on Afognak and Kodiak, in reality it is only one of many falls which have occurred. Field evidence indicates there have been at least 16 significant (significant meaning visible) ash falls since this last great ice age. Except for the 1912 fall, layers of ash range in thickness from just visible to about 1 inch. The 1912 ash fall ranges from 4-6" thick. Textures range from silt to coarse sand. Total thickness of all the ash layers is approximately 14 inches.

Soils

The soils of Afognak can be broadly divided into two groups - mineral and organic. Mineral soils in turn can be subdivided based on type of material below the soil profile.

Group I - Mineral Soils

Subgroup I

These are the major productive soils of the Island. Generally they are about 20" thick and overlay glacial till or windblown silt. A brief description shows:

Surface organic - 2"

1912 Ash layer - 4"

Buried organic - 2"

Silt loam weathered mineral material - 12" over unweathered glacial materials.

It is interesting to note that in most soils the only ash layer visible is the 1912 ash fall.

Subgroup II

These soils are similar to Group I but are thinner and overlie bedrock at a depth of 20" or less.

Subgroup III

Small areas of uplifted beaches are found along the coast. Soils consist of:

Surface organic - 2"

1912 Ash - 4"

Over coarse, angular beach fragments

Group II - Organic Soils

Lowlying areas throughout the Island have a covering of organic sedge and sphagnum peats ranging in depth from a few inches to 8 feet.

Summary

The landscape of the area of the Perenosa Timber Sale is in the main gently rolling terrain with many muskegs, lakes, and gentle ridges.

Only the upper portion of the soils have been derived from volcanic ash. Total ash thickness is generally less than 14 inches. The remaining portion of the soil is either glacial till, windblown silt or beach cobbles. Only the 1912 ash layer is distinctively visible in the mineral soil profiles, other ash layers having been weathered and incorporated into the lower parts of the soil.

Erosion Hazard

"Volcanic ash is highly erodible" is a statement often heard. One must ask the question-under what circumstances is it and is it not. Factors to consider in this determination are:

1. Slope
2. Particle size of the ash.
3. Amount of weathering or breakdown of ash into smaller components.
4. Exposure of the volcanic ash to the elements, especially water.

Consider these factors in terms of the Perenosa Timber Sale area:

1. Slopes within the proposed sale area are generally gentle. This means minimal landslides and slump hazards. Road construction will require fewer cuts and most construction will be the overlay type (overlay road - a method of construction whereby brush, trees, etc., are removed from the road area and fill material such as rock or gravel is placed over the soil. This material then serves as a road surface). This type of construction on gentle slopes leaves the soil essentially undisturbed and protects it.

2. Particle size of the ash - Particle size defines the size of the grains or individual constituants which make up the material. In other words, the finer the material the more easily it is eroded, particularly by moving water and wind. It takes a large volume of fast flowing water to move a boulder, less to move sand and lest to move clay material.

The 1912 ash fall is the uppermost ash fall on Afognak and the one most likely to be disturbed during high-lead logging and road building operations. It is also composed of the largest particle sizes, mainly silt and sand, and is not highly erosive on gentle slopes and under rainfall conditions found in the proposed timber sale area. If water is concentrated in the form of rivulets, however, erosion can occur. Proper culvert installation will prevent this.

3. Amount of weathering - originally the material may have been quite coarse, perhaps sand in size, but because of the break down by chemical and physical weathering the particles become smaller and smaller with time. There has been some breakdown of 1912 ash particles but the material is still very coarse. The old buried ash falls are highly weathered and composed of fine particle sizes which are highly erosive. Fortunately these ash materials are quite thin (generally less than 12 inches) and are protected by a buried organic layer and a surface organic layer as well as the coarse 1912 ash fall.

4. Exposure of volcanic materials to the elements - if the ash material has a protective vegetative cover which prevents moving surface water from contacting it directly, it's stability is maintained. If the protective cover is removed, erosion can occur because water comes directly in contact with the ash. The more weathering, the smaller the particle size and the greater potential for erosion.

Summary - Erodibility and Protection of Afognak Soils

Let us now consider the soils of Afognak in the light of the above discussion to determine their erodibility under the proposed management conditions, namely high-lead logging with overlay access roads.

First, except for the 1912 ash fall, all the ash falls on Afognak have been weathered and incorporated into the soil profile in mineral soils. This weathered ash has small particle size, is highly weathered and very

erosive. At the same time it is protected by the buried organic layer, which prevents erosion.

Second, above the buried organic layer is the 1912 ash fall which has undergone some weathering but still has fairly large particle sizes. This in turn is protected by the new organic layer developed since 1912.

The key to preventing soil erosion and in turn sediment production is to minimize the soil disturbance, particularly the buried, highly erodible ashey soil material.

The best way to do this is by limiting disturbance of the soil. This is done by using high-lead logging methods with overlay access roads.

These logging methods will be used on the Perenosa Timber Sale.

Professional Opinion

It is my professional opinion as a Soil Scientist that by using high-lead logging methods, overlay roads and professional timber sale administration that soil erosion and loss of soil productivity will be minimal on the Perenosa Timber Sale.

Thomas J. Sheehy

TOM SHEEHY

Soil Scientist

ALASKA FEDERATION OF NATIVES, INC.

BEFORE THE

HOUSE AND SENATE NATURAL RESOURCES COMMITTEES,

ALASKA STATE LEGISLATURE

MARCH 23, 1976

MR. CHAIRMAN, MEMBERS OF THE COMMITTEES, I AM SAM KITO, JR., PRESIDENT, ALASKA FEDERATION OF NATIVES. I TAKE THIS OPPORTUNITY TO PRESENT TO YOU, THROUGH THE OFFICES OF THE AFN, THE VIEWS OF THE REGIONAL CORPORATIONS CONCERNING THE OIL AND GAS TAXING LEGISLATION PENDING THIS SESSION.

THE ALASKA FEDERATION OF NATIVES, SPEAKING FOR THE REGIONAL CORPORATIONS, OPPOSES PASSAGE DURING THIS SESSION OF LEGISLATION WHICH ALTERS THE PRESENT METHOD OF TAXING REVENUES DERIVED FROM OIL AND GAS PRODUCTION. THE AFN OPPOSES ANY SUCH LEGISLATION FOR MANY REASONS, AMONG WHICH ARE:

- SUCH PROPOSED LEGISLATION IS UNTIMELY, IN THAT ANY RESULTING INCREASED TAX REVENUES WILL NOT OCCUR FOR SEVERAL YEARS.

- SUCH LEGISLATION IS PREMATURE, IN THAT COMPREHENSIVE REVENUE POLICIES TREATING OIL AND GAS PRODUCTION ARE BEING, AND NEED TO BE, DEVELOPED.

- SUCH PROPOSED LEGISLATION HAS THE NEGATIVE EFFECT OF INHIBITING THE FORMULATION OF A NEEDED COMPREHENSIVE STATE OIL AND GAS REVENUE POLICY.

- SUCH PROPOSED LEGISLATION DOES NOT ALLOW THE REGIONAL CORPORATIONS ADEQUATE TIME TO CONSIDER AND PLAN FOR THE MANAGEMENT OF THEIR RESOURCE LANDS.

- SUCH LEGISLATION WILL BE A STRONG DETERRENT TO INVESTMENT FOR THE NEEDED EXPLORATION AND DEVELOPMENT OF NATIVE RESOURCE LANDS.

- THE LEGISLATION YOU ARE CONSIDERING ALSO COMPLETELY OVERLOOKS THE VERY IMPORTANT DISTINCTIONS (IN THE OWNERSHIP OR OPERATION OF RESOURCE LANDS) BETWEEN PROFIT-ORIENTED REGIONAL CORPORATIONS AND PROFIT-ORIENTED OIL CORPORATIONS.

- SUCH PROPOSED LEGISLATION IS NARROW, SEEMINGLY INTENDED TO APPLY GENERALLY, BUT IN EFFECT BENEFITTING THE STATE THROUGH ITS OWNERSHIP OF LANDS WHILE RESTRICTING BENEFITS TO THE REGIONAL CORPORATIONS FROM THE OWNERSHIP OF THEIR LANDS.

At the beginning it must be stated that the position we are taking is not intended to reject the notion that the regional corporations, like other interests, must assume a reasonable tax burden on revenues resulting from production of mineral resources located on their lands. We state emphatically that the Regional corporations find the notion of special exemption unsettling. Our opposition to the legislation pending will not be mollified by the grant of a special exemption. We question whether an exemption can be given.

We oppose the legislation because it's not in our best interest to approve a taxing scheme which is geared specifically for Prudhoe Bay production. We do not feel that the ramifications upon regional corporations resource lands and upon the future of the regional

CORPORATIONS HAVE BEEN CONSIDERED BY THIS LEGISLATION. WE DO NOT BELIEVE IT IS IN THE STATE'S BEST INTEREST TO ENTER INTO A TAXING SCHEME WHICH TENDS TO INHIBIT THE FORMULATION OF A MORE COMPREHENSIVE POLICY FOR SECURING TO THE STATE INCREASED REVENUES FROM OIL AND GAS PRODUCTION WE HOLD THAT IT IS INCUMBENT UPON THIS LEGISLATURE AND THE PRESENT ADMINISTRATION TO DEVELOP INNOVATIVE RESOURCE REVENUE POLICIES, RATHER THAN RESORTING, AS HAS BEEN TRUE THE PAST SEVERAL YEARS, TO PATCHWORK EFFORTS. WE WILL REFER TO SOME ALTERNATE POLICY FOR SECURING ADDITIONAL REVENUES FROM MINERAL LEASING AND PRODUCTION. WE WILL WORK WITH THE STATE AND INDUSTRY, TO CONCEPTUALIZE COMPREHENSIVE, INNOVATIVE POLICY. WE CANNOT, HOWEVER, SUPPORT THE STOP-GAP TAXING SCHEME NOW BEFORE THE LEGISLATURE.

OUR TESTIMONY IS GIVEN DIRECTLY ON BEHALF OF APPROXIMATELY TWENTY PER CENT (20%) OF THE PEOPLE IN ALASKA - ONE FIFTH (1/5) THE POPULATION OF THE STATE - AND INDIRECTLY ON BEHALF OF ALL ALASKANS, SINCE ALL ALASKANS WILL BENEFIT OVER THE LONG HAUL FROM SELF-SUFFICIENT SOUND FINANCIALLY MANAGED REGIONAL CORPORATIONS. THE ONE-FIFTH (1/5) ALASKANS DIRECTLY REPRESENTED IN MINERAL RESOURCE REVENUE LANDS BY THE REGIONAL CORPORATIONS ARE ALASKANS WITH ROOTS GENERATIONS ROUND AND WITH ASPIRATIONS PERMANENTLY TIED TO THIS LAND. THE MINERAL LANDS MANAGED BY THE NATIVE PEOPLE, THROUGH THEIR REGIONAL CORPORATIONS, INCLUDE POSSIBLY THE LARGEST ACREAGE BLOC OF LAND WITH STRONG POTENTIAL FOR MINERAL RESOURCE DEVELOPMENT. YET, IN A MATTER OF MAJOR CONSEQUENCE RELATING TO THESE LANDS - THE REVENUE FROM THE USE OF THEIR LANDS -- THE NATIVE PEOPLE WERE NOT ASKED TO PARTICIPATE IN THE DELIBERATIONS WHICH RESULTED IN THE LEGISLATION PRESENTED. HAD WE THE

OPPORTUNITY, WE WOULD EARLY ON HAVE ADVISED THAT THE TAXING SCHEMES HERE PRESENTED FAIL TO RESOLVE THE PROBLEM OF HOW TO SECURE TO THE STATE THE LARGEST SHARE OF REVENUES FROM ITS MINERAL RESOURCE LANDS. ESSENTIALLY, TAXING IS NOT THE METHOD MOST DESIRED TO SECURE SUCH REVENUES, SINCE TAXING IS HERE PROPOSED SETS UP DIVISIONS BETWEEN THE VARIOUS INTERESTS INVOLVED. THIS LEGISLATURE MUST BE CONCERNED WITH NOT CREATING SUCH DIVISIONS. IT MUST LOOK TO METHODS WHICH ENABLE THE VARIOUS INTERESTS (STATE, REGIONAL CORPORATIONS, AND INDUSTRY) TO WORK HARMONIOUSLY. SUCH TAXING BY THE STATE TO INCREASE ITS REVENUES FROM ITS LANDS IS DETRIMENTAL TO THE DEVELOPMENT OF WISE LEASING POLICIES BY THE REGIONAL CORPORATIONS FOR THEIR LANDS. LITTLE CONSIDERATION IS GIVEN BY THIS LEGISLATION TO THE EFFECT IT WOULD HAVE UPON THE ABILITY OF THE REGIONAL CORPORATIONS TO DEVELOP LONG-TERM COMPREHENSIVE POLICIES FOR THE OPERATION OF THEIR MINERAL RESOURCE LANDS - - NO CONSIDERATION OTHER THAN POSSIBLY GRANT OF AN EXEMPTION SPECIFICALLY DEVISED FOR THE NATIVE OWNERSHIP, WHICH KNOWLEDGEABLE OBSERVORS CONSIDER SHORT-SIGHTED AND CONSTITUTIONALLY UNSUPPORTABLE.

THERE ARE SIGNIFICANT DIFFERENCES BETWEEN THE REGIONAL CORPORATIONS AND THE VARIOUS OIL CORPORATIONS, WHICH THE PROPOSED BILLS DO NOT TAKE INTO CONSIDERATION. THE REGIONAL CORPORATIONS ARE ALASKAN CORPORATIONS. THEIR INVESTMENTS ARE GENERALLY ALASKA INVESTMENTS, AND THEIR ASSETS ARE IN ALASKA. THEIR BUSINESS GROWTH AND SUCCESSES EFFECTUATE A MULTIPLYING FACTOR IN ALASKAN INVESTMENTS, RESULTING IN INCREASED EMPLOYMENT OF ALASKANS. UNDERLYING THIS INVESTMENT POSSIBILITY, AND HELPING TO CREATE AN ATMOSPHERE FOR CONTINUING ORDERLY

GROWTH, IS THE MANAGEMENT OF REGIONAL RESOURCE LANDS. THE DISTRIBUTION OF PROFITS, PURSUANT TO SECTION 7(I) OF THE CLAIMS ACT, IS NECESSARY TO ASSIST THE BUSINESS AND INVESTMENT POTENTIAL OF REGIONS WHOSE RESOURCES ARE SLIGHT. THE PROFITS EXPECTED FROM THE LEASING POLICIES WHICH ARE PRESENTLY IN EFFECT IN MANY OIL AND GAS AGREEMENTS THE REGIONAL CORPORATIONS HAVE WITH INDUSTRY ARE BEING RELIED UPON BY ALL THE CORPORATIONS TO CONTRIBUTE TO THEIR DEVELOPMENT.

ONE MUST CONSIDER THAT IF THE STATE TAXING SCHEME AS PROPOSED WERE ENACTED, THE POSSIBILITY IS REAL THAT, ASIDE FROM PRUDHOE BAY, INDUSTRY MAY FIND IT MORE TO ITS LIKING TO INVEST ELSEWHERE, EITHER IN FEDERAL LEASES ONSHORE OR OFF, OR IN OTHER AREAS. THIS WOULD HAVE A SERIOUS DETRIMENTAL EFFECT, BOTH ON THE CONDITION OF THE PRESENT ARRANGEMENTS THE CORPORATIONS HAVE WITH INDUSTRY, AND WITH THE POSSIBILITY OF EXPLORING AND DEVELOPING LANDS NOT COVERED BY AGREEMENT. IT IS OBVIOUS THAT THE REGIONAL CORPORATIONS NEED THE ASSISTANCE, FINANCIAL AND TECHNICAL, OF THE OIL INDUSTRY TO BEGIN THE DEVELOPMENT OF THEIR RESOURCE LANDS. THE PROPOSED TAX WOULD WORK AGAINST INDUSTRY PARTICIPATION. IT WOULD DISCOURAGE CONTINUED AND FUTURE PARTICIPATION. IT WOULD DIMINISH THE ABILITY OF THE REGIONAL CORPORATIONS TO GET INTO A POSITION TO DEVELOP THEIR LANDS THEMSELVES, IF NECESSARY.

WHAT WOULD BE THE MOST DIRECT OVERALL IMPACT OF LEGISLATION OF THIS TYPE? REMEMBERING THAT THE REGIONAL COPPORATIONS ARE UNIQUELY ALASKAN IN NATURE, NOT HAVING THE OPTION TO MOVE ASSETS AND DEVELOPMENT

CAPABILITIES TO OTHER GEOGRAPHIC AREAS AS CAN THE OIL CORPORATIONS, THE IMPACT WOULD BE HIGHLY NEGATIVE. THE STATE WOULD VIRTUALLY DESTROY THE OPPORTUNITY TO BUILD LARGE-SCALE TRUE ALASKA CORPORATIONS, CORPORATIONS WHOSE ASSETS AND SHAREHOLDERS ARE IN ALASKA, AND WILL REMAIN IN ALASKA. GREAT OPPORTUNITIES FOR DEVELOPMENT OVER THE NEXT FEW DECADES OF PERMANENT EMPLOYMENT FOR ALASKANS, OF MONEY DEPOSITS IN ALASKAN INSTITUTIONS, AND OF LEADERSHIP OF NATIVE ALASKANS, JUST TO MENTION A FEW BENEFITS, WOULD BE LOST.

A QUICK HISTORICAL REVIEW WOULD REVEAL THAT THE STATE, OVER THE PAST TWENTY YEARS, HAS ENCOURAGED THE ESTABLISHMENT OF BUSINESSES WHICH WOULD HAVE PERMANENCE HERE. THE REGIONAL CORPORATIONS CONSTITUTE THE FIRST MAJOR RESPONSE TO THIS ENCOURAGEMENT. IT IS RARE THAT THE STATE CAN REALIZE THE ESTABLISHMENT OF BUSINESS INSTITUTIONS WITH SUCH CHARACTER SUITABLE FOR PERMANENT GROWTH. THE REGIONAL CORPORATIONS OFFER THIS. BUT, SINCE THEIR GROWTH DEPENDS UPON THE WISE AND PRODUCTIVE MANAGEMENT OF THE SUBSURFACE ESTATES, STATE ACTION WHICH WOULD DISCOURAGE INVESTMENT IN THEIR RESOURCE LANDS OUGHT NOT TO HAPPEN. PASSAGE OF THE TAX BILLS BEFORE YOU WOULD DISCOURAGE INVESTMENT BY INDUSTRY IN REGIONAL CORPORATION LANDS AS WELL AS STATE LANDS.

HOW WOULD THEY DO THIS? AS THERE IS A MULTIPLYING FACTOR IN EVERY DOLLAR RETURNED TO A REGIONAL CORPORATION FOR INVESTING IN RESOURCE LANDS IN OIL DEVELOPMENT, THERE IS SIMILARLY A REVERSE EFFECT WHEN INVESTMENT OPPORTUNITIES ARE DENIED, BECAUSE OF TAXES AS PROPOSED. THE COMPER AND HUBER BILLS, ESSENTIALLY, ESTABLISH PRUDHOE BAY WITH A RETURN ON INVESTMENT CONSIDERED BY THE AUTHORS AS "FAIR". IN DOING SO, THEY SET UP PRUDHOE BAY AS AN ECONOMIC UNIT, WITH CRITERIA DEFINED

REGARDING RETURN ON INVESTMENT. IT THEREBY ESTABLISHES FIELDS OF MUCH SMALLER SIZE AS UNECONOMIC UNITS; THAT IS, THE CRITERIA FOR INVESTMENT SIZE AND RETURN ESPECIALLY DESIGNED FOR PRUDHOE BAY WILL NOT ENCOURAGE EXPLORATION AND DEVELOPMENT OF SMALLER FIELDS. THE PROFITS JUST WILL NOT BE ATTRACTIVE TO ENTICE INDUSTRY TO EXPLORE AND DEVELOP. SINCE NATIVE RESOURCE LANDS ARE 'FRONTIER' LANDS, IN TERMS OF COSTS OF EXPLORATION AND DEVELOPMENT, THESE LANDS, UNDER TAXATION AS PROPOSED, WILL BE REQUIRED TO OFFER ENORMOUS PROSPECTS TO ENTICE INVESTOR FUNDS. ENORMOUS PROSPECTS ARE RARE. WHAT WOULD BE EXPLORED ELSEWHERE WILL BE PASSED ON.

EVERYONE AGREES THAT THE SIZE OF PRUDHOE BAY IS UNUSUALLY LARGE. THE LIKELIHOOD IS THAT POTENTIAL FINDS UNDER REGIONAL LANDS WILL NOT APPROXIMATE THE SIZE OF PRUDHOE BAY. FOR ILLUSTRATION PURPOSES, WE WILL CONSIDER A 600 MILLION BARREL FIELD. UNDER THE PROPOSED LEGISLATION, SUCH A FIELD BECOMES MUCH LESS DESIRABLE TO DEVELOP. IT BECOMES MARGINAL IN TERMS OF ATTRACTIVENESS. IT WILL RECEIVE NEGATIVE EXPLORATION AND DEVELOPMENT RESPONSES FROM INDUSTRY, FOR THE PRINCIPLE REASON THAT, WITH THE PASSAGE OF THE PROPOSED TAXES, INDUSTRY WILL NEED AND WILL FIND MORE ATTRACTIVE PLACES TO INVEST. IT CAN EASILY CHANNEL AVAILABLE EXPLORATION MONEY INTO OFFSHORE PROSPECTS, OR TO AREAS WHERE THE RETURN IS MORE ATTRACTIVE. IN ADDITION, SINCE REGIONAL LANDS ARE USUALLY LET TO INDUSTRY ON SOME PART OF PROFIT PARTICIPATION FORMULA, NATIVE LANDS WOULD BECOME THE LEAST DESIRABLE BETWEEN FEDERAL, STATE AND NATIVE LANDS.

COMPOUND THIS FACTOR WITH THE FACT THAT REGIONAL CORPORATIONS DO NOT HAVE INDUSTRY'S FLEXIBILITY TO MOVE ASSETS AND INVESTMENTS TO MORE DESIRABLE AREAS, AND YOU REACH THE CONCLUSION THAT THE MULTIPLYING

NEGATIVE EFFECT OF THE PROPOSED LEGISLATION IS NOT ONLY DEVASTATING, BUT IS ONE WHICH THIS LEGISLATION COMPLETELY OVERLOOKS. WE MUST THEN CONSIDER THIS NEGATIVE IMPACT IN LIGHT OF THE FACT THAT THE REGIONAL RESOURCE LANDS ARE A MAIN BASE FROM WHICH CORPORATIONS WHICH ARE UNIQUELY ALASKAN ARE EXPECTED TO GROW. WE MUST ALSO CONSIDER THIS NEGATIVE IMPACT IN LIGHT OF THE EXPECTATIONS THAT THE CONGRESS IMPLIED WHEN IT GAVE THE MANAGEMENT OF THE SUBSURFACE ESTATE TO APPROXIMATELY 40 MILLION ACRES TO THE REGIONAL CORPORATIONS.

WHEN PUT ALL TOGETHER, WE CAN SAY TO YOU, AS A MATTER OF REASONED PERSPECTIVE, THAT THE POTENTIAL FOR USING NATIVE RESOURCE LAND AS A BASE FOR GROWTH OF THE REGIONAL CORPORATIONS WILL HAVE BEEN SEVERELY LIMITED BY THE PASSAGE OF THE PROPOSED LEGISLATION. YOU WILL HAVE WEAKENED THE REGIONAL CORPORATIONS, BY MAKING THEIR LANDS WEAK IN ATTRACTIVENESS. SINCE, AS MENTIONED EARLIER, THE REGIONAL CORPORATIONS REPRESENT A UNIQUE EFFORT IN THE DEVELOPMENT OF LARGE-SCALE, PERMANENT CORPORATE ACTIVITY WHICH IS COMPLETELY ALASKAN IN OWNERSHIP AND MAKEUP, YOU WILL HAVE SEVERELY DAMAGED THIS EFFORT. IF, AS INDUSTRY WILL PROBABLY TESTIFY, THE PROPOSED LEGISLATION WILL CUT INVESTMENT RETURN BY A HIGH PERCENTAGE, CONSIDER THAT THE ATTRACTIVENESS OF NATIVE RESOURCE LANDS WILL HAVE BEEN REDUCED BY A PERCENTAGE FAR, FAR GREATER.

IN ADDITION TO POINTING OUT THE DETERRENT EFFECT THIS LEGISLATION WILL HAVE ON THE INVESTMENT POTENTIAL FOR NATIVE RESOURCE LANDS, AND THE DIFFERING NATURE AND CONCERNS BETWEEN THE REGIONAL CORPORATIONS AND THE OIL CORPORATIONS, I SHOULD REMARK THAT THIS LEGISLATION AUTOMATICALLY WOULD PUT INDUSTRY IN A FAR MORE COMMANDING

POSITION IN BARGAINING WITH THE REGIONAL CORPORATIONS FOR NATIVE RESOURCE LANDS.

ONE OTHER POINT SHOULD BE MENTIONED HERE, SINCE IT IS HISTORIC, AND HAS A FURTHER COMPOUNDING EFFECT UPON WEAKENING THE REGIONAL CORPORATIONS' ABILITY TO DEAL WITH THEIR RESOURCE LANDS. HISTORICALLY, THERE HAVE BEEN OIL AND GAS TAX CHANGES PROPOSED, AND ENACTED, EACH OF THE PAST SEVERAL LEGISLATIVE SESSIONS. THE EFFECT ON INVESTORS IS INCREASING. PASSING THIS LEGISLATION WILL NOT ONLY INCREASE THIS CONCERN TO THE DAMAGING POINT BUT IT WILL ALSO REQUIRE ITS OWN SUCCESSOR LEGISLATION, THUS COMPOUNDING THE CONCERN AND FEAR IN THE INVESTOR.

EACH SUCCEEDING SESSION WILL HAVE TO ADJUST THE ENTIRE OIL AND GAS TAXING SCHEME. IT IS INEVITABLE. CONDITIONS WILL REQUIRE IT. IT IS BAD ENOUGH THAT THE PROPOSED LEGISLATION IS CREATING SUCH A NEGATIVE IMPRESSION IN MOST QUARTERS; IT IS WORSE WHEN WE REALIZE IT IS ONLY THE BEGINNING OF THE TAX UNCERTAINTY. THE FEAR OF INVESTORS WILL BE JUSTIFIABLY REAL, AND WE SHARE IT.

WHY, THEREFORE, IS THE LEGISLATIVE EFFORT NOT DIRECTED TO LONG-TERM REVENUE SATISFACTION FROM THE USE OF STATE LANDS? WHY, IN ORDER TO INCREASE REVENUES FROM STATE LANDS, DOES THIS LEGISLATURE SEEK TO DAMAGE AND RENDER WEAK THE OWNERSHIP OF NATIVE LANDS? THE BILLS BEFORE YOU MAKE THE WISE MANAGEMENT OF NATIVE RESOURCE LANDS DIFFICULT. ANY SUCH TAXING SCHEMES WILL, FOR THEY ARE NARROW IN PURPOSE, BROAD-REACHING IN THEIR ILL-EFFECTS, SHORT-SIGHTED AND SHORT-LIVED (THERE HAVE BEEN DOZENS OF OIL AND GAS TAX BILLS PRESENTED TO THIS BODY IN

THE LAST FIVE YEARS), AND TOTALLY LACKING IN OIL AND GAS REVENUE POLICY CONSIDERATION. WHY DOES THIS LEGISLATURE NOT ACT POSITIVELY TO INCREASE REVENUES FROM ITS LANDS, POSSIBLY BY CHANGING ITS LEASING PROVISIONS?

THE LEGISLATION FAILS TO REALIZE THAT THE STATE GOVERNMENT IS NOT THE ONLY LAND INTEREST INVOLVED IN OIL AND GAS RESOURCES. IT FAILS TO APPRECIATE THE RESPONSIBILITY REGIONAL CORPORATIONS HAVE HAD PLACED UPON THEM BY THE UNITED STATES CONGRESS TO MANAGE SUBSURFACE ESTATES. AND, THAT THIS RESPONSIBILITY IS ONE DIRECTLY PLACED UPON THE REGIONAL CORPORATIONS; THE RESPONSIBILITY FOR THE WISE MANAGEMENT OF NATIVE RESOURCES (WITH RESULTING BENEFITS EXPECTED TO THE NATIVE PEOPLE) IS NOT ONE THE CONGRESS SHARED WITH THE STATE GOVERNMENT. ACTION BY THE STATE GOVERNMENT SHOULD NOT UNDERMINE OR THWART THE REGIONAL CORPORATIONS' ABILITY TO CARRY OUT THEIR RESPONSIBILITIES. FOR OUR PART, WE ENCOURAGE STATE EFFORT TO MAXIMIZE REVENUE FROM ITS RESOURCE LANDS IN A WAY WHICH WILL ALLOW EACH INSTITUTIONAL FORCE (THE STATE AND THE NATIVE MOVEMENT) TO CARRY OUT ITS RESPECTIVE RESPONSIBILITIES TO ITS PEOPLE IN THE MANNER IT BEST SEES FIT. WE ASK YOU TO CONSIDER THAT NEW RESOURCE REVENUE POLICY BE DEVISED WHICH WILL ACCOMMODATE THE STATE'S INTEREST AND THE NATIVE PEOPLES' INTEREST, AND AVOID DIVIDING US. FROM OUR VIEWPOINT, ALASKA DOES NOT NEED, NOR CAN IT AFFORD, PIECEMEAL OIL AND GAS TAXATION.

TO BEGIN, THIS LEGISLATION IS UNTIMELY. NONE OF THE BILLS HAS THE EFFECT OF BRINGING SIGNIFICANT INCREASED REVENUE INTO THE STATE TREASURY BEFORE THE FLOW OF PRUDHOE BAY OIL, WHICH, ACCORDING TO THE EARLIEST ESTIMATES, WILL BE 1977-1978, EXCEPT POSSIBLY FOR

INCREASED REVENUE FROM INCREASED SEVERANCE TAXES ON COOK INLET PRODUCTION.

THE TIME BETWEEN NOW AND 1977-1978 COULD WELL BE USED BY THE STATE AND INDUSTRY, IF IT WISHES TO PARTICIPATE, TO DEVELOP NEW ROYALTY AND LEASING POLICIES WHICH WOULD RESULT IN INCREASED REVENUES TO THE STATE FROM THE USE OF ITS RESOURCE LANDS. WE SUGGEST, THEREFORE, THAT THIS LEGISLATURE RESOLVE TO CAUSE A STUDY TO BE UNDERTAKEN TO DEVELOP A NEW, SUITABLE LEASING POLICY FOR STATE LANDS.

THE LEGISLATION IS ALSO PREMATURE. SEVERAL VOICES, INCLUDING ARN'S, WOULD ADVOCATE FOR CHANGES IN THE STATE'S LEASING POLICY, CHANGES WHICH WILL GUARANTEE TO THE STATE INCREASED REVENUES FROM THE USE OF ITS RESOURCE LANDS, AND DO SO WITHOUT INTERFERING WITH THE VARIOUS METHODS OF LEASING USED BY THE REGIONAL CORPORATIONS IN THE USE OF THEIR RESOURCE LANDS.

NEW LEASING POLICY COULD BE PREPARED AND PRESENTED TO THE NEXT SESSION OF THE LEGISLATURE. WHILE NEW LEASING POLICIES WOULD NOT NECESSARILY INCREASE REVENUES FROM PRUDHOE BAY PRODUCTION, THEY COULD STABILIZE STATE LEASING RELATIONSHIPS WITH INDUSTRY AT A SUFFICIENTLY HIGH LEVEL TO PRECLUDE THE NECESSITY FOR ANNUAL REVIEW OF THE LEVEL OF TAXATION. BESIDES SUBMITTING NEW LEASING POLICIES TO THE NEXT SESSION, APPROVED INCREASES IN THE SEVERANCE TAX COULD BE SUBMITTED. THE TWOFOLD EFFECT WOULD BE TO GIVE THE STATE SOME SORT OF EQUITY OR PARTICIPATORY INTEREST IN FUTURE LEASING OF STATE LANDS, WHILE SECURING GREATER DOLLAR REVENUE FROM PRUDHOE BAY PRODUCTION.

Besides being premature, passage of legislation such as the designated Huber package or the Comper Bill would have the negative effect of inhibiting the formulation by the State of new policy to derive greater revenue from its resource lands. Clearly, the need is present to develop such new policy. Royalty bidding and methods of acquiring equity participation are being suggested. Passage of the tax legislation before you will virtually kill any chance the State could have to work with industry to develop new policy. It should be kept in mind that the oil industry is no stranger to various participation schemes in leasing oil-rich lands. Long-term satisfactory income producing policy might come about through a good working relationship between the State and the industry, such as would obviate the annual necessity of changing the tax measures on oil and gas production. It is the threat of this latter possibility which makes uncertain a climate for continuing investment in all resource lands in Alaska. The potential enormous oil wealth within Alaska, both on State and Native lands, to an extent influences the strength of the bargaining positions of the State and the regional corporations in the leasing of their respective lands. Industry is not unaware of this. Surely, historic changes in leasing policy could come about here, where they could not possibly in other producing states. This is what the State should be about, not about some band-aid taxing scheme geared to the production from one large field.

What are some of the possibilities for new policy? They include royalty bidding, with fixed or bid cash bonuses; fixed royalty with net profits bidding and fixed or bid cash bonuses; no royalty, with fixed net profits share and fixed or bid cash bonuses; no

ROYALTY, WITH NET PROFITS SHARE BIDDING AND FIXED OR BID CASH BONUSES. THERE CAN BE CONTRACTS WHICH ENCOURAGE EXPLORATION BUT RETAIN TO THE STATE OWNERSHIP RIGHTS, AS PRESENTLY PROPOSED. THE POSSIBILITIES, WHILE NOT ENDLESS, ARE MANY FOR THE STATE TO INSURE INCREASED REVENUES FOR OIL AND GAS PRODUCTION. NONE OF THE ABOVE PROHIBITS REASONABLE INCREASES IN THE SEVERANCE TAX. IMPORTANT, HOWEVER, IS THE FLEXIBILITY THE NEW POLICY WOULD PROVIDE, BY WAY OF SUITABLE RENT-INCOME FORMULAS, TO ALLOW FOR THE EXPLORATION AND DEVELOPMENT OF MARGINAL STATE LANDS.

THE VALUE TO DEVELOPING NEW POLICY, IS, AGAIN THAT INSURED INCREASED REVENUES TO THE STATE, WHICH OBVIATE THE NEED TO ATTEMPT TO PASS ANNUAL TAX LEGISLATION CREATE A STABILITY WHICH IS DEARLY SOUGHT BY INDUSTRY.

INDUSTRY, NO DOUBT, WILL TESTIFY HERE ON THE NEGATIVE IMPACT THIS TAXING LEGISLATION WILL HAVE ON ITS ABILITY TO RAISE CAPITAL FOR FUTURE INVESTMENTS. REASONS INCLUDE THE UNCERTAINTY OF RETURN ON INVESTMENT RESULTING FROM AN UNSTABLE POLITICAL CLIMATE. WE ECHO THIS FEAR. THE REGIONAL CORPORATIONS COMPETE IN THE MARKET PLACE FOR INVESTMENT CAPITAL AND RELATIONSHIPS. MANY OF THE RELATIONSHIPS ARE WITH THE OIL INDUSTRY. EXORBITANT TAXING MEASURES, AS NOW BEFORE YOU, ARE DISGUISED EXPROPRIATION SCHEMES THEY WILL INFLUENCE INVESTORS TO MORE APPEALING AREAS.

AFN PREFERS TO TAKE A POSITIVE APPROACH TO THE REVENUE PROBLEM. WE BELIEVE THE STATE AND INDUSTRY CAN FIND A LEASING POLICY ACCEPTABLE TO EACH OTHER. WE DO NOT THINK THAT SUBSTITUTING NEW LEASING POLICY FOR EXORBITANT TAXING PROVISIONS IS A MATTER OF POLEMICS; RATHER, WE BELIEVE

IT IS A MATTER OF NECESSITY, TO CREATE A HEALTHY CLIMATE FOR CONTINUING DEVELOPMENT OF STATE AND, NOT INCIDENTALLY, NATIVE LANDS.

WE AT AFN LOOK TO A LARGE AND PROSPEROUS FUTURE IN THE LEASING OF NATIVE RESOURCE LANDS; WE ARE NOT HUNG TO THE NARROW OPINION THAT PRUDHOE BAY IS THE END-ALL OF OIL PRODUCTION IN ALASKA. THEREFORE, WE LOOK TO THE DEVELOPMENT AND ENLARGEMENT OF LEASING POLICIES WHICH WILL ALLOW US TO BENEFIT IN THE GREATEST MEASURE FROM OUR LANDS.

AS MENTIONED EARLIER, THE REGIONAL CORPORATIONS ARE IN THE PROCESS OF DEVELOPING RESOURCE LAND LEASING PROVISIONS WHICH ARE SUITABLE TO THEIR CIRCUMSTANCES. OBVIOUSLY, EACH CORPORATION HAS NEEDS DIFFERENT FROM EACH OTHER CORPORATION. MANY OF THE PROVISIONS FOUND IN VARIOUS LEASING AGREEMENTS WITH THE INDUSTRY NEVER CONTEMPLATED, AND, THEREFORE WERE NOT STRUCTURED TO ACCOMMODATE SUCH AN INVASION OF PRIVATE EQUITY RIGHTS AS IS INTENDED HERE UNDER THE DISGUISE OF THE PROPOSED TAX LEGISLATION. WE CANNOT PROSPER UNDER SUCH AN INVASION. WE MUST HAVE THE TIME AND CLIMATE IN WHICH TO DEVELOP LEASING POLICIES WHICH ALLOW US TO CARRY OUT OUR RESPONSIBILITIES TO USE OUR NATIVE-OWNED RESOURCE LANDS IN THE MOST PRODUCTIVE MANNER POSSIBLE. OUR ATTEMPT IS COMPLETELY THWARTED BY THE TAX ON PROFITS.

THE UNITED STATES CONGRESS DETERMINED IN PASSING THE ALASKA NATIVE CLAIMS SETTLEMENT ACT THAT, TO CORRECT PAST ABUSES WITH RESPECT TO LAND HISTORICALLY CLAIMED AND USED BY THE NATIVE PEOPLE OF ALASKA, THE CONTROL OF CERTAIN LANDS IN ALASKA BE GIVEN TO THE NATIVE PEOPLE OF ALASKA, AND TO NO OTHER GROUP, PARTICULARLY NOT TO THE GOVERNMENT OF THE STATE OF ALASKA. THAT ACT WAS AND IS BASICALLY A LAND CLAIMS ACT.

PURSUANT TO THIS DETERMINATION, THE CONGRESS GRANTED TO THE NATIVE PEOPLE OF ALASKA THE RIGHT TO TITLE TO AND THE RIGHT TO CONTROL APPROXIMATELY FORTY MILLION ACRES OF LAND IN ALASKA, WITH THE RIGHT TO THE SUBSURFACE ESTATE TO MOST OF THIS ACREAGE TO REST IN THE REGIONAL CORPORATIONS. CERTAIN EXPECTATIONS ARE INHERENT IN CONGRESS' REPOSING SUCH MANAGEMENT RESPONSIBILITY IN THE REGIONAL CORPORATIONS FOR THE SUBSURFACE ESTATES. THE MOST OBVIOUS IS THAT THE SUBSURFACE ESTATES BE MANAGED PROFITABLY, SINCE THE PROFITS ARE TO BE DISTRIBUTED ANNUALLY AMONG ALL THE REGIONS. THESE ARE EXPECTATIONS WHICH WILL BE DISAPPOINTED IF THE PROPOSED TAX LEGISLATION IS ENACTED.

WE, THEREFORE, URGE YOU TO CONSIDER THAT THE STATE SHOULD NOT ENACT TAXING SCHEMES FOR ITS OWN BENEFIT WHICH HAVE THE EFFECT OF INTERFERING WITH OR DESTROYING THE ABILITY OF THE REGIONAL CORPORATIONS TO MANAGE WISELY THEIR RESOURCE LANDS. THAT THE EXPECTED RESULT OF THE REGIONAL CORPORATIONS' POLICIES CAN BE UPSET BY THE EXORBITANT USE OF A TAXING POWER BY THE STATE IS AN ODIOUS THOUGHT. ALL THE MORE SO, IF THE END SOUGHT BY THE STATE (INCREASED REVENUE FOR ITS OWN BENEFIT) CAN BE REASONABLY ATTAINED BY FORMULATION OF POLICY TO ACHIEVE THAT END, WITHOUT DETRIMENTAL EFFECT TO THE LEASING POLICIES OF THE REGIONAL CORPORATIONS.

IT IS NOT THE INCREASED NUMBER OF DOLLARS THAT WOULD GO INTO THE STATE'S TREASURY THAT THE REGIONAL CORPORATIONS OBJECT TO; NO, WE ENCOURAGE THE STATE TO SECURE GREATER REVENUES, BY WAY OF NEW LEASING POLICY. HOWEVER, THE STATE DOES NOT HAVE TO DESTROY THE REGIONAL CORPORATIONS' ABILITY TO DEVELOP PRODUCTIVELY THEIR RESOURCE LANDS IN ORDER TO SECURE THE GREATER REVENUES.

SENATE BILLS 620 (TAX ON NET PROCEEDS) AND 621 (TAX ON EXCESS PROFITS) (THE HUBER PACKAGE) AND THE COMPER BILL, HOUSE BILL 803, ARE CUMBERSOME, AWKWARD BILLS. SB 620 INTERFERS WITH THE STATE INCOME TAX SCHEME, WELL ESTABLISHED UNDER TITLE 43. IT REQUIRES EACH REGIONAL CORPORATION, WHETHER THAT CORPORATION ACTUALLY OWNS THE RESOURCE LANDS LEASED OR NOT, TO FILE GROSS VALUE PRODUCTION AND NET PROCEEDS STATEMENTS ANNUALLY. THAT IS BECAUSE UNDER SECTION 7(i) OF THE CLAIMS ACT, EACH REGIONAL CORPORATION ANNUALLY MUST SHARE ITS REVENUES RECEIVED FROM USE OF ITS SUBSURFACE ESTATES WITH EACH OF THE TWELVE REGIONAL CORPORATIONS, AND SB 620 REQUIRES EACH "RECIPIENT" OF ROYALTY PAYMENTS, WHICH INCLUDES PERSONS OWNING OR CLAIMING INTERESTS, TO FILE SUCH STATEMENTS, AND ALSO TO FILE STATEMENTS SHOWING "THE LESSEES RESPONSIBLE FOR TAXES DUE IN CONNECTION WITH THE WELLS FOR FIELDS" INCLUDED IN THE EARLIER STATEMENTS. THE COMPER BILL HAS SIMILAR REQUIREMENTS. THIS IS A HEAVY ADMINISTRATIVE BURDEN. THE PAYMENT OF THE TAX, HOWEVER, IS DIRECTED TO THE REGIONAL CORPORATION FROM WHOSE LANDS THE PRODUCTION FLOWS, AND THE TAX IS ON THE "ASSESSED VALUE OF PRODUCTION WHICH IS SEVERED OR SOLD FROM EACH WELL OR FIELD". AS THE BILL IS PRESENTLY DRAFTED, REGIONAL CORPORATION X, FOR EXAMPLE, WOULD BE REQUIRED TO PAY TAX BASED ON "THE ASSESSED VALUE OF PRODUCTION WHICH IS SEVERED AND SOLD FROM EACH WELL OR FIELD" IN ITS REGION, EVEN THOUGH REGIONAL CORPORATION X IS REQUIRED BY THE CLAIMS ACT TO DISTRIBUTE SEVENTY PER CENT (70%) OF ITS SHARE OF THE "ASSESSED VALUE OF PRODUCTION" TO ELEVEN OTHER REGIONAL CORPORATIONS. PUT ANOTHER WAY, THE "INCOME", AS DEFINED AND TAXED UNDER SB 620, IS NOT TRUE INCOME TO REGIONAL CORPORATION X; BY INTERFERING WITH THE PRESENT INCOME TAX SCHEME, SB 620 OVERTAXES THOSE REGIONAL CORPORATIONS WITH RESOURCE LANDS. AT THE SAME TIME, IT BURDENS EACH REGIONAL CORPORATION WITH INCREASED ANNUAL ADMINISTRATIVE WORK, WHICH COSTS EACH REGIONAL CORPORATION TIME AND MONEY.

IT IS QUESTIONABLE WHETHER THE REGIONAL CORPORATIONS COULD COMPLY WITH THE PROVISIONS OF SB 620.

SB 620 HAS THE FURTHER POSSIBLE EFFECT OF REQUIRING REGIONAL CORPORATIONS TO FINANCE THEIR OWN ALASKA NATIVE FUND.

WHILE THE ACTUAL EFFECTS OF THESE BILLS WILL VARY ACCORDING TO THE AGREEMENTS THE SEVERAL REGIONAL CORPORATIONS HAVE WITH INDUSTRY FOR THE OPERATION OF RESOURCE LANDS, THE OVERALL NEGATIVE EFFECT IS THE FAILURE TO TAKE INTO ACCOUNT THE REASONS INDIVIDUAL REGIONAL CORPORATIONS AGREE TO DIFFERENT LEASING PROVISIONS. THE STATE CAN LEASE ITS LANDS UNDER A SOMEWHAT UNIFORM SET OF LEASING PROVISIONS; THE REGIONAL CORPORATIONS CANNOT, FOR THE FACTORS INFLUENCING THE DETERMINATION OF REGIONAL CORPORATIONS LEASING PROVISIONS VARY GREATLY FROM REGION TO REGION. IN MANY INSTANCES, REGIONAL CORPORATIONS MAY BE PARTNERS WITH INDUSTRY IN FIELD PRODUCTION.

IN ADDITION TO THE NEGATIVE IMPACT PASSAGE OF THESE BILLS WILL HAVE ON THE REGIONAL CORPORATIONS, FOR REASONS JUST STATED, THERE WILL BE OTHER UNDESIRABLE RESULTS FLOWING FROM THESE BILLS.

THE BILLS LACK DEFINITION. ADMINISTRATIVELY, THE TAX SYSTEM WILL BE CONFUSED. A TAX BUREAUCRACY WILL BE NECESSARY. THE STATED PURPOSE OF SB 620, USED FOR EXAMPLE, IS "TO PROVIDE EFFICIENT ADMINISTRATION AND COLLECTION OF" A TAX; THESE BILLS ARE NOT ENGINEERED TO PROVIDE FOR AN EFFICIENT TAX ADMINISTRATION - JUST THE OPPOSITE IS THE LIKELY RESULT.

There are more things AFN could say about the proposed bills. For example, what consideration was given in drafting the legislation to the impact passage would have on this body's expressed desire to influence the routing of a gas line through Alaska. Or, how will this legislation hamper the exploration for and development of oil and gas resources on State lands, which by one U.S.G.S. estimate could amount to over 10 billion barrles. It seems unrealistic to think you can extract increased revenues from Prudhoe Bay State lands by profit-taxing and yet encourage continued exploration on other State lands. What does this do to the State planning policy? What consideration has been given to the possibility that such profit-taxing will find industry relief through higher pipeline tariffs, thus reducing well-head value, and State income?

Another valid criticism is that these proposals, being taxing measures, lack relevance to tested objectives; at least, there should be some demonstration that the tax is needed to govern. As it is, no such objective is presented, other than to amend the original lease (by taxation) to improve the State's bargain. If this can be done now, there is no reason for the regional corporations, their investors, and industry to believe anything the State says about this being the last tax.

We are here today to tell you what the concerns are of the regional corporations to the proposals before you. We appreciate the opportunity, and courtesies, extended to us. On our part, we see problems which will have direct impact upon the lives of many Alaskans. It is our obligation to discuss these concerns with you. Under no conditions would we wish to characterize our thoughts, or have them

CHARACTERIZED, AS OPPOSITION TO THE APPARENT DESIRE OF THE STATE TO INCREASE ITS REVENUES FOR OIL AND GAS RESOURCES.

ON THE CONTRARY, AS MENTIONED EARLIER, WE ENCOURAGE EFFORTS WHICH HAVE THE LONG-TERM EFFECT OF INCREASING STATE REVENUES. WE BELIEVE THIS CAN BE DONE.

TO CONCLUDE, I WOULD LIKE TO SUMMARIZE THE BASIC CONCERN WE HAVE. IT IS DIFFICULT TO CONVEY FULLY TO YOU THE IMPORTANCE OF OUR BASIC CONCERN, WHICH IS: THE NEGATIVE IMPACT THIS LEGISLATION WILL HAVE ON THE ORDERLY DEVELOPMENT OF NATIVE RESOURCE LANDS.

MOST OF THESE LANDS ARE YET TO RECEIVE ATTENTION. THEIR DEVELOPMENT IS NECESSARY TO THE GROWTH AND FUNCTIONING CAPABILITIES OF THE REGIONAL CORPORATIONS, PARTICULARLY TO THOSE REGIONS WHICH ARE SCARCE WITH RESOURCE LANDS. THE PASSAGE OF THIS LEGISLATION WILL AUTOMATICALLY MAKE NATIVE RESOURCE LANDS THE LEAST DESIRABLE AMONG STATE, FEDERAL, AND NATIVE LANDS. FOR EXAMPLE, WITH THIS LEGISLATION ON THE BOOKS, SUCCESSFUL EXPLORATION OF NAVAL PETROLEUM RESERVE #4 WILL BRING INVESTOR MONEY INTO THOSE FEDERAL LANDS, CREATING A LARGE ATTRACTIVE COMPETITIVE RESERVE OF FEDERAL OIL LANDS IN THE MIDST OF NATIVE RESOURCE LANDS. IT WILL BRING INCREASED INVESTOR ATTENTION AND MONEY TO OFFSHORE FEDERAL LANDS, AT THE EXPENSE OF NATIVE RESOURCE LANDS. IT WILL RENDER THE ATTRACTIVENESS OF NATIVE RESOURCE LANDS MARGINAL, OR LESS SO.

THE STATE CAN INCREASE ITS REVENUES WITHOUT DAMAGING THE

NATIVE PEOPLE. THE STATE CAN EFFECTUATE LONG-TERM OIL AND GAS REVENUE POLICY, IF IT SO DESIRES. THE IRONY PRESENT IS THAT THE LEGISLATION BEFORE YOU FAILS TO ACCOMPLISH EITHER RESULT.

IN CLOSING, MAY I REMARK THAT THE NATIVE PEOPLE OF ALASKA ARE NOT SAYING HERE THAT WE WANT SPECIAL TAX PRIVILEGES. ABSOLUTELY NOT. WE WILL PAY FAIR TAXES.

ALL WE ASK IS THAT THE STATE NOT TAX OUR LANDS OUT OF EXISTENCE.

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

COOK INLET REGION, INC.

1211 WEST 27th AVE. ANCHORAGE, ALASKA 99503
TELEPHONE 274-8638

December 22, 1975

Mr. Nels Anderson
Chairman - House Resource Committee
State of Alaska
120 West Fourth Street
Juneau, Alaska 99701

Dear Nels:

Please find enclosed a copy of the legislation and the document entitled, "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area", as presented to the Committee on the Interior and Insular Affiars. It passed the House Committee on December 16, 1975 essentially as outlined.

We will provide you with copies of the final legislation as soon as we receive them.

If you have any questions, please do not hesitate to call me.

Sincerely,

COOK INLET REGION, INC.

Roy M. Huhndorf
President

RMH:bf

Enclosure

M E M O R A N D U M

The attached document entitled "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area" is incorporated by this reference as if set out herein. Having determined that the proposed "Terms and Conditions" would facilitate land management in the Cook Inlet basin by effecting land consolidations and encouraging settlement and development on appropriate lands, and that it would serve as an equitable resolution by the United States of Cook Inlet Region's entitlement under ANCSA, the undersigned hereby agree to support federal legislation incorporating the content of the proposed "Terms and Conditions". In the event that such legislation becomes law, the undersigned agree to recommend that the State of Alaska notify the Secretary within sixty days of the commencement of the 1976 session of the Alaska State Legislature of its assent to be bound by the requirements of the proposed "Terms and Conditions".

It is understood and agreed between the undersigned that the proposed "Terms and Conditions" will be referred to the Alaska State Legislature for its approval within 60 days of the commencement of the 1976 session, such approval to be expressed either affirmatively by action thereon or constructively by inaction.

Cook Inlet Region, Inc., in consideration of the promise both to support such federal legislation and to recommend that the Secretary be notified, as indicated above, agrees now to be bound by the "Terms and Conditions" subject to the enactment of federal legislation and the final consent of the State of Alaska.

DATED THE TENTH DAY OF DECEMBER, 1975, AT WASHINGTON, D. C.

COOK INLET REGION, INC.

by_____
Roy M. Huhndorf, President
for the Cook Inlet Region,
Incorporated

_____
Michael C. T. Smith
Director, Division of Lands

Concur:

_____
Guy R. Martin
Commissioner, Department
of Natural Resources

adopted [illegible]
w/ amendment on
distribution of
by Young.

AMENDMENT to H.R. 6644, viz: On page 21, line 7, through page 23, line 18, delete section 12 and insert the following in lieu thereof:

Sec. 12. Cook Inlet Settlement. (a) The purpose of this section is to provide for the settlement of certain claims, and in so doing to consolidate ownership among the United States, the Cook Inlet Region, Incorporated ("Region" hereinafter), and the State of Alaska, within the Cook Inlet area of Alaska in order to facilitate land management and to create land ownership patterns which encourage settlement and development in appropriate areas. The provisions of this section shall take effect at such time as all of the following have taken place:

(1) The State of Alaska has conveyed or irrevocably obligated itself to convey lands to the United States for exchange, hereby authorized, with the Region in accordance with the document referred to in subsection (b);

(2) The Region and all plaintiffs/appellants have withdrawn from Cook Inlet v. Kleppe, No. 75-2232, 9th Circuit, and such proceedings have been dismissed with prejudice, and

(3) All Native village selections under section 12 of the Alaska Native Claims Settlement Act of the lands within Lake Clark, Lake Kontrashibuna, and Mulchatna River deficiency withdrawals have been irrevocably withdrawn and waived.

The conveyances described in paragraph (1) of this subsection shall not be subject to the provisions of section 6(i) of the Alaska Statehood Act (72 Stat. 339).

(b) The Secretary shall make the following conveyances to the Region, in accordance with the specific terms, conditions, procedures, covenants, reservations, and other restrictions set forth in the document entitled "Terms and Conditions for Land Consolidation and Management in Cook Inlet Area," which was submitted to the House Committee on Interior and Insular Affairs on December 10, 1975, and which is set forth with particularity in House Report No. 94- , the terms of which are hereby ratified as to the duties and obligations of the United States set forth therein:

(1) Approximately 10,240 acres of land within the Kenai National Moose Range; except that there shall be no conveyance of the bed of Lake Tustamena, or the mineral estate in the water-front zone described in the document referred to in this subsection.

(2) Title to oil and gas and coal in not to exceed 9.5 townships within the Kenai National Moose Range;

(3) Federal interests in townships 10 South, Range 9 West, F.M., and township 20 North, Range 9 East, S.M.;

(4) Township 1 South, Range 21 West, S.M.: secs. 3-10, 15-22, 29 and 30; and rights to metalliferous minerals in the following sections in township 1 North, Range 21 West, S.M.: secs. 13, 14, 15, 22, 23, 24, 25, 26, 27, 28, 32, 33, 34, 35, 36;

(5) Twenty-nine and sixty-six hundredths townships of land outside the boundaries of Cook Inlet Region; unless pursuant to the document referred to in this subsection a greater or lesser entitlement shall exist, in which case the Secretary shall convey such entitlement;

(6) Lands selected by the Region from a pool which shall be established by the Secretary and the Administrator of General Services: Provided, That conveyances pursuant to this paragraph shall not be subject to the provisions of section 22(1) of the Alaska Native Claims Settlement Act: Provided further, That conveyances pursuant to this paragraph shall be made in exchange for lands or rights to select lands outside the boundaries of Cook Inlet Region as described in paragraph (5) of this subsection and on the basis of values determined by agreement among the parties, notwithstanding any other provision of law.

Effective upon their conveyance, the lands referred to in paragraph (1) of this subsection are excluded from the Kenai National Moose Range, but they shall automatically become part of the Range and subject to the laws and regulations applicable thereto upon title thereafter vesting in the United States. The Secretary is authorized to acquire lands formerly within the Range with the concurrence of the owner. Section 22(e) of the Alaska Native Claims Settlement Act, concerning refuge replacement, shall apply with respect to lands conveyed pursuant to paragraphs (1) and (2) of this subsection, except that the Secretary may designate for replacement land twice the amount of any land without restriction to a native corporation.

No lands without the exterior boundaries of Cook Inlet Region, which were as of December 15, 1975, withdrawn for the purposes of section 11(a)(1) of the Alaska Native Claims Settlement Act, or lands adjacent to lands selected under section 11(a)(3) of the Alaska Native Claims Settlement Act, shall be conveyed to Cook Inland Region, Inc., without the concurrence of the Region in which such land is located, and the concurrence of any native village whose section 11(a)(3) or 11(a)(1) selections are adjacent to the subject lands.

(c) The lands and interests conveyed to the Region under the foregoing subsections of this section and the lands provided by the State exchange under subsectio: (a)(1) of this section, shall be considered and treated as conveyances under the Alaska Native Claims Settlement Act unless otherwise provided, and shall constitute the Region's full entitlement under sections 12(c) and 14(h)(8) of the Alaska Native Claims Settlement Act. Of such lands, 3.5 townships of subsurface in the Kenai National Moose Range shall constitute the full surface and subsurface entitlement of the Region under section 14(h)(8). The lands which would comprise the difference in acreage between the lands actually conveyed under and referred to in the foregoing subsections of this section, and any final determination of what the Region's acreage rights under sections 12(c) and 14(h)(8) of the Alaska Native Claims Settlement Act would have been, if the conveyances set forth in this section to the Region had not been executed, shall be retained by the United States and shall not be available for conveyance to any regional corporation or village corporation, notwithstanding any provisions of the Alaska Native Claims Settlement Act to the contrary.

(d)(1) The Secretary shall convey to the State of Alaska, all right, title and interest of the United States in and to all of the following lands:

(i) At least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River or Koksetna River drainages near lands heretofore selected by the State, the amount and identities of which shall be determined pursuant to the document referred to in subsection (b); and

(ii) Twenty-six townships of lands in the Talkeetna Mountains, Kamishak Bay, and Tutna Lake areas, the identities of which are set forth in the document referred to in subsection (b).

All lands granted to the State of Alaska pursuant to this subsection shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: Provided, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

(2) The Secretary is authorized and directed to convey to the State of Alaska, without consideration, all right, title and interest of the United States in and to all of that tract generally known as the Campbell Tract and more particularly identified in the document referred to in subsection (b) except for one compact unit of land which he determines, after consultation with the State of Alaska, is actually needed by the

Bureau of Land Management for its present operations: Provided, That in no event shall the unit of land so excepted exceed 1,000 acres in size. The land authorized to be conveyed pursuant to this paragraph shall be used for public parks and recreational purposes and other compatible public purposes in accordance with the generalized land use plan outlined in the Greater Anchorage Area Borough's Far North Bicentennial Park Master Development Plan of September 1974: Provided, That if the land is not used for the above purposes it shall revert to the United States. Except as provided otherwise in this paragraph, in making the conveyance authorized and required by this paragraph, the Secretary shall utilize the procedures of the Recreation and Public Purposes Act (44 Stat. 741), as amended, and regulations developed pursuant to that Act: Provided, however, that the acreage limitation provided by section 1(b) of that Act, as amended by the Act of June 4, 1954 (68 Stat. 173), shall not apply to this conveyance, nor shall the lands conveyed pursuant to this paragraph be counted against that acreage limitation with respect to the State of Alaska or any subdivision thereof.

(3) The Secretary is authorized and directed to make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described in the document referred to in subsection (b).

(c) The Secretary may, notwithstanding any other provision of law to the contrary, convey title to lands and interests in lands selected by Native corporations within the exterior boundaries of Power Site Classification 443, February 13, 1958, to such corporations, subject to the reservations required by section 24 of the Federal Power Act.

(f) All conveyances of lands made or to be made by the State of Alaska in satisfaction of the terms and conditions of the document referred to in subsection (b) of this section shall pass all of the State's right, title, and interest in such lands, including the minerals therein, as if those conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway and other rights-of-way may be reserved to the State.

(g) The Secretary through the National Park Service, shall provide financial assistance, not to exceed $25,000, hereby authorized to be appropriated, and technical assistance to the Region for the purpose of developing and implementing a land-use plan for the West side of Cook Inlet, including an analysis of alternative uses of such lands.

(h) Village corporations within the Cook Inlet Region shall have until December 18, 1976, to file selections under section 12(b) of the Alaska Native Claims Settlement Act, notwithstanding any provision of that act to the contrary.

(i) The Secretary shall report to the Congress by April 15, 1976, on the implementation of this section. If the State fails to agree to engage in a transfer with the Federal Government, pursuant to subsection (a)(1), the Secretary shall prior to December 18, 1976, make no conveyance of the lands that were to be conveyed to the Region in this section, nor shall he convey prior to such date the Point Campbell, Point Woronzof and Campbell tracts, so that the Congress is not precluded from fashioning

TERMS AND CONDITIONS FOR LAND CONSOLIDATION AND MANAGEMENT

IN THE COOK INLET AREA

December 10, 1975

I. The United States shall convey to Cook Inlet Region, Inc., the following lands:

A. Sixteen sections of land, as described in Appendix A, presently within the boundaries of the Kenai National Moose Range, but to be removed from the boundaries of the Range. The conveyance of these lands shall be subject to the following conditions:

(1) Included in the lands described in this paragraph shall be a restricted zone of lake front and river front lands, not to exceed an average of 160 acres per linear mile, to be measured from the high water line, the exact boundaries to be determined by mutual agreement between CIRI and the Secretary no later than September 1, 1976. The conveyance of the lands within this zone shall contain the following restrictions so long as Lake Tustumena remains a part of the Range:

(a) A restrictive covenant running with the land which provides that no development shall take place or facilities be constructed within the zone, except those which are directly necessary to support water dependent activities, such as a boat dock, airplane tie-up and marina. Reasonable access to these facilities will be permitted. It is contemplated that a lodge may also be located within the restricted zone, provided, however, that the lodge shall be of such a design, size and at a location agreed upon by the United States

Fish and Wildlife Service. CIRI must submit a request in writing to the Fish and Wildlife Service for approval of any construction or development within the zone, which approval will not be unreasonably withheld. The Fish and Wildlife Service will notify CIRI of its decision on any such request within 120 days of receipt of such request, and failure of any response will be considered as approval.

(b) a provision that CIRI will not sell the lands to any third party for a period of 25 years from the date of the conveyance, without the consent of the Secretary.

(c) a provision that CIRI and its assigns will offer the United States the right of first refusal to purchase the lands if the lands are ever sold. The right of first refusal shall be for a period of 120 days from the date of notice in writing to the United States that the owner of the land has received a bonafide offer of purchase. The United States shall exercise such right of first refusal by written notice to the owner within such 120 day period. The United States shall not be deemed to have exercised its right of first refusal if the owner does not consummate this sale in accordance with notice to the United States.

(d) the conveyance of the lands comprising this restricted zone shall only convey the surface estate to CIRI. The United States shall retain the rights in oil and gas and all minerals, including but not limited to common varieties of minerals.

(e) the United States reserves the right of re-entry on these lands to be exercised upon occurrence of the following conditions:

(1) The United States obtains a final judgment in a proceeding in law or equity to enforce in whole or in part the restrictive covenants contained in the conveyance of the lands described in this section; and

(2) subsequent to such final judgment, the United States institutes proceedings in law or equity to enforce the provisions of the restrictive covenants which were the subject of the final judgment obtained in subparagraph (1) of this paragraph. The right of re-entry shall be asserted in such subsequent action but may not be actually exercised except upon and in accordance with the final judgment in favor of the United States in such subsequent action.

(3) such right of re-entry shall be limited, in any case, to the lands which were the subject of the final judgment referred to in subparagraph (1) hereof.

(2) The remainder of the lands described in Appendix A shall be conveyed to CIRI without restriction, other than the reservation of those easements authorized by 17(b) of ANCSA or other applicable federal statutes. The conveyance of such remainder shall include both the surface and the subsurface estates to such lands.

B. Three and fifty-eight one hundreds townships of the subsurface estate to oil and gas and coal as identified in Appendix B; provided that the United States shall retain all other minerals including but not limited to common varieties of minerals; and provided that the right to extract coal shall be conditioned upon the opening for the extraction of coal of that portion of the Range in which these lands are located, and provided further, that coal shall only be extracted in a liquid or gaseous state. The extraction of oil and gas and coal shall be conducted in accordance with a surface use plan approved by the Secretary. Such extraction shall be undertaken in accordance with the most advanced technology commercially available at that time and causing the least practicable temporary and permanent harm to the fish and wildlife habitats of the Range. Any surface damage caused by the exercise of the rights herein must be repaired or reclaimed by CIRI, its successors and assigns, as rapidly as practicable without unreasonable interference with the rights of extraction. The United States shall make available to CIRI, its successors and assigns, sand and gravel as is reasonably necessary for the construction of facilities and rights of way appurtenant to the exercise of the rights conveyed under this section, pursuant to the provisions of 30 U.S.C. 601 et. seq., and the regulations implementing that statute which are then in effect. By mutual consent of CIRI and the Secretary, CIRI may exchange any interest described in this paragraph for other mineral interests of equal value outside the boundaries of the Kenai National Moose Range.

(1) All federal lands and interests in lands within the following:

(a) T. 10 S., R. 9 W., F. M. (Healy); and

(b) T. 20 N., R. 9 E., S. M. (Glenn Highway).

(2) T 1 N R 21 W, S. M. (sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 28, 32, 33, 34, 35, 36).

The Secretary shall only convey the rights to metalliferous minerals in the land herein described. Extraction of such minerals shall be subject to a surface use plan submitted by CIRI and approved by the Secretary. Surface use for the purposes of exploration, extraction, access and benefaction shall be conducted in accordance with the most advanced technology commercially available at that time consistent with the exercise of the rights conveyed under this subparagraph. CIRI, its successors and assigns, shall be required to repair and reclaim any surface damage as rapidly as practicable consistent with the reasonable exercise of such mineral rights.

(3) T 1 S, R 21 W, S. M. (Sections 3-10, 15-22, 29 and 30).

The Secretary shall transfer to CIRI the above described lands in fee simple. Such conveyance shall be subject to a restrictive covenant, running with the land, providing that the surface shall only be used for purposes reasonably incident to mineral extraction, including processing and transportation. The Secretary shall also convey to CIRI, an easement for a port which shall reasonably provide for receiving, shipping, storage and incidental handling, and incidental facilities thereto, of the minerals extracted from the lands conveyed under this subparagraph. The Secretary shall also convey to CIRI a transportation easement to provide for transportation by road, rail or pipeline, of the minerals from the above described lands to the port easement. The Secretary and CIRI shall mutually agree upon the location of the port and transportation easements.

C. (1) Twenty nine and sixty six one hundredths townships from any federal public lands withdrawn under sections 11(a)(1), 11(a)(3), and 17(d)(1) without the exterior boundaries of Cook Inlet Region; to be identified in the manner herein provided; provided that if CIRI's total entitlement under Section 12(c) of ANCSA is determined to be greater or less than 54 townships, the number of townships to be conveyed under this paragraph (hereinafter out-of-Region entitlement) shall be increased or decreased one for one.

(a) lands to be nominated and conveyed under this paragraph C-1 shall be limited as follows: The entitlement shall be satisfied from lands within Ahtna Region, Bristol Bay Region, Calista Region, Chugach Region, and Doyon Region. With the concurrence of the Secretary and the State and any affected Region other than those described above, selections may be made from one or more of the other Regions, on the basis hereinafter described or on such other basis as the parties shall contemporaneously agree. CIRI shall not nominate any of the following:

(1) lands located west of the 161 degree west longitude of Greenwich Meridian

(2) lands within Areas of Environmental Concern as described in the Secretary's 1973 Four Systems proposals to Congress

(3) lands within any of the Secretary's 1973 Four Systems proposals to Congress

(4) lands made available to the State for selection pursuant to Sections 2 and 5 of the State-Federal Agreement of September 1, 1972.

(b) By May 1, 1976 the Secretary shall, after consultation with the State, submit to CIRI a list of areas where approval of out-of-Region selections is unlikely. CIRI may thereafter nominate to the Secretary, with simultaneous notice to the State, a township or townsl for selection. Within 120 days after such nomination, the Secretary after consultation with the State shall approve or disapprove it for withdrawal for placement in the selection pool as described herein. By October 18, 1978 CIRI must nominate at least 6 times its remaining out-of-Region entitlement. If the Secretary fails to approve a pool of three times that remaining out-of-Region entitlement from said nominations, then he and CIRI, by mutual consultation and study, shall agree by January 18, 1979 on sufficient additional townships to compose that number. The Secretary must, on that date, report to Congress as to the operation of this selection mechanism, and the need for remedial legislation, if required. Upon completion of the pool, the State and CIRI shall commence a striking and selecting process. The State may strike ten percent of the pool and the Region may select a number of townships equal to ten percent of the original pool. Alternate strikes and selections of five percent of the original pool shall continue until CIRI's out-of-Region entitlement is, as defined in this paragraph, satisfied. The State and CIRI must complete this process no later than May 18, 1979. Notwithstanding the foregoing, with the consent of the United States, State of Alaska, and CIRI, lands may be conveyed without resort

to the pool and striking mechanism herein provided, or in the manner described in subparagraph 2 of this paragraph C, in which case the number of townships to be nominated, pooled, struck and selected, shall be reduced proportionately.

(c) The State may continue to select lands under the Statehood Act which may be affected by this paragraph C, provided however, that any Regional nomination made hereunder shall be superior to and take precedence over any such State selection made after July 18, 1975. None of those lands selected by the State under the Statehood Act after July 18, 1975, and also nominated by CIRI pursuant to this paragraph C, shall be tentatively approved for patent to the State by the Department of the Interior for so long as these lands are potentially available to CIRI under this subparagraph or unless CIRI has consented to such tentative approval.

(d) Lands approved by the Secretary for the out-of-Region pool shall, as of the date of such approval, be withdrawn from all forms of entry and location under the Public Land Laws including the mining and mineral leasing laws, but not from selection by the State, for so long as the said lands shall be included in the said pool.

(e) Prior to nomination of any townships for secretarial approval, the Region shall obtain the consent of other Native Corporations where applicable, and a copy of such consent shall be attached to such nomination.

(f) CIRI shall select its out-of-Region entitlement in blocks no less than 36 sections in size, along section

lines, with no segment of an exterior line less than six miles in length, unless the Secretary specifically authorizes another manner of selection.

(g) CIRI may, with the consent of the Secretary and the State, select that portion of the mineral estate reserved by the United States in a township if the remainder of the estate may not be legally or readily available for selection, in which case, however, such substitute selection shall be treated as full satisfaction of the entitlement represented by the acreage involved and no additional selection rights shall arise by reason of the lack of conveyance of the entire estate.

(h) It is the intent of the Secretary and the State that all out-of-Region selections shall be as compact as is practicable, and that wherever possible, CIRI shall select lands which are contiguous to privately-owned lands.

(i) Nothing in this paragraph shall be construed as limiting any Congressional review and approval of the Secretary's 1973 four systems proposals to Congress.

2 (a) The Secretary, in conjunction with the General Services Administrator, shall promptly identify and take the necessary steps by January 15, 1978, to create a selection pool which shall consist of all the following lands within the exterior boundaries of the Cook Inlet Region now in existence or hereafter coming into existence by January 15, 1978:

(i) abandoned or unperfected public land entries, provided

however, that the United States shall not be obligated to initiate any adversary proceedings other than an adjudication by the BLM to determine if such entries are abandoned or unperfected, and the burden of identifying such lands shall be on CIRI;

(ii) federal surplus property;

(iii) revoked federal reserves;

(iv) cancelled or revoked power site reserves, with the exception of the Bradley Lake reserve in the Lake Clark proposal, and the Chakachamna Lake reserve, if ever cancelled or revoked;

(v) public lands created by the reduction of federal installations as defined in Section 3(e) of ANCSA, except that, if such lands are within a Section 11(a)(1) withdrawal area, they shall be subject to prior Village Corporation selections properly filed prior to December 18, 1975; and

(vi) any other federal lands as agreed by the State the Region and the Secretary, including but not limited to lands withdrawn under Section 17(d)(1) of ANCSA and not withdrawn for any other purpose.

The Secretary shall notify CIRI after any above-described lands have been placed in the pool. With the concurrence of CIRI, the State and any other concurrence that may be required under paragraph I-C(1)(e) of this Document, the Secretary may, in his discretion, contribute to such pool properties of one or more of the foregoing categories from without the boundaries of the Cook Inlet Region, provided that properties described in subparagraphs (2)(a)(ii) and (2)(a)(iii) of this paragraph

shall be removed from the pool if not selected by CIRI within 90 days after the Secretary notifies CIRI that such properties have been placed in the pool or valued by the Secretary in Subparagraph 2(c) of this document whichever date is later.

(b) The State shall be advised of all properties located within the exterior boundaries of Cook Inlet Region to be placed in the pool described in subparagraph 2(a) and may require Secretarial consultation with the Joint Land Use Planning Commission with respect to any specific piece of property so included, except those in subparagraph 2(a)(i) hereof, to determine whether private ownership of such property would be incompatible with reasonable land-management principles; provided, that the Secretary shall not be bound by any recommendation of the Joint Land Use Planning Commission: The Secretary shall notify the State, CIRI and the Commission of his decision in writing. The State may conclusively object to the inclusion in the pool of up to 1,500 of the acres, described in paragraph 2(a)(i) and 2(a)(iv), and additional lands within these two categories may be excluded from the pool upon replacement by the State with lands of equal values. Lands not included in the pool as result of the State's conclusive objection or lands which have been replaced by the State under this subparagraph shall, immediately upon their exclusion or replacement from the pool thereby, be made available by the Secretary to the State for selection under the Alaska Statehood Act for a period of 90 days to the exclusion of all competing claims or parties.

(c) Unless specifically excepted by the Secretary, all tracts of land and improvements thereto in said pool shall be appraised by one or more appraisers mutually agreeable to CIRI and the Secretary.

(d) CIRI shall be entitled to select any tract of land from said pool in exchange for its out-of-Region selection rights, in part or in whole and pro tanto, in satisfaction thereof, in the following manner:

(1) any tract of land and improvements thereto specifically excepted from appraisal by the Secretary as described in subparagraph (c) of this paragraph may be exchanged acre for acre;

(2) any tract of land and improvements thereto valued by CIRI and the Secretary after review of the appraisals, at less than $500 per acre at fair market value may be exchanged acre for acre;

(3) any tract of land and improvements thereto valued by CIRI and the Secretary after review of the appraisals at $500 per acre or more at fair market value shall be exchanged as follows:

(i) for each acre of land in said tract, each valued increment of $500 or proportion thereof shall be considered an acre of land or proportion thereof, in the same proportion, hereinafter called an "acre/equivalent"; and

(ii) any acre/equivalents may be exchanged for any acres of CIRI's out-of-region entitlement.

(e) Anything in the foregoing provisions notwithstanding, the selection pool created hereunder shall not include or affect lands within the Point Woronzof, Point Campbell, Goose Lake, and Campbell tracts, to which CIRI waives any claim which it may have had and such lands shall be reserved by the United States for early conveyance to the State as an integral part of the consideration for this Document.

(f) The Secretary shall utilize his best efforts to maximize the pool through the use of all available properties within the described categories in order to augment the opportunity for the land exchanges described herein. If, by January 15, 1978, the Secretary and the General Services Administrator have not identified for the pool at least 138,240 acres, or acre/equivalents of lands within the exterior boundaries of Cook Inlet Region, the Secretary shall add to the pool an amount equal to the difference between 138,240 acres, or acre/equivalents, and the number of acres so identified from the following:

(1) with the consent of the State, lands located within the boundaries of the Region, withdrawn for the purposes of section 17(d)(1) of ANCSA, and valued by the Secretary and CIRI at $200 per acre, or more.

(2) with the consent of the State and CIRI, lands described in subparagraph I-C(3)(a) of this Document from without the exterior boundaries of Cook Inlet Region.

CIRI must select all lands in the pool located within the

Region which are valued by the Secretary and CIRI at $200 per acre, or more, until CIRI has selected 138,240 acres, or acre/equivalents as described in subparagraph 3(i) of this paragraph.

(g) No later than 90 days following the conclusion of the period for creation of the pool as specified in subparagraph (1) hereof, the Secretary shall, with the assistance of the General Services Administrator, report to Congress on the status of the conveyances under paragraph C and the need for remedial legislation, if required.

(h) Conveyances under this subparagraph I-C(2) shall not be subject to the provisions of Section 22(j) of ANCSA.

II. Upon final consent by the State of Alaska to be bound by the terms and conditions of this Document, which consent must be given, if at all, within 60 days of the commencement of the 1976 Session of the Alaska State Legislature, the State of Alaska shall convey to the United States for reconveyance to CIRI the lands described in Appendix C to this Document. Said lands shall be considered State lands until the United States accepts the State deed of title. Upon acceptance of a State deed of title, the Secretary shall withdraw the lands conveyed thereby, subject to valid existing rights, from all forms of appropriation under the public land laws, including the mining and mineral leasing laws, and from selection under the Alaska Statehood Act, as amended; such withdrawal to expire upon reconveyance of said lands to CIRI.

III. A. The Secretary shall convey to the State of Alaska all right, title and interest of the United States in and to all of the following lands:

(i) At least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River drainage near lands heretofore selected by the State, the amount and identities of which shall be determined pursuant to Appendix D hereof; and

(ii) Twenty-six townships of lands in the Talkeetna Mountains, Kamishak Bay, and Tutna Lake areas, the identities of which are set forth in Appendix E hereof.

All lands granted to the State of Alaska pursuant to this subsection shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act; provided, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

B. The Secretary shall convey to the State of Alaska, without consideration, all right, title and interest of the United States in and to all of that tract generally known as the Campbell Tract and more particularly identified in Appendix F hereof except for one compact unit of land which he determines, after consultation by the State of Alaska, is actually needed by the Bureau of Land Management for its present operations; provided, that in no event shall the unit of land so excepted exceed 1,000 acres in size. The land authorized to be conveyed pursuant to this paragraph shall be used for public parks and recreational purposes and other compatible public purposes in conformance with the generalized land use plan outlined in the Far North Bicentennial

Park master development plan of September, 1974. Provided, that that portion of the tract identified in the document referred to in subsection (d) may be used for any public purpose which is compatible with the public parks, recreational and other compatible public purposes for which the balance of the tract is conveyed. Except as provided otherwise in this paragraph, the Secretary shall utilize the procedures of the Recreation and Public Purposes Act (44 Stat. 741), as amended, and regulations developed pursuant to that Act; provided, however, that the acreage limitation provided by section 1(b) of that Act, as amended by the Act of June 4, 1954 (68 Stat. 173), shall not apply to this conveyance, nor shall the lands conveyed pursuant to this paragraph be counted against that acreage limitation with respect to the State of Alaska or any subdivision thereof.

C. The Secretary shall make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described in Appendix G.

IV. The lands and interests conveyed to CIRI under paragraphs I and II of this Document shall constitute CIRI's full entitlement under Section 12(c) of ANCSA, except that the mineral estate conveyed pursuant to subparagraph I-B of this Document shall constitute full entitlement of CIRI's surface and subsurface entitlement under Section 14(h)(8) of ANCSA. The lands which would comprise the difference in acreage between the lands actually conveyed under paragraphs I and II of this Document, and any final determination of what CIRI's acreage rights under Section 12(c) and 14(h)(8) of ANCSA would have been notwithstanding the provisions and this Document, shall be retained by the United States,

and this Document shall create no right or interest in any other Regional Corporation or Village Corporation notwithstanding any provisions of ANCSA to the contrary. To the extent that CIRI is or becomes entitled to subsurface rights;

(a) As a result of Section 12(a) of ANCSA, selections by Village Corporations within the Kenai National Moose Range, or

(b) as a result of any section 14(h)(1)(?) or (5) of ANCSA selections within the Kenai National Moose Range or within the Secretary's 1973 Lake Clark proposal; and

(c) to the extent that CIRI's section 12(a) of ANCSA subsurface rights are reduced by virtue of exchanges between village corporations and the State resulting in the relinquishment of village selections in the Secretary's 1973 Lake Clark proposal, CIRI shall take, in lieu thereof, an equal acreage from the following:

(1) The subsurface estate to oil and gas and coal in those lands described in Appendix B to the extent that such interests are not transferred under paragraph 1-B of this Document, and are subject to the restrictions there described.

(2) Up to 46,080 acres of lands within section 11(a)(3) of ANCSA withdrawals in the Talkeetna Mountains; provided CIRI shall make all 12(b) selections in this withdrawal contiguous to existing 12(a) selections, first selecting all over-selected 12(a) lands in this withdrawal.

(3) If sufficient acreage to satisfy any such selections does not exist in those areas described in subparagraphs (1) and (2) of this paragraph, the Secretary shall make available lands outside the Region, in his discretion, for selection by CIRI.

V. The Secretary, CIRI, and the State shall seek legislation authorizing the Secretary to convey title to those selections by Native Corporations within the exterior boundaries of Power Site Classification 443, February 13, 1958, provided however, that the patents conveying the above described lands shall contain the reservations required by Section 24 of the Federal Power Act, 16 U.S.C. 818.

VI. A. The State shall not select any of the following lands, so that such lands may be added to a management unit in the Lake Clark Area.

T 4 S R 23 W (N 1/2)

T 3 S R 20-24 W

T 2 S R 24-25 W

T 1 S R 24-26 W

T 1 S R 27 W (sections 1-6, 8-15, 23-25)

T 1 S R 28 W (sections 1-6)

T 1 S R 29 W (sections 1-6)

T 1 N R 24-29 W

T 2 N R 24-30 W

T 3 N R 28-30 W and 31 W (E 1/2)

T 4 N R 30 W and 31 W (E 1/2)

B. The Secretary, CIRI and the State recognize that there are nationally significant resources in the Lake Clark area. Management of this area should be flexible and recognize the scenic, recreational, and inspirational resources that should be preserved as well as State and local interests including subsistence and sport hunting.

VII. In fulfillment of its obligation to equitably reallocate acreage among villages pursuant to section 12(b) of the Act, CIRI shall allocate section 12(b) selections to the following areas:

A. Four and one-half townships in the Talkeetna Mountain withdrawals, provided that such selections shall be compact and contiguous to 12(a) selection in said withdrawals and 12(a) over-selections shall be selected first.

B. All lands that will not otherwise be conveyed to the villages under 12(a) on the Iniskin Peninsular

C. To the extent necessary to fulfill any remaining 12(b) entitlement lands within the following:

T 7 S, R 25 & 26 (Except Secs. 29-31) W, S.M.

T 6 S, R 25 W and 26 (E½) W, S.M.

T 5 S, R 25 W, S.M.

T 4 S, R 24 W (S½), S.M.

T 4 N, R 19 W, S.M.

T 4 N, R 20 W (E½) S.M.

T 4 N, R 18 W (W½) S.M.

T 3 N, R 17-20 W, S.M.

T 3 N, R 21 W (Secs. 31-36, and 25-30 in the Tuxedni River Watershed)

T 2 N, R 18-20 W, S.M.

T 2 N; R 21 W (North and East of the Tuxedni River and Bay)

D. By mutual consent of the Secretary and CIRI, Village Corporations within the Region may exchange selections or selection rights under section 12 of ANCSA for acres, or acre/equivalents contained in the pools established under paragraphs 1-C 2(a)(3)(i) of this document, of lands in the pool established out in paragraph 1-C(2)(a) of this document.

E. Up to two townships without the exterior boundaries of Cook Inlet Region to be mutually agreed upon by the Secretary, CIRI, and the State may be made available for 12(b) selection. To the extent acreage is allocated to a Native village pursuant to this subparagraph E. The village must have an equal amount of acreage, in

section units, from 12(a) selections in the hereinafter described acres on an acre-for-acre basis outlined in this subparagraph in the out of Region townships identified in this paragraph.

T 4 S, R 23 W ($N\frac{1}{2}$) S.M.

T 3 S, R 20, 21, and 23 W, S.M.

T 2 S, R 19-21 W, S.M.

T 1 S, R 19-21 W, S.M.

T 1 N, R 20 W, S.M.

Provided that should the respective village not have any 12(a) selections in the above, 12(a) selection for the following shall be traded under the provision of this paragraph.

T 2 N, R 18-21 W, S.M.

T 3 N, R 18-20 W, S.M.

T 4 N, R 19-21 W, S.M.

T 5 N, R 19-20 W, S.M.

VIII. A. CIRI and the Secretary shall publicly support the establishment of a unit of the National Park System surrounding the Lake Clark area including those lands withdrawn under section 17(d)(2) of ANCSA and those lands described in paragraph VI-A of this agreement. The Secretary and CIRI shall also agree to seek a provision in said legislation that would provide that before entering into any contract arrangement to provide new revenue producing services within the proposed Lake Clark Unit of the National Park System within the boundaries of the Cook Inlet Region, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days. CIRI and the Secretary shall recommend that such legislation provide that the United States may acquire lands selected by Village Corporations within the boundaries of the Lake Clark proposal, but only with the consent of the appropriate Village Corporation.

B. CIRI and the Secretary shall publicly support the establishment of the Caribou Hills, Swanson River, Mystery Creek, and Andy Simons Wilderness Areas within the Kenai National Moose Range. CIRI and the Secretary shall seek a provision in such legislation that would provide that before entering into any contract or agreement to provide new revenue producing services within the Kenai National Moose Range, the Secretary shall offer to CIRI in cooperation with Village Corpoations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days.

IX. Lands conveyed to CIRI and/or its Village and Group Corporations in accordance with this document, notwithstanding their source (whether Federal or State), shall upon conveyance to CIRI and/or the appropriate Village or Group Corporation, be considered and treated as conveyances under and pursuant to ANCSA, except as may be expressly provided otherwise in this document.

X. As soon as practicable after any estate or interest in Federal lands to be patented to CIRI in accordance with this document is identified, CIRI and the Secretary shall review all leases, contracts, permits, rights-of-way and easements covering or concerning such estate or interest to determine whether the administration thereof may be waived by the Secretary, in his discretion, in accordance with the provisions of section 17(g) of ANCSA.

XI. Effective the date that State lands to be conveyed for CIRI are designated by CIRI pursuant of paragraph II of this document, the State, if so authorized, shall place all revenues received from such lands in escrow to be transferred to the Region when appropriate. The administration of all leases, contracts, permits, rights-of-way and easements prior to the conveyance of such lands to the United States shall be by the State, except that all decisions concerning modification, conversion, or renewal or appraisal of such interests will be with the concurrence of the Region. Effective the date of conveyance of such lands from the State to the Secretary, the State shall waive in favor of CIRI administration of all

leases, contracts, permits, rights-of-way and easements totalling embraced by such lands. The State shall give timely written notice of the change of ownership and administration to the holders of rights on such lands.

XII. The responsibilities and benefits accruing to the Secretary, the State and CIRI under this document shall become binding only when such legislation as is necessary to effect this agreement has been enacted. Upon passage of such legislation, CIRI and all plaintiffs/appellants shall, with the consent of the Secretary, dismiss its pending appeal in Cook Inlet Region vs. Kleppe, No. 75-2232, (9th Cir.) by executing and filing pursuant to Rule 42(b) of the Federal Rules of Appellate procedure an agreement that the proceeding may be dismissed.

XIII. For the purposes of this document, a township shall be considered 23,040 acres.

APPENDIX A

T. 1 N., R 11 W S.M.	Secs. 1-4, 9-12, 16, W½S17-comprising approx. 6,050 acres, more or less
T. 2 N., R 11 W S.M.	Sec. 9, approx. 70 acres in the SW¼ lying south and west of the high water mark on the south and west bank of the Kasilof River
	Sec. 16, approx.430 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River.
	Sec. 21, all
	Sec. 22, approx. 130 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River
	Sec. 27, approx. 330 acres comprising all moose range lands in this section lying west of the high water mark on the west bank of the Kasilof River and those lands in this section lying south and west of the high water line on the south and west shore of Tustemena Lake
	Sec. 28, all
	Sec. 33, all
	Sec. 34, approx. 600 acres comprising all moose range lands in this section lying south and west of the high water line on the south shore and west shore of Tustemena Lake
	Sec. 35, approx. 290 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake

Appendix A (continued)

Sec. 36, approx. 360 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake

Comprising approximately 4,160 acres, more or less.

APPENDIX B

Appendix B-1

82,560 acres of the specified mineral estate to be selected from the following described lands*

Priority		
1	T. 8 N., R. 9 W.,	Secs. 1-8; Sec. 9 excluding E/2 SE/4, NW/4 SE/4, SE/4 NE/4; Sec. 10 excluding SW/4, S/2 SE/4, NW/4 SE/4, S/2 NW/4, NW/4 NW/4; Secs. 11-14; Sec. 16 W/2; Secs. 17-20; Sec. 21 excluding NE/4, E/2 NW/4, NE/4 SW/4, N/2 SE/4, SE/4 SE/4; Secs. 23-26; Sec. 27 excluding N/2, SW/4, W/2 SE/4; Sec. 28 excluding SE/4, E/2 SW/4, E/2 NE/4, SW/4 NE/4; Secs. 29-31; Sec. 32 excluding S/2 SE/4, NE/4 SE/4, Sec. 33 excluding S/2, NE/4, S/2 NW/4, NE/4 NW/4; Sec. 34 excluding W/2, W/2 NE/4; Secs. 35-36-comprising approx. 18,440 acres
1	T. 8 N., R. 10 W.,	Secs. 1; 12-14; 23-26; 32-36-comprising approx. 7,680 acres
1	T. 7 N., R. 9 W.,	Sec. 3, E/2; Sec. 5 excluding S/2, NE/4; Secs. 6; 7; 8 excluding E/2, E/2 SW/4, E/2 NW/4, NW/4 NE/4; Sec. 10 excluding W/2 SW/4, W/2 NW/4, NE/4 NW/4; Sec. 14 excluding NE- /4; Sec. 15; Sec. 16 excluding NW/4, E/2 NE/4, SW/4 NE/4; Sec. 17 excluding NE/4 NE/4; Secs. 18-36-comprising approx. 16,560 acres
1	T. 7 N., R 10 W.,	Secs. 1-5; 7-25; Sec. 26 excluding W 1/2 SW 1/4; Sec. 27 excluding S 1/2 N 1/2; Sec. 28 excluding S 1/2 NE 1/4, SE 1/4, E 1/2 SW 1/4; Secs. 29-32; Sec. 35 excluding W 1/2, S 36 comprising approx. 19,920 acres
2	T. 6 N., R 10 W,	Sec. 1; Sec. 2 excluding W/2 NW/4; Sec. 4 excluding N/2, SE/4, E/2 SW/4; Sec. 5-8; Sec. 9 excluding N/2 NE/4; Sec. 12; 16-17; 20-21-comprising approx. 7,600 acres.
4	T. 7 N., R 11 W.,	Sec. 23-26; 35; 36-comprising approx. 3,840 acres

Appendix B-1 (continued)

3	T. 6 N., R 11 W	Sec. 1-2; 11-14-comprising approx. 3,840 acres
3	T. 10 N., R 7 W	Sec. 19-21; 23 (N/2); 29-32-comprising approx. 4,800 acres

*These lands total approximately 82,680 acres (3.58 townships). Any unselected portions of the above described lands shall be first priority selection for in-lieu selections from appendix B-2 below.

Appendix B-2

Up to 138,240 acres (6.0 townships) of specified mineral in lieu estate to be selected from the following described lands by priority ranking and in the order listed.

Priority

2	T. 9N., R 9 W	Sec. 13; 23 excluding SE/4 SE/4; Sec. 24 excluding W/2 SE/4, SW/4; Sec. 25 excluding W/2 E/2, W/2; Sec. 26 excluding E/2 E/2; Sec. 27; Sec. 34 E/2; Sec. 32-35; Sec. 36 excluding W/2 SE/4, NW/4, and N/2 SW/4-comprising approx. 6,120 acres
3	T. 9 N., R 8 W	Sec. 1-5; 7-36-comprising approx. 22,400 acres
2	T. 6 N., R 9 W	Sec. 1-17; 20-29; 34-36-comprising approx. 19,200 acres
3	T. 8 N., R 8 W	All-comprising approx. 23,040 acres
2	T. 4 N., R 10 W	Sec. 9-10; 13-36-comprising approx. 16,640 acres
2	T. 4 N., R 11 W	Sec. 25; 36-comprising approx. 1,280 acres
3	T. 1 N., R 11 W	Sec. 17 (E/2): Sec. 21-28; Sec. 33-36-comprising approx. 6,720 acres
3	T. 3 N., R 11 W	Sec. 1; 12-15; 22-27; 34-35-comprising approx. 8,320 acres
3	T. 3 N., R 10 W	Sec. 1-30-comprising approx. 19,200 acres
3	T. 4 N., R 9 W	Sec. 2 excluding SE/4; 3-10; 11 excluding E/2; Sec. 14 excluding E/2; 15-20; 21 excluding SE/4; 29-34-comprising approx. 12,480 acres

APPENDIX C

If and only if CIRI has on or before January 12, 1976 presented evidence satisfactory to the State that the villages of Knik, Chickaloon, Alexander Creek, Ninilchik and Salamatof have withdrawn selection applications for and relinquished all claims to land in the Lake Clark, Lake Kontrashibuna and Mulchatna River areas, the State shall convey under Part II of this document to the United States for reconveyance to CIRI all of the state lands identified or to be identified in this Appendix C. All conveyances of lands made in accord with this document shall pass all of the State's right, title and interest in the lands, including the minerals therein, as if these conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway or other rights-of-way may be reserved to the State.

1. Acreage from each of the five pools identified in this paragraph in the amounts therein set forth. Out of each such pool, the required acreage shall be determined to the extent possible by mutual agreement of the State and CIRI. For so many of the required acres as have not been so determined by agreement in each pool within eighteen months following implementation of this document, those remaining required acres shall be identified by CIRI's selecting acreage in that remaining amount from an array of 1½ that many acres within the pool, said array to be identified to CIRI by the State.

A. Point McKenzie. 3,200 acres must be identified from state lands within the following areas:

T 15 N, R3 W through 5W, S.M.

T 14 N, R4 W through 5W, S.M.

T 13 N, R4 W S.M. (North of Knik Arm)

B. Knik-Willow Pool. 4,480 acres must be identified from state lands within the following areas:

T 16 N through 18 N, R 2W through 5W, S.M.

C. Kahuitna Pool. 38,400 acres must be identified from state lands within the following areas:

T 21 N through 25 N, R3W and 4W, S.M.
(or other necessary lands)

D. Chickaloon Pool. 4, 480 acres must be identified from state lands within the following areas:

T 19 N, R3 E through 5E, S.M.

T 20 N, R4 E through 7E, S.M.

E. Kenai Pool. 115,200 acres must be identified from state lands on the Kenai Peninsula.

Provided however that the State may with CIRI's concurrence supplant acreage otherwise to be identified from the Kenai pool in subparagraph E on an acre-for-acre basis with lands chosen in respect of acres attributable to Alexander Creek, Ninilchik and Salamatof in the manner described by

paragraph 3 of this Appendix. Supplanting lands may not exceed that number to which the State is obligated under paragraph 3 to provide in respect of each of those three villages.

2.(a) Thirteen and one-half townships of lands in the Beluga Area Townships listed in this paragraph. The identity of those lands shall be determined by CIRI within eighteen months following the implementation of this document by nomination of compact units no less than 1/4 township in size lying along township lines, provided that where constrained by selection pool boundaries or water bodies they may be smaller; Provided, However that if Tyonek Corporation desires to trade the surface estate it holds in the Kenai National Moose Range for State surface lands within the vicinity of its village lands but within CIRI's selection pool, it may obtain up to one township of such lands. If Tyonek Corporation does trade for CIRI's selection pool lands, CIRI shall select an equivalent acreage of other surface estate from within its selection pool.

T. 16 N., R. 14 W., S.M.;

T. 16 N., R. 13 W., S.M.;

T. 16 N., R. 12 W., S.M., Secs. 7, 16, 17, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36;

T. 16 N., R. 11 W., S.M., Secs. 20, 21, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36;

T. 15 N., R. 14 W., S.M.;

T. 15 N., R. 13 W., S.M.;

T. 15 N., R. 12 W., S.M.;

T. 15 N., R. 11 W., S.M.;

T. 15 N., R. 10 W., S.M., W-1/2, excluding Sec. 4;

T. 14 N., R. 15 W., S.M.;

T. 14 N., R. 14 W., S.M.;

T. 14 N., R. 13 W., S.M., W-1/2;

T. 14 N., R. 11 W., S.M.;

T. 14 N., R. 10 W., S.M., W-1/2;

T. 13 N., R. 15 W., S.M.;

T. 13 N., R. 14 W., S.M.

T. 13 N., R. 10 W., S.M., E-1/2 excluding lands east of the west bank of the Beluga River

T. 12 N., R. 15 W., S.M.;

T. 12 N., R. 14 W., S.M., excluding Secs. 23, 24, 25, 26, 29, 31, 32, 33, 36

T. 12 N., R. 10 W., S.M.;

T. 11 N., R. 13 W., S.M., Secs. 12, 13 excluding W-1/2 SW-1/4; 24 NE/4 NE/4.

T. 11 N., R. 12 W., S.M., Secs. 18, 19 excluding SW-1/4, S-1/2 SE/4; 20.

(b) Provided, However, that the following described lands shall not be available for CIRI's selection of subsurface estate:

Beluga

T. 13 N., R. 10 W., S.M., Secs. 11, E-1/2; 12, 13, 14, 22, 23, 24, 25, 26, 27, 34, 35, 36.

T. 12 N., R. 10 W., S.M., Secs. 2, 3, 4, 5, 8, 9, 10;

Nicolaick

T. 11 N., R. 12 W., S.M., Secs. 16, SW-1/4; 17, SW-1/2; 18, SE-1/4; 19, E-1/2, E-1/2 W-1/2; 20; 21, W-1/2; 28, W-1/2; 29, 30, 31, 32.

(c) The State shall provide a floating, public, 300 foot wide transportation easement from T. 13 N., R. 14 W., S.M. to the shore of Cook Inlet in T. 11 N., R. 12 W., S.M. Said easement to be determined upon the ground at such future time as a need exists and there are adequate field data available upon which the State may finally plan and locate the corridor.

3. Lands in an amount equal to 1/4 of the acres to which each of the villages of Knik, Chickaloon, Alexander Creek, Ninilchik, and Salamstof are or would be entitled under ANCSA Sec. 12(a), under selection applications on file with the BLM as of July 18, 1975, in the Lake Clark, Lake Kartrashibuna and Hulchatna River areas. Each acre identified for conveyance by the State hereunder must be located within or near the 11(a)(1) withdrawal of the village to which the displaced ANCSA acreage to which that acre corresponds would otherwise have passed under ANCSA. The lands so identified in respect to displaced acres attributable to Alexander Creek and Salamstof shall be conveyed by the State if and only if the village to which the displaced acres are attributable retains its village eligibility status under ANCSA.

APPENDIX D

LANDS IN THE LAKE
ILIAMNA AREA AND IN THE
NUSHAGAK RIVER AND LAKE CLARK DRAINAGES
(paragraph (1))

I. The Secretary shall convey to the State at least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Iliamna area and within the Nushagak River or Lake Clark drainages near lands heretofore selected by the State.

II. The following townships shall be conveyed to the State as part of the minimum of 22.8 townships to be conveyed to the State from lands identified in paragraph I.

T 4N, R 36 W, S.M.

T 3N, R 36 W, S.M.

T 2N, R 36 W, S.M.

T 1N, R 36 W, S.M.

T 1S, R 37 and 38 W, S.M.

T 2S, R 37 and 38 W, S.M.

T 3S, R 37 and 38 W, S.M.

T 4S, R 37-39 W, S.M.

T 5S, R 40-42 W, S.M.

T 6S, R 40 W, S.M. (except 21-28, 33-36)

T 6S, R 41 and 42 W, S.M.

T 7S, R 42 W, S.M. (secs. 3-10, 15-18)

III. For each acre of valid village 12(a) selections relinquished in the Lake Clark, Lake Kontrashibuna and Mulchatna River areas pursuant to paragraph II of the document to which this forms an Appendix, the

Secretary shall convey to the State, on an acre for acre basis, lands from within the 17(d)(2) area described in Paragraph 1 up to a total of 4.2 townships.

IV. To the extent that lands to be conveyed to the State pursuant to Paragraphs II and III above are not specifically identified in this Appendix, they shall be identified by mutual consent of the State and the Secretary from lands described in Paragraph I within 60 days of the date the State becomes bound to this document, or within 60 days of the date that any entitlement vests in the State pursuant to Paragraph III of this Appendix, whichever shall come first.

V. All lands granted to the State of Alaska pursuant to this Appendix D shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: Provided, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

Appendix B-1 (continued)

4	T. 3 N., R 9 W	Sec. 3-6; Sec. 7 excluding SE/4-comprising approx. 3,040 acres

All townships in Appendix B are Seward Meridian.

APPENDIX E

LANDS IN THE
TALKEETNA MOUNTAINS, KAMISHAK BAY
AND TUTNA LAKES AREAS
(paragraph (2))

The Secretary shall convey to the State the following described lands, subject to valid village selections under section 12(a), but not 12(b), of ANCSA.

T 22N, R 2W, S.M.

T 23N, R 2W, S.M.

T 24N, R 1 and 2 W, S.M.

T 26N, R 1 and 2 W, S.M.

T 27N, R 2W, S.M.

T 29N, R 2W, S.M.

T 7S, R 26W, S.M. secs. 29-31

T 7S, R 27-29 W, S.M.

T 8S, R 26-29 W, S.M.

T 9S, R 26-30W, S.M.

T 10S, R 28-30 W, S.M.

T 11S, R 28-30 W, S.M.

T 4N, R 33-35 W, S.M.

T 3N, R 34 and 35 W, S.M.

T 2N, R 34 and 35 W, S.M.

APPENDIX F

(Far North Bicentennial Park)

T 12 N, R 3 W, S.M.

Section 1

Section 2

Section 3 (except SW 1/4)

Section 10 (except S 1/2)

Section 11 (except S 1/2)

Section 12

T 13 N, R 3 W, S.M.

Section 34 (except N 1/2 NE 1/4 NE 1/4)

Section 35 (except NW 1/4, N 1/2 SW 1/4 NE 1/4 NE 1/4)

Section 36 (except NE 1/4 SE 1/4 SE 1/4 NE 1/4)

APPENDIX G

TALKEETNA MOUNTAINS - KOKSETNA RIVER LANDS

(paragraph (e))

The Secretary is authorized and directed to make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described below.

T 4N, R 31 W, S.M. (W 1/2)

T 4N, R 32 W, S.M.

T 3N, R 31 W, S.M. (W 1/2)

T 3N, R 32 and 33 W, S.M.

T 2N, R 31-33 W. S.M.

Subject to valid village 12(a) and 12(b) selections under ANCSA, the following lands located south of the Susitna River:

T 29N, R 11E - 2 W, S.M.

T 30N, R 11E - 2 W, S.M.

T 31N, R 9E - 2 W, S.M.

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

Alaska State Legislature

REPRESENTATIVE
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BOX 234
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POUCH V
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REPRESENTING DISTRICT 10
BRISTOL BAY - LOWER KUSKOKWIM

CHAIRMAN
RESOURCES COMMITTEE

House of Representatives

MEMORANDUM

To: The House Resource Committee

From: Nels A. Anderson, Jr.
Chairman-House Resource Committee

Subject: Limited Entry hearings in Dillingham, Togiak, Naknek, Nondalton.

INFORMATION

DILLINGHAM— Attendance- 40 people

A. 23 people testifying
1. In favor of limited entry
   a. felt that it was needed
2. Worried about the fact that there was no provision for young people to enter into fisheries.
3. Not in favor of moritorium
4. Suggested an alternate source of income for the young similar to Farmers Subsidy.

B. Wood-River Tickchik proposed park

15 people testifying

1. Alaskan bulk of the people against
2. Feel they subsistence hunting and fishing might be hurt
   a. Feel that vigerous use of the area is not in the best interest of the local people
   b. Against the master plan- Feels that it is much different than the bill as written.
   c. Returns from the park would not be worth the possible economic gains
   d. Spoke toward "Local Control" of the park
   e. Discussed the functions of Fish and Game Division vs. the State Park System in the state park.

C. Wanton waste bill and committee substitute

10 people testifying

1. People in favor of the committee substitute
2. Make it illegal to transport horns at all
   a. do away with trophy hunting completley.
   b. "Airborn on the same day" makes it difficult for subsistence hunter.
   c. Make subsistence hunting and fishing a priority over trophy hunting and sport fishing.
   d. Guides who accompany hunters who violate the law should be heavily penalized.
      1. 1st time heavy fine and revokation of license for one year
      2. 2nd time completely revoke license
   e. Make sure bill provides that meat can be left in the village
   f. Create mandatory check points
   g. More protection officers.

TOGIAK-- Attendance- 40 people

A. Limited Entry

1. Many questions
2. Make sure young people can get into fisheries
3. More points for where a person was born
4. All Bristol Bay watershed area residents receive permits
5. Native pople felt that laws were passed before Natives had a chance to review them- No hearings held- no imput from the people.

B. Wanton waste of game meat

1. Feels that Fish and Game leave trophy hunters alone and pick on natives
2. Natives are not used to having a licence.

NAKNEK-- Attendance- 33 people

A. Limited Entry

1. Testimony on why Limited Entry treats all parts of the state the same, not by individual areas.
2. Allow young people to enter the fishing industry
3. Any person born and raised in the Bristol Bay watershed area should be issued a lifetime permit.
4. Why should non-residents be equal to a resident
5. Alaska Dept. of Fish and Game and Limited Entry Commission should be based in Naknek where the fisheries are, on year round basis

6. Japanese fisheries was discussed
7. Feels Limited Entry has disrupted a way of life
8. People are tired of no public input from the smaller of the state, especially when the bills affect the local areas
9. Lifetime permits for proven residents of the area
10. Why doesn't the state conduct its own research instead of using University of Washington staff

B. Wanton waste of game meat.

1. In favor of bill
2. Increase surveilance personnel to enforce regualtions

NEW HALEN- (People attending from: Kokhanok, Pedro Bay, Illiamna, Igiugig, Nondalton)

Attendance- 27 people

A. Limited Entry

1. In favor of Limited Entry
2. Wanton provision for young people

B. Wanton waste of game meat

1. Last year was the worst year ever for the slaughter of animals in Illianma-Nondalton area. Not much meat was seen
2. Should be a limit on the number of animals taken.
3. Should establish a radius around a village where trophy hunting is not allowed
4. Asked for more enforcement officers
5. The villages want the meat if the hunters and guides don't
6. Mandatory check points
7. Discussed the amount of animal slaughtered when hunting and transporting were allowed on the same day - caribou especially
8. Only allow two caribou per day to be taken

NONDALTON- Attendance 16 people

A. Limited Entry

1. Questioned how much money was spent on helping people outside the state with Limited Entry
2. Watershed people should be allowed permits
3. Basically for Limited Entry, but allow the young people to enter the fisheries

B. Wanton waste of game meat

1. Radius around village where there should be no trophy hunting
2. Price of trophy tags should be raised
3. Department should keep track of how many animals are taken out

out of a lodge.
4. If game is short stop trophy hunting and allow only subsistence
5. For the bill, but with more controls and enforcement personnel

From
Bristol Bay
By-Lines, Mar. 20
'75

ANDERSON HOLDS HEARING

The Controversial Limited Entry Law was strongly supported by Dillingham area residents at a hearing held last week at the Youth Center, in Dillingham. Representative Nels Anderson, of the House Resources Committee, had come to Bristol Bay to seek advice on a proposed year moratorium on implementation of the law. The statements heard not only rejected the moratorium, but questioned the results of such an act.

Forty people attended the meeting, which also aired statements on the Proposed Woodriver-Tikchiks State Park and Wanton Waste Legislation. Representative Ted Smith of Anchorage, a major proponent of the proposed park, chaired that hearing.

Also attending the hearings were Darwin Biwer of the Limited Entry Commission, and Guy Van Doren, Representative Anderson's Staff Assistant.

Among those speaking in opposition to the year moratorium were Trefon Angasan, Jr., Executive Director, BBNA; Henry A. Cavallera, Alaska Legal Services; Jake Gregory, Egegik Village Council, and Sam Fortier, BBNA.

Mr. Angasan stated that the position of Bristol Bay Native Association is unalterably opposed to the proposed year moratorium. He cited the delay in implementing the law, and the damages to the Bristol Bay region already incurred. Mr. Angasan also stated that there is a need to develop a program to include young fishermen, and outlined the lengthy years of apprenticeship most young fishermen of Bristol Bay must pass through. He also stated that the real concern of the BBNA is the young fisherman who may not qualify. No solution exists, but the people of Bristol Bay, traditionally fishermen, must be afforded some chance to continue their chosen life styles. The Limited Entry Law was seen by Mr. Angasan as perhaps the only way to save the fisheries.

Mr. Nick D. Gregory of Egegik, expressed concern for future generations of Bristol Bay fishermen. He also mentioned the old people who have not held gear licenses in many years, emphasizing the part they played in the development of a Bristol Bay fishing community. Mr. Gregory stated that he did support the law as a means of stabilizing the fishery. (Cont. on Pg. 9, Col 1)

The Commission representative, Darwin Biwer, was questioned by Henry Cavellera and Sam Fortier. Cavellera requested that the Commission comply with letters asking information on status of applications. Fortier pointed out that while the letters were duly signed by all applicants wishing BBNA to receive the information, compliance appeared arbitrary.

Opposition to the Woodriver-Tikchiks State Park was strong. Representative Ted Smith, who chaired that portion of the hearings, heard statements from Bristol Bay Native Association; Choggiung, Ltd; Henry Cavallera on behalf of New Stuyahok; Fred Torrissi of Alaska Legal Services, and Dan O'Brien.

Bristol Bay Native Association stated opposition to the Park because development in the area would destroy the subsistence economy, be an avenue to bring roads and pipelines from Anchorage, and because the plan did not answer the needs of the local economy. Bristol Bay Native Association resolution 75-17, calling for opposition to the park, and opposition to further development that would hinder the life styles and local control of the Bristol Bay area. BBNA spokesman stated that the Park proposal is not justified either from a human resources or economic view, and that the expansion of the park authorities into the area would "bring about detrimental effects to the prosperity and happiness of the people."

Choggiung statements in opposition to the Park were read by Nels Anderson. It was stated that the detrimental effects of such a proposal would far outweigh any gains, and that the ready access of roads would spell the end of any real choice and development. Choggiung stated that the State domination was resented; that the proposal disallowed the people from making decisions that would effect their lives and generations to come. "It was further stated that "preservation, promotion, and subsistence don't mix."

William Johnson of Choggiung said that the tourism would have adverse effects on salmon and meat sources, and opposed the park plan.

Henry Cavallera, speaking for New Stuyahok, summarized the issue; the State must determine what is to be done with renewable food resources, the game and fish of the area. He also stated that the claim by the state that tourism would enrich the state is patently false; that very little real income would be realized, and that the plan is vague.

Fred Torrissi, Alaska Legal Services, questioned Rep. Ted Smith on the status of allotments in the proposed park. Smith was unable to provide an answer.

Mr. Dan O'Brien, speaking as a resident stated that the basic structure of the Master Plan presented very real questions. He stated "artificial growth and use is brought forth by advertising, and advertising brings tourists, and encourges more and more people to come to the area."

The Park was opposed by all speakers; tourism and roads were opposed, and concern raised for the people and land.

Representative Smith promised to take comments into consideration.

The Wanton Waste Legislation, sponsored by Nels A. Anderson received support. Anderson's bill would make it difficult for people to trophy hunt, and further, to lighten Title 16 to Alaska Statutes so that meat would not be wasted.

Speakers pointed out that meat was a resource, a food supply. The legislation should require all meat be used, and impose stiff fines on misuse of meat.

Guests
FOR
House
RESOURCES
comm. mtgs

Guests 3-27-75

Sen John Huber

Rep. Keith Specking

Jeff HAYNES. Att. General's office

FRANK JONES Director Game Division - Dept of Fish + Game.

Fred Wolkstedth (SP) - Director - ~~Fish + Game~~ Fish + Game - Env. Dept of Public Safety -

KATHY ? — Dept of Natural Resources

HOUSE RESOURCE COMMITTEE MEETING May 1, 1975

GUESTS:

Name	Representing	Phone
WILSON CONDON	Department of Law Department of Nat. Res.	465-3600
R. P. KERNS	DEPT. OF LAW AND DEPT OF HIGHWAYS	279-4568 ANCH.
L. T. MAIN	DIVISION of Lands	279-5577 Anchorage
Dennis M. Dooley	Dept of Hwys	344-2121-111
F. J. Honsinger	Dept of Nat. Res	465-2420

House Resource Committee Meeting April 4, 1975

Guests:

Name	Representing	Phone
Robert H. Tracy	U.S. Forest Service	Juneau
JEFF HAYNES	DEPT OF LAW	465-3600
C F Kramer	Alaska Loggers Assoc	Sitka
GG Rob Blodgett	Teller Commercial Co. Teller Mining Co.	Teller
J A Rynearson	Alaska Lumber & Pulp	747-2325 Sitka
James F. Clark	AWP	586-3340 Juneau
Dale E. Hankins	SELF	364-2281
Al Anderson	AWP	6-1891
Ellis Boyer	Ketchikan Pulp	586-3737
Jeanne Imm -	Alaska Miners	- 789-9883
Commissioner Brooks	Dept. F+G	

HOUSE RESOURCES COMMITTEE MARCH 25, 1975

Guests:

Name	Representing	Phone
John O'Brien	Trappers	6-3212
R.F. Slinski	Trapper	9-9412
Raymond E. Barlow	Trapper	9-7340
E.J. BUCHANAN	TRAPPER	4 3778

House Resource Committee

MARCH 29, 1975
march 20, 1975

Guests:

Name:	Representing:	Phone:
NORMAN GORSUCH	ALYESKA PIPELINE CO.	6-3210
WACO Shelley	Mobil Oil Corp	364-2438
ROBERT J. WALKER	EXXON	586-2660
W.C. Bishop	Bristol Bay Native Corp	277-9511

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HOUSE RESOURCE COMMITTEE MEETING March 19, 1975

Guests:

Name	Representing	Phone
RADM G.O. THOMPSON	US COAST GUARD	586-7345
BG W Latham	US Army	ANC 862 2112
MG JACK K GAMBLE	US AIR FORCE	752-4100
Col. KING D. SIMON	US AIR FORCE	ANC 752.6261
FRED WOLDSTAD	DEPT. PUBLIC SAFETY	465-4300
Pupe Andrews	Dept of Fish & Game	465-4180
Carl L. Rosier	Dept of Fish & Game	465-4214

House Resource Committee Meeting March 18, 1975

Guests:

Name	Representing	Phone
J. HAYNES	DEPT OF LAW	465-3665
Jim Brooks	Dept. Fish + Game	586-3203

HOUSE RESOURCE COMMITTEE MEETING

February 27, 1975

Guests:

Name	Representing	Phone
FRED WOLDSTAD	DEPT. PUBLIC SAFETY	465-4300

February 24, 1975

House Resource Committee Meeting Guest List

Name	Representing	Phone
Dehn Welch	U. S. Forest Service	586-7484
Peter Scholer		2.9-3908 (Anch.)
Alec Frankforter	Denali Citizens Council	
P. W. Borgen, Sr.	Ketchikan Pulp Co. / Ketchikan Spruce Mills	586-3737
RICHARD L. DAVIS	US FOREST SERVICE	586-7271
Kathy Jacobson	Dept: Nat. Res	465-2416
L. A. Dutton	Dept. NAT RES	465-2416

House Resource Committee February 13, 1975

Guests:

Name	Representing	Phone
Bob PAUSCH	Dept. fish & Game	465-4190
Kathy Jacobson	Dept. of Nat. Res.	465-2416
Dee Frankforth	Interested	
Cheryl Probst	Anchorage Times	
Neil Johannsen	Div. of Parks	274-4676 (anch.)
C. H. Rosenthal	Alaska Northwest Pub. Co	279 1723 (Anch)
J Williams	Senate Resources	3717

House Resource Committee Meeting February 12, 1975

Guests:

Name	Representing	Phone
Art Petersan		
Joel Bennett	Legislative Affairs	
Rep. Spehing		

HOUSE RESOURCE COMMITTEE MEETING FEBRUARY 10, 1975

Guests:

Name	Representing	Phone
Cheryl Probst	Anchorage Times	586-6150
Kathy Jacobson	Dept. Nat. Res.	465-2416
ERNST W. MUELLER	Dept ENV. CONS.	586-6721
SARAH Eppenbach		
Rep. Tom Fink		

House Resource Committee Meeting February 11, 1975

Guests:

Name	Representing	Phone
Kathy Jacobson	Dept. Nat. Res.	465-2416
Fred Honsinger	Dept Nat. Res	465-2420

House Resource Committee Meeting February 6, 1975

Guests for meeting:

Name	Representing	Phone
Sarah Eisenbach		586-1784
Dee Frankfourth	Interested citizen	

NAME	Address	Representing
FRED WOLDSTAD	450 WILLITIER ST.	DEPT. PUBLIC SAFETY
C. A. Weberg	" "	" " "
Ray Gilbertson		Dept. of Natural Resources

Guests for House Resource Committee Meeting February 5, 1975

Name	Representing	Phone
R. J. Ginnicki	Trappers	9-9412
John O'Brien		6-3212
Mike Harbison		9-9412

Guests for House Resource Committee Meeting February 4, 1975

Name	Representing	Phone
Cheryl Probst	Anchorage Times	586-6480
Sarah Eppenbach		586-1784
Keith Spurlock		
Joel Bennett	Legislative Affairs	465-3804
H. E. Berger	Juneau Chapter Alaska Parks + Recreation Council	789-9393
Grace Pleasant	Visiting Rep. Bennett	279-0644
Stuart Hall		

Guests for the House Resources Committee Meeting

February 3, 1975

Name	Representing	Phone
SHERRI EPPENBACH	———	586-1784
David Ackley		586-1493
H. E. BEYER	JUNEAU CHAPTER ALASKA PARKS AND RECREATIONAL COUNCIL	789-9393
HILTON WOLFE	ALASKA DIVISION OF PARKS	465-2421
Judith Maier	Juneau American Youth Hostel Comm.	789-9229

Guests for House Resource Committee Meeting

January 30, 1975

Name	Representing	Phone
Katherine Alfred	Office of Governor Div. of Policy Dev. & Planning	465-3512
David T. Walker - Legis Affairs		3802
Nick Miller	Legis.	
Sandra Lindstrom	self	586-3534
commissioner brooks	Fish: game	364-~~2180~~ 113
Jim Bratton - speaking adv. to ADC owners	fishermen Leg. liaison	
Jim ~~Oates~~		

Guest at House Resource Committee Meeting

January 31, 1975

Name	Representing	Phone
Rick Union	Birds & Bees	
Frank Jones	ADF&G	586-4190

OUTER

CONT.

SHELF

Alaska State Legislature

SENATOR
KAY POLAND
DISTRICT G.
P.O. BOX 45
KODIAK ALASKA 99615

KODIAK-ALEUTIAN
DISTRICT

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99801

Senate

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 consultive 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 presentor 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

AGO 935536

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 def~~ine~~ end 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 accomdate 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.

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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

AGO 935538

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 the 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 deficiences 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 precipitious 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 POSITON

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.

AGO 935542

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 Alas[illegible]--Sale No. 39", which has been prepared by the U.S. Department of [illegible]terior, 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.

AGO 935543

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.

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[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 AOCSO].
>
> 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 AOCSO]."[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 AOCSO 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]

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[3]AOCSO, Draft Study Plan and Budget, June, 1975, pp. 2-3.
[4]Ibid., 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.

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[5] Ibid., 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 migate 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

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[6] Ibid., p. 12.
[7] Ibid., 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 AOCSO. The budget request in the draft research proposal reveals the dollar cost of only two years of the four to five year project that AOCSO 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	250	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	200	150	1450	1400
Impacts	175	50	325	175	500	250	250	125	1250	650
Recreation	50	50	100	75	100	100	125	60	375	285
Cultural Resources	100	100	250	250	125	150	100	75	625	575
TOTAL	1275	1150	1975	1500	2725	2450	1200	660	7175	6060

source: AOCSO, 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 comparision, 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 associtated 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 AOCSO 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 AOCSO 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 experts of energy to Japan free the U.S. economy from dependence on OPEC oil?

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[8] William 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 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 implimented 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)

Year	Cash Outflow	Cash Inflow	Net Cash Flow
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	18553	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)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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	8638
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%.

AGO 935558

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)

Year	Cash Outflows	Cash Inflows	Net Cash Flows
1975			
76	9000		(9000)
77	6000		(6000)
78	3626	808	(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	29145	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)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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 DNR economic model.

(in thousands of dollars)

Year	Cash Outflows	Cash Inflows	Net Cash Flow
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 NGOA economic model.

(in thousands of dollars)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
1975		
76	17014	3520
77	19271	5426
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	530	192
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)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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
1995	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	933	340
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%.

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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.

Year	Cash Outflows	Cash Inflows	Net Cash Flow
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	464000	448400
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 co .. 12.50 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.

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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)

Year	Present Value of Cash Outflows	Present Value of Cash Inflows
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)

	Net Cash Flow to State of Alaska			Net Cash Flows to U.S. Government
Year	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)	(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

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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)

	Net Cash Flow to State of Alaska			Net Cash Flows to U.S. Government
Year	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)	(13041)	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

AGO 935569

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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.

AGO 935570

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

Block	Hectares	Block	Hectares	Block	Hectares
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

Block	Hectares	Block	Hectares	Block	Hectares
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
60	2304	115	2304	168	2304
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
69	2304	124	1000 est	195	2304
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
75	2304	149	2304	201	2304

AGO 935573

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

Icy Bay, Map 7-1

Block	Hectares	Block	Hectares	Block	Hectares
202	2304	291	2304	367	2304
203	2304	292	2304	368	2304
204	2304	293	2304	369	2304
205	2304	294	2304	370	2304
206	2304	295	2304	371	2304
207	2304	296	2304	372	2304
208	2304	297	2304	373	2304
209	2304	298	2304	374	2304
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
239	2304	327	2304	411	2304
240	2304	328	2304	412	2304
241	2304	329	2304	413	2304
242	2304	330	2304	414	2304
243	2304	335	2304	415	2304
247	2304	336	2304	416	2304
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		

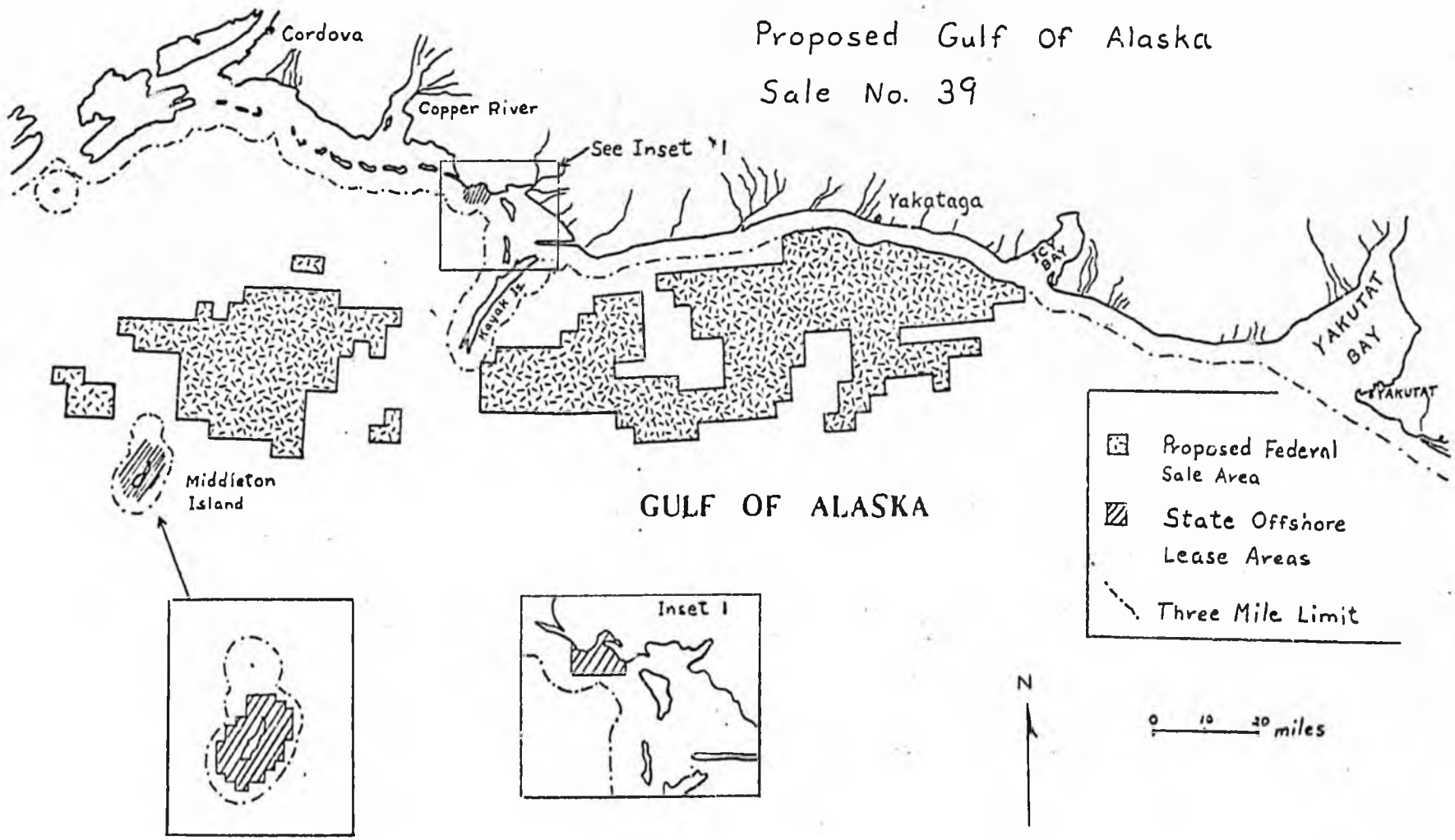
AGO 935574

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

Icy Bay, Map 7-1

Block	Hectares	Block	Hectares	Block	Hectares
202	2304	291	2304	367	2304
203	2304	292	2304	368	2304
204	2304	293	2304	369	2304
205	2304	294	2304	370	2304
206	2304	295	2304	371	2304
207	2304	296	2304	372	2304
208	2304	297	2304	373	2304
209	2304	298	2304	374	2304
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
239	2304	327	2304	411	2304
240	2304	328	2304	412	2304
241	2304	329	2304	413	2304
242	2304	330	2304	414	2304
243	2304	335	2304	415	2304
247	2304	336	2304	416	2304
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		

AGO 935575


Proposed Gulf Of Alaska
Sale No. 39
Cordova
Copper River
See Inset 1
Yakataga
Kayak I.
ICY BAY
YAKUTAT BAY
YAKUTAT
Middleton Island
GULF OF ALASKA
Inset 1
Proposed Federal Sale Area
State Offshore Lease Areas
Three Mile Limit
N
0 10 20 miles

AGO 935576

COASTAL ZONE MANAGEMENT: A SUMMARY

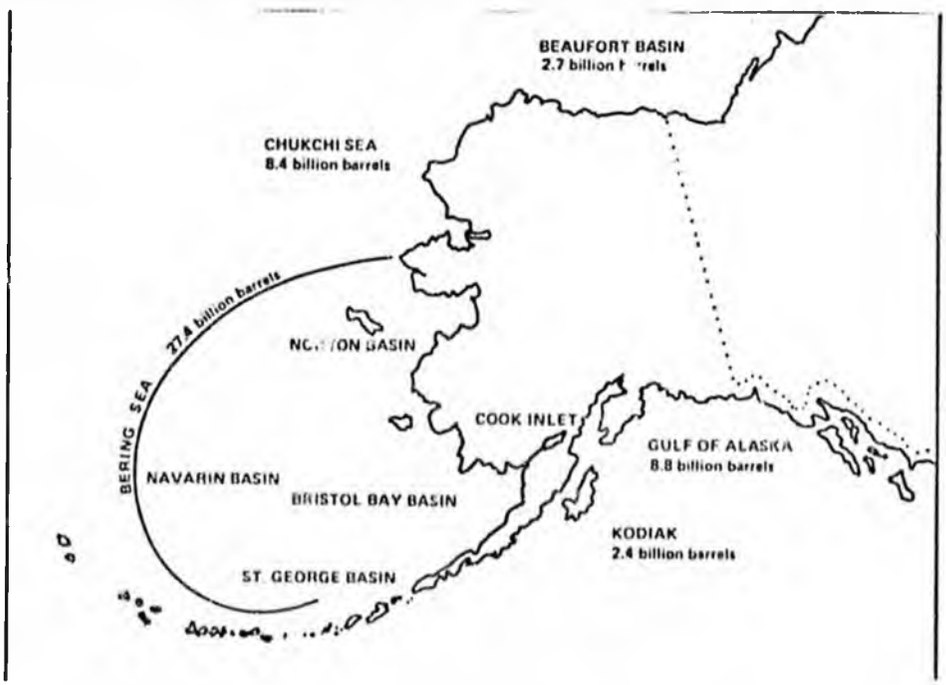
I

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

AGO 935577

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

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

AGO 935578

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 activies 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 sever 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.

HB

3

"An Act providing for dedication or acquisition of park, open space and recreation areas.

do pass with amendment(s) 1/31/75

1/20/75

FINANCE
XEROXED

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date 1-31-75

The Committee on Resources has had House Bill # under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

(X) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE:

BY: House Community and Regional Affairs Committee

To: _____ HOUSE BILL No. 485

SENATE BILL No. _____

PAGE: 1 LINE: 21

After Sub- section (2), add a new subsection--Sub-section (3).

The land, fees, or combination thereof shall be used only for the purpose of providing park, recreational, or open space facilities.

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

H.B. 3 file

1975 JAN 28 PM 10 41

02047 NL TDA CHUGIAK ALASKA 50 01-28 640P AST

PMS HOUSE RESOURCES COMMITTEE

JUN 1063

PARK SUPPORTS LEGISLATION WHICH WOULD PERMIT MUNICIPALITIES AT THEIR OPTION TO REQUIRED PARK DEDUCTION AS A CONDITION TO SUBDIVISION APPROVAL

PARKS AND RECREATION COUNCIL OF ANCHORAGE

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

463 file

1975 JAN 28 PM 8 11

#

02024 POM ANCHORAGE ALASKA 15 01-28 220P AST

PMS REP NELS ANDERSON 1049

JUN

PLEASE SUPPORT TED SMITHS HOUSE BILL 3 IN HOUSE RESOURCES

HEARING THANK YOU

ELIZABETH SHERRY 7200 THIEL CIRCLE 99502

Minutes
House Commuinty and Regional Affairs Committee
February 20, 1974
8:30 a.m.

Present	Excused
Chairman Carrol	Rep. Guy
V. Chairman Hackney	Rep. Fritz
Rep. Laktonen	Rep. Petersen
Rep. Gardiner	

Guests

Don Berry-Alaska Municipal League
James Wiedeman-Office of the Governor, Division of Planning and Research
Lawrence Kimball-Dept. of Community and Regional Affairs, Division of Research and Planning

The Committee considered HB 445.

Mr. Berry-AML requested Rep. Fischer to introduce the bill. It is an attempt by the Municipal League to guarantee recreational and open lands in any subdivision to be developed from now on. It provides that a certain proportion of land must be dedicated to open space in a development.

Rep. Gardiner-Did any of the smaller communities feel that this type of legislation was going to pose problems for them?

Mr. Berry-Not in the communities I talked with.

Chairman Carrol-Will there be any problems with public parking because of this?

Mr. Berry-There shouldn't be, because most builders are required to provide for public parking in their plans, if the area is to be used by the public.

Rep. Gardiner-What is this Sec. B, the exemption for industrial zoned land?

Mr. Berry-There seems to be trouble in zoning an area of a community strictly for industry, and this bill gives a plan for planning bith industrial and recreational areas.

V. Chairman Hackney-How about the provision in Line 11?

Mr. Berry-Why give the developer the right to pay a money fee instead of dedicating open land?

Mr. Wiedeman-Usually the payment of fees is for areas where a subdivision goes in adjacent to an existing park, in which case, the fees paid by the developer might be used to either help maintain the existing park or to purchase recreational land in another location.

Rep. Gardiner-Would there be any problem with these fees being used for anything other than their originally intended purpose?

Chairman Carrol-Rep. Malone has provided us a copy of his reaction to this bill.

The memo was read by the secretary to the Committee. It was addressed to Rep. Fritz, from Rep. Malone.

Mr. Kimball-The Dept. of CRA is in favor of the bill. Other states have passed the same type of legislation and its constitutionality has been upheld in these states, provided the standards set by the municipalities are reasonable. The idea of leaving the standards to the discretion of the local governments is a good one, because it will allow the different Alaskan communities to design around their own topographical problems.

V. Chairman Hackney-Do you see restrictions on developers making their own plans, and having these plans not be accepted by the local government?

Mr. Kimball-Not really, because the developer would already have had to consult with the proper local authorities before going ahead anyway.

V. Chairman Hackney-How many boroughs would have a parks and recreation plan at this time, to implement this legislation?

Mr. Kimball-Probably Anchorage, maybe Fairbanks. The main object in all this is to simply locate the recreational areas near the residential sections.

V. Chairman Hackney-Hawaii has this type of plan, including the idea of industrial parks. They also have a green strip policy, in which there are certain areas in an industrial section where no buildings may be built.

Mr. Kimball-Yes, Connecticut also has this policy.

V. Chairman Hackney-Is this bill really necessary?

Mr. Kimball-This type of planning ordinance usually requires state legislation to be effective on a local level.

V. Chairman Hackney-Is there any virtue in requiring the boroughs to have this type of comprhensive plan?

Mr. Wiedeman-It gets very complicated at the local level. There almost has to be a pre-existing plan in an area for this type of ordinance to be effective. The bill is enabling legislation.

The municipalities have to do certain things first:
1) There has to be some sort of parks plan to relate the new ordinance to.
2)There has to be a set of standards or conditions as to where

the ordinance shall apply. It would be unreasonalbe, in most cases, for the city to ask a developer who was subdividing only 20 lots to dedicate 5 to open space. But the passage of this type of legislation may get the different localities to look at the idea of planning.

Chairman Carrol-Do you think the bill needs more specific language concerning this point?

Mr. Kimball-These standards are usually developed at the local level.

V. Chairman Hackney-Is there no danger of municipalities using this bill as a rip-off on the subdividers?

Mr. Kimball-Usually representatives of the developer work with the local governments in these cases, so there should be no problem.

V. Chairman Hackney-There needs to be something in the bill to specify that the fees acquired in lieu of open space property should be earmarked for the purpose of recreation.

Mr. Berry-It all goes into a general fund from which the parks and recreation monies are drawn anyway, so what difference can it make?

V. Chairman Hackney-There is the possibility of the money going elsewhere.

Mr. Berry-If it makes Rep.Hackney feel better, language can be inserted to specify that the funds must be used for this purpose only.

Chairman Carrol-I disagree. When funds are earmarked, they are sometimes spent needlessly. The local governments need the latitude to decide what to do with the funds, to use them where they are needed.

Mr. Berry-So much is spent by the municipalities on parks and recreation in comparision to what might be received from any fees a developer might pay, that there really seems little point in specifying.

V. Chairman Hackney-If the city is going to pick someone's pocket for a specific purpose, let the money be earmarked for that specific purpose.

Mr. Wiedeman-Seldom, in my experience, is the land commuted to a fee payment anyway.

Chairman Carrol-What would be an example of such a case?

Mr. Wiedeman-The case I mentioned before, where an already existin park makes more open land unnecessary. Surplus park property can be detrimental to a community, and payment of a fee can be substituted in this case.

Mr. Kimball-Or, in the case of a large development owned by several holders, the fees may be taken to develop one larger area for recreation.

Because of the lateness of the hour, Chairman Carrol adjourned the meeting at 9:30, to be continued tomorrow at 8:30 a.m.

Minutes
House Community and Regional Affairs Committee
Febraary 21, 1974
8:30 am

Present	Excused
Chairman Carrol	Rep. Guy
V. Chairman Hackney	
Rep. Fritz	
Rep. Gardiner	
Rep. Petersen	

Guests

Billy Berrier--City Attorney, Juneau City and Borough
Don Berry--AML
Dorie Clark--Parks and Recreation, Greater Anchorage Area Borough
Rep. Helen Fischer--sponsor of HB 445
Karen Hedley--League of Wommen Voters, Anchorage
Lawrence Kimball--Dept. CRA, Divsion of Research and Planning
Gary Thurlow--Greater Anchorage Area Borough, City Attorney

Continuing hearings on HB 445.

Mrs. Hedley: The subdivider should bear the burden of seeing that there is a minimum amount of open land in the dvelopment. The in lieu fee should be up to the local government, as should be the required minimum amount of land to be dedicated. The League of Women Voters is urging a speedy do pass recommendation.

Rep. Fritz: Have you had problems with the developers over this type of thing?

Mrs. Hedlen: Not unless the requirements are too stringent.

Rep. Fritz: There have been no compaints from anyone on your committee?

Mrs. Hedlen: There were some monor disput es.

Rep. Hckney: Did you have contact with real estate people?

Mrs. Hedlen: Most could see the advantage of the program.

Chairman Carrol: What about the claim that the tenant pays for the park anyway in a bigger markup?

Mrs. Hedlen: The price is passed on to the consumer, so he pays for the parks anyway, but I would rather do it.

Rep. Gardiner: A community as it grows will want parks, and they're more expensive later; it's just a question of when you pay, and how much.

Rep. Hackney: Where several small developers own a general area, they would have to decide who gives up the park land.

Mrs. Hedlen: Most of the land we are talking about is owned by two or three people, so that problem relly isn't what concerns us directly in Anchorage.

Mrs. Clark: Each community in Alaska is unique and has its own needs and the formula in HB 445 is flexible and workable.

There is a real estate representative on the Greater Anchorage Area Park Board and he favors this legislation.

The opposition to this kind of thing is usually to the unknown. the developers don't know what formula will be adoped at the local level.

HB 445 will not provide all the parkland needed by the communties, but the land it does set aside will be acquired at its least expensive. We urge passage of this bill.

Rep. Hackney: What do you do for Anchorage, Mrs. Clark?

Mrs. Clark: I am the manager of the Parks and Recreation Dept.

Rep. Fritz: We only have one chance at parks. I urge passage.

Rep. Hackney: Would you have any objection to requiring fees in lieu of dedication to be especially earmarked for parks and recreation.

Mrs. Clark: No, I would have assumed they would be used for this purpose anyway.

Mr. Van Doren: How about the following amendment: The land, fees, or combination thereof shall be used only ofr the purpose of providing park, recreational, or open space facilities to serve the subdivision.

Rep. Fischer--I was going to ask for this type of amendment.

Rep. Gardiner--Is the phrase, "to serve the subdivision" too restrictive?

Mr. Van Doren: Perhaps the fees could be used for the upkeep of an adjacent area, so the subdivider can see a benefit to his area through the fees he has paid.

Mr. Kimball: In California courts, it is felt that the subdivider should provide certain services in return for land pressures, but they are not held responsible for programs normally supported by the community.

Mrs. Clark: Some subdivisions might have a park nearby in various stages of development. In this case, couldn't the fee be used in a different area?

Mr. Bernier: The phrase, "to serve the subdivision" ties it dow

unnecessarily.

Mr. Thurlow: It wouldn't create a problem in Calif., but it might here.

Rep. Hackney: I just don't want the borough ripping off the developers.

Rep. Gardiner: There have to be certain stipulations on the local level. If the cities were ripping off the subdivders, it would never hold up in court.

Mr. Thurlow: I represented a developer in Calif. Their ordinance works well and protects the responsible developer. If there is no statute convering this, the parks situation, especially in Anchorage,will be irretrievable.

Rep. Carrol: How do you see Fairbanks?

Mr. Thurlow: Fairbanks needs small community parks.

Rep. Carrol: This would seem to be atimely bill for Alaska.

The meeting was adjourned at 9:30 because of the lateness of the hour. Further consideration to be held at the meeting Monday, Feb. 25.

Minutes
House Community and Regional Affairs Committee
February 25, 1974
8:30 a.m.

Present	Excused
Chairman Carrol	Rep. Guy
V. Chairman Hackney	
Rep. Fritz	Guests
Rep. Gardiner	
Rep. Laktonen	Rep. J. Miller
Rep. Petersen	Mr. Don Berry--AML
	Mr. Billy Berrier--City Atty., Juneau

The Committee continued to deliberate on HB 445.

Rep. J. Miller testified on the bill.

The bill was passed out of committee with a unanimous vote, amendment attached.

There being no further business, the meeting was adjourned at 9:30 a.m.

MEMORANDUM



Alaska House of Representatives



POUCH V
JUNEAU
99801

—

P. O. BOX 9
KENAI
99611

HUGH MALONE

TO: Honorable Milo Fritz
Committee on Community & Regional Affairs

DATE: January 28, 1974

FROM: Representative Hugh Malone

RE: HB 445, Platting Powers

The evident purpose is to allow municipalities to require developers to provide land for parks and open spaces. This is a bona-fide public purpose. It costs a great deal to acquire this land after development - and the developer is the prime beneficiary, since he is assured that the development will have, if the overall plan is carried out, adequate open area for recreation and related activities.

The bill does not in any way restrict local government - it broadens their powers. It does not restrict developers unless unfairly administered by a municipality.

One other point to consider is that a municipality might possibly be faced with a suit on the grounds a person would be deprived of private property for a public use without fair compensation. (References - U.S. and Alaska Constitutions; 5th Amendment, U.S. Constitution; Art. 1, Sec. 18, Alaska Constitution.)

I would argue against this on the following basis:

1. A developer is already required to provide adequate street rights-of-way and utilities easements as a condition of approval of the development. HB 445 is merely an extension of the types of public areas deemed necessary for development.

2. Land use is already limited in most urban areas to that specified in the overall zoning. Park or greenspace zoning is probably within the scope of zoning power of a municipality.

It should be noted that a local government could only use this power as part of an overall parks plan. Also, while some savings would occur, the costs of providing parks in a quickly growing area would only be slightly mitigated in most cases. But this does not detract from the value of the bill.

I would be glad to testify on HB 445 at your convenience. I respectfully suggest you invite comments and testimony from Mr. Robert Pavitt, Director of Planning and Research, Office of the Governor. Mr. Pavitt is an expert in this field.

H. M.

cc: Robert Pavitt

C 200

Legal Issues

There are two major legal issues regarding mandatory dedication of land or fees-in-lieu of land for schools and parks as a prerequisite to subdivision plat approval: (1) whether the conceived purpose of the regulation comes within the constitutional limits of the police power--the protection of health, safety and morals, or the general welfare. And, (2) whether the specific requirements are "reasonable," that is, whether they exceed the limitations on the exercise of regulatory power.[3]

The Constitutionality of Subdivision Exactions

Subdivision regulations requiring the mandatory dedication of land or fees-in-lieu of land as a precedent to plat approval must generally be authorized by state legislation. Several states have passed dedication and fees-in-lieu provisions statutes.[4] One indication of the increasing interest in such legislation is the ACIR State Legislative Program fo_ 1970[5] in which a bill (reproduced in Appendix A) is proposed for mandatory dedication of park and school sites. In its introduction to the model draft bill, ACIR states that it is now generally recognized that land for open space, park and recreation areas, and school sites is a vital feature of sound subdivision design. Providing land is as necessary as is providing common physical facilities, such as streets and sewers.

California has one of the finest examples of state enabling legislation in the Quimby Act (AB 1150 of Chapter 1809). This section reads as follows:

> Section 1. Section 11510 of the Business and Professions Code is amended to read:
>
> 11510. "Design." Refers to street alignment, grades and widths, alignments and widths of easements and rights-of-way for drain-

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[3]Ibid., p. 1122.

[4]Arkansas -- Ark. Stat. Ann. 19-2829 (Supp. 1959); Washington -- Wash. Rev. Code 58. 16.120 (1951); Minnesota -- Minn. Stat. Secs. 462. 351-462.364 (1965); California -- Business and Professions Code section 11546, Ab 1150, chapter 1809 (1965); New York -- Section 277, Town Law, Section 179-1, Village Law, Section 33, General City Law; Hawaii (proposed) S.B. No. 282 (1966). ASPO did not survey states concerning enabling legislation for subdivision dedication and/or fees-in-lieu requirements and does not contend that this list is complete.

[5]Advisory Commission on Intergovernmental Relations, ACIR State Legislative Program: New Proposals for 1970. (Washington, D.C.: Advisory Commission on Intergovernmental Relations, 1969) p. 31-37-00,1.

age and sanitary sewers and minimum lot area and width. "Design" also includes land to be dedicated for park or recreational purposes.

Section 2. Section 11546 is added to said code, to read:

11546. The governing body of a city or county may by ordinance require the dedication of land, the payment of fees in lieu thereof, or a combination of both, for park or recreational purposes as a condition to the approval of a final subdivision map, provided that:

(a) The ordinance has been in effect for a period of 30 days prior to the filing of the tentative map of the subdivision.

(b) The ordinance includes definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof.

(c) The land, fees, or combination thereof are to be used only for the purpose of providing park or recreational facilities to serve the subdivision.

(d) The legislative body has adopted a general plan containing a recreational element, and the park and recreation facilities are in accordance with definite principles and standards contained therein.

(e) The amount and location of land to be dedicated or the fees to be paid shall bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision.

(f) The city or county must specify when development of the park or recreational facilities will begin.

(g) Only the payment of fees may be required in subdivisions containing fifty (50) parcels or less.

The provisions of this section do not apply to industrial subdivisions.[6]

---

[6]A recent appellate court in California has generally validated the ordinance for the city of Walnut Creek which was basically patterned after the suggested ordinance prepared by the League of California Cities based on the state enabling legislation. The court in this decision (Associated Home Builders of the Greater East Bay, Inc. v. City of Walnut Creek, filed on October 13, 1970) commented negatively on certain aspects of the Walnut Creek ordinance and determined that subsection (g) of section 1154b was ambiguous in that the use of the term "parcel" was not subject to definition. Aside from this, it does appear that the appellate court sustained the California law in this field.

Appendix A

ACIR SUGGESTED STATE LEGISLATION

[Title should conform to state requirements. The following is a suggestion: "Amendment to state legislation authorizing counties and municipalities to exercise subdivision regulation powers."]

(Be it enacted, etc.)

Section 1. [Appropriate citation to existing subdivision regulation law] is hereby amended by adding the following new sections at the end thereof:

Section [ ]. Dedication of School, Park and Playground Sites. For those portions of [municipalities, counties] for which plans for future sites for schools and parks and playgrounds have been adopted and published pursuant to [cite local planning enabling stature], the [governing body] may be resolution or ordinance include, as a part of the [municipality's, county's] subdivision control regulations, requirements that a subdivider of land dedicate such land areas, sites and locations for school, park and playground purposes as are reasonably necessary to service the proposed subdivision and the future residents thereof, but in no case more than [ ] percent of the gross area of the proposed subdivision. The regulations may provide that the dedication shall be a condition precedent to the approval of any subdivision plat. They shall set forth the standards to be applied in determining the amount of land that is required to be dedicated. These standards shall be based upon the number and type of dwelling units or structures to be included in each subdivision. These standards shall also be based upon studies and surveys conducted by the [municipality, county] in order to determine the need, if any, for school, park and playground sites generated by existing subdivisions within the [municipality, county] containing various types of dwelling units or structures.

The regulations may also provide that the [municipality, county], or a designated department or agency thereof, shall have the authority to select the location of land areas to be dedicated for school, park and playground purposes. If such authority is exercised, the dedication provision shall take into con-

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The suggested state legislation cited in this appendix is taken from Advisory Commission on Intergovernmental Relations, ACIR State Legislative Program: New Proposals for 1970 (Washington, D.C.: 1969), Sec. 31-37-00, p. 2.

sideration variations in the relative desirability and market value of the land that may be included within the area of any particular, proposed subdivision.[1]

Section [ ]. Payment in Lieu of Dedication. When the [governing body] adopts regulations requiring a subdivider to dedicate school, park and playground sites, as authorized by section [the preceding section], it may also adopt, as part of the [municipality's, county's] subdivision control regulations, provisions requiring a subdivider, in lieu of dedicating the sites, to pay to the [municipality, county] a sum of money equal to the value of land that would otherwise be required to be dedicated for school, park and playground purposes, whenever the department or agency charged with administering the dedication provisions determines that it would not be in the public interest to accept the dedication in connection with a particular proposed subdivision.[2] The provisions shall enumerate the standards to be applied in determining when it is not in the public interest to accept the dedication and shall provide for the manner of making payment. [All funds so received shall be held by the [municipality, county], or a designated department or agency thereof, in a special account, and shall be applied and used by the [municipality, county] to acquire school, park and playground sites for the benefit of the residents of the subdivision for which the payment was made.] Provisions may be adopted establishing standards for the application and use of the funds in accordance with the foregoing limitation. The provisions may also provide that the payment in lieu of dedication shall be a condition precedent to the approval of any subdivision

---

[1]The legislature may wish to spell out the procedure for adjusting the area of land dedicated to the varying value of property throughout the subdivision. Following is one suggestion:

Such consideration shall be in the form of provisions that adjust the total amount of land that may be required to be dedicated in accordance with the value of the particular land area or areas selected for dedication as opposed to the average per acre or other unit value of all land within the proposed subdivision, in accordance with the following formula:

$$\frac{\text{Average value (per acre or other unit) of all land within subdivision}}{\text{Average value (per acre or other unit) of the land selected for dedication.}} = \frac{\text{"x"}}{\text{Number of acres (or other units of land) required to be dedicated under standards relating to number and type of dwelling units or structures}}$$

where "x" equals the total amount of land that may be required to be dedicated.

[2]The legislature may consider it desirable to specify the procedure for determining the amount of the in-lieu payment. Following is a possible approach: (Footnote continued)

plat, or may provide that the payment be deferred or made in installments following approval of a subdivision plat, or may provide that the payment be deferred or made in installments following approval of a subdivision plat upon the subdivider's posting of a good and sufficient surety bond guaranteeing the payment.

[Section [ ]. Certification of Standards by School and Park Districts. When the boundaries of the [muncipality, county] do not coincide with those of the [school district] [park district] responsible for administering the school and park programs, the governing body of the [municipality] [county] shall refer the standards required by [the preceding two sections] to the [school district] [park district] in which the proposed subdivision is located. The standards shall not be effective until the [school district] [park district] certifies, pursuant to procedures set forth in an interlocal agreement, that they are the same as those prevailing throughout the jurisdiction of the [school district] [park district].]

Section 2. Separability. [Insert separability clause.]

Section 3. Effective Date. [Insert effective date.]

(Footnote continued.)

Where a fee is required to be paid in lieu of land dedication, the amount of such fee shall be based on the average price per acre which the [school board] and the [park authority] would be required to pay for an amount of land equivalent to that which the subdivider or developer would otherwise be required to dedicate, pursuant to section [ ] hereof. The average price per acre used to calculate the fee shall be established annually by the [school board] and the [park authority], subject to [governing body's] approval, based on their best knowledge of trends in site costs, and such price shall be applied [municipal-, county-] wide. The average price per acre used to establish the fee for the current calendar year shall be that for land to be purchased in the following calendar year. An appropriate schedule of fees shall be published in the [planning agency], subject to the approval by the [governing body], and shall become effective January 1. This schedule of fees shall be reviewed annually and revised as necessary.

HB

4

"An Act making a special appropriation to the Department of Fish and Game to purchase real property within Potter Point State Game Refuge: and pr oviding for an effective date."

1/30/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker: Date FEB 20, 1975

The Committee on Re sources has had HB 4

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 421 AND THAT CS FOR HB 4 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

STATE AFFAIRS COMMITTEE WORK SHEET

CSHB 1/22 1/24

BILL NO. / DATE PAGE TITLE Guide SPONSOR FURTHER REFERRALS

This Bill If Enacted Would: Relates to Guide Boards

When Bill Considered by SA Committee: Jan 22, 1973

Action Taken by Committee: to approved CSHB1 O-N-P
Amend the title as in final draft

Amendments: Amended to Provide That: Sec. AS 08.54.190 Line 21
after license add"; however, to regard, for a license
which has expired a former master guide is not required to
comply with Sec 10 (a) or a former registered guide is not
required to comply with Sec 10 (8) of the Chapter
Page 6 - Title from line 10 - master guide & (s) registered guide.

Witnesses Testifying Before Committee: (summary of testimony)
Joe Brown - Legislative Aide 1/24/73

None

Hardin Bible moved out on page 1
Do pass Miller move on title Bill
to Rep Out with CS as Amended
Motion Carried Ordered
1/24/73

Other Comments:

Potter Point State Game Refuge

ACQUISITION PRIORITIES

Priority	Area	Parcel No.	Justification
1	A	23-29	Existing marsh conditions support the greatest variety of waterfowl. As a result of the large number of birds and variety of habitat, the greatest occurrences of school field trips, bird watching, dog training, hunting and cross country skiing takes place here.
1	B	14-18	This is the only existing access to the central portion of the refuge. The area supports large numbers of spring migrating waterfowl and, within the refuge, is second only to Area A in public use.
2	C	19-22	This area has the highest potential for increasing waterfowl reproduction through habitat manipulation. It now has little public access, but at a later date access could be extended from adjoining state lands.
3	D	11-13	These parcels lie within the experimental pond/berm nesting habitat manipulated area and should be purchased for protection from other development.
4	E	1-10	This area attracts large numbers of fall migrating duck and geese. It also has sandy beaches found nowhere else on the refuge.

POTTER MARSH LAND OWNERSHIP

Private

Map No.	Acreage	Name	Address	Assessed value of parcels completely within Marsh
1	4	R. Retherford	6/28 W. Dimond Blvd., Anchorage, Ak.	
2	3	E. Nail	902 Jackson Pl., Wenatchee, Wa.	
3	10	Parts of 8 lots - several owners		
4	2	Parts of 5 lots - several owners		
5	45	T. Carey	3317 Mt. View Dr., Anchorage, Ak.	
6	7	R. Thomas and R. Rhodes	1801 W. Dimond Blvd., Anchorage, Ak.	
7	35	R. Chadwick	Box 437, Chugiak, Ak.	
8	7	R. Huff	9557 Endicott St., Anchorage, Ak.	
9	10	D. Kyzer and J. McManamin	Box 923, Anchorage, Ak.	
10	2	D. Kyzer	1601 East 1st Ave., Anchorage, Ak.	
11	13	W. Hickel	Box 1700, Anchorage, Ak.	
12	4	W. Hancock and M. Bowdish	3538 Knik Ave., Anchorage, Ak.	
13	10	R. Slaymaker	117 W. Fireweed Ln., Anchorage, Ak.	
14	60	J. B. Gottstein	1400 E. St., Anchorage, Ak.	
15	1	J. White Co.	909 W. 9th Ave. #12, Anchorage, Ak.	
16	32	J. White Co.	909 W. 9th Ave. #12, Anchorage, Ak.	
17	20	L. Thomas	St Rt. A, Box 1990, Anchorage, Ak.	
18	4	Parts of 7 lots - several owners		
19	28	G. Woo	232 Fifth Ave., Anchorage, Ak.	$ 89/acre
20	12	R. Johns	Box 393, Anchorage, Ak.	
21	55	Johns Road Company	2804 Northern Lights, Anchorage, Ak.	$154/acre

POTTER MARSH LAND OWNERSHIP

Private (Continued)

Acreage	Name	Address	Assessed value of parcels completely within Marsh
70	Ocean View Manor	P.O. Box 4-1141, Anchorage, Ak.	$173/acre
3	Ocean View Manor	P.O. Box 4-1141, Anchorage, Ak.	
33	K. Buckner	1135 W. Eighth Ave., Anchorage, Ak.	
1	E. Jarvi	6401 W. Chestnut, Yakima, Wa.	
86	W. Hancock	St. Rt. A, Box 1462, Anchorage, Ak.	$227/acre
95	W. Hancock	St. Rt. A, Box 1462, Anchorage, Ak.	$261/acre
30	H. Clements	825 W. Eighth Ave., Anchorage, Ak.	$165/acre
62	Alaska Range Association	St. Rt. A, Box 4008-U, Anchorage, Ak.	

Total: 745 acres

State

Type	Acreage
Marsh	1,212
Tidal	1,750
Total:	2,962

Borough

Type	Acreage
Marsh	35

Potter Refuge

Ownership	Total	Marsh Land Only
Private	745	745
State	2,962	1,212
Borough	35	35
Total:	3,742 acres	1,992 acres

HB

5

"An Act making a special appropriation to the Department of Public Safety for the establishment of an undercover unit of fish and game enforcement; and providing for an effective date."

1/20/75

COMMITTEE REPORT

FINANCE
PRELIMINARY

HOUSE

Mr. Speaker: Date 3-28-75

The Committee on Resources has had House Bill 5 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 5 AND THAT CS FOR HB 5 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

March 25, 1975

HOUSE RESOURCES COMMITTEE REPORT

The special appropriation would initaially establish two investigator positions, both of whom would be assigned to the existing criminal investigation unit.

Incumbents would be graduates of the State Public Saftey Academy and would be scheduled for advanced investigative training outside the State of Alaska. A typical course of study suggested is the Internal Revenue Service Special Agent School offering an agenda of seven weeks duration in Washington D.C. where emphasis is placed on techniques, fraud, and investigative procedures. Upon completion of the training, immediate efforts would be directed towards operations to deter the unlawful commercial utilization of game resources, as well as to apprehend violations in the area of commercial fisheries.

Specifically, the two positions would be trained and would be directed to pursue a method of investigation in fish and wildlife that would include techniques normally associated with drug and narcotic units. Unlawful purchases would be made upon opportunity, hunts would be booked with individuals known to be conducting unlawful hunts, officers would be placed aboard fishing vessels to observe areas and vessels where fishing violations have been known to occur.

Funds appropriated for the specific purpose of this program would be assigned an individual code, and funds expended would be accountable for review. An annual report of activity and expenditure would be prepared and available for legislative review.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH AND WILDLIFE PROTECTION

Pouch N
Juneau, Alaska 99811

March 27, 1975

Honorable Nels A. Anderson, Jr.
Chairman
House Resource Committee
Room 106, 109 Capitol
Juneau, Alaska 99801

Dear Representative Anderson:

Previous discussion with you and with members of your committee have adequately clarified and conveyed the thoughts and interpretation of the committee toward the intent of House Bill No. 5. It is the desire of the Division of Fish and Wildlife to conform with the opinion and intent of the committee, and I suggest the following program to conform with these previous discussions.

There presently exists within the Division of Fish and Wildlife, Department of Public Safety, an investigative unit comprised of three officers charged with responsibility to methodically pursue and prepare for court prosecution, evidence of unlawful activity in fish and wildlife resources. An addition to this existing unit of two full time positions would be provided by special appropriation.

The two investigator incumbents would be specifically charged with the responsibility of devoting full attention to the unlawful commercial utilization of fish and game resources with the goal of bringing the offenders before the courts in criminal actions. The appropriation would provide the potential to accomplish a style of undercover enforcement in fish and wildlife proven to be successful in such areas as narcotics and consumer fraud.

An outline of projected costs for the initial program is attached. Funds appropriated for the specific purpose of this program would be assigned an individual code, and funds expended would be accountable for review. A report of activity and expenditure would be made available for legislative review.

Sincerely yours,

RICHARD L. BURTON
COMMISSIONER

Woldstad

By: Fred M. Woldstad
Deputy Director
Fish & Wildlife Protection

A. Salaries and Wages

Position	Monthly	Annual
1 Investigator II (Anchorage - Range 18)	1,555	18,660
1 Investigator I (Anchorage - Range 17)	1,445	17,340
		36,000
Overtime		6,645
		42,645
Benefits @ 18%		7,355
	TOTAL	50,000

B. Travel and Per Diem

Outside Travel for training 2 men - total of 140 days @ 40.00	5,600
Outside Travel for investigation	3,000
Travel within state	2,400
	11,000

C. Contractual Services

Contracts (Guide), Purchase (unlawful game and fish	18,000
Vessel and equipment charter	14,000
Undercover participation (outside Alaska)	5,000
	37,000

D. Commodities

Uniform and supplies	2,000
TOTAL	$100,000

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 5

Title: Undercover Unit Fish and Wildlife Protection

Requested by: Date: 3/27/75

Return Date Requested: 3/28/75

Agency: Public Safety Program: Fish & Game Resources (41)

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 04.41.05.01.01

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		50.0	57.5	99.2	114.1	175.0
200	TRAVEL		11.0	11.6	18.3	19.2	26.7
300	CONTRACTUAL		37.0	40.7	68.0	74.8	100.0
400	COMMODITIES		2.0	1.0	2.0	1.5	2.5
500	EQUIPMENT				20.0		20.0
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		100.0	110.8	207.5	209.6	324.2

B. FUNDING: (Thousands of dollars)

GENERAL FUND		100.0	110.8	207.5	209.6	324.2
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	2 /	3 /	3 /	4 /
MAN MONTHS (P./T.)	/	24 /	24 /	36 /	36 /	48 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached sheet.

IV. ATTACHMENTS

Summary

V. DATE: 3/27/75 PREPARED BY: Vona L. Hall, Fiscal Officer
Department of Public Safety

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
BETH O'DONNELL

PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

HOUSE RESOURCES COMMITTEE REPORT

The special appropriation would initially establish two investigator positions, both of whom would be assigned to the existing criminal investigation unit.

Incumbents would be graduates of the State Public Safety Academy and would be scheduled for advanced investigative training outside the State of Alaska. A typical course of study suggested is the Internal Revenue Service Special Agent School offering an agenda of seven weeks duration in Washington D.C. where emphasis is placed on techniques, fraud, and investigative procedures. Upon completion of the training, immediate efforts would be directed towards operations to deter the unlawful commercial utilization of game resources, as well as to apprehend violations in the area of commercial fisheries.

Specifically, the two positions would be trained and would be directed to pursue a method of investigation in fish and wildlife that would include techniques normally associated with drug and narcotic units. Unlawful purchases would be made upon opportunity, hunts would be booked with individuals known to be conducting unlawful hunts, officers would be placed aboard fishing vessels to observe areas and vessels where fishing violations have been known to occur.

Funds appropriated for the specific purpose of this program would be assigned an individual code, and funds expended would be accountable for review. An annual report of activity and expenditure would be prepared and available for legislative review.

Explanation

PURPOSE: Establish an undercover unit of the Division of Fish and Wildlife Protection.

BACKGROUND: Problems of commercial use of Alaska's game recources is not a new area, but rather an element of wildlife enforcement work that is extremely time consuming, as well as expensive, and has been set aside to be pursued when funds and personnel permit. Priorities are essentially established by the people of the State, and the priority of undercover work and investigation in commercial use of resources has perhaps not reached the top of the pile, due to the fact the public is yet unaware of the magnitude of the problem.

The attached narrative has been taken from a prepared speech given in February 1974 to over 200 Wildlife Officers attending the Northwest Wildlife Law Enforcement Association meeting in Calgary, Alberta. It does describe a degree of problem in one area of game enforcement work. Other problems exist such as:

Alaska moose and caribou has been purchased in Chicago and on the east coast in a special canned pack and packed somewhere in Alaska.

Nine individuals within one game management unit, all aircraft owners and operators, are known to be guiding without a license, when the price is right and opportunity exists.

Bear hides, brown and polar bear, are available for sale from $2,000 to $6,000 each.

Innumerable guiding violations could be pursued from present investigative information files provided funds were available to travel and contact the non resident client and bring him back to the State for testimony in legal action.

OBJECTIVE: The primary purpose of the program is to establish a unit within the Division to devote full attention and time to working with this problem and bringing the offenders before the courts. Not only would our officers gain the training and expertise to conduct this type of work, it would be necessary for the State to enlist the services of a number of other states where mutual agreements could be executed for exchange of officers for undercover investigations.

The potential for securing officers from other states presently exists and costs are those of transportation and contractual arrangements for booking of hunts. Additionally, the federal government has officers available for this unique use.

In addition to prosecution of offenders, the objectives include creating a deterent to discourage commercialization

BRU_____ BRU CODE _____ REVISED _____

EXPLANATION

Explanation

Page 2 - continued

of game resources and impress upon the potential offender that the risk is significant.

SUGGESTED INITIAL EXPENDITURE:

PERSONNEL - Two Investigators stationed in Anchorage

TRAINING - Nine week Treasury School in Washington, D. C.

BRU _____ BRU CODE _____ REVISED _____

EXPLANATION

....."The guiding industry and its effect on our wildlife resources is one of our major areas of concern. By statute it is unlawful for nonresidents to pursue or take brown bear, grizzly bear, polar bear or sheep in the State, unless personally accompanied by a person who is licensed as a master, registered or assistant guide. At the present time we license 28 master guides. Hunting effort by nonresidents varies annually between 9 to 12 thousand hunters and approximately 925 of these are in pursuit of brown or grizzly bear and thus require services of a guide.

Annual take of brown or grizzly bear in Alaska in recent years has averaged approximately 650 animals. One of twenty-six game management units, Unit 9, has consistently contributed 25% (160 bear) of the average annual harvest. Research activities have been concentrated in this unit to take advantage of the high bear densities and thus it was in this area it became evident that harvest statistics were apparently inaccurate.

A mandatory sealing program has been in effect since 1961 and the sealing documents were the primary source of harvest information. To confirm or refute the exodus of brown bear trophies from the state without compliance with sealing requirements, two biologists and one enforcement officer were sent to the states of Washington and Colorado to visit four taxidermy establishments who were known to process a significant quantity of Alaskan trophies taken by both resident and nonresident hunters. The U. S. Fish and Wildlife Service was requested to accompany our personnel at the time of the visits as a matter of courtesy and to assist with legal procedures in the event that a voluntary inspection of taxidermy receiving records could not be obtained. The visit at this time was not planned with the intent to pursue the matter beyond a statistical gathering of information.

Results from the invoices viewed at the four taxidermy shops, produced a total of 198 bear hides had been received by these studios during a period of approximately eighteen months that could not be identified by Alaska bear sealing records. This quantity presented a potential error of alarming proportions in the accuracy of sealing statistics and bear management.

Upon return to Alaska, the three began a detailed review of bear sealing records and the entire matter was reviewed at staff level. It was determined necessary to find the origin of the unidentified bear hides received at the four studios and if a significant number of these were Alaskan, to find the means to prevent this from occurring in the future. A thorough search of sealing records in Anchorage and Juneau plus soliciting sealing certificates from all Department field personnel, reduced the number of unidentified hides to 164.

The identity of the owners of the 164 hides as indicated by taxidermy receipts were separated as follows: 22 with Alaskan addresses, 13 with addresses outside of the United States, and 129 addresses scattered in 27 states. The task of trying to make contact with each of these was begun through the cooperation of the Fish and Wildlife Service and Wildlife Enforcement Agents in all of the 27 states and in the Canadian provinces. Results of the interviews were analyzed.

It is known that many nonresident hunters depend entirely upon their guide for direction and advice concerning laws and regulations and, that advice received is not always in the best interest of the state and the resource. The investigation revealed one guide associated and responsible for 15 bear hides shipped

from Alaska without sealing during a fourteen month period. This period did coincide with the same period in which regulations limited the number of brown or grizzly bear each guide could contract or hunt for, and requiring harvest control tags. One conclusion that appeared evident is that voluntary compliance was not statistically sufficient for accurate management. Further, the problem was large enough to devote funds and manpower to methodically revisit the four taxidermy studios and 10 additional establishments located in Washington, Wyoming, Montana, Oregon and Colorado.

A team of two men were sent outside the state and in visiting the 14 taxidermy studios, sorted through over 40,000 taxidermy invoices and reduced 158 questionable hides and trophies that, having been taken in Alaska, were questionable as to legality. This figure of 158 included 30 polar bear hides, 93 brown bear hides and 35 miscellaneous trophies including fur animals and protected species. This number was in addition to the previous trip.

Personnel were assigned the task of sorting, investigating and putting the information in usable form. With the assistance of many enforcement officers outside of the state, including Mr. Fitzgerald of the Yukon Territory, Mr. James Hatter of British Columbia, Mr. Ferguson of the Department of Lands and Forests in Toronto, U. S. Fish and Wildlife Agents too numerous to mention, and many state officers, we organized a picture of what was happening and gave us an insight on what must be done to combat the problem.

Many of the investigations led to frustration only, however, we were successful in a number of prosecutions, revocation of guide licenses and perhaps most important, an aware and aroused public. Rather drastic changes are now occurring in guide control, the guides themselves have initiated an aroused role in attempting to police themselves, legislation and regulation has been passed to assist the enforcement of re-ource laws, and we as an organization have modified our approach to the enforcement of the laws associated with the guiding profession."

12 New Position Summary

CLASSIFICATION TITLE (1)	PRIORITY (2)	PCN (3)	PAY RGE. (4)	MTHLY. SALARY (5)	REVISED PROGRAM NO. (6)	TOTAL POSITION COST (7)	BUDGET YEAR (BY) NO. POS. (8)	NO. MO. (9)	ANNUAL AMOUNT AGENCY MAINTENANCE (10)	AGENCY CHANGE (11)	GOVERNOR (12)
1 Investigator II Anchorage	1		18	1,555		51,364	1	12	18,660		
2 Investigator I Anchorage	2		17	1,445		39,517	1	12	17,340		
3											
4							2	24	36,000		
5											
6 Overtime									6,645		
7											
8									42,645		
9 Benefits @ 18%									7,676		
10											
11											
12 Subtotal Maintenance									50,321		
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23 SALARIES									36,000		
24 OVERTIME									6,645		
25 BENEFITS									7,676		
26 SUB TOTAL									50,321		
27 VACANCY											
TOTAL ANNUAL AMOUNT											
PERMANENT FULL TIME POSITIONS & (months)									2 (24)	( )	( )
PERMANENT PART TIME/SEASONAL POSITIONS and (months)									( )	( )	( )
TEMPORARY, FULL TIME EQUIVALENT: POSITIONS & (months)									( )	( )	( )
TOTAL MONTHS									24		

BRU Enforcement BRU CODE 12.41.3.05.01 REVISED

12 PERSONAL SERVICES NEW POSITION SUMMARY

02-1012

Request for New Position

POSITION TITLE	Investigator II		RANGE 18	LOCATION Anchorage
TYPE OF POSITION (PFT, PPT, SEAS)	PFT	NEW ESTABLISHED X	M/C:	PRIORITY 1 PAGE/LINE 12/1

TYPE OF EXPENDITURE	BUDGET YEAR (BY) AMOUNT	FUNDING SOURCE	DETAIL OF RELATED EXPENSES
PERSONAL SERVICES	26,084	GF	Salary 18.660; OT 3,445; Benefits 3979
TRAVEL	5,500		
CONTRACTUAL	10,000		
COMMODITIES	1,000		
EQUIPMENT	5,000		
OTHER	3,780		
TOTAL	51,364	GF	

APPROVED CLASSIFICATION

CLASS CODE

RANGE

APPROVED BY:

EFFECTIVE DATE

LOCATION

PCN

EXPLANATION:

TRAVEL - Outside travel for training 2,800, outside travel for investigation 1,500, Inside travel 1,200.

CONTRACTUAL - Guide contracts 3 @ 3,000 ea. = 9,000, unlawful game purchases 1,000

COMMODITIES - Uniform $600, enforcement supplies $400

EQUIPMENT - Vehicle and radio

OTHER - Vehicle rental, Department of Highways

GOVERNOR	APPROVED ☐ DISAPPROVED ☐	LEGISLATURE	APPROVED ☐ DISAPPROVED ☐	CERTIFICATION BY AGENCY HEAD	DATE

BRU Enforcement BRU CODE 12.41.3.05.01 REVISED

13 PERSONAL SERVICES REQUEST FOR NEW POSITION

02-1013

Request for New Position

POSITION TITLE	Investigator I	RANGE	17	LOCATION	Anchorage
TYPE OF POSITION (PFT, PPT, SEAS)	PFT	NEW X / ESTABLISHED	M/C	PRIORITY	2
				PAGE/LINE	12/2

TYPE OF EXPENDITURE	BUDGET YEAR (BY) AMOUNT	FUNDING SOURCE	DETAIL OF RELATED EXPENSES
PERSONAL SERVICES	24,237	GF	Salary 17,340; OT 3,200; Benefits 3,697
TRAVEL	5,500		
CONTRACTUAL	))		
COMMODITIES	1,000		
EQUIPMENT	5,000		
OTHER	3,780		
TOTAL	39,517	GF	

APPROVED CLASSIFICATION

CLASS CODE

RANGE

APPROVED BY:

EFFECTIVE DATE

LOCATION

PCN

EXPLANATION:

TRAVEL - Outside travel for training 2,800, outside travel for investigation 1,500, Inside travel 1,200.

COMMODITIES - Uniform $600, supplies $400

EQUIPMENT - Vehicle and radio

OTHER - Vehicle rental, Department of Highways

GOVERNOR	APPROVED ☐ DISAPPROVED ☐	LEGISLATURE	APPROVED ☐ DISAPPROVED ☐	CERTIFICATION BY AGENCY HEAD	DATE

BRU Enforcement BRU CODE 12.41.3.05.01 REVISED

13 PERSONAL SERVICES REQUEST FOR NEW POSITION

02-1013

STATE OF ALASKA

JAY HAMMOND, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH AND WILDLIFE PROTECTION

Richard L. Burton
Commissioner

Pouch N, Juneau, Alaska 99811

March 6, 1975

Honorable Nels A. Anderson, Jr.
Chairman
House Resource Committee

Dear Representative Anderson:

For the purposes of explanation and to establish a declaration of intent, I would like to propose the following program for your consideration.

T e special appropriation would initially establish two investigator positions, both of whom would be assigned to our existing criminal investigation unit. Incumbents would be graduates of our Public Safety Academy and would be scheduled for advanced investigative training outside the State of Alaska. A typical course of study suggested is the Internal Revenue Service Special Agent School offering an agenda of seven weeks duration in Washington, D.C. where emphasis is placed on techniques, fraud, and investigative procedures. Upon completion of the training, immediate efforts would be directed towards operations to deter the unlawful commercial utilization of game resources, as well as to apprehend violations in the area of commercial fisheries.

Specifically, the two positions would be trained and would be directed to pursue a method of investigation in fish and wildlife that would include techniques normally associated with drug and narcotic units. Unlawful purchases would be made upon opportunity, hunts would be booked with individuals known to be conducting unlawful hunts, officers would be placed aboard fishing vessels to observe areas and vessels where fishing violations have been known to occur.

Funds appropriated for the specific purpose of this program would be assigned an individual code, and funds expended would be accountable for review. An annual report of activity and expenditure would be prepared and available for legislative review.

Sincerely yours,

RICHARD L. BURTON
COMMISSIONER

By: Fred M. Woldstad
Deputy Director
Fish & Wildlife Protection



Alaska State Legislature

HOUSE OF REPRESENTATIVES

COMMITTEES

EDUCATION

RESOURCES

HEALTH & SOCIAL SERVICES

REPRESENTATIVE LESLIE E. "RED" SWANSON

HOUSE DISTRICT 19

POUCH V
JUNEAU, ALASKA
99811

P.O. BOX 3
NENANA, ALASKA
99760

It is the intention of the sponsor of this bill that the money appropriated by this act will be used only for under-cover work. Also that none of the appropriated money may be transfered to any other function of the Department.

Leslie E. Swanson

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 5
Title: Undercover Unit Fish & Wildlife Protection
Requested by: Beth O'Donnell Date: 2/21/75
Return Date Requested: ASAP
Agency: Public Safety Program: Fish & Game Resources (41)

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 04.41.05.01.01

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		50.3	82.0	94.3	108.4	124.7
200	TRAVEL		11.0	10.8	13.4	15.0	16.5
300	CONTRACTUAL		17.6	20.2	23.3	26.8	30.8
400	COMMODITIES		2.0	2.6	2.7	2.9	3.0
500	EQUIPMENT		10.0	10.0			
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		90.9	125.6	133.7	153.1	175.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		90.9	125.6	133.7	153.1	175.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	3 /	3 /	3 /	3 /
MAN MONTHS (P./T.)	/	24 /	36 /	36 /	36 /	36 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached sheet.

IV. ATTACHMENTS Budget pages: Explanation - 2
Speech excerpts - 2
Form 12 - Position Summary
Form 13 - Position Request - 2

V. DATE: 2/21/75 PREPARED BY: Vona L. Hall
Fiscal Officer
Dept. of Public Safety

Original: Legislative Finance - Beth O'Donnell
cc: Budget and Management - Jeff Morrison
Prime Sponsor (First Legislator Named) Swanson

Analysis

Problem: Illegal depletion of bear/moose/caribou herds by guides who combine air charter service and guiding activity.

Scope of problem: From one 3 man trip "outside", to 4 taxidermy shops we identified 164 illegal bear hides. A subsequent trip of 2 men to 14 shops identified an additional 158 animals of dubious legality.

Assumption: The creation of a specially trained investigative unit to pursue presently known violations, and participate in the hunting activities of suspected violators, would result in violators being brought to court. There are State and Federal agencies willing to supply supplemental undercover agents to participate in hunts, at a cost to us of only travel and hunt costs.

In addition, a significant chance of prosecution would deter potential offenders.

Explanation

PURPOSE: Establish an undercover unit of the Division of Fish and Wildlife Protection.

BACKGROUND: Problems of commercial use of Alaska's game recources is not a new area, but rather an element of wildlife enforcement work that is extremely time consuming, as well as expensive, and has been set aside to be pursued when funds and personnel permit. Priorities are essentially established by the people of the State, and the priority of undercover work and investigation in commercial use of resources has perhaps not reached the top of the pile, due to the fact the public is yet unaware of the magnitude of the problem.

The attached narrative has been taken from a prepared speech given in February 1974 to over 200 Wildlife Officers attending the Northwest Wildlife Law Enforcement Association meeting in Calgary, Alberta. It does describe a degree of problem in one area of game enforcement work. Other problems exist such as:

Alaska moose and caribou has been purchased in Chicago and on the east coast in a special canned pack and packed somewhere in Alaska.

Nine individuals within one game management unit, all aircraft owners and operators, are known to be guiding without a license, when the price is right and opportunity exists.

Bear hides, brown and polar bear, are available for sale from $2,000 to $6,000 each.

Innumerable guiding violations could be pursued from present investigative information files provided funds were available to travel and contact the non resident client and bring him back to the State for testimony in legal action.

OBJECTIVE: The primary purpose of the program is to establish a unit within the Division to devote full attention and time to working with this problem and bringing the offenders before the courts. Not only would our officers gain the training and expertise to conduct this type of work, it would be necessary for the State to enlist the services of a number of other states where mutual agreements could be executed for exchange of officers for undercover investigations.

The potential for securing officers from other states presently exists and costs are those of transportation and contractual arrangements for booking of hunts. Additionally, the federal government has officers available for this unique use.

In addition to prosecution of offenders, the objectives include creating a deterent to discourage commercialization

BRU _____ BRU CODE _____ REVISED _____

EXPLANATION

Explanation

Page 2 - continued

of game resources and impress upon the potential offender that the risk is significant.

SUGGESTED INITIAL EXPENDITURE:

PERSONNEL - Two Investigators stationed in Anchorage

TRAINING - Nine week Treasury School in Washington, D. C.

BRU _____ BRU CODE _____ REVISED _____

EXPLANATION

02-1023

....."The guiding industry and its effect on our wildlife resources is one of our major areas of concern. By statute it is unlawful for nonresidents to pursue or take brown bear, grizzly bear, polar bear or sheep in the State, unless personally accompanied by a person who is licensed as a master, registered or assistant guide. At the present time we license 28 master guides. Hunting effort by nonresidents varies annually between 9 to 12 thousand hunters and approximately 925 of these are in pursuit of brown or grizzly bear and thus require services of a guide.

Annual take of brown or grizzly bear in Alaska in recent years has averaged approximately 650 animals. One of twenty-six game management units, Unit 9, has consistently contributed 25% (160 bear' of the average annual harvest. Research activities have been concentrated in this unit to take advantage of the high bear densities and thus it was in this area it became evident that harvest statistics were apparently inaccurate.

A mandatory sealing program has been in effect since 1961 and the sealing documents were the primary source of harvest information. To confirm or refute the exodus of brown bear trophies from the state without compliance with sealing requirements, two biologists and one enforcement officer were sent to the states of Washington and Colorado to visit four taxidermy establishments who were known to process a significant quantity of Alaskan trophies taken by both resident and nonresident hunters. The U. S. Fish and Wildlife Service was requested to accompany our personnel at the time of the visits as a matter of courtesy and to assist with legal procedures in the event that a voluntary inspection of taxidermy receiving records could not be obtained. The visit at this time was not planned with the intent to pursue the matter beyond a statistical gathering of information.

Results from the invoices viewed at the four taxidermy shops, produced a total of 193 bear hides had been received by these studios during a period of approximately eighteen months that could not be identified by Alaska bear sealing records. This quantity presented a potential error of alarming proportions in the accuracy of sealing statistics and bear management.

Upon return to Alaska, the three began a detailed review of bear sealing records and the entire matter was reviewed at staff level. It was determined necessary to find the origin of the unidentified bear hides received at the four studios and if a significant number of these were Alaskan, to find the means to prevent this from occurring in the future. A thorough search of sealing records in Anchorage and Juneau plus soliciting sealing certificates from all Department field personnel, reduced the number of unidentified hides to 164.

The identity of the owners of the 164 hides as indicated by taxidermy receipts were separated as follows: 22 with Alaskan addresses, 13 with addresses outside of the United States, and 129 addresses scattered in 27 states. The task of trying to make contact wit- each of these was begun through the cooperation of the Fish and Wildlife Service and Willdife Enforcement Agents in all of the 27 states and in the Canadian provinces. Results of the interviews were analyzed.

It is known that many nonresident hunters depend entirely upon their guide for direction and advice concerning laws and regulations and, that advice received is not always in the best interest of the state and the resource. The investigation revealed one guide associated and responsible for 15 bear hides shipped

from Alaska without sealing during a fourteen month period. This period did coincide with the same period in which regulations limited the number of brown or grizzly bear each guide could contract or hunt for, and requiring harvest control tags. One conclusion that appeared evident is that voluntary compliance was not statistically sufficient for accurate management. Further, the problem was large enough to devote funds and manpower to methodically revisit the four taxidermy studios and 10 additional establishments located in Washington, Wyoming, Montana, Oregon and Colorado.

A team of two men were sent outside the state and in visiting the 14 taxidermy studios, sorted through over 40,000 taxidermy invoices and reduced 158 questionable hides and trophies that, having been taken in Alaska, were questionable as to legality. This figure of 158 included 30 polar bear hides, 93 brown bear hides and 35 miscellaneous trophies including fur animals and protected species. This number was in addition to the previous trip.

Personnel were assigned the task of sorting, investigating and putting the information in usable form. With the assistance of many enforcement officers outside of the state, including Mr. Fitzgerald of the Yukon Territory, Mr. James Hatter of British Columbia, Mr. Ferguson of the Department of Lands and Forests in Toronto, U. S. Fish and Wildlife Agents too numerous to mention, and many state officers, we organized a picture of what was happening and gave us an insight on what must be done to combat the problem.

Many of the investigations led to frustration only, however, we were successful in a number of prosecutions, revocation of guide licenses and perhaps most important, an aware and aroused public. Rather drastic changes are now occurring in guide control, the guides themselves have initiated an aroused role in attempting to police themselve , legislation and regulation has been passed to assist the enforcement of re-ource laws, and we as an organization have modified our approach to the enforcement of the laws associated with the guiding profession."

12 New Position Summary

CLASSIFICATION TITLE (1)	PRIORITY (2)	PCN (3)	PAY RGE. (4)	MTHLY. SALARY (5)	REVISED PROGRAM NO. (6)	TOTAL POSITION COST (7)	BUDGET YEAR (BY) NO. POS. (8)	NO. MO. (9)	ANNUAL AMOUNT AGENCY MAINTENANCE (10)	AGENCY CHANGE (11)	GOVERNOR (12)
1 Investigator II Anchorage	1		18	1,555		51,364	1	12	18,660		
2 Investigator I Anchorage	2		17	1,445		39,517	1	12	17,340		
3											
4							2	24	36,000		
5											
6 Overtime									6,645		
7											
8									42,645		
9 Benefits @ 18%									7,676		
10											
11											
12 Subtotal Maintenance									50,321		
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
						23 SALARIES			36,000		
						24 OVERTIME			6,645		
						25 BENEFITS			7,676		
						26 SUB-TOTAL			50,321		
						27 VACANCY			%	%	%
						TOTAL ANNUAL AMOUNT					
						PERMANENT FULL TIME: POSITIONS & (months)			2 (24)	( )	( )
						PERMANENT PART TIME/SEASONAL: POSITIONS and (months)			( )	( )	( )
						TEMPORARY, FULL TIME EQUIVALENT: POSITIONS & (months)			( )	( )	( )
						TOTAL MONTHS			24		

BRU Enforcement BRU CODE 12.41.3.05.01 REVISED

12 PERSONAL SERVICES NEW POSITION SUMMARY

13 Request for New Position

POSITION TITLE Investigator I		RANGE 17	LOCATION Anchorage
TYPE OF POSITION (PFT, PPT, SEAS) PFT	NEW X / ESTABLISHED	M/C:	PRIORITY 2 PAGE/LINE 12/2

TYPE OF EXPENDITURE	BUDGET YEAR (BY) AMOUNT	FUNDING SOURCE	DETAIL OF RELATED EXPENSES
PERSONAL SERVICES	24,237	GF	Salary 17,340; OT 3,200; Benefits 3,697
TRAVEL	5,500		
CONTRACTUAL			
COMMODITIES	1,000		
EQUIPMENT	5,000		
OTHER	3,780		
TOTAL	39,517	GF	

APPROVED CLASSIFICATION

CLASS CODE

RANGE

APPROVED BY:

EFFECTIVE DATE

LOCATION

PCN

EXPLANATION:

TRAVEL - Outside travel for training 2,800, outside travel for investigation 1,500, Inside travel 1,200.

COMMODITIES - Uniform $600, supplies $400

EQUIPMENT - Vehicle and radio

OTHER - Vehicle rental, Department of Highways

GOVERNOR	LEGISLATURE	CERTIFICATION BY AGENCY HEAD	DATE
APPROVED ☐ DISAPPROVED ☐	APPROVED ☐ DISAPPROVED ☐		

BRU Enforcement BRU CODE 12.41.3.05.01 REVISED

13 PERSONAL SERVICES REQUEST FOR NEW POSITION

02-1013

13 Request for New Positi

POSITION TITLE	Investigator II		RANGE 18	LOCATION Anchorage
TYPE OF POSITION (PFT, PPT, SEAS)	PFT	NEW X / ESTABLISHED	M/C:	PRIORITY 1 PAGE/LINE 12/1

TYPE OF EXPENDITURE	BUDGET YEAR (BY) AMOUNT	FUNDING SOURCE	DETAIL OF RELATED EXPENSES
PERSONAL SERVICES	26,084	GF	Salary 18,660; OT 3,445; Benefits 3979
TRAVEL	5,500		
CONTRACTUAL	10,000		
COMMODITIES	1,000		
EQUIPMENT	5,000		
OTHER	3,780		
TOTAL	51,364	GF	

CLASSIFICATION APP

CLASS CODE

RANGE

APPROVED BY:

EFFECTIVE DATE

LOCATION

PCN

EXPLANATION:

TRAVEL - Outside travel for training 2,800, outside travel for investigation 1,500, Inside travel 1,200.

CONTRACTUAL - Guide contracts 3 @ 3,000 ea. = 9,000, unlawful game purchases 1,000

COMMODITIES - Uniform $600, enforcement supplies $400

EQUIPMENT - Vehicle and radio

OTHER - Vehicle rental, Department of Highways

GOVERNOR	APPROVED ☐ DISAPPROVED ☐	LEGISLATURE	APPROVED ☐ DISAPPROVED ☐	CERTIFICATION BY AGENCY HEAD	DATE

BRU Enforcement BRU CODE 12.41.3.05.01 REVISED

13 PERSONAL SERVICES REQUEST FOR NEW POSITION

02-1013

HB

9

"An Act creating the Goose Bay State Game Refuge and providing for an effective date."

1/20/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker: Date

The Committee on Resources has had House Bill XX under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

To: Howard HOUSE BILL No. SCHB 9

SENATE BILL No. _____

PAGE: 1 LINE: 12

after the word one (1) three

should be eleven - (2)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 9

Title: An Act creating the Goose Bay State Game Refuge

Requested by: House Resources Committee Date: 2/13/75

Return Date Requested:

Agency: Fish and Game Program: Natural Resources
Management & Environmental Conservation

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		-0-	-0-			

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS: -0-

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Subject piece of legislation merely establishes a State Game Refuge. The Department of Fish & Game envisions no impact upon operating budget in the foreseeable future of this department as a result of this piece of Legislation. It is conceivable that at some point in the future it may be desirable to develop access to the land in question.

IV. ATTACHMENTS

V. DATE: 2/13/75 PREPARED BY: Verl Roberts

Verl Roberts, Admin. Director

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 8

Title: An Act creating the Palmer Hay Flats Game Refuge

Requested by: House Resources Committee Date: 2/13/75

Return Date Requested:

Agency: Fish and Game Program: Natural Resources Management & Environmental Conservation

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		-0-	-0-			

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS: -0-

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

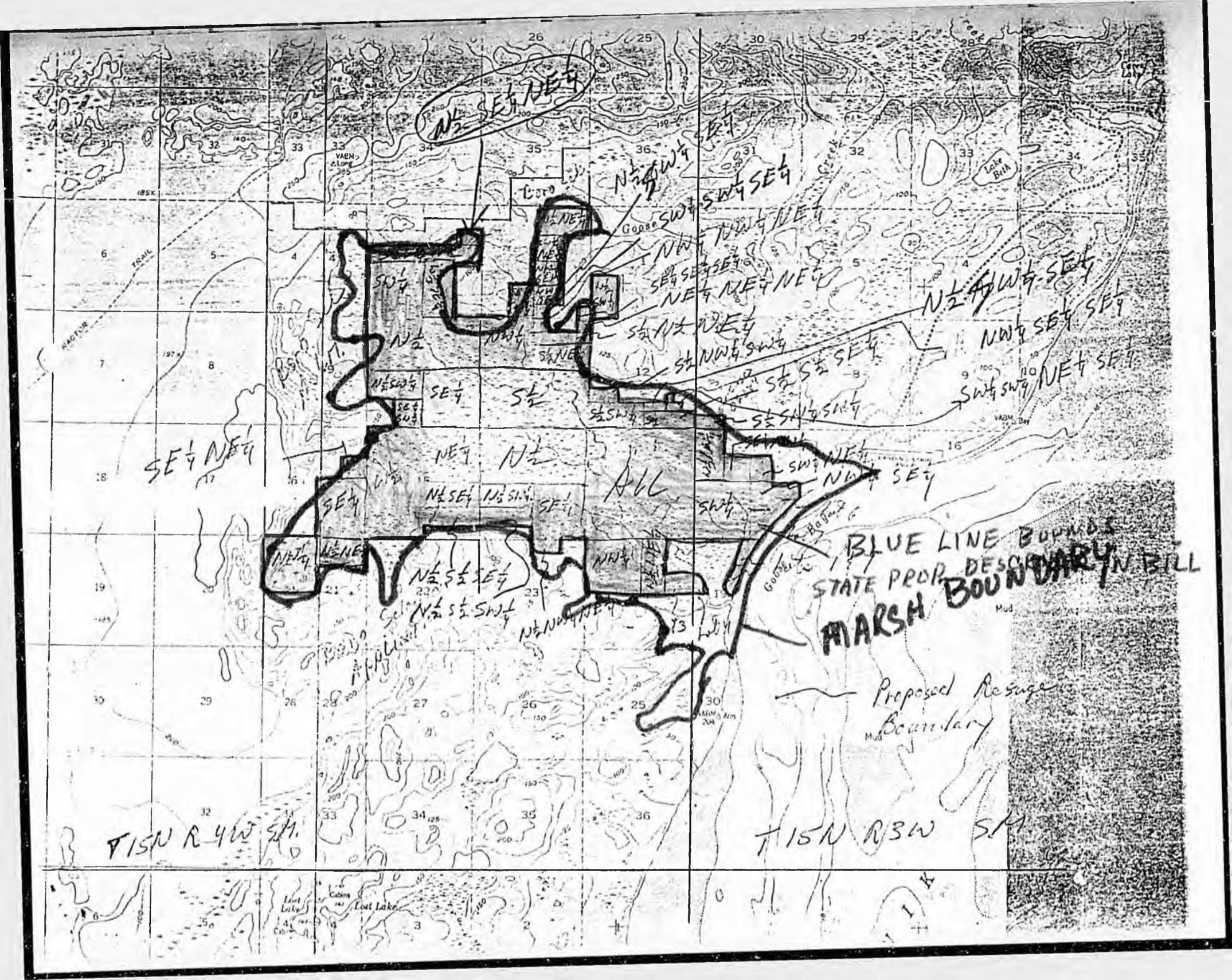
Subject piece of Legislation merely establishes a State Game Refuge. The Department of Fish & Game envisions no impact upon operating budget in the foreseeable future of this department as a result of this piece of Legislation. It is conceivable that at some point in the future it may be desirable to develop access to the land in question.

IV. ATTACHMENTS

V. DATE: 2/13/75 PREPARED BY: Vern Roberts

Vern Roberts, Admin. Director

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)


BLUE LINE BOUNDS STATE PROP. DESIGNATE BOUNDARY IN BILL
MARSH
Proposed Refuge Boundary
T15N R4W Sec.
T15N R3W Sec.
ALL
Lost Lake
Lost Lake
Goose Creek
Lake Birch
Mud
Mud

T15N R5W

T15N R4W

- State Land - all unclassified
- Private Land within area described in Goose Bay Refuge Act
- Goose Bay Marsh

TRACT "A"

SEE SUPPLEMENTAL PLAT

GOOSE BAY

GOOSE CREEK

Boro Sel Apln 25306

50-65-0136 GS-208

50-66-0495
50-65-0569
GS-208

(CR-A) 50-70-0004 MH-146

Apln R/W Per 57588 200'

Ltr Per 57799 50-65-0 GS-208

100' R/W Per 17932

WR 40781 Apln

Cir Lst Univ-9

PLO 29937 WR Coll Wdl Expl Army 45844 AF 33451

ILM? Apln FUP-0244

R/W Per 17079

R/W Per 170794

Ltr Per 57837 50'

1233642 GS-208

1225092 HE = A041180

AA 6361-B Wtsd Apln

50-72- 0028 HE = A05617

1057240 Serial # = A06135

149594 - BLM K/D D/C

TBr CI-297

RFF

RFF

HB

17

"An Act relating to the issuance of permits for the construction of trapping cabins."

1/20/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker: Date 3-25-75

The Committee on Resources has had House Bill 17 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 17 AND THAT CS FOR HB 17 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob A. Anderson, Steve Hirshberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob A. Anderson, Jr. Chairman

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE—ANCHORAGE 99501

February 14, 1975

The Honorable Leslie E. Swanson
Representative
House of Representatives
Pouch V
State Capitol
Juneau, Alaska 99801

Dear Representative Swanson:

The Alaska Division of Lands does have an existing authority that will provide assistance to the fur trappers. Within the Director's authority as provided in AS 38.05.330 and as interpreted in 11 AAC 58.210, permits for temporary use of State land may be negotiated permitting temporary occupancy of State lands with limitations as proposed in your house bill.

Permits can be offered to trappers that exhibit evidence of a legitimate trap line that has been used for a period of at least two years and is presently being used. The permit would include special stipulations as follows:

1. Duration not to exceed five years.

2. Use of a site described may be used for the erection of a cabin not to exceed dimensions exceeding 12' x 12'.

3. Permit is not transferrable or assignable.

4. No preference right to lease or purchase the subject lands inures with the permit.

5. The annual rent is $100.00.

6. The permit may be terminated upon 30-days written notice for failure to comply with the terms of the permit.

This type of permitting is used for all legitimate applications for land use where the State does not wish to provide any permanent tenure. Actually, the idea of the special land use permit is to legitimize a person's occupancy of State lands, providing him with a document to show other persons that he does have authorization for the described use, and allows the State to keep a handle on use of State lands.

Please feel free to contact me if further discussion and clarification is needed.

Sincerely,

Mike

Michael C. T. Smith
Director

cc Northcentral District Office
Southcentral District Office
Southeast District Office
Lands Section

HB
29

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S—JUNEAU 99801

February 27, 1975

The Honorable Nels Anderson, Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99811

Dear Mr. Anderson:

re House Bill No. 29

House Bill No. 29, an Act to provide a school tax on oil according to the House Journal of February 26, 1975 was referred to the House Resources Committee after which it will be referred to the House Finance Committee.

The bill provides in general that there is levied upon the producer of oil a tax of one cent on each barrel of oil which is transported intrastate by pipeline and removed or sold from any lease or property in the State, less any part the ownership or right to which is exempt from taxation. Line 18 on page 2 of the bill provides for repeal of the present $10 per head School Tax.

In order to evaluate the effect on the Treasury as to revenue to be gained by school tax on oil and as to revenue to be lost by the repeal of the present School Tax of $10 per head, requests were made to Mr. O. K. Gilbreth, Director, Division of Oil and Gas as to the school tax on oil and to the Audit Division of the Department of Revenue for School Tax.

Attached for your consideration are copies of memorandums and schedules from Mr. O. K. Gilbreth indicating new revenues to be gained by imposition of the school tax on oil for the fiscal years 1975 through 1980 and a schedule prepared by Darrell D. Knox, Audit Supervisor II of the Audit Division of the Department of Revenue incorporating new revenue from school tax on oil and loss of revenues under proposed repeal of the present $10 per head school tax and net gain or loss to Treasury for the fiscal years 1975 to 1980.

If you have questions on the enclosed material call the writer at 465-2397

AGO 547296

and arrangements can be made to have Darrell D. Knox of the Department of Revenue available for committee hearings. Mr. Gilbreth is stationed in Anchorage, Alaska.

Very truly yours,

R. D. Stevenson
Special Assistant

RDS:sp

attachments

cc The Honorable Leslie Swanson
Sponsor, House Bill No. 29

The Honorable Hugh Malone
Chairman, House Finance Committee

Darrel D. Knox
Department of Revenue

FEB 10 1975

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

TO: Gary L. Jenkins
Director
Audit Division

DATE: February 7, 1975

FILE NO:

TELEPHONE NO:

FROM: O. K. Gilbreth
Director

SUBJECT: Fiscal Note Information, House Bill #29

We have examined the proposed bill and submit the information you have requested as follows:

1. Impact on treasury

   This bill would result in the following income to the State of Alaska during the fiscal year 1975 through the fiscal year 1980:

Fiscal Year					
1975	1976	1977	1978	1979	1980
$624,000	$568,00	$520,000	$3,224,000	$5,544,000	$5,984,000

2. Impact on budgetary accounts

   Since this proposed tax is applied essentially the same as the oil and gas conservation tax, the additional burden to administer the program should be almost negligible.

3. This tax is only on oil transported by a pipeline and which has been removed or sold from a lease. This exempts oil carried by trucks. At present there is a very minor amount carried by trucks but it should be pointed out that as remote wells are completed it is possible that we will have more production carried by trucks to central gathering facilities.

In Section 43.58.010 (a) the tax is levied on oil transported intrastate by pipeline.....it should be pointed out that about 75 percent of the present production is moved by interstate lines to a terminal for shipment to the South 48. It should be determined that from a legal point of view this production is transported intrastate for purposes of this tax. We have assumed that it would be covered in our estimates however if by some legal qwirk it is not, then our estimates should be reduced approximately 75 percent.

cc: W. C. Fackler, Acting Commissioner

AGO 547298

TO: Frederick P. Boetsch
Deputy Commissioner, Taxation
Department of Revenue

February 18, 1975

FROM: Darrell D. Knox DDK
Audit Supervisor II
Audit Division

House Bill 29

Per your request I have reviewed House Bill 29 and submit the following data for your information.

Source of Data	Fiscal Year '75	'76	'77	'78	'79	'80	Total
			(000)				
O.K. Gilbreath's Oil School Tax memo dated 2/07/75	$ 624.0	$ 568.0	$ 520.0	$3,224.0	$5,544.0	$5,984.0	$16,464.0
Less: Present School Tax estimate Per revenue sources - Alaska FY 74-80	1,820.9	1,939.7	1,981.3	1,960.8	2,038.2	2,103.7	11,844.6
Net gain (loss) to Treasury	($1,196.9)	($1,371.7)	($1,461.3)	$1,263.2	$3,505.8	$3,880.3	$ 4,619.4

If I can be of further assistance, please call.

DDK/bjm

AGO 547299

HB

41

"An Act requiring entrance fees for the use of state park lands, and providing for an effective date."

1/22/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker: Date 1-28-75

The Committee on Resources has had HB 41 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 41 AND THAT CS FOR HB 41 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends: do not pass

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

COMMITTEE REPORT

The House Resource Committee in recommending Committee Substitute for House Bill No. #41 do pass, strongly urges the monies collected for state park entrance fees be used for maintenance and upgrading of state park facilities.

Nels A. Anderson, Jr.
Chairman-House Resource
Committee

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER / POUCH M — JUNEAU 99801

January 28, 1975

Honorable Nels A. Anderson, Jr.
Chairman, House Resource Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Mr. Anderson:

Reference is made to your letter dated January 27, 1975 regarding regulations 11 AAC 12.310(b) which imposes an entrance fee on users of state recreation facilities.

Following an emergency regulation in May 1974, which canceled 11 AAC 12.310(b) for a period of 120 days, a decision was made to revise this regulation to make it permissive rather than mandatory. It is our intent to continue free use of recreation facilities during the 1975 camping season and allow time to structure a workable program beginning in calendar year 1976. We will hold public hearings on this proposed change and also solicit a reaction from the public regarding a new approach to a fee system.

Yours truly,

William C. Fackler
Acting Commissioner

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 41

Title: An Act requiring entrance fees for the use of state park lands

Requested by: Ted Smith Date: 1-22-75

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		24.3*	25.5*	26.8*	28.1*	29.6*
200	TRAVEL		0	--	--	--	--
300	CONTRACTUAL		0	--	--	--	--
400	COMMODITIES		2.0	2.1	2.2	2.3	2/4
500	EQUIPMENT		--	--	--	--	--
600	LAND & STRUCTURES		--	--	--	--	--
700	GRANTS, CLAIMS, ETC.		--	--	--	--	--
	TOTAL		26.3	27.6	29.0	30.4	32.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		26.3*	27.6*	29.0*	30.4*	32.0*
FEDERAL FUNDS		--	--	--	--	--
OTHER		--	--	--	--	--

C. POSITIONS:

PERMANENT/TEMPORARY	/	/ 4	/ 4	/ 4	/ 4	/ 4
MAN MONTHS (P./T.)	/	/ 16	/ 16	/ 16	/ 16	/ 16

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work would be absorbed by existing staff and additional positions would parallel present positions in accomplishing broad work of staff.

If bill is made affective July1, 1975 conversion of existing stock of suspended permits would be necessary to make possible meeting the early requirement.

* Personal Services and positions are noted above as indication of time requirements for existing personnel.

IV. ATTACHMENTS

V. DATE: 2-3-75 PREPARED BY: George A. Hall

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

STATE OF ALASKA

Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100

DEPARTMENT Alaska State Legislature

ATTENTION Honorable Ted Smith

☐ Approval	☐ Note & Return
☐ Signature	☐ Initial & Return
☐ Comment	☐ Return As Requested
☐ Contact Me	☐ Return For Approval
☐ Prepare Reply	☐ Necessary Action
☐ For Your File	☐ Your Information

Remarks:
Replacement for previous fiscal note

FROM:
MAIL STATION NUMBER 1000

DEPARTMENT Dept. of Natural Resources

BY Harry Aase DATE 2/5/75

02-002 (REV.10/73)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 41

Title: An act requiring entrance fees for the use of state park lands

Requested by: Ted Smith Date: 1-22-75

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		0	0	0	0	0
200	TRAVEL		0	-	-	-	-
300	CONTRACTUAL		0	-	-	-	-
400	COMMODITIES		2.0	2.1	2.2	2.3	2.4
500	EQUIPMENT		-	-	-	-	-
600	LAND & STRUCTURES		-	-	-	-	-
700	GRANTS, CLAIMS, ETC.		-	-	-	-	-
	TOTAL		2.0	2.1	2.2	2.3	2.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		2.0	2.1	2.2	2.3	2.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/ 0	/ 0	/ 0	/ 0	/ 0
MAN MONTHS (P./T.)	/	/ 0	/ 0	/ 0	/ 0	/ 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work would be absorbed by existing staff.

If bill is made effective July 1, 1975 conversion of existing stock of suspended permits would be necessary to make possible meeting the early requirement.

Revenue is estimated at $200,000 for each full year of program operation. Emphasis on tourist attractions, gas costs or shortages, and other factors can affect the forecast. Split of revenue should be approximately 70 % resident/30% non-resident visitor.

IV. ATTACHMENTS

V. DATE: 2-13-75 PREPARED BY: George A. Hall

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB

57

HOUSE RESOURCE HEARING - Aleknagik, Alaska, January 19, 1976

Re: Wood Tikchik State Park

Present were: 44 adults, 10 children, in addition to the traveling team.

Opening remarks by Representative Anderson and Representative Smith included explanation of the changes in SS HB 57 from the original bill. Clearer definition of the management of the proposed park is included.

Russ Cahill, Director of the Alaska Division of Parks presented testimony in favor of the proposal. Copies attached.

Representative Jimmy Huntington presented testimony against the proposal, stressing how much land has been taken from the native people already. "Once you make it a park, it's gone". "More than half of Alaska is gone because they take it for parks." "They tell you you've got something to say about it, but you don't. It's gone." Wait for awhile--find out what the best use for that land is before you make it a park. Maybe in ten years you'll know what you want to do with the land. You know how many times they promised you something, and you know how many times they lied to you. I'm against it because they've got too much now. One man is the boss, and that's the Ranger. Don't let them tell you any different. (Mr. Huntington used as an example the situation in Katmai Park, where the federal government said they would allow use of the land the same as before, but didn't.

A question was asked of Russ Cahill regarding his stand on mineral extraction in the proposed park. Mr. Cahill answered that he would prefer that there be none, but would live with the proposal as it stands.

Representative Smith spelled out the changes in the bill since the original was drafted.

1. Elimination of "bi-centennial" from purpose of the park.
2. Changes in the declaration of purpose - "...to protect the area's recreational and scenic resources, and to protect important salmon spawning and river resources.
3. Change in the plan of management
4. Allowing subsistence uses
5. Allowing a hy-dro electric plant, not considered an incompatible use.

Representative Smith concluded that it had been made plain at the last hearing that the people wanted the area to remain in the hands of the people. He asked at that time for someone to come up with an alternate management scheme for the area. In a letter to the Commissioner of Natural Resources, he asked for a projection of possible use of the land if it were not designated as a park. The conclusion was that if no park system were in effect, the open-to-entry program would eventually provide private ownership of the lands, and the natives would lose it anyway.

The mayor stated that he goes along with what Representative Huntington said.

Mr. Wasley Luchek stated that "you say it won't affect the life-style of the people, but with many people coming in it will affect the life-style--with pop bottles and pollution. There is trash throughout the place where people go now.

Mr. Cahill replied that if he were to prepare a plan now, he would have no roads in park areas, and he would get his staff on the site prior to drafting such a bill, so as to include in it what was necessary for that particular area. He would keep the area "rough", which in itself limits the number of people entering the area.

Elmer Smith, a resident for 46 years, stated that he favored the park system. The land is now available to all comers. Under the park plan, there would be some control. He mentioned the decline of the moose herd in the Sunshine Valley area from in excess of 50 to 9. If a person wants his money controlled, he gives it to a bank to supervise. If we want control of our land, we'd better turn it over to professionals. Restrictions must be used to control what people do with resources. Pollution is coming from our own local people--an example being the road from Dillingham to Aleknagik.

Annie Luchek asked which was worse--public land status or park status? Rep. Smith answered that it would be better as a park because it would not stay traditional under private ownership, but it depends on your viewpoint. The bill states that the land "shall" be available for traditional subsistence uses.
Rep. Anderson said that the problem with that is that subsistence has not been satisfactorily defined in Alaska.
The best answer to subsistence was written by the natives themselves--a traditional lifestyle where they can live as they always lived, and live hard if they want to.

Andrew Groyolia of the Bristol Bay Native Association pointed out more concerns for the subsistence way of life. A document is needed stating that the government would not interfere with subsistence.

Rep. Smith answered that under this plan the law would say that the government would not interfere.

Annie stated that the state must realize that life is still primitive in many of the villages and the only way to exist is to use subsistence resources; hunting, trapping and fishing.

Jimmy Huntington: It is hard for a white man to understand the native way of life and thinking. If they would just try it wouldn't be so hard. We need the protection of the Troopers, but there aren't enough of them to even begin to help.

Additional comments Subsistence is a way of life with a monetary value to the people from hunting, fishing and trapping. It will change. (The response was that it will not change).

Rep. Smith stated that the area was selected because if the state didn't get it, the federal government would. Then the land might become open-to-entry. Park status is the only way to protect the area.

Rep. Hershberger stated that he didn't think there would be an influx of people, especially if there was no development program.

Rolland Moody stated that it is essential that the area be left as it is until there is a plan drawn up. He does not want the land open-to-entry. A park woould protect the area. Anderson, as a Representative of this area, must see that the park system protects the area from the concerns of the people. The life-style is changing, but the area must be protected.

Russ Cahill, in answer to some questions: Study was conducted in 1963 regarding mineral development, and the result indicated that there was no real future for mineral development in the area. In 1970, the area was being considered for an open-to-entry program. A 1970 study investigated the possibility of 5-acre tracts. Cahill is advocating the park status to avoid the small tract status. Park status will save the area for all of the people, not parcel it out to a few people.

Additional general comments included: Q. What will be the adverse effects on the people in any situation? A. Anything that changes the lifestyle of the people to something they don't want--that is an adverse effect. As an example of what can be done in the way of regulation, Cahill turned down 4 lodge sites in the area last summer, in order to try to preserve the character of the area as it now exists.

Much of the above testimony was translated into the native language.

There will be corrections in the spelling of names and some additional testimony which was inaudible on the tapes.

HOUSE RESOURCE HEARING - Dillingham, Alaska, January 19, 1976

Re: Wood Tikchik State Park

25 persons were present.

After the presentation by Russ Cahill, comments were made regarding the mineral use and potential of the area. He requested a change in the section on mining to exclude mining, since studies show that mining is not profitable in the area and incompatible with the major uses of the area. Mr. Cahill stated that the existing master plan for the state does not represent the policy for the state at this time. Before any work be done in this park Cahill would demand that a change be worked out for the people of the Bristol Bay Region. It is time for us to make our decisions on the resource values of the land.

Harvey Samualson asked why the land will be closed to mineral extraction. Cahill replied that his group has ascertained that mineral exploitation and the current uses of the land are incompatible.

Carl-------asked who was pushing the bill, and who would pay for it. A. The federal government first proposed this area as a state park in 1962 or 3. Then the state selected the land with the intent of keeping the federal government from having it. Legislators and the Division of Parks have come up with proposals for the land. The federal government would still like to have the Wood-Tikchik area as a national park. In answer to the financing question, Cahill replied that it was you and I, just like other tax issues.

Joe McGill: I definitely want to say that I am against the proposal. (Tape unintelligible here--notes from Van Doren) Once it becomes a park the laws can be changed any session. It will hurt the area and hold it back to make it a park. It needs to be set up in the state plan with a multiple use concept. Otherwise it would stagnate the area.

Cahill: The area has always been classified as a recreational area by the state. The question is whether to have 5-acre lots or total public recreation.

Mike Nelson: What would be the criteria if it was classifiedas a wilderness park? A. The state does not really have a set up for a wilderness park at this time. Regulations would have to be set up.

Concern was expressed about the original master-plan. No expansion can be tolerated, especially along the spawning area. The party urged that all consideration be given to the salmon stocks. Roadsa and campgrounds could be detrimental to salmon stocks.

Jeff_____stated that people are fooling themselves if they feel there will be no development. Already there are squatters and lodges. "Development scares me."

Herman Schroeder, representing Choggiung Limited, presented testimony, copy of which is attached.

Concern was expressed about the state master plan; stress was made that the plan does no longer exist.

Rep. Huntington reiterated his comments made in Aleknagik--that he did not want to see any form of withdrawal of the land at this time.The state of Alaska has not been able to manage the resources that it has. Leave the land as it is for at least 10 years. If it goes into the hands of the state it will still be managed the same way, no matter what you call it. Make the state put down exactly what you want, in writing. Document it so that it can't be changed.

Testimony by Robert C. Bacon was presented. (Attached).

In answer to a question about Environmental Impact Statements for the area involved, Cahill stated that extensive work has been done, and the surveys are available to the public.

Samualson enumerated the many parks already in the area. He suggested that maybe all 5,500 people in the area should be hired as park rangers!!

Rep. Anderson: We have 1.4 million acres in this system in the state. In the past the state has not shown that it has the expertise to manage the land. Where is the expertise now? A. Currently the state has an amount about equal to the proposed park--1.4 million acres--under its control. When asked about the manpower situation proposed for the park, Cahill said "...1 full-time, 1 4 or 5-month seasonal employee and 1 4 or 5-month mechanical employee. (This is based on keeping the park in the condition it now is.

Tom _____of the Bristol Bay Native Association made a statement opposing the bill. His definition of subsistence is simply "a way of life". Other comments echoed previous testimony. He requested tabling of the motion indefinitely.

Cahill said that he could do a masterplan for the ea in six months, and would work with the people. Rep. Smith resp ed that it would make more sense to apply the expertise to solving the legislative problem at hand. Let the Div. of Parks respond to legislative direction.

Gulea, of the B.B.N.A., (an economic analyst) presented a statement opposed to the park. He advised postponing indefinitely the action on the bill, until the state can prove that the native lifestyle will not be adversely affected. There is too much insecurity on the part of the natives, especially around Aleknagik, to proceed with the park.

Stanis Hopula asked why parks and recreation are considered equal to fisheries in the bill. Fisheries should be the highest priority.He also would like to see an advisory board from the area to have some weight in the management of the park

Wm. H. Nicholson, Director Community Advocates, B.B.N.A., presented a statement, a copy of which is attached.

Mr. Cahill proposed a one-time study group to develop a master-plan, for the park, it the bill is passed. Huntington said that he would not go for the idea unless it was in the bill or in operation before the bill was passed.

Richard Armstrong: The creation of the park would affect his lifestyle too. He is a pilot, guide, commercial fisherman, and in opposition to the park. We don't need the state to be all parks.

Hearing in Anchorage - re: Wood-Tikchik park

In addition to statements by Rep. Anderson, Rep. Smith, and reading of a letter from Commissioner Guy Martin, Department of Natural Resources, a statement was presented by Claudia Martin, of the Alaska Conservation Society, Upper Cook Inlet Chapter, in favor of the park. Recommendations she added included putting in a sport fishing biologist within the area, and closing the area to mining.

Clark Engle, speaking for himself, opposed the bill, stating reasons previously mentioned by others--too much land in the parks, and lack of protection for the spawning areas.

D.S. Bruden, speaking for himself, was in favor of the bill, stating that the area had unique value to the people of the state, and should be controlled by the same system. It has a value to all the people of the U.S.

Wm. Tennyson, of Choggiung Limited, presented a statement opposed to the park. (attached).

Duncan MacLeod, for himself, stated opposition., as did Willie Goodwin. Again the question of defining subsistence arose.

Jack Morris, B.B.N.C., stated opposition, and the problems of preservation of spawning versus recreation uses. He favored allowing mineral entry.

Russ Cahill, after delivering his prepared statement, departed from it to state that the previous administration's Dept. of Highways had pushed for roads in the area. Cahill assured that no roads would be put in the park and a communication will be delivered stating this. There will be also a letter to the committee stating that the management plan existing would be thrown out.

HOUSE RESOURCE HEARING - Anchorage

Phil Smith, Executive Director of RuralCap, talked about the priority of subsistence with rural people. Any encroachment would be going against the goals of the people. A concern that one man can control the fate of the land at the present time was expressed.

Other comments included request for current surveys of the area (obtainable from Cahill), and a request for a new master plan before any more comments be made on the bill. A case study of Afognak, where there are supposed to be no roads near the water or streams was presented. The Fish and Game Department has written no citations for these offenses. The same thing could happen in Tikchik.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

File Hwy System + Wood River Tick check

DILLINGHAM EDUCATION ASSOCIATION
AFFLIATED WITH THE NATIONAL EDUCATION ASSOCIATION

BOX 202 • DILLINGHAM, ALASKA 99576 • PHONE 842-3181

April 5, 1974

RESOLUTION NO. 74-4

RE: State Hiway into Bristol Bay

TO WHOM IT MAY CONCERN

WHEREAS, the state of Alaska has indicated through the media that they are making plans for the expansion of the Integrated State Hiway system into the Bristol Bay Area, and

WHEREAS, the people of the Bristol Bay Area have indicated that they are strongly opposed to the spending of funds to promote such a Hiway into the area, and

WHEREAS, the local service roads and trails are inadequate to handle even local traffic

BE IT RESOLVED, that the Dillingham Education Association go on record as opposing any extension of the Integrated Hiway System into the Bristol Bay Area, and

BE IT FURTHER RESOLVED, that any money appropriated for such a project be used instead to upgrade the local service roads and trails in the area, and

BE IT FURTHER RESOLVED, that the Governor of the State of Alaska, and the Legislature be urged to authorize the commencement of upgrading the local Service Roads and trails during the fiscal year 1974-75, for which the planning phase have been completed.

The DEA Executive Board

Arlen E. Raby

Arlen E. Raby, President

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

ALEKNAGIK CITY COUNCIL

RESOLUTION 75-

WHEREAS, the State of Alaska is proposing that the Tikchik Lake system become a State park, and

WHEREAS, the residents of Aleknagik are dependent on subsistant ways of life and utilize all of the area, and

WHEREAS, a State park would prevent the Aleknagik residents to hunt and fish to provide their daily sustenance.

NOW THEREFORE BE IT RESOLVED by the Aleknagik City Council that we are opposed to any park system that would deprive our subsistance way of life and living.

BE IT FURTHER RESOLVED that another type of recreation area be considered that would allow the residents to continue to utilize the area on a subsistance basis.

Patrick Kokles sr. Mayor
ALEKNAGIK CITY COUNCIL

Dora Gauthier 12-5-75
Attest: Secretary

Aleknagik City Council
Aleknagik, Alaska 99555
December 5, 1975

Nels A. Anderson Jr.
P.O. Box 234
Dillingham, Alaska 99576

Dear Sir:

The following resolution was acted on and passed by the City Council. Our main concern is the effect that a park would have on the residents of Aleknagik. The residents depend solely on fishing and as you know the fishing industry is unpredictable and therefore we have to depend on a subsistant way of life. The poorer the season, the more we are dependant on the area for our subsistance.

The Tikchik Lake System is used by us residents. We would not like to see the right to hunt, trap, and fish taken away from us.

Sincerely yours,

Patrick Kohler Sr.
Pat Kohler, Mayor
Aleknagik City Council

cc: Jay Hammond, Governor
Curt McVee, State Director, BLM
Hjalmar Olsen, Executive Director, BBNA
James Brooks, Commissioner of Fish & Game

PROPOSAL

Bristol Bay Native Association
Representing 29 Villages

POSITIONS REGARDING PROPOSED
WOODRIVER TIKCHIKS STATE PARK

(1) That the Park Proposal alienates the affinity of the people for their land.

(a) The proposed park is of questionable integrity in that very few backers of the proposal reside in Bristol Bay. The major opposition to the proposal, in fact, is located in this region. And, the major support to the parks is located in the Anchorage area. This leads one to conclude that the park will function as a recreation area, which is only logical. The frightening aspect of such an area, though, is that the actual land usage will at once be abrogated to a different group; and that such an abrogation will be met by the sheer force of numbers that will invade the area.

(b) The methods of transportation are thus arrived at. A state park may or may not require access. If access is required, roads will be built, and thus, the park will be linked to Anchorage; with this route, there will also exist the expansion, because of the precedent set, to transportation corridors, which we are unalterably opposed to. Ready access is the heart of the matter. Anchorage favors the park, and controls the state legislature. If the park is allowed, tourism will boom; a once beautiful area will lose that beauty to the exploitive forces that will come. If access is not required, the land within park boundaries will be somewhat more protected, although in the latter case a question is raised; why build the park? If such property be left in its natural condition, there is little need to change the status of the Woodriver Tikchiks.

prepare to list members

POSITIONS REGARDING PROPOSED WOODRIVER TIKCHIK STATE PARK

(c) There are no quarantees that the land will be open to subsistence hunting and fishing, or to trapping. Allotments exist within the perimeters of the park, and further, the people of the area have a right to the peace of such land holdings. What quarantees for subsistence life has the state made? Consider the regulations violated by Fish and Game Officers in non-state park land:

(1) Iliamna area, where a man residing in an isolated area was arrested for shooting a moose out of season. A protection officer followed the man's snowmobile tracks to the house, found the moose, and arrested the hunter. The case was later thrown out, but the very action warrants careful and thoughtful consideration toward further state encroachment.

(2) Woodriver, where old ladies, who have subsistence smelt fished most of their lives, are accosted by a protection officer, and coerced by the officer into buying a sport-fishing license.

These are two examples of the many unlawful incursions on the part of the state into the subsistence patterns of the people of the area. Are we to believe that those allotment owners within park boundaries would be unhampered?

The subsistence economy is the basic historical livelihood in Bristol Bay; all other forms of economic development should be undertaken to supplement subsistence economics.

POSITIONS REGARDING PROPOSED WOODRIVER TIKCHIK STATE PARK

(2) The proposed park would replace the freedom of the subsistence economy through sheer expansion.

(a) The prevalent argument, that tourism would bring needed jobs, is clearly overstated, and in total disregard of the prerogatives set forth in all materials agreed upon throughout the district. The park, occupying some of the most beautiful and unique country in the Western Hemisphere, is also an historically subsistence based area. With park visitors would come all the undesired elements to a true rural based and culturally nurtured society.

(b) Therefore, we are confronted with the true problem; how much right do the people of the area have to decide the future of their area and lifestyles? Those who own the resources have a claim to the resources, and the Bristol Bay Region clearly has prior claim to the rights of the area. And further, the cultural heritage of the people of the region is without doubt based on subsistence economy.

(c) The state holds the key to the development of Bristol Bay's economic stability, only because development in the region is contingent on wisely applied land-use policies. The constant pressure to utilize the lands held in other than to aid in the development of the region through adequately protecting the cultural heritage of subsistence economy is not only inconsistent, but morally objectionable. To push such a proposal as the Tikchiks Park in the face of massive opposition; and, to support such a venture when fully aware of the ramifications, is totally at odds with the very concepts of democracy.

POSITIONS REGARDING PROPOSED WOODRIVER TIKCHIKS STATE PARK

The typical and most numerous Bristol Bay resident is clearly the Native. To over ride the stated wishes of the people is to dictate. And further, to deny the people of the Tikchiks area their right to determine the changes in the lands they own, and the lifestyle that is dependent on the land, is a usurpation of the right to freedom of choice.

(d) There is no quarantee that further expansion, more proposed state parks, are not in the offing. Any expansion by the state in such a way as to withdraw lands and to create recreational areas with those lands, in face of the potential destruction of the basic economy, is clearly unwarranted. It is clear that the state does plan to expand, and that further development of the region would be part of that general expansion. Even with guarantees, there is no certainty that the land policies and management would continue in light of state actions in the region.

(3) That the land is the key to the economic development of the area.

(a) As previously stated, the subsistence economy is the basic economy of the area. Food sources are readily available, though subsistence is becoming more and more victimized by protection officers. Any additional developments that in any way affect current land usages will have long range effects on the economy. The Tikchiks region, being a natural watershed, a place of unsurpassed beauty and with numerous attractions to tourists, is especially threatened, and must be stringently opposed.

POSITIONS REGARDING PROPOSED WOODRIVER TIKCHIKS STATE PARK

(b) With the advent of roads from Anchorage to the Tikchiks, the area will be unalterably destroyed.

(c) There is simply no adequately presented reason to justify the park system. The reasons weighed against the proposal are too expansive to justify such an undertaking:

*Where 95% of the people of the region are subsistence hunters and fishermen.

*Where allotments exist within the contiguous boundaries of the park system.

*Where the basis of the economy is necessarily the land.

*Where expansion of state authority would bring about a great detrimental effects to the prosperity and happiness of the people.

*Where the people of the area are dependent upon the lands, and the game there is.

*Where there is such wide spread opposition to any such incursion into the lands.

*Where freedom of choice is denied, and the land resources inextricably dependent on that freedom of choice.

*Where further development may mean roads, a boost in tourism, a destruction of the resources through carelessness. people is so threatened.

We feel that the Tikchiks Park, proposed, should be opposed vehemently.

From The Desk Of:

Dale P. Tubbs

The Honorable Ted G. Smith
House of Representatives
Pouch V
Juneau, Alaska 99811

April 17, 1975

Dear Representative Smith,

This is a draft agreement for the land exchange involving the fish incubation site and Wood-Tikchik State Park Bill. The agencies involved are now reviewing the draft agreement for comment and correction.

Dale P. Tubbs

Deputy Director, Alaska Division Of Lands

Draft #2
4/17/75

LAND EXCHANGE AGREEMENT

This land exchange agreement entered into this First day of May, 1975 between the Department of Natural Resources of the State of Alaska, the Department of Fish and Game of the State of Alaska, Choggiung Limited, and Bristol Bay Native Corporation, Inc., corporations organized under Alaska law pursuant to the Alaska Native Claims Settlement Act, is to exchange lands of equal value as identified herein when each has sufficient title to pass title.

Witnesseth That:

Whereas, the Alaska Department of Fish and Game finds it necessary to have title vested in the State of Alaska to a parcel of land for the purpose of constructing a fish incubation site located adjacent to Lake Nunavaugaluk within protracted Sections 26 and 25, Township 11 South, Range 57 West, Seward Meridian, further described by the following metes and bounds description:

Beginning at the point at which East Creek flows into Lake Nunavaugaluk at elevation 32° as established from U.S.G.S. gauging station at said lake outlet, thence northerly along the east beach of said lake at elevation 32° a distance of 100 feet, thence due east a distance of 400 feet, thence due south 400 feet, thence due east 600 feet, thence due north 500 feet, thence due east 900 feet, thence due south 650 feet, thence due west 600 feet, thence due south 250 feet, thence due west 300 feet, thence due south 100 feet, thence due west to east beach of Lake Nunavaugaluk at

elevation 32°, thence northerly along the beach at 32° elevation to the point of beginning, said parcel containing 30 acres, more or less.

Whereas, said lands described above have been selected by Choggiung Limited as provided in the Alaska Native Claims Settlement Act and title will be conveyed to Choggiung Limited by the Bureau of Land Management, Department of th Interior; and

Whereas, the Department of Natural Resources, State of Alaska has the authority pursuant to Alaska Statute 38.95.060 to exchange lands with native corporations with consent of the Governor of Alaska; and

Whereas, Choggiung Limited is willing to exchange the lands needed by the State for the fish incubation site for equal value lands within the proposed Wood-Tikchik State Park area as presently proposed in House Bill 57 of the first session of the 1975 Legislative Session; and

Whereas, the area from which the equal value lands in the proposed Wood-Tikchik State Park has been identified by the Division of Parks, Department of Natural Resources, State of Alaska to be in the v inity of Agulukpak River between Lake Beverly and Lake Nerka;

Now, therefore, to provide for such a land exchange the Alaska Department of Fish and Game shall provide:

1. A cadastral survey of the site described above adjacent to Lake Nunavaugaluk. Said survey and plat shall be accomplished in general accordance with Alaska Division of Lands surveying criteria.

2. A land appraisal to determine the market value of said lands on Lake Nunavaugaluk and a land appraisal to determine a tract of land of equal value within the proposed Wood-Tikchik Lakes Park.

3. A cadastral survey of the equal value lands to be transferred to Choggiung Limited from within the proposed Wood-Tikchik State Park. Said survey and plat shall be accomplished in general accordance with Alaska Division of Lands surveying criteria.

Choggiung Limited agrees upon receipt of working title of their land from the Bureau of Land Management to:

1. Transfer the then surveyed lands adjacent to Lake Nunavaugaluk to the State of Alaska by warranty deed. Said warranty deed will not include the mineral estate.

2. Allow the Department of Fish and Game of the State of Alaska immediate access effective the date of this agreement to the land adjacent to Lake Nunavaugaluk for the purpose of development of a fish incubation facility.

Choggiung Limited further agrees to:

1. Support House Bill 57 for the creation of the Wood-Tikchik State Park.

2. Use the lands to be conveyed to them in the land exchange in a manner that is compatible with the master plan for the proposed Wood-Tikchik State Park as prepared by the Department of Natural Resources.

The Department of Natural Resources, State of Alaska agrees:

1. That upon receipt of the warranty deed for the lands adjacent to Lake Nunavaugaluk from Choggiung Limited, the State shall provide a state patent to Choggiung Limited for the equal value land surveyed for the exchange from within the proposed Wood-Tikchik Lakes Park. Said patent shall contain a reservation to the State for the mineral estate.

The Bristol Bay Regional Corporation agrees:

1. That Choggiung Limited has the authority to enter into this land exchange under the terms listed herein.

2. That other qualified villages within the Bristol Bay Regional Corporation have no interest or claim to the land involved.

3. It will support House Bill 57 for creation of the Wood-Tikchik State Park.

That all parties signatory to this agreement agree:

1. That if the Wood-Tikchik State Park is not approved during the first regular session of the Ninth Alaska Legislature this land exchange agreement is null and void.

In witness whereof; the parties hereto have duly executed this land exchange agreement as of the date first above written.

Guy R. Martin
Commissioner
Department of Natural Resources

President
CHOGGIUNG LIMITED

James W. Brooks
Commissioner
Department of Fish and Game

CONCURRED BY:

CONCURRED BY:

Jay S. Hammond
Governor
State of Alaska

President
BRISTOL BAY BOROUGH

Testimony of William P. Johnson

Director of Lands

Bristol Bay Native Corporation

TO: House Resources Committee
State of Alaska

Subject: HB 57 (Proposed Wood-Tikchik State Park)

Mr. Chairperson and members of the House Resources Committee, my name is William P. Johnson, Director of Lands for the Bristol Bay Native Corporation, a life long resident of Dillingham and have been and will continue to be a commercial fisherman of Bristol Bay area as others of our region, our state, the lower 48 and even our governor.

First, I would like to emphasize the importance of the Red Salmon resource to our state and nation. In the past, this resource has accounted for 60% of our nations total production or 20% of the worlds total production of processed Red Salmon. Recently, as in other fisheries, this resource has been drastically reduced by mismanagement and other natural causes. Since this situation exhists and the Park proposed calls for development for recreation and tourism, our Salmon resource would be further jeopordized. It has been stated by Sen. Tillion that everywhere access was made to Salmon streams, this resource was drastically reduced or lost entirely.

The spawning grounds in this area has provided up to six million dollars worth of Salmon to the processor per year over a 12 year period, according to published statistics. Thus, the depletion or threatening acts which could lead to depletion of the harvestable return are our foremost concern. Therefore we stand solidly in opposition to the creation of the Wood-Tikchik State Park on the grounds that this is not the best use of the area, but wholeheartedly recommend that the State provide the means to manage this area in conjunction with the proposed National Iliamna Resource Range, which is aimed to the enhancement of this resource.

We submit this recommendation without reservations as this classification for the enhancement of our renewable resources would still provide adequate protection for the land provided that legislation to this affect can be passed. In addition, we strongly recommend that a total resource inventory of all lands, proposed for classification, be accomplished prior to the creation of any park. This recommendation is made for we believe that if an in-depth study was made of the Woodriver-Tikchik area, a resource range would have been recommended for the enhancement and protection of our Salmon resource.

Anchorage Hearing
1-20-76

ALASKA CONSERVATION SOCIETY
Upper Cook Inlet Chapter

Statement on Proposed Wood-Tikchik State Park

CHAIRMAN ANDERSON, MEMBERS OF THE COMMITTEE:

I am Claudia Martin and I represent the Upper Cook Inlet Chapter of the Alaska Conservation Society. We would like to enter the following statement, concerned with the proposed Wood-Tikchik State Park, into the hearing record.

The Wood River-Tikchik Lakes area, a scenic and spectacular chain of 12 major lakes, has been recognized for many years as one of the most outstanding natural areas in Alaska. Virtually untrammeled by modern man, this region of rugged mountains, clear water and forests has received the focused attention of the National Park Service, the State Division of Parks, sport anglers, guides and those concerned with wilderness beauty for several decades. Those who have visited the area have reported their enthusiasm for the two large drainages in such publications as NATIONAL GEOGRAPHIC, ALASKA magazine and a diverse assortment of publications dealing with sport fishing and wilderness protection. Members of the Alaska Conservation Society have kayaked and hiked over much of the lands now proposed for inclusion within this state park. In all cases, both the spoken and written reports have been the same: the area is without rival as one of the scenic gems of the world.

The opinions of our members have been underscored by government resource planners from the National and State Park system. There are few who disagree that the area is deserving of wise use and protection. It is now time, indeed, it is past due that the State legislature take action by passing legislation creating the Wood-Tikchik State Park.

We fully realize that some local residents in the Bristol Bay Region have expressed opposition to the proposal. When one considers the alternatives to placing these lands in park status, such as resource extraction activity, conversion to private land or a host of other activities depreciative to their scenic quality, we become doubly concerned over the future of this area. It is our feeling that the studies have been done; it is time for action.

We have examined the legislation before you, and we offer some proposed changes:

1. In Sec. 41.20.420, it states that "The high quality sport fishing that exists in the area shall be managed to sustain it in perpetuity." We agree with this concept and would recommend that it be strengthened through the provision of a sport fish biologist whose specific concern is the Wood River-Tikchik Lakes. This Committee, therefore, should request the Department of Fish and Game to prepare a fiscal note relative to the above statement, and to put your full power behind the budget request to see a biologist provided for the area.
2. Our other comment regarding the legislation is concerned with Sec. 41.20.530, INCOMPATIBLE USES. The legislation here specifies that the area is "open to mineral entry". We ask you to change this, closing the area to the opportunity for mining. Fishery habitat, recreation and wilderness beauty are the resources to be protected here, not the opportunity to mine in a marginally ore-rich area. We do not want multiple-use parks. Geochemical investigations have shown no significant economically workable ore deposits in this proposed park, so we emphasize: close the area to mineral entry.

The boundary of the proposed park was drawn based on surrounding land tenures. It is not an ideal boundary, for it excludes much of Lakes Nerka and Aleknagik. We understand the Native land selections to the south which required this. We can accept this. To the west, it would be valuable to have a hydrographic boundary between the Wood-Tikchik and Togiak watersheds. In general, however, we support the boundary.

In conclusion, we ask this Committee to remember that your responsibility is to all the citizens of the state when you consider state land uses. The Wood-Tikchik area is as much Anchorage's or Fairbanks' as it is Dillingham's. We become very concerned over the state-wide perspective of this Committee when we read that "no more park bills are coming out of house resources". This is an unfortunate attitude which we strongly oppose, but we think our point is self-evident to those who do not see state parks as "lockups" of land, but rather as guarantees that certain public treasures will be protected and that the public can be guaranteed that they will not be locked out. Remember, the ultimate lockup is a "no trespassing" sign.

Thank you.

BRISTOL BAY NATIVE ASSOCIATION
P. O. BOX 179
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3322

Speech presented at Public Hearing to State Officials, on the proposed Wood-Tikchik State Park, at Dillingham, Alaska, January 19, 1976

Presented by William H. Nicholson, Director Community Advocates, BRISTOL BAY NATIVE ASSOCIATION

PROTECTION OF A SUBSISTENCE LIFESTYLE

Honorable Legislative Representatives from Juneau, distinguished gentlemen, citzens of Aleknagik and Dillingham, and to anyone involved in decision making processes which will effect the future lives, and ultimate destiny of the Natives of Bristol Bay, and more particularily those of the Village of Aleknagik.

By way of identification, my name is William H. Nicholson. I have been a resident in this unique and beautiful Bristol Bay region since birth. My current official position is Director of Village Advocates. I work for the BRISTOL BAY NATIVE ASSOCIATION. This is a very important and influencial position. My function as I view it, is to be a strong advocate for the 29 Villages of Bristol Bay. In doing so, this Office attempts to promote the physical, economic, and social well-being of the Natives of the Bristol Bay region. Another important objective is to promote good government by reminding those who govern and those governed of their joint and mutual responsibilities.

Through means of this public hearing on the proposed Wood-Tikchik State Park, I hope to speak clearly and effectively concerning the creation of the proposed State Park, or one similiar to it.

Before House Bill 57 becomes law, we hope you will listen to what we have to say. As we speak, and you listen, we realize that probably thousands of city dwellers, sportsman, pleasure seekers, photographers, and hunters are waiting patiently for State of Alaska development of the Wood-River and Tikchik Lake systems. This unique area, created as a wonder by God himself with its great scenic views, rugged mountain peaks, placid lake and turbulent rivers...this 1.4 million acre plot of land and water with its abundant Salmon, Trout, Pike, and Grayling... this centuries old hunting ground of some of the world's best and expert hunters...the Eskimo hunters who pursue magnificant Big Game such as the Moose and Brown Bear, is currently threatened with development. This beautiful area with its teeming amounts of fish and game has been traditionally, and is now presently the site of much, substantial, subsistence activity. Natives of Aleknagik and some Nushagak River Villages have depended upon this area for sustenance of their culture. Many say, the Native culture is dying, but the fact remains that most Aleknagik Natives depend upon subsistence activity for their very survival.

We recognize that development must come, and will eventually come, although oftentimes, we do not desire it. Development is surely inevitable! Although we recognize that change must come, we advocate strongly that the humanitarian value of the Native people, however small the numbers, should take precedence over any special economic interests in Bristol Bay.

It is not a simple task to take over management of almost 1.5 million acres of land. This is complicated by the inaleinable rights of the Native who lives within a democratic society.

This is even complicated still further, when we recognize that the State of Alaska has a constitutional mandate to protect renewable resources such as subsistence resources, and establish preference among users of these resources.

We are happy that a number of representatives from the State of Alaska are here to listen to us. Through their careful listening to us, maybe, we can insure some protection of our subsistence way of life. Hopefully, protection of the salmon spawning grounds will be insured also.

General feeling of the Natives who are directly affected by the creation of the proposed State Park, indicates a reluctance to allow the Alaska Legislature in Juneau to provide passage of House Bill 57 into law. There is a real, human fear, that the subsistence way of life will be threatened.

Recently, I conducted a study entitled: A SUBSISTENCE ACTIVITY REPORT OF ALEKNAGIK FOR 1975. Copies will be furnished for you. In this report, I found some interesting aspects which should be recognized by those of us involved in decision making processes which may influence lifestyles of many concerned and democratic Natives:

1. Most of the Aleknagik Natives, as well as the majority of the villagers in the Bristol Bay region live within a subsistence economy.

2. It is generally felt that the subsistence economy is far more important to the Native people of Bristol Bay than the monetary economy within Bristol Bay. A valid conclusion shows that the subsistence economy is worth twice as much to the Aleknagik Native than the monetary economy. (The sole source of income for the Natives is Commercial fishing for Salmon.)

3. If the subsistence activity is taken away from the Natives, or some limitations imposed, the Natives will will have no other option or recourse, but to become dependant upon welfare and food-stamps. The Natives do not desire this to happen.

4. The Aleknagik Native people do not consider themselves poor, as long as they can hunt, trap, and fish. This sustains a pride within themselves. They depend upon subsistence activity to provide an average of over 76% of total food consumption per year, from fish and game.

5. Aleknagik Native people prefer subsistence food over local store bought canned or fresh goods.

6. For a one year period of time, it is estimated that the monetary evaluation of subsistence activity for the entire 31 family (210 population) village of Aleknagik, tabulated to $186,976.64. The average amount per Aleknagik household, per year, comes to the equivalent of $6,031.51. This is the monetary evaluation of Big Game, Furbearers, Porcupine, Waterfowl and Birds, Fish, and Berries.

7. Much subsistence activity occurs within the proposed boundaries of the proposed Wood-Tikchik State Park. A monetary value has been placed to the amount of $106,525.89. This amount is the value of subsistence fish, game, and furbearers which are caught by the Aleknagik Natives in 1975, in the proposed Wood-Tikchik Park area.

In conclusion, we can see quite clearly that Subsistence activity is a way of life for most Aleknagik Natives. Does one way of life have to die so another might live? This question should be carefully investigated and thought through by proper authorities. The Office of Village Advocacy, BRISTOL BAY NATIVE ASSOCIATION, advocates that the subsistence lifestyle must be protected as much as possible. Without this, the Natives of Aleknagik will experience social and economic disruption. Without the subsistence lifestyle activity insured, within the proposed Wood-Tikchik State Park, the age-old values the Aleknagik Natives have, will disappear. Let us remember that their values are cultural, and are different than the values that the white culture esteems. They are just as important, and must be allowed to perpetuate as they have for centuries.

A policy statement has been prepared by the Office of

Village Advocacy, for the BRISTOL BAY NATIVE ASSOCIATION.

This policy statement shows the stance of Native leadership in relation to the proposed Wood-Tikchik State Park:

> We do not advocate, and are completely opposed to the creation of the proposed Wood-Tikchik State Park, for a period of time.
> We need to have a substantial period of time permitted to allow for a more documented study to be done on the social and economic impact of the proposed State Park upon Natives of this region who utilize the boundaries of the proposed State Park for subsistence activity.

Thank you for listening to what I had to say, for the benefit of the Native people of Bristol Bay.

William N. Nelson

File

Statement by Robert C. Bacon, General Manager

Bristol Bay Native Corporation

Dillingham, Ak.

My name is Robert C. Bacon. I am a Mining Enginer by profession and worked for some 20 years in exploration, development and operation of mineral deposits. For the past 20 years I have held executive positions in both the United States and abroad.

One of the areas of concern which both I and my company have regarding the proposed Wood River- Tikchik park is that there have apparently been no in-depth studies on the mineral potential of the region in question. Before a decision is made to create the park, it would appear to be imperative to assess the effect of withdrawing this land from multi-use.

The United States is short on many minerals which are used by all of us in our daily lives. Like "project independence" in the petroleum field, it is necessary to develop our own mineral resources and break away from dependence on foreign sources which can strangle our economy.

There are land use conflicts when mining is mentioned. Most people criticizing the mining industry and claiming it despoils the land, simiply do not understand modern mining techniques which reclaims land and restore its contours. A recent study cites that since 1930 only 0.16% of the land mass of the United States has been utilized by the mining industry and that 40% of such land has been reclaimed,

It seems to us that a minerals survey using geochemical techiniques and aereol photography should be made before any decisions is reached on the entire proposed park area.

I would assume that similar studies on salmon spawning, petroleum potential, future transportation needs and hydro electric power would be carefully made and evaluated. Without this approach a decision now can adversely effect the lives of future generations of our population and would be premature and irresponsible.

Thank you.

HOUSE RESOURCES STAFF SUGGESTIONS

(ROUGH DRAFT ONLY)

Address Comments to:
Guy Van Doren
Pouch Y, Rm. 116
Juneau, Ak. 99811

Whereas: The Wood Tikchik area is one of the most valuable salmon spawning areas in the Bristol Bay area, and

Whereas: The area encompassed by the boundaries of Wood Tikchik State Park is used extensively by the village people for subsistence purposes, and

Whereas: The area encompassed by the boundaries of Wood Tikchik State Park is some of the most scenic and desirable land in the State of Alaska, and

Whereas: The people of the villages of Aleknagik and Dillingham have demonstrated concern over the proposed Wood Tikchik State Park because of interference with a subsistance way of life, and

Whereas: The Director of the State Division of Parks has stated publicly that the Division does not intend to use the existing management plan for Wood Tikchik State Park, and

Whereas: The Director of the State Division of Parks has stated that he will develop a new management plan based on the needs of the people of the area, working with a Wood Tikchik State Park Advisory Council , and

Whereas: It is the desire of the Legislature to preserve the area within the boundaries of Wood Tikchik State Park in its natural state as it exists now

Respectfully,

Be it therefore resolved that the Legislature request the Governor of the State of Alaska to direct the Commissioner of Natural Resources to place the area encompassed by the boundaries of the proposed Wood Tikchik State Park be held in a status that will allow no changes for a period of five years, and

Be it further resolved that the Director of the Division of State Parks develop a new master plan for Wood Tikchik State Park working with an established Wood Tikchik State Park Advisory Council consisting of the Director of State Parks, two people from the village of Aleknagik, two people from the city of Dillingham and one person from Anchorage, taking into consideration the subsistence way of life of the people in the area and the preservation of the valuable salmon spawning areas, as well as a scenic-recreation area.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF PARKS / 323 E. 4TH AVENUE – ANCHORAGE 99501
JAY S. HAMMOND, GOVERNOR

TESTIMONY WOOD-TIKCHIK STATE PARK

Mr. Chairman, members of the Natural Resources Committee, Ladies and Gentlemen. My name is Russ Cahill and I am the Director of te Alaska Division of Parks. I am here today to testify on behalf of the sponsor substitute for House Bill 57, the Act creating the Wood-Tikchik State Park and to attempt to answer questions you may have regarding the potential management of this proposed park by my agency.

There has been a great deal of study and debate over this proposal and others for the area, and I will not try to bring all of that up at this time. However, for most of you, this is the first meeting you have had with the Parks side of Governor Hammond's administration, and I would like to take this opportunity to outline my policies as they would apply to this bill.

General

We are in favor of this proposal for several reasons. The area is one of superb scenery, outstanding fish and wildlife

resources, and has plenty of room for recreation use which does not conflict with the valuable fisheries or the needs of local subsistence users.

Park Development

Many studies have been made. Those studies recommend various alternatives including more lodges, inexpensive lodges, big campgrounds, small campgrounds, roads, trails and so forth. There are three criteria that these proposals will have to meet.

(1) There must be funds available.

(2) Plans must be worked out in consultation with people living in the area, and must not make any significant adverse impacts on the life style of the people.

(3) There must be minimal environmental impact on the fish and game, scenery and water quality of the area. There is a strong probability that development will be minimal.

Management will be based on the above criteria. Every attempt will be made to hire park employees from the local labor pool. Potential State employees would be park rangers and maintenance people.

Mineral Development

After research, we find that the minerals potential of this area is marginal or worse. We are not interested in "across the board" closures on mineral entry in all parks. In our Talkeetna Mt. State Park Proposal, we have included a mineral use zone in the bill to allow extraction in an area where it has been historic and economical to take the minerals out.

In this bill, we would prefer that Sec. 41.20.430(a) be changed to exclude mineral entry. We feel that the areas scenic and fisheries values should be protected and that mining is incompatable with those values. We can certainly operate this park under the bill as drafted, but would prefer a mining closure.

Master Plan for Park

The existing master plan, which has received wide circulation, does not represent the policy of the State at this time. Before any work would be done in this proposed park, I would demand a revised plan be worked out with the people of the Bristol Bay Region. I think it is time for us to make our decisions on the resource values, operating in teamwork with the local population.

That is my statement, Mr. Chairman, and I will be happy to try to answer any questions you have. Thank you.

TELETYPE ☐ TELEGRAM ☐ MAIL ☒

TO Mr. Sam Fortier AT BBNA

SUBJECT Meeting re: Wood-River, Tichik Park DATE Nov. 12

I agree with your meeting idea. Please set it up for late November. I will be home Nov. 26 (am traveling on Coastal Zone Management hearings till then).

Rep. Nels A. Anderson, Jr.

Rediform 48 461
Poly Pak (50 sets) 4P461

SIGNED

55 FB 57

MEMORANDUM:

TO: Tom Hawkins, Planner

FROM: Samuel J. Fortier

DATE: October 31, 1975

SUBJECT: Your memo of October 10

COPY

Tom - thank you for soliciting BBNA for ideas on the important issue of proper land management, especially concerning D-2 legislation and the Tikchik - Woodriver Park proposal. Then too, thanks for waiting patiently.

Bristol Bay Native Association has prioritized the fishery economy and subsistence economy as key issues in the region. Indeed, any proposed D-2 legislation will impact the subsistence economy and lifestyle immensely. We are working toward developing a package that truly represents this case - and that subsistence is a right. Our efforts are being coordinated through the Bristol Bay Regional Developement Council (a state-funded planning grant, as well as a state commission within the Department of Commerce and Economic Developement) as well as a special D-2 committee appointed by the BBNA Board 2 weeks ago and the BBNA staff, including the EDA/Planning department.

D-2 legislation also enters into the Woodriver - Tikchiks proposal - perhaps its a first step by the State (and later the feds) to test the validity of subisitence rights as eminent domain (manifest destiny?). At any rate, we are slowly sitting through the proposal, and are arriving at some conclusions - some ideas.

The proposal, though, may very well endanger not only the subsistence facet of the Bristol Bay economy, but also the monetary facet. In any related struggle between the urban and the rural, the inevitable crisis seems to revolve around recreation as survival. The Tikchik - Woodriver case is a product of such a struggle. Ultimately, the resource that first creates that clash forms the crucible for the ensuing showdown (a showdown encompassing different lifestyles and cultures - perhaps a neocolonialism?). The resource is the Woodriver - Tikchik region. The value of the region is its inherent quality to provide all phases of the economy to the people of the region. And the proposed parks is not an accurate depiction of the true value of the resource. The park will impact the lifestyles of the residents of the area, the Bristol Bay fishery, and the twin economy of the residnets of the Woodriver, Nushigak, and Mulchatna drainages.

55 #B 57 file

I suggest that you, members of the Dillingham Native Association, the Village of Aleknagik, and members of the Bristol Bay Native Association, as well as Nels and whoever wlse may be concerned, hold a series of meetings between now and January to determine what may yet be done. Perhaps a meeting initially, near November 20 would be a good time to begin.

In the upcoming weeks, I'd like to have a planning meeting or 2 with Aleknagik people, you, Nels, and whoever else you might suggest.

And, I'm taking the liberty of sending copies of this memo to the interested parties.

We're looking forward to sharing ideas.

cc: Hjalmar Olson, Jr.
Village of Aleknagik
Dillingham Native Association
Nels A. Anderson, Jr.

SJF:bm

COPY

BRISTOL BAY NATIVE ASSOCIATION
P. O. BOX 179
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3322

File SSHB57

November 12, 1975

Mr. Henry W. Cavallero, Esq.
Alaska Legal Services Corp.
General Delivery
Dillingham, Alaska 99576

Reference: Tikchik State Park
Planning

Dear Hank:

A meeting has been tentatively arranged, for preplanning purposes on or about November 26; I have had no response, but eagerly await confirmation by principals of this premier planning session.

I hopw you will attend the meeting! I had intended to cc a copy of the memo sent in late October, but apparently forgot. I am confident that such an oversight will not impinge your enthusiasm, and that you will be in attendence (a special invitation is herewith dilivered!).

See you then - I'll let you know of any changes.

Sincerely,

Bristol Bay Native Association

Samuel J. Fortier
Manpower Director

SJF:bm

cc. Tom Hawkins, Choggiung
Aleknagik Village Council
Rep. Nels Andersen, Jr

1/le with SSHB 57 bill

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS / 323 E. 4TH AVENUE – ANCHORAGE 99501

December 16, 1975

The Honorable Nels A. Anderson, Jr.
Alaska House of Representatives
Box 234
Dillingham, Alaska 99576

Dear Mr. Anderson:

I am sorry that I haven't had the opportunity to meet with you regarding the proposed Wood-Tikchik State Park. I am aware of the concern you and your constituents share over land use in the Bristol Bay area. It has been our desire to plan for the use of state lands in the Wood River and Tikchik drainages in consonance with local and statewide desires.

I realize that you will soon be conducting hearings on the proposed park legislation in Dillingham and Aleknagik. Since the proposed park is of statewide, as well as local significance, we respectfully request that a hearing also be scheduled for Anchorage.

I look forward to working closely with you on this, as well as other park legislation.

Sincerely,

Russell W. Cahill

Russell W. Cahill
Director

NJ:po

Alaska State Legislature

REPRESENTATIVE
TED SMITH
2616 SORBUS CIRCLE
ANCHORAGE, ALASKA 99504

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811

COMMITTEES
RESOURCES
BUDGET & AUDIT
LABOR & MANAGEMENT

House of Representatives

15 January 1976

Mr. Guy R. Martin, Commissioner
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Guy:

During the hearings last year on HB 57 concerning Wood River - Tikchik Lakes State Park many people in Dillingham expressed the view that they did not wish to see a park established in that area although they did wish to maintain public acess to the land.

Could you please comment on the likely future use of the land in that area should the Legislature decide not to designate this for retention in public ownership?

Thank you.

Sincerely yours,

Ted Smith

TED SMITH
Chairman
Labor and Management Committee

TS:mb

RECEIVED
JAN 15 1976
Department of
Natural Resources

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER / POUCH W — JUNEAU 99811

January 15, 1976

The Honorable Ted Smith
Chairman, Labor and
Management Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear ~~Mr. Smith~~ Ted:

Thank you very much for your letter regarding HB 57 concerning Wood River - Tikchik Lakes State Park. Although your inquiry was directed to a specific aspect of this park proposal, I hope you will allow me the privilege of a more complete and comprehensive response. First, I think we should all agree that the final shape of a park proposal for this beautiful and high quality area is yet to be determined, and should await the full expression of the people in the local area which would be affected by any park establishment. Although the Administration does believe that this area qualifies for park status in virtually every respect, and further believes that designation as a State park may well offer the best possible vehicle for long-range protection of this area, especially given the expressed interest of the local residents, it is important to remember my personal commitment with regard to the establishment of such parks is that they be flexible and responsive to the needs of the people who must live with them.

As I read through the comments of individuals from Bristol Bay area, and as I have discussions with people like Representative Nels Anderson, I hear the recurrent theme of protection of the land for its subsistence and spiritual resources, of an unwillingness to see park status imposed only as a preliminary to development, and of desire for uses in any future park which are consistent with the traditions of the area. These thoughts echo my own, and I am hopeful that you along with Representative Anderson and others from this area will be able to translate the wishes of the people into a proposal which will be acceptable.

As you know, my concern that this area be considered for possible inclusion in the State Park System is not limited to the simple desire to add additional acreage to that system. On the contrary, my interest is that it be considered as a unit to be held

in its natural state, and that such consideration take place at a time when our alternatives are still open. You are aware, I am sure, that there are substantial demands on the land throughout Alaska, and that there is a growing and legitimate case being made for private land ownership in important recreational areas. I am certain that this pressure has been felt and will continue to be felt, in the Bristol Bay region as citizens of large urban areas seek private land ownership in beautiful and remote areas of Alaska. It is the job of the Department of Natural Resources to balance these uses, and within that balance the task of the Division of Parks to propose those areas for inclusion in the Park System at a time when we are still capable of considering the broadest public uses. I ask that you work closely with the local people of Bristol Bay as a legislator to convey to them the hard choices which confront them as the pressures for use of this land increase. I hope that this has been responsive and helpful regarding your request, and look forward to speaking with you, Representative Anderson and others in this area as this proposal is considered in the public process.

Sincerely,

Guy R. Martin
Commissioner

cc: The Hon. Nels A. Anderson, Jr.
W/Enclosure

File

January 19, 1976

Mr. Nels Anderson
Chairman, House Resource Committee
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

We reviewed the proposed bill for the Woodriver/Tikchik Lakes area. We found many shortcomings in the plan and the resource evaluation. The board feels the emphasis on recreation and tourism rather than salmon and subsistence reflects a misunderstanding of the economic realities of the area. The board also objects to the level of development proposed in the plan, particularly that associated with promotion and advertising to attract tourists from outside. We believe a higher emphasis should be placed on wilderness values or no development. We question the economic value of this project to the local economy. Another worrisome aspect of the plan is its transportation and highway emphasis. Finally, the lake system is rich in cultural and historical values for the native people of this region. The plan threatens these values. We would like to explore each of these issues in more depth.

First, the board feels that the proposal places tourists ahead of salmon and recreation in front of subsistence. In our opinion both of these priorities are reversed. The area is worth an estimated $6 million per year for its salmon spawn. With rehabilitation and restoration this value could double. The primary development concept of the park, puts salmon secondary in importance. You must realize that 75% of the region's people depend on that salmon harvest. Then the report explains that it does not intend to preclude fish rehabilitation projects but it goes on to describe how they must not conflict with the recreation values. We fear that tourists might negatively impact the salmon values and feel that should be placed first and any development spending should be directed towards the restoration of the run.

Secondly, the board objects to the level of development proposed in the Master Plan. We aim this objection primarily at the exaggerated demand figures that depend so heavily on public relations hucksterism. The native people of this area do not want to compete with hordes of wealthy tourists for fish and game. This food is basic to our subsistence oriented lifestyle. We do not want to see connector roads opening the park to an elbow to elbow sport fishery. In short, this threat to native subsistence and social values is unacceptable. We agree that the area should be protected but do not feel that development and advertising will accomplish this protection.

Third, we question the economic value of this plan to the local community.

Studies show that the area has an extremely high dollar value for subsistence purpose. We pointed out earlier the value of this area in salmon terms. Now we read that this project could generate $240,000 income per season. Can we have both? Or will increased use of the area while the salmon are spawning result in a deminished fish and subsistence harvest. Even more important is the question WHO will benefit? Certainly the airlines and the existing lodge owners will, but is it fair to benefit essentially non-local residents and place the costs on native people. We feel that it is not. We have learned from the pipeline that local hire does not work. We can see that the plan has no provisions to utilize the local labor force through job training or other programs. We have no desire to see the lakes become the backbone of another non-resident industry.

Fourth, we must discuss briefly the issue of roads into this area from Anchorage. The plan stresses the importance of a good transportation network to the park. It goes on to point out that all that is needed to bring a road to Dillingham would be increased economic justification. The park would provide the cornerstone of this economic base. The people of this area do no want roads linking them to the hordes of campers that would soon follow. We resent this domino theory of state empire building. Listen to the people. They do not want a road net link to the outside.

Finally, we would like to emphasize that the lakes area is rich in historical and cultural values for the native people of this region. Park planners clearly overlooked these values when they committed less than .0025 per cent of the included acreage to their preservation. But more important to native people is the protection of this natural area so that we may continue hunting, trapping, and fishing here as generations of our people have done. We just cannot believe that vigouous tourist use of this area is in our best interest. Preservations, promotion, tradition, and development don't mix.

We ask the State to weigh these comments and recognize the values that we wish to protect. An alternative proposal that stressed salmon rehabilitation, subsistence lifestyles and wilderness preservation or no development would be infinitely more suitable. As it stands the costs are here and real while the benefits are not. Nothing in the proposed bill changes the feelings that we expressed last year.

Thank you for your interest.

Sincerely,

Herman Schroeder
CHOGGIUNG LIMITED

AN Chronicle
Hearing - 1-20-76

CHOGGIUNG LIMITED

P.O. BOX 247 • DILLINGHAM, ALASKA 99576 • PHONE (907) 842-3083

January 20, 19

Mr. Nels Anderson
Chairman, House Resource Committee
District #16 Representative
Bouch V
Juneau, Alaska 99811

Camai Gentlemen:

We appreciate the opportunity to speak to you in person about a matter that strikes so close to our homes. We have testified before about the Wood-Tikchik State Park. Last year we told you that there were a number of things in the bill and the proposed development plan that we found unacceptable. Our review of these documents this year suggests that nothing has changed. The State is coming right back at us with the same proposal. Let us consider our objections again.

We recognize that the Wood River lakes and the Tikchik lakes are blessed with outstanding scenery. The Parks people estimate that scenery is worth $240,000 per year to local economy if the park is developed. But the same lakes are worth $6 million per year for their salmon spawn. They also generate a substantial subsistence economy for local people who trap, fish and hunt in this area. Now perhaps we can have both. But we know the value of the salmon run could double if restoration efforts were made. The subsistence value can be documented with more research. But the bill and the plan only pay lip service to these values. 75% of the area's residents depend on the commercial salmon season and subsistence hunting and trapping for their livelihood. And these values are only raised in passing in the bill and the plan. We feel that these values should be the dominant purpose for preserving this area. Let us rehabilitate the salmon run and enhance the subsistence habitat first. When these goals are assumed then turn to the development of the recreation potential.

We also have fears about the campsites, roads and further development proposed in the plan. Our review indicates that 90% of the proposed campsites are adjacent to major salmon spawning areas. The proposed 5th lodge is right on the most prolific spawning stream in the system. The connector roads are routed through areas with possible archeological values. The entire development mystique descends from above when one reads the proposal. It's as if the Parks people were arguing; we must develop this land to preserve it. Once again we must protest as we fear that the level and location of proposed park development is not in harmony with the highest and best use of the land.

Our economic argument can be short and sweet. Salmon is the dominant resource value in the lakes. Subsistence wildlife is the second resource value. These are in dollar terms. We need guarantees that these values will not be destroyed in favor of recreation potential. We do not find them in the bill or the proposed plan. We cannot support it until these values are recognized and protected. Perhaps there are other values in this region too. The Rural Development Council study of agricultural potential speaks highly of the lands east of the lakes. Some mining claims are active in this area too. About these values we cannot speak with authority. But we know salmon and subsistence and they are the backbone of our economy. We cannot afford to lose them.

A point should be made about roads. In the plan the Park was touted as an economic justification for extending the road net to Dillingham. Sort of a domino theory appears here that frightens our people. We do not want to be linked to the outside by roads. If the Park must eventually have a road link to the outside we will always be against it. Listen to the people talking. They do not want a road link to state's main highway system.

We would also like to raise the issue of cultural values. Recent anthropological investigations show that the lake system is rich in historical and cultural values. Vanstone's study of the Nushagak Eskimo and Tikchik village are a strong indication of the importance of these lake systems in our state's aboriginal history. Yet park planners paid little attention to these items in their development plan. Besides the fact that these values are placed in an also ran category there is no mechanism in the proposed bill that would utilize local expertise in the development of the park. This is an obvious shortcoming that Juneau should understand well as they face the same problem with the Federal government.

So, Mr. Anderson these are the comments that we would like you to consider before any Park bill is authored by your committee. We feel that continued research on this issue must come before action is taken. As presented to us the Wood-Tikchik Park proposal falls far short of the ideal utilization of the lakes system.

We appreciate the opportunity to comment on these issues.

Sincerely,

William M Tennyson

William Tennyson
President

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS / 323 E. 4TH AVENUE – ANCHORAGE 99501

January 21, 1976

Hon. Nels Anderson
Chairman
House Resources Committee
State of Alaska
House of Representatives
Juneau, Alaska 99801

Dear Mr. Chairman:

Thank you for the opportunity to testify on the hearings held at Aleknagik, Dillingham, and Anchorage. I am submitting the following statements as a supplement to my testimony on House Sponsor Substitute for House Bill 57, introduced by Representative Smith.

The master plan document entitled "Proposed Wood-Tikchik State Park Alaska" does not represent the policy of this administration in regards to development within the Wood-Tikchik proposal. Specifically, this Division has no intention of proposing roads or new lodges on State lands within the proposed park.

I would also like to state for the record that it is my opinion that park status would give the extremely valuable salmon resource of the Wood-Tikchik area the best protection it could possibly have under existing State laws. I believe that this administration's record of action in regards to protection of fisheries rsources in the Kachemak Bay area, and as a part of the recent negotiations with the Cook Inlet Region and the Interior Department are strong evidence of our concern for these resources and I personally promise that this Division will take no actions detrimental to any fisheries resources in the State.

I expect to rewrite this proposed master plan for Wood-Tikchik State Park and to hold public meetings with the people in the region involved during that process.

As promised, I will supply your committee with a copy of the State's geochemical report on the Wood-Tikchik area.

Sincerely yours,

Russell W. Cahill
Director

RWC:pg

Bristol Bay Native Corporation P.O BOX 237 / DILLINGHAM / ALASKA 99576 / PH. (907) 842-3070.

January 23, 1976

Mr. Nels A. Anderson, Jr.
Chairman, House Resource Committee
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

We have reviewed the proposed Woodriver-Tikchik State Park and also attended the hearings held in Bristol Bay and Anchorage. We have several comments that we hope are considered by your committtee. The Bristol Bay Native Corporation is strongly opposed to the creation of a Park in this area at this point in time, despite the fact that several changes have been made to the original bill, for the following reasons:

1. The most important resource of the Bristol Bay Region to its residents is the salmon. The salmon spawning grounds in the proposed park area provide upwards of $6,000,000.00 worth of salmon to the processor per year, over a twelve year period, according to public statistics. However, the high subsistence values of the salmon must also be considered. The depletion of the harvestable return is the foremost concern of the resident population of the Bay area. Thus, there is a need to increase this harvestable return by whatever means - such as hatcheries and/or predator control measures. If this park becomes a reality, it is unknown how the increased traffic, number of people utilizing the lakes, and development projects will affect the important salmon spawning grounds.

2. The second most important resource of the Bristol Bay Region is the subsistence values of hunting, fishing, berry gathering, and trapping. Although the State indicates that the continuation of the subsistence activities will be allowed within the proposed park, the people feel that the continuation of the subsistence way of life is not assured or guaranteed. The people are afraid that once the park bill is passed, the State will turn around and find some sort of justification for closing the area to subsistence activities. The Native people are very concerned about retaining this traditional right. We feel that the overall impact upon the local residents will be adverse, expecially the village people of Aleknagik, Koliganek and other villages surrounding the pro-

posed park boundaries.

4. We are not in favor of this area being closed to mineral entry as prefered by the Alaska Division of Parks. We feel that the geological reconnaissance is incomplete and the mineral potential is still unknown.

5. The very short tourist season of this area does not justify the creation of a 1.4 million acre playground for the rich nor the expenditure for its maintenance.

In conclusion, we would like tc see this area be put to its best possible use without making any significant adverse impacts upon the salmon spawning grounds and on the life style of the people. We are not sure and the people are not sure that a park is the best use of this land. Therefore, we suggest that further in-depth studies be made of this area, before the legislature takes any further action, so that all the possible adverse impacts can be determined in detail. During this study period, the land should not be designated for any other uses such as open to entry.

We further suggest that the S.S. HB57 be tabled indefinitely until the previous questions are answered.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Harold H. Samuelsen
President

HHS/es

02-001B

STATE
of ALASKA

MEMORANDUM

Department of Natural Resources
OFFICE OF THE COMMISSIONER

TO: Nels Anderson, Jr., Chairman
House Resources Committee

DATE: January 28, 1976

FROM: Guy R. Martin
Commissioner

SUBJECT: Status Report
Beaufort Sea Lease Sale

As you know, the Governor announced last year, following the preparation of an impact statement and the holding of a series of hearings, that it was his decision that an oil and gas lease sale should be held this year in the State owned areas of the Beaufort Sea. The setting of a date for the sale, and the selection of the sale area were questions left open at that time, and which remain open at the present time.

Since the Governor's decision, several courses of action have been pursued to prepare for such a sale. First, it has been the intention of the Administration from the beginning to hold such a sale utilizing a procedure which is substantially more open and publicly responsive than in the past. The preparation of stipulations for the lease sale have been pursued with this as an objective. An interdepartmental committee of the Administration has worked diligently to prepare new environmental stipulations for such a sale and this process should be completed in the near future. At that time the stipulations will be subjected to public hearing in the area of the sale as well as in at least one other location in Alaska.

At the same time, the Department of Law and the Department of Natural Resources have been attempting to consummate an interim agreement with the Federal Government with regard to the small disputed tracts which appear in certain sale areas the State is considering. Such an agreement would permit the sale to proceed and place proceeds related to the disputed areas in an escrow account subject to later determination of Federal or State ownership. While this agreement is not yet completed, it is my view that satisfactory progress has been made, and that it will be possible to complete an agreement some time during the middle part of 1976.

Still another interdepartmental working group is dealing with certain technical and legal aspects in preparation for sale. These aspects include necessary changes in the lease, the evaluation of bidding methods, and preparation for sale area and tract selection. Again, this work is progressing satisfactorily, and should permit a sale in the middle to late part of 1976.

No definition of sale area has yet been undertaken, and the entire area from the eastward boundary of Pet 4 to the Canadian border is under general study. It has been the general intention of the Administration to sell only a portion of this area, and the ultimate choice will depend upon a wide range of factors including jurisdictional difficulties exploration activity, the tract selection process overall, and all of the other factors which should be expected to influence such a choice.

Because there has been no specific definition of the sale area at this time, it is virtually impossible to supply revenue estimates for any sale. Generally speaking, the area in question is one of high interest on the part of industry, and the expectation for such a sale is optimistic. Intervening events may well be the most important determinate for the success of a sale in this area or for the determination to hold a sale on an early schedule. Such events include Federal oil pricing policy, State taxing policy, and the interrelationship of the State program with the Federal Outer Continental Shelf Program. Other factors will also have an effect on the success and viability of the sale.

cc: Commissioner Gallagher, Revenue
Attorney General Gross, Law

BRISTOL BAY NATIVE ASSOCIATION
P. O. BOX 179
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3322

February 5, 1976

Mr. Guy Van Doren
Pouch Y - Room 122
Capitol Building
Juneau, Alaska 99811

Dear Mr. Van Doren:

Per our telephone conversation on January 29, 1976 concerning Wood-Tikchik State Park Proposal.

Bristol Bay Native Association held their Full Board of Directors meeting February 4th after 2 days of delay due to weather.

The Full Board unanimously passed a revised resolution with a few minor changes as you will note.

It is taken into consideration that your staff may or may not agree with the changes, especially the last part of the resolution concerning who should be on the Wood-Tikchik Advisory Committee.

I am enclosing a revised resolution passed by the Board and your original rough draft of the resolution.

If you have any questions or additional comments, please respond.

Sincerely,

Bristol Bay Native Association

Jeff Moxie
Community Advocate

JM:nw

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
Ruth I. Allington

PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

February 6, 1976

Mr. Bob Engelback, Chairperson
Alaska Chapter, Sierra Club
PO Box 2025
Anchorage, Alaska 99510

Dear Mr. Engelback:

Thank you for your concern about the Wood River-Tikchik State Park proposal. As you probably know, we have already held hearings in Aleknagik, Dillingham, Anchorage, and Juneau on this issue.

The following letter, copy attached, states my view at the current time on such issues. If you are in Juneau, I will be glad to talk with you about this or other proposals you have a concern for.

Again, thank you for your interest.

Sincerely,

Nels A. Anderson, Jr.,
NAA/ra

encl.

File Wood River SSHB 57 Correspondence

Alaska Chapter, Sierra Club
P.O. Box 2025
Anchorage, Alaska 99510
January 20, 1976

Rep. Nels Anderson, D - Dillingham
Alaska State Capitol
Juneau, Alaska 99801

Dear Nels,

At its January Executive Board meeting, the Alaska Chapter discussed its hope for a Wood River - Tikchik Wilderness State Park. We would like to talk with you concerning the status of this park proposal and our hopes for legislative action during this session. Would it be possible for you to meet with us here in Anchorage on your way to or from Juneau sometime in the near future? We would suggest either a private meeting among conservationists at the Alaska Center for the Environment, or a public hearing or meeting. Please let us know what date would be most convenient, and we will work with you to schedule a meeting. We look forward to talking with you.

Sincerely,

Bob Engelbach

Bob Engelbach, Chairperson

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Dmitri T. Johnson
Village Administrator
Koliganek, Alaska 99576

Bureau of Land Management
Billings, Montana 59107

Dear Sir:

Concerning the Woodriver-Tikchik lake Area which is proposed for a State Park: I am Village Administrator for Koliganek Village. This is an important issue and vital matter which is going to be the worst event since Alaska became a State. What freedoms are my people going to be permitted after woodriver-tikchik turned to a state park. Are we going to be permitted as our ancestors to use the lake for subsistance hunting, fishing or trapping. Anthropologists and historians claim that native alaskans came across bering sea back 30,000 years ago from great land of siberia. They came to search for better land, better hunting of wild animals for their subsistance and livelihood. As they came deeper into this great land they found more games for their families. When I see the part about Christopher Columbus, sailor from Spain about 500-600 years ago, he claim that he landed his ship into a new world. The American Indians originally [illegible] the new world, and had the authority to use the land for subsistance hunting, fishing, or trapping.

I hope you take this important consideration for the people and help the people to preserve their subsistance hunting, fishing, and trapping in the woodriver-tikchik lake area.

Sincerely,

Dmitri T. Johnson
Village Administrator

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETTY DONNELLY~~
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

Feb. 26, 1976

Dimitri T. Johnson, Village Administrator

Koliganek, Alaska 99576

Dear Sir;

Be assured that I am as concerned about the Wood-Tikchik area as you are. I have enclosed a Resolution that my committee has passed stating their intentions in the Wood-Tikchik situation. We will cont nue to work for retaining subsistence activities.

Thank you for your concern,

Nels A. Anderson, Jr.
NAA/ra
Encl.

CHOGGIUNG LIMITED
Dillingham Alaska

CHOGGIUNG LIMITED

P.O. BOX 247 • DILLINGHAM, ALASKA 99576 • PHONE (907) 842-3083

February 26, 1976

Mr, Nels Anderson
District #16 Representative
Pouch V
Juneau, Alaska 99811

RE: Wood-Tikchik Fish Preserve & State Park

Camai Nels:

We reviewed the amended Wood-Tikchik Park Bill that you circulated through the BBNA, We are in general agreement with the increased role of Fish & Game in the management scheme and the emphasis on continuing the subsistence harvest in that area, We feel that the bill should be further amended however. Unless the legislation clearly states that fish are first we fear that the Division of Parks will place undue emphasis on the recreation and scenic values in the area.

As far as the Advisory Council is concerned we vigorously concur with this concept. Cooperative management of State land is a theme heard often these days, We feel that such a mechanism will provide an excellent forum for balancing local & state requirements, We appreciate the opportunity to offer our comments to you.

Sincerely,

William M Tennyson

William Tennyson
President

TH:WT/RMH

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

Pouch M
Juneau, Alaska 99811

March 3, 1976

The Honorable Pat Kohler
Mayor, Aleknagik City Council
Aleknagik, Alaska 99555

Dear Mayor Kohler:

Commissioner Jim Brooks of the Department of Fish and Game has asked that I respond to your letter as it is the Department of Natural Resources that is the basic sponsor of the bill creating a park in your area. I am particularly pleased to respond, as Aleknagik is the town I visited on several occasions and feel that it is one of the most beautiful locations in the State of Alaska.

I appreciate very much the purpose of your resolution, and believe that we share a common goal with regard to the use of the valuable Tikchik Lake area. Representative Nels Anderson of your area, has been extremely helpful in encouraging discussion of these issues, and representing the views of area residents regarding protection of subsistence uses and lifestyles.

Recent discussions held in Dillingham regarding the possibility of a park in this area indicate that it may well be possible that a park is not only an acceptable method but may be the best possible method of insuring the subsistence is protected for the future. Director of the Division of Parks Russell Cahill has made a promise to the people of the area that he would work with them to formulate a cooperative plan for such a park so that the values which are there now are protected as a part of any future park plan. Since approval of a park will ultimately be within the hands of those who live in the area, I believe it is in everyone's best interest to work together to achieve a plan that will guarantee this beautiful area is protected for generations of Alaskans in the future.

I will make certain that Mr. Cahill of the Division of Parks has been made aware of your concern, and that he includes you as a cooperative plan for this area is considered.

Best regards, and than you for writing.

Sincerely yours,

Guy R. Martin
Commissioner

Wood River, Tikchik

File HB 57

Nushagak Electric Co-operative, Inc.

P. O. BOX 197
DILLINGHAM, ALASKA 99576

March 4, 1975

Honorable Theodore G. Smith
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99801

RE: House Bill 57

Dear Mr. Smith:

Back in 1961, the Dillingham Public Utility District No. 1 filed an application with the Federal Power Commission to explore the possibility of developing a potential hydro site at Lake Elva in the Wood River Lake system to supply power requirements for Aleknagik, Kanakanak, Nelsonville and Dillingham.

Interest in the project died over the years probably due to high initial investment required, to the low cost of diesel fuel and to the low demand for electrical energy.

Unfortunately, none of the reasons listed above are valid to the extent they once were. The high initial investment required for hydro approaches that of a diesel generating unit of like capacity. In addition, the diesel unit produces a significant amount of atmospheric pollutants each year. Costs of middle distillate fuels have skyrocketed forcing the utility to pass on th e increased costs to the consumer, thus fueling the rampant inflation already present in the economy. Last but not least, more people are upgrading their homes and enjoying the benefits of electric energy. Still, the average household consumption of electrical energy in the Dillingham area has been and remains less than half of the national average. (See chart enclosed). We feel this to be a very important point because we cannot in good conscience advocate the reduction of the individual's power requirements when his standard of living is so low that he has not yet enjoyed all of the advantages of twentieth century technology.

This brings us back to the Lake Elva project in which this community could conceivably reap the benefits of hydro power were it made available. This hydro site is located in the area proposed to be included in the state park (or related) system. Nushagak Electric Cooperative has made application to the Federal Energy Office for a grant which would provide for the necessary engineering and environmental studies. Therefore, we ask that you give favorable consideration to our needs and include in your H.B. 57 the right to develop the Lake Elva Site if it proves economically and environmentally feasible.

In the event you are in need of further information in this respect, our engineers, R. W. Retherford Associates, will be instructed to forward such documentation that is available.

Thank you.

Yours very truly,

David F. Bouker

David F. Bouker, Manager

cc: Nels Anderson, Jr.

Nushagak Electric Co-operative, Inc.

P. O. BOX 197
DILLINGHAM, ALASKA 99576

RESIDENTIAL AVERAGE MONTHLY USE (KWH)

YEAR	DILLINGHAM AVERAGE USE PER CUSTOMER KWH PER MONTH	** NATIONAL AVERAGE USE PER CUSTOMER KWH PER MONTH
1963	154	370
1964	155	392
1965	171	411
1966	194	439
1967	194	465
1968	207	505
1969	221	548
1970	240	589
1971	262	630
1972	293	641
1973	311	673

**ELECTRICAL WORLD Magazine, September 15, 1974, Page 52

Wood-River Tshichik file

Mar. 10 HB 57

Dear Nels,

In your last letter you said that you could use any help you could get. Well is is a direct quotation from the book The Three Hundred Year War by William O. Douglas, Associate Justice of the Supreme Court. It is directly related to the problem in Bellingham.

"Many of our sanctuaries are fragile places. They could be trampled to dust by people who came reverently, especially if they came by the tens of thousands. That is true of Bryce, Zion, Mesa Verde, the Grand Canyon, and Canyonlands National Park in Utah. It is also true of our high alpine meadows where lichens and the bilberry grow. It is also true of the Guadalupes in West Texas that are waterless on top but which nurture a relic Douglas Fir Forest from the ~~Pliocene~~ Pleistocene age.

Yet the Park Service wants to pour the public into those areas, where the fire hazards are enormous, and it wants to pave the lower canyon, where priceless botanical ~~specimens~~ and zoological specimens exist. The National Park Service - like other Federal agencies - services people, people, people. But the other members of the ecological community go largely unprotected."

"When we resolve to preserve these sanctuaries as parks, we put them in real danger. They have been preserved to date only because few people frequented them. But the desire to maximize visitors puts them in jepardy." "They belong to all of us, don't they? Then we need roads to get into them. And how can a person be expected to enjoy them without the comforts of life?" So here come the

motels, roads, shops, dance halls, and restaurants that mark the demise of the sanctuary. Peter ~~Parnall~~ Parnall has written on and illustrated the theme in his book, The Mountain.

This is all from William O. Douglas' book except the middle of the second paragraph where he quotes Peter Parnall. I think this very well shows what may be the fate of the Wood-Tikchik area. The only reason ~~the~~ this area hasn't changed or been spoiled is because few people frequent the area. I hope you can use this.

Your Friend,
Brian

P.S. I would have typed it but I can't type.

CHOGGUING LIMITED
P. O. BOX 216
DILLINGHAM, ALASKA 99576

March 13, 1975

Mr. Nels Anderson
Chairman, House Resource Committee
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

We reviewed the Master Plan for the Woodriver/Tikchik Lakes area. We found many shortcomings in the plan and the resource evaluation. The board feels the emphasis on recreation and tourism rather than salmon and subsistence reflects a misunderstanding of the economic realities of the area. The board also objects to the level of development proposed in the plan, particularly that associated with promotion and advertising to attract tourists from outside. We believe a higher emphasis should be placed on wilderness values or no development. We question the economic value of this project to the local economy. Another worrisome aspect of the plan is its transportation and highway emphasis. Finally, the lake system is rich in cultural and historical values for the native people of this region. The plan threatens these values. We would like to explore each of these issues in more depth.

First, the board feels that the p[illegible]al places tourists ahead of salmon and recreation in front of subsistence. [illegible] my opinion both of these priorities are reversed. The area is worth an [illegible]ed $6 million per year for its salmon spawn. With rehabilitation and [illegible]coration this value could double. The primary development concept of the park, expressed on page 30 of the report, puts salmon secondary in importance. You must realize that 75% of the region's people depend on that salmon harvest. Then on page 31 the report explains that it does not intend to preclude fish rehabilitation projects <u>but</u> it goes on to describe how they must not conflict with the recreation values. We fear that tourists might negatively impact the salmon values and feel they should be placed first and any development spending should be directed towards the restoration of the run.

Secondly, the board objects to the level of development proposed in the Master Plan. We aim this objection primarily at the exaggerated demand figures that depend so heavily on public relations hucksterism. The native people of this area do not want to compete with hordes of wealthy tourists for fish and game. This food is basic to our subsistence oriented life style. We do not want to see connector roads opening the park to an elbow to elbow sport fishery. In short, this threat to native subsistence and social values is unacceptable. We agree that the area should be protected but do not feel that development and advertising will accomplish this protection.

CHOGGUING LIMITED
P. O. BOX 216
DILLINGHAM, ALASKA 99576

Third, we question the economic value of this plan to the local community. We pointed out earlier the value of this area in salmon terms. Now we read on page 29 of the report that this project could generate $1.5 million per season. Can we have both? Or will increased use of the area while the salmon are spawning result in a diminished fish harvest. Even more important is the question WHO will benefit? Certainly the airlines and the existing lodge owners will, but is it fair to benefit essentially non-local residents and place the costs on native people. We feel that it is not. We have learned from the pipeline that local hire does not work. We can see that the plan has no provisions to utilize the local labor force through job training or other programs. We have no desire to see the lakes become the backbone of another non-resident industry.

Fourth, we must discuss briefly the issue of roads intothis area from Anchorage. The plan stresses the importance of a good transportation network tc the park. It goes on to point out that all that is needed to bring a road to Dillingham would be increased economic justification. The park would provide the cornerstone of this economic base. The people of this area do not want roads linking them to the hordes of campers that would soon follow. We resent this domino theory of state empire building. Listen to the people. They do not want a road net link to the outside.

Finally, we would like to emphasize that the lakes area is rich in historical and cultural values for the native people of this region. Park planners clearly overlooked these values when they committed less than .0025 per cent of the included acreage to their preservation. But more important to native people is the protection of this natural area so that we may continue hunting, trapping, and fishing here as generations of our people have done. We just cannot believe that vigorous tourist use of this area is in our best interest. Preservation, promotion, tradition, and development don't mix.

We ask the State to weigh these comments and recognize the values that we wish to protect. An alternative proposal that stressed salmon rehabilitation, subsistence lifestyles and wilderness preservation or no development would be infinitely more suitable. As it stands the costs are here and real while the benefits are not.

Thank you for your interest.

Sincerely,

Herman Schroeder

Herman Schroeder
CHOGGIUNG LIMITED
DILLINGHAM NATIVE COUNCIL

TH:HS/RMH

#HB 57

THOMAS E. MEACHAM
ATTORNEY AT LAW
SUITE 300
360 "K" STREET
ANCHORAGE, ALASKA 99501

(907) 274-1451

File under Wood-Tikchik

April 1, 1975

COPY

The Honorable Theodore G. Smith
State Representative
Pouch "V"
Juneau, AK 99801

Re: Lake Elva Hydroelectric Project and
House Bill No. 57

Dear Ted:

I represent Nushagak Electric Co-Operative, Inc., a non-profit electric cooperative which supplies electric power to the City of Dillingham and neighboring communities. It has recently come to my attention that the proposed Wood-Tikchik Bicentennial State Park Bill, which is House Bill No. 57, may have a direct, though perhaps unintentioned effect upon future plans of the electric cooperative to secure low-cost, dependable hydroelectric power.

In 1961 the Dillingham Public Utility District No. 1, which was the predecessor of the electric cooperative, filed an application before the Federal Power Commission to withdraw for possible power project uses a small lake and related stream which is within the boundaries of the now-proposed state park. That lake is Lake Elva, the stream is unnamed, and they both drain into Lake Nerka. The withdrawal was made, under Power Project Withdrawal No. 2295, and it has remained on the land status records of the BLM and of the State Division of Lands since August 21, 1961. However, the Dillingham Public Utilities District No. 1 was not able at that time to pursue the hydroelectric project further, and the City of Dillingham continued to rely on the uncertainties of diesel power generation, which it has done until the present time.

Approximately one year ago, with the rising prices and uncertainty of supply of diesel fuel, serious interest

was revived in Dillingham concerning the Lake Elva project, and a consulting engineer, Robert W. Retherford Associates, was retained to study the present feasibility of such a project. That preliminary study has been completed, and has been offered to the Alaska Public Utilities Commission for consideration. Unknown to the planners, the Power Site Withdrawal No. 2295 was vacated by the BLM on its official records on August 1, 1974. The State of Alaska, which had state selections pending on the lands surrounding the project withdrawal, but which were subject to the project withdrawal, notified the BLM on August 15, 1974 that it had amended its selections to include the lands which had apparently become available by reason of the vacation of Power Project No. 2295. Though I have not researched the public land records and the chain of events leading up to our present situation, it would appear that, unless Nushagak Electric Co-Operative can obtain a recognition of the long-standing power project withdrawal, and of the need for cheap, dependable power in the Dillingham area, the combination of the vacation of the power site withdrawal, the amended state selections, and the bill to create Wood-Tikchik State Park may combine to forever foreclose the possibility of construction of this power project.

I noted in the booklet describing the proposed Wood-Tikchik State Park, the map on page 27 indicates that a hydroelectric project is proposed adjacent to Makuk Arm of Lake Nerka, which in actuality is the location of Lake Elva. The "Management Plan" does not indicate what criteria would be used to coordinate the use of this site, and other proposed hydroelectric sites, with the overall purposes of the state park. However, the mere fact that such sites were identified in the park proposal indicates that some consideration was given the power site withdrawals which existed within the proposed park boundaries.

The power project, as proposed, would be the least-damaging, from an environmental standpoint, of any proposed hydroelectric project of which I am aware. The stream upon which the dam would be placed, below Lake Elva, does not contain spawning salmon. The power transmission line between

Lake Elva and the City of Dillingham would be laid under the waters of Lake Nerka and Lake Aleknagik, and would be placed above the surface of the land only at a narrow neck, comprising approximately two to three miles in width, between Lake Nerka and Lake Aleknagik. This above-ground portion is not within the principal proposed boundaries of the state park, but is within the southern alternative boundary. The electric cooperative proposes to build no road to the power project, and would construct and maintain the project by use of over-snow vehicles in the winter, and by aircraft in the summer. The frozen lakes in the area furnish a convenient means of winter access, without the maintenance problems and land-management conflicts which would be introduced by a permanent road.

Because your proposed bill does not make specific mention of the identified hydroelectric sites in the proposed state park, I felt that you should be made aware of the interest of the City of Dillingham and the electric cooperative in going forward with feasibility studies, and financing proposals with the Rural Electrification Administration, regarding the Lake Elva site. It is quite unrealistic to believe that more than one hydroelectric site within the proposed state park would be developed, since the demand simply does not exist for the Grant Lake site or any other identified hydroelectric site, with the exception of the Lake Elva site. Thus a recognition of the desirability of the Lake Elva project, and its compatibility with existing and future park needs, would not "open the door" to other future water power proposals for the state park.

At this point we are requesting, in your consideration of House Bill No. 57, that you take note of the long-standing recognition of Lake Elva as a desirable hydro-power site, and of the great need of the City of Dillingham and adjacent communities for low-cost, reliable electric power which is not subject to uncontrolled variables such as availability and price. At the least, we would request that, if the Wood-Tikchik State Park Bill becomes law, the possibility of development of this one site not be foreclosed forever by the language of the Act.

Any information or advice you might be able to offer

regarding your proposed park bill, and the relationship of that bill to the Lake Elva hydroelectric project, would be very much appreciated.

Very truly yours,

Thomas E. Meacham

TEM/bja
cc: The Honorable Kay Poland
The Honorable Nels Anderson
David F. Bouker

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 57

Title: An Act creating the Wood-Tikchik Bicentennial State Park, and providing for a effective date.

Requested by: Ted Smith Date: 2-25-75

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES	0	0	0	0	0	0
200	TRAVEL	0	0	0	0	0	0
300	CONTRACTUAL	0	0	0	0	0	0
400	COMMODITIES		0	0	0	0	0
500	EQUIPMENT	0	0	0	0	0	0
600	LAND & STRUCTURES	0	0	0	0	0	0
700	GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
		0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER		0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	/	0	0	0	0	0
MAN MONTHS (P./T.)	/	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work would be absorbed by the existing staff.

IV. ATTACHMENTS

V. DATE: February 25, 1975 PREPARED BY: Kathy Jacobson

Kathy Jacobson for
BILL SACHECK

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB
58

RE; HB 58

Memorandum on authority over interconnections to facilitate the purchase of crude oil by the State, its political subdivisions or private parties in the vicinity of the pipeline.

Under the provisions of current statutes and the State Right-of-Way Lease, authority exists to permit the installation of inter-connections for the purpose of transporting crude oil from the pipeline to purchasers located adjacent to the pipeline route. Such potential purchasers would include the State of Alaska, its political subdivisions and private individuals or entities. In order to energize this process, there must be a potential buyer of crude oil in commercial quantities. This buyer can be the State, a political subdivision or private individual or entity. Once a potential buyer of crude oil offers to purchase, discussions would be held between the purchaser, Alyeska Pipeline Service Company and the owners of the oil being transported in the pipeline. Generally, such meetings would lead to an agreement to install an interconnection at an appropriate point with a capacity sufficient to transport the amount of oil which will be purchased by the buyer and to apportion the costs of such an installation. However, if such an agreement cannot be negotiated among the parties, the Alaska Pipeline Commission upon petition of any interested person has the requisite authority to compel the installation of the interconnection and to apportion the costs of installation.

In addition, the State of Alaska can compel the installation of interconnections and interchange facilities at State expense at such places it considers necessary if the State determines to take all or a portion of its royalty oil in kind rather than selling it.

The State Right-of-Way Leasing Act under the provisions of AS 38.35.120 (10) provides as follows:

> It (the lessee carrier) will provide, where economically feasible and consistent with the primary function of the line, connections and facilities on the pipeline subject to the lease, both on State land and other land in the State, for the purpose of delivering crude oil or natural gas, depending upon the kind of pipeline involved, to persons desiring to purchase who are located in municipalities in the vicinity of th pipeline:

The Alaska Pipeline Commission, described in Title 42 of the Alaska Statutes, was created for the purpose of regulating the operations and activities of oil and gas pipelines. The Pipeline Commission has the authority to order interconnections for the transportation of oil from the pipeline to adjacent purchasers. A.S. 42.06.340 provides as follows:

> Order for Joint Use or Connection. When there is failure to agree upon the joint use or interconnection of oil or gas pipeline facilities or the conditions or compensation for joint use or interconnections, any interested person may apply to the Commission for an order requiring the interconnection. If, after investigation and opportunity for hearing, the Commission finds that public convenience and necessity require the joint use or connection, and that the use or connection will not result in substantial injury to the oil or gas pipeline facility or its customers, or in substantial detriment to the services furnished by the oil or gas pipeline facility, or in the creation of safety hazards, it shall (1) order that the use be permitted; (2) describe reasonable conditions and compensation for the joint use; (3) order the interconnection to be made; (4) determine the time and manner of the interconnection; (5) determine apportionment of costs and responsibility for operation and maintenance of the interconnection.

This authority found in Title 38 and 42 to compel interconnections under certain circumstances for the transfer of oil from the line to purchasers in the vicinity of the line has been made an express condition of the State Right-of-Way Lease currently held by the owner companies of the Trans-Alaska Pipeline.

Section 7 of the State Right-of-Way Lease provides as follows:

> Connections for Delivery

> Lessees shall provide connections as determined by the Alaska Pipeline Commission, under AS 42.06.340, to facilities on the pipeline subject to the lease both on State land and on other land in the State, for the purpose of delivering crude oil to persons (including the State and its political subdivisions) contracting for the purchase at wholesale of crude oil transported by the pipeline when required by the public interest.

Section 8 of the Right-of-Way Lease provides as follows:

> Connections for State Owned Oil
>
> Lessees shall, not withstanding any other provisions, provide connections and interchange facilities at State expense at such places the State considers necessary if the the State determines to take a portion of its royalty or taxes in oil.

Section 9 of the Right-of-Way Lease requires the lessees to constructand operate the pipeline in accordance with applicable State laws and lawful regulations and orders of the Alaska Pipeline Commission.

Therefore, the public inderest in obtaining access to commercially reasonable quantities of crude oil transported throught the pipeline is protected by the State statutes and the terms of the State Right-of-Way Lease granted to the owners of the Trans-Alaska pipeline. In addition, the Alaska Pipeline Commission has the clear authority to compel connections upon application of an interested party if the potential oil purchaser, Alyeska Pipeline Service Company and the owner companies are unable to reach a mutual agreement concerning the terms and conditions of the interconnection.

W. J. LEVY CONSULTANTS CORP.
30 ROCKEFELLER PLAZA
NEW YORK, N. Y. 10020

ROOM 3232

TEL. 212-586-5263-4
CABLE "WALTLEVY"

February 24, 1975

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Nels:

As you requested, I am setting down some comments on the various bills before your Committee.

House Bill No. 30

It is our feeling that the proposed Bill is probably too restrictive insofar as it would be mandatory upon the Board to require that royalty oil or gas be processed within the state as a condition of sale by the State. It is impossible to anticipate the various circumstances under which the State may want to use its control over royalty oil or gas and the disposition thereof in order to effect the interests of the State. It might be better to leave some considerable discretion with the Board.

House Bill No. 34

This really goes beyond our area of competence. It involves questions of administrative practice, the realistic limits and costs of insurance, etc. Given the purpose of the Bill, its administration ought not to be overwhelmed with impracticabilities.

House Bill No. 58

We have no way of judging the significance of this particular location for a pipeline connection and interchange facility. Presumably Fairbanks will be served by Alyeska, and in any event the Alaska Pipeline Commission does have authority in this matter. Is there specific reason to legislate such a requirement? Or should the whole question of pipeline connections be left to your regulatory commission?

House Bill No. 60

We feel that the basic intent of this Bill is good, but the specific requirement for "checkerboarding" would be too restrictive. This subject is discussed in our Report on Leasing Policy (February 1970). On page 10, for example, we recommend that "first-round leasing of exploratory acreage should be spaced in such a manner, while not necessarily according to checkerboard pattern as usually defined, such that substantial and varied acreage which may appreciate in value as knowledge develops will continue to be held by the State for future leasing." You may want to have a look at that Report for the discussion of the amount of acreage that would have to be offered in order to provide a reasonable basis for an exploration effort, while not so extensive that it undercuts the State's opportunity for subsequent leasing.

House Bill No. 102

I believe the "Oil in Place" bills were discussed fairly thoroughly before your and other Committees, so I will not go into it at length at this time. I would call your attention, however, to two specific matters in this particular Bill.

First, Sec. 15 refers to both oil and gas leases, but it is unclear in the Bill itself whether the ad valorem tax will be assessed against oil reserves alone or also against gas reserves. You will recall our concerns that the problems of assessment become magnified to the extent that more oil fields than Prudhoe would be encompassed, and even more so when gas fields as well have also to be assessed on an equitable basis. But in equity, why should gas fields not be covered?

Second, the Bill provides that the ad valorem tax is abated when the production tax becomes applicable. On this basis the ad valorem tax becomes a net addition to the companies' aggregate tax burden. The alternative would be for the ad valorem tax to carry forward as a credit against the companies' subsequent production tax liability.

I suspect that your legislative calendar is moving ahead, compared with its status when I was with you in Juneau. We had looked upon that as a preliminary visit, and will be quite prepared to review further the legislation that comes before your Committee as things shape up more concretely.

Meanwhile, please don't hesitate to call or write if we can be of any further help.

With best regards,

Cordially,

Milton Lipton
Executive Vice President

ML:aj

HB

60

W. J. LEVY CONSULTANTS CORP.
30 ROCKEFELLER PLAZA
NEW YORK, N. Y. 10020

ROOM 3232

TEL. 212-586-5263-4
CABLE "WALTLEVY"

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AGO 935592

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Meanwhile, please don't hesitate to call or write if we can be of any further help.

With best regards,

Cordially,

Milton Lipton
Executive Vice President

ML:aj

HB

65

HB65 File

KENAI PENINSULA BOROUGH

Box 850 Phone 262-4441
SOLDOTNA, ALASKA 99669

STAN THOMPSON
MAYOR

March 14, 1975

Sen. Clem Tillion
Rep. Keith Specking
Rep. Hugh Malone
Rep. Leo Rhode
Pouch Y
Juneau, Alaska 99801

Re: Sponsor Substitute for House Bill No. 65 "An Act Relating to Assessment of Real Property for Local Taxation"

Gentlemen:

This bill seems to me one of the most valuable bills to appear this session of the legislature. Our rapidly rising land assessments due to speculation, and other factors, are driving Alaskans from their land. The present situation is requiring them to subdivide in order to pay their taxes, whether it be farm land or undeveloped land.

We certainly feel this is an excellent designed bill and extremely needed in our state today. I am very pleased that this bill includes undeveloped land as many Alaskans have a piece of property they wish to live on without development of any kind and should not have to pay excessive taxes in order to retain their right to use such undeveloped land.

My only suggestion might be on the undeveloped land to require residency of the owner thereof. I am not sure this is a necessity, but it might contain some merit.

Although this bill, if passed, will cost this borough some taxes for the next few years its value to the people of the borough far outweighs the monetary loss.

Thank you for introducing a bill such as this, and I hope you follow it through to its fruitation.

Sincerely,

Stan Thompson

Stan Thompson
Borough Mayor
ST/tb

cc: Willard Bowman, Chairman, Rules Committee
Terry Gardiner, Chairman, Judiciary Committee
Susan Sullivan, Chairman, Health, Edu. & Soc. Services
Nels Anderson, Chairman, Resources Committee
William Parker, Chairman, State Affairs Committee
Bob Bradley, Chairman, Commerce Committee
Joseph McKinnon, Chairman, Labor & Management

Samuel Cotten, Chairman, Community & Reg. Affairs Comm.
Alaska Municipal League, Attn: Don Berry
Department of Community & Regional Affairs
Attn: John B. Chenoweth, Director
Lee McAnaerney, Commissioner

HB
68

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 68

Title: An Act Creating the Alaska Youth Hostel System

Requested by: Ted Smith Date: 1-24-75

Return Date Requested: 2-3-75

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES *	--	151.1	155.0	197.0	204.0	216.0
200	TRAVEL	--	--	--	--	--	--
300	CONTRACTUAL	--	14.0	14.0	19.0	19.0	19.0
400	COMMODITIES	--	15.0	5.0	11.0	7.0	7.0
500	EQUIPMENT	--	17.5	5.0	12.0	7.0	7.0
600	LAND & STRUCTURES	--	372.0	--	145.0	--	--
700	GRANTS, CLAIMS, ETC.	--					
	TOTAL						

* 12 mo. at 7 days per week

B. FUNDING: (Thousands of dollars)

GENERAL FUND	--	569.5	184.0	384.0	237.0	249.0
FEDERAL FUNDS	--					
OTHER	--					

C. POSITIONS:

PERMANENT/TEMPORARY	/	10/	10/	14/	14/	14/
MAN MONTHS (P./T.)	/	120/	120/	168/	168/	168/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(SEE ATTACHED)

IV. ATTACHMENTS

V. DATE: 2-3-75 PREPARED BY: George A. Hall

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

III Analysis (HB 68)

Assumptions

(1) Construction would begin in FY 76.

(2) Demand is estimated as 24 per day in Anchorage and Fairbanks and 6 per day in the other three areas. Two additional units would be added in FY 78.

(3) Caretakers would live-in the facility and a husband-wife team would work best to meet the needs.

(4) Utilazation of existing structures and state land would affect the "Land and Structures" figure.

Program Summary

Full time positions or positions functioning twelve months of the year would be required at level 13 and level 7 at each hostel. Quarters would be furnished. Existing positions of District Superintendents would provide day to day supervision. A coordinator would be designated in the Director's office.

#68

THE JUNEAU CHAPTER OF THE ALASKA PARKS AND RECREATION COUNCIL

January 31, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Committee on Natural Resources
1975-76 Alaska State Legislature
Pouch V, Alaska State Capitol Bldg.
Juneau, Alaska 99801

Dear Mr. Anderson:

The Juneau Chapter of the Alaska Parks and Recreation Council, composed of representatives of planning agencies, park boards, recreation-related organizations and interested citizens of our community, has for some time been aware of the need for legislation to create a youth hostel system in Alaska.

By unanimous action taken at our January 29, 1975 meeting, I have been directed to ask that the Committee on Natural Resources give full support to House Bill #68.

Cordially yours,

H. E. Beyer

Rev. H. E. Beyer, Chairman
The Juneau Chapter of the Alaska
Parks and Recreation Council
P. O. Box 1066
Juneau, Alaska 99802

"An Act creating the Alaska youth hostel system."

1/24/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker: Date 2/4/75

The Committee on Resources has had HB 68 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

HB

99

April 12, 1973

Representative Keith Specking
Hope
Alaska 99605

Dear Keith:

In preparing the session laws for publication in the Alaska Statutes, I find that your guide-licensing Act, ch. 17, SLA 1973 (copy enclosed), raises some questions which should be taken care of by legislative action next session.

(1) Joel tells me that it was the intent in the final versions of the bill (HB 1) to have the occupational licensing division of the Department of Commerce handle administrative matters for the Guide Licensing and Control Board, under AS 08.01 (the chapter on centralized licensing). However, the bill (and now, Act) makes no provision for this, and in the absence of this board from the list in AS 08.01.010 the Department of Commerce has no authority and no obligation with regard to this board. If that was in fact the intent, the following amendment should be offered:

> "AS 08.01.010 is amended by adding a new paragraph to read:
>
> (19) Guide Licensing and Control Board."

(2) In AS 08.54.210(b) ("Unlawful Acts"), in this Act, there are three inaccurate citations of "sec. 200(e) of this chapter". As you know, your bill this session (HB 1) was based on last legislature's FCCS SCS CSHB 185. The language containing the erroneous citations was added as a Senate floor amendment to SCS CSHB 185 (see 1972 Senate Journal, pages 741 -- 742, 4/24/72), in which version of the bill sec. 200(e) was a provision quite different from the final version. The free conference committee on that 185 changed sec. 200(e) but did not the citations in sec. 210(b). That error was then perpetuated in your bill this year. (I don't think those citations were altogether accurate at the time that amendment

was adopted either, but when the FCC made its change in sec. 200(e) the citations became completely inaccurate. [In SCS CSHB 185, that subsec. (e) read: "No person who is disciplined under this section may engage in outfitting or guiding activity during the period of disciplinary action."])

Therefore I am requesting the publisher to put the following note under AS 08.43.210:

"Revisor's note (1973). AS 08.54 was enacted by ch. 17 SLA 1973, which was derived from the Eighth Alaska State Legislature's CSHB 1 am S which in turn was based on a portion of the Seventh Legislature's FCCS SCS CSHB 185. AS 08.54.210(b)'s inaccurate references to sec. 200(e) can be traced back to a 1972 Senate amendment to the Seventh Legislature's SCS CSHB 185, in which bill sec. 200(e) was a different provision. In FCCS SCS CSHB 185, sec. 200(e) was changed but these references to it were not."

AS 08.54.210(b) should be amended next year and then this revisor's note deleted. Taking something of a wild guess, I believe the following amendment would be appropriate (but be sure to let Joel or me know if you would prefer some other amendment):

"AS 08.54.210(b) is amended to read:

(b) A person who violates this section is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than $1,000 or imprisonment for not more than one year, or by both, and may have his license revoked for a period up to five years. However, a person who engages in [OUTFITTING OR] guiding activity during the period his license is suspended or revoked under [OF DISCIPLINARY ACTION UNDER SEC. 200(e) OF] of this chapter is guilty of a felony punishable, upon conviction, by a fine of not more than $5,000 or [AND] by imprisonment for not less than one year nor more than three years, or by both fine and imprisonment. In addition to punishment for a felony [UNDER SEC. 200(e) OF THIS CHAPTER], all guns, fishing tackle, boats, aircraft, automobiles or other vehicles, camping gear and other equipment and paraphernalia used in, or in aid of, guiding activity engaged in during the period of suspension or revocation [A VIOLATION OF SEC. 200(e) OF THIS CHAPTER] shall be confiscated by persons authorized to enforce this chapter."

I am not sure exactly what that Senate amendment (adding the second sentence of what is now AS 08.54.210(b)) intended. Since the first sentence of sec. 210(b) makes violation of "this section" a misdemeanor, and sec. 210(a)(3) lists guiding without a guide

license as an unlawful act, it would appear that the only conduct to be regarded as felonious under this chapter (AS 08.54) is guiding during the period of suspension or revocation, and the amendment proposed here makes that interpretation clear. (Perhaps it would be suggested that the reference to "period of disciplinary action" in the present language of the second sentence of sec. 210(b) was intended to include sec. 200(b)'s denial of renewal. But what would the period of "denial of renewal" be? If the intent is to treat as a felony guiding without a license any time after renewal of the license was denied, then language to that effect should be inserted. But if such language were interpreted as applying a long time after the date of denial you might run in to constitutional problems of equal protection, due process, and cruel and unusual punishment; and setting a time period for such cases might be impractical.)

also see § 200(d)

Note that the amendment proposed here also deletes the now inappropriate reference to outfitting, and puts the basic felony penalty statement in Alaska's standard form. It also makes clear that guiding during a period of revocation is felonious whether the license is revoked by the board, under sec. 200(b) or (c), or by the court, under the first sentence of sec. 210(b).

(3) AS 08.54.220 (Injunction Against Unlawful Action), in this Act, contains a questionable reference to "secs. 100 -- 200 of this chapter" and a clearly inaccurate reference to "sec. 210 of this chapter". With regard to the latter, I plan to change (under AS 01.05.031(b)(8)) the reference to read "sec. 50 of this chapter" and request the publisher to put the following note under AS 08.54.220:

> "Revisor's note (1973). In ch. 17 SLA 1973, AS 08.54.-220 referred to 'regulations promulgated under sec. 210'. Since sec. 210 does not provide for promulgating regulations, and sec. 50 does, the citation has been corrected here. (This correction makes this provision comparable in this respect to the former AS 16.50.225, upon which it is based.)"

However, I cannot handle the other citation similarly; there is no clear error to point to. But the following should be considered by those persons interested in the operation of this Act and in determining exactly what action may be enjoined under AS 08.54.220: (a) By citing secs. 100 -- 200,

the section listing conduct which is grounds for discipline (sec. 200) is included but the section listing unlawful acts (sec. 210) is n[illegible] In the old AS 16.50, upon which this new AS 08.54 is mor[illegible]-less based, just the opposite obtains -- the section on unlawful acts is included and the one on grounds for discipline is not. (See the former AS 16.50.225.) (b) By citing sec. 100 -- 200, we are not merely citing a complete article (in conformity with Alaska drafting style), because that article continues on through sec. 220, but we are including the sections (170 -- 190) which merely set out fees and specify renewal periods.

The present citation of secs. 100 -- 200 may accurately reflect the intent, but I wonder if the matter has been considered.

If you have any question on this, don't hesitate to write. If you would like to pre-file a bill making these corrections or other changes, let us know.

Yours truly,

Arthur H. Peterson
Revisor of Statutes

AHP:lmk
cc: Joel F. Bennett
Legislative Counsel

HB

102

HB102 ~~HB102~~
SB 103 SB103

File

MEMORANDUM

TO: Senator Kay Poland, Chairman
Senate Natural Resources Committee

FROM: Charles Naughton Chas
Assistant Director
Dept. of Natural Resources
Koniag, Inc.

DATE: April 16, 1975

RE: House Bill 102, and Senate Bill 103

For the purpose of clarification of my use of "potential" as it relates to the context of my testimony yesterday, I submit this comment:

To our Region, "proven reserve", and "potential" are synonymous. A reserve is just that; the benefits of which are not felt until the reserve is tapped.

We believe that a reserve has the capability of providing for use, a stored resource upon demand. When a reserve of known capacity is not drawn upon, its ability to provide is not reduced. Its contributing ability therefore still remains.

We recommend that an accurate definition of "proven reserve" be provided, so that in the future, it is not confused with "potential"; and also that the word "potential in the context of my testimony not be equated with the word "speculation".

AGO 547300 +

STATEMENT OF JACOB ADAMS, VICE-PRESIDENT-
LANDS, ARCTIC SLOPE REGIONAL CORPORATION
ON H.B. 102

My name is Jacob Adams. I am appearing before the Committee on behalf of the Arctic Slope Regional Corporation in my capacity as Vice-President in charge of Land Selection and Conveyance.

ASRC is strongly opposed to legislation which would impose a tax on proven oil and gas reserves. The proposed legislation would constitute an extremely damaging burden to ASRC and could very well bankrupt the corporation.

ASRC recognizes and appreciates the Legislature's concern over imminent near-term deficits in the State Treasury arising out of predictable imbalance between revenues and expenditures. Expenditures in recent years including revenue sharing with local governments has been a mainstay of supporting their local budget requirements especially in education.

While the Inupiat people of the Arctic Slope have benefited to some degree by State financial support, it has not been to the same extent that more urban areas have benefited.

At the present time, the present cash reserves and future anticipated revenues arising from the Alaska Native Claim Settlement Act, as well as programmed receipts

under various exploration and development agreements with major oil companies, have been heavily committed to produce a viable economy in the Arctic based on a profit motivated, free enterprise system. ASRC, without special assistance or subsidy from the State, is underwriting many commercial business ventures, which will ultimately provide revenues to the State in the form of income and business taxes. If prevented from developing on its own initiative because of a new tax burden on proven reserves, which ASRC shall shortly inherit under its mineral in-lieu selection entitlement, the economic future of the Arctic will be seriously impaired.

A tax on reserves is a regressive tax in that it is not gauged on the ability to pay. True, large oil companies can accommodate such taxes by passing on to consumers those costs, but not every corporation, organization or individual can pay. Contrary to the bulk of public opinion there are others in the State of Alaska, in addition to large oil companies, that have a stake in ownership of oil and gas reserves. This other category includes individual lessees, royalty owners, and independent companies.

As you are also aware, at least six native regional corporations have entered into oil and gas exploration agreements which, in addition to base royalties as a land owner, provide for other benefits including net profits provisions,

joint ventures or participations, carried working interests, or a combination of all three.

Although we are not here to argue the legal interpretation of Section 21(d) of the Alaskan Native Claim Settlement Act whereby a twenty year tax exemption applies to certain property interests of native corporations and individuals, there are those who believe that native interests in leases in the form of participations as well as royalty interests would be subject to a property tax in the same manner and to the same degree as oil company lessees.

We submit that the property tax being considered would depress the value of unleased native corporation lands as well as those that are presently leased or that shall be leased in the near future. The time of payout in order to receive benefits under a net profits interest would be much delayed. From the regional corporations' standpoint, paying taxes today with the uncertainties of developing a market and unknown future wellhead value of crude oil and natural gas, could create financial havoc if not bring upon the economic demise of the corporations.

A specific example will serve to illustrate our concern. ASRC previously filed in-lieu selections on approximately 18,009 acres within the boundary of the known geologic structure of the Kemik Unit. The Kemik Unit has one completed and shut-in gas well. A second exploratory well is currently drilling and a permit for a third exploratory well is pending. No development wells have been drilled;

however, the U.S. Geological Survey has indicated that the discovery probably is commercial based on the KGS classification. The Survey and the original operator, Forest Oil Company, indicates a probable produceable volume of 475 bcf of gas. This is certainly no "barn burner" or as we call it "igloo melter" in terms of North Slope operations.

ASRC filed selections within the Kemik Unit because it has over 1.2 million acres of in-lieu subsurface entitlement and the Board of Directors believes such selections should be made first in proven areas of production where fee ownership is not important in order to maximize the spread of its overall land ownership throughout the Arctic Slope.

ASRC's interest in the Kemik Unit upon transfer of the subsurface estate from the Department of the Interior ranges from 12-1/2% royalty under existing Federal leases to 100% mineral interest under unleased lands within the unit boundary.

Based on the reserves attributable to ASRC's interests derived from the operators volumetric calculations, the volume of produceable gas is 213 bcf. Assuming an arbitrary value at the time production commences of $.50/MCF, the value of so-called proven reserves owned by ASRC is $106MM. A 20 mil property tax levy would amount to $2.1MM annually until production commenced.

Since ASRC will probably lease its 100% mineral interest lands reserving a 16-2/3% royalty thereby decreasing its royalty reserves to 64 bcf, the amount of ad valorem taxes paid in the first few years after the tax is imposed may never be recouped as a credit against production taxes. This would be true unless ASRC receives title to the subsurface estate and leases its interest prior to the effective date of the tax law. Actions which force ASRC to land management decisions in haste due to factors (the new tax) beyond its control are unreasonable and patently unfair.

Another problem that we consider likely to develop that would be harmful to ASRC relates to the contract provisions of our several oil and gas exploration agreements. The agreements provide for, among other things, a reasonable continuous drilling provision in the event of discovery on a lease. It is almost a certainty that we would have to waive the continuous drilling provision until the law expires (if ever) thereby extending the period of field development for many years which would not only affect our cash flow projections but deprive the State of production taxes from ASRC lands.

Although reserves could be assessed under a single discovery well, you would obviously be inviting litigation.

We believe that the Legislature should carefully explore all alternatives to raising sufficient revenues to offset near-term deficits and compare the impact against the obvious detrimental effects of the tax on reserves.

Several alternatives that have been advanced in recent weeks that should be thoroughly considered include the following:

1. Indirect borrowing against future oil and gas royalties through an "ABC" type transaction. Selling only a specified quantity of royalty reserves commits only that amount necessary to repay the loan. Royalty production thereafter is free from encumbrances. While further investigation of the applicability of "ABC" financing is needed, we believe it would avoid the question of constitutionality raised by opponents to funding through borrowing. Arlon Tussing, noted University of Alaska economist, has compared the cost effect of taxing reserves against borrowing at low interest rates and concluded that if the State wants to maximize the value of its oil revenues it would be far better off to issue revenue bonds rather than tax reserves in the ground.

2. Another alternative that should be considered is advance payment of severance taxes. Since the producers will be paying severance taxes based on gross wellhead price of oil or gas on a predictable declining basis, payment of advance severance taxes on production with a recapture provision after royalty revenues close the gap between receipts and expenditures should encourage

operators to produce a property beyond what would otherwise be its economic limit. The time of abandonment of marginal properties should be extended for a number of years which would benefit the State and promote good conservation practices.

3. A third alternative that should be considered is a purchase option on State royalty gas with the actual value to be determined at the time of transfer. An option of this nature could be made attractive to large gas utility companies who may be able to accommodate the option payment in their rate base. In any event, the State would not be committing its gas reserves at a fixed price in advance of what the actual value may be at the time production commences. It appears to ASRC that this alternative may be superior to all others.

4. Additional competitive lease sales should be programmed to coincide with calendar year budgets of major oil companies to maximize revenues. If the majority of the potential participants in a sale adopt a budget as of the first of a calendar year then it is unwise to schedule a sale for the fourth quarter of a year.

5. Another alternative that has been suggested is advance sale of royalty oil. This appears the least advisable at this time since the value would be heavily discounted by prospective purchasers. However, as an alternative it should be considered.

We wish to thank you for the opportunity to present our viewpoint on the proposed property tax on reserves. Although such a tax may be relatively easy to administer, it has gross inequities and applications. Therefore, if there are other means to raise revenues without inequities, they should be thoroughly investigated and only as a last resort should serious consideration of a tax on reserves be implemented.

One factor that begins to worry ASRC is that the anticipated revenues from Prudoe Bay may not cover rapidly escalating costs of State government at the time production begins. If this occurs, we believe that the tax on reserves will not be phased out as provided for in the various bills with the result that exploration and development on native lands will be further impaired.

AGO 547308

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 18, 1975

Mr. Nels A. Anderson, Jr.
Pouch V
Juneau, Alaska 99801

Dear Nels:

You asked for our views on HB 102, the oil-in-place tax. In my opinion, the bill would slow oil exploration and production throughout the State and it would not produce any net gain in state revenues. It would cause severe problems for our Native regional corporations. In fact, it could easily push one or more of them under.

The tax is aimed at Prudhoe, but that is not where it will hit. HB 102 would not take effect until 1976. The Prudhoe fields will be paying gross production tax by 1977 if Alyeska stays on schedule, and those taxes will be in the neighborhood of a billion dollars a year by the end of the third year.

Five or eight years ago was the time to start taxing the field up there. Today is not.

Now, an oil-in-place tax will mainly hit the Native corporations, particularly the ones that have signed exploration and production contracts. Take BBNC, for example. Our contract provides:

(1) Phillips Petroleum explores our land for oil. We do not get any direct payment for the exploration, and we cannot stop it at this time without breaching the whole contract.

(2) Once oil is found, Phillips pays us a one-time bonus equal to 1% of the value of the field.

(3) Phillips and BBNC will form a joint operating company to get the field into production and market the product. BBNC and Phillips will each own 50% of the JOC, and it will own the leases.

AGO 547309

Getting a field into production might not take very long around Kenai, but in a remote area such as Bristol Bay it will take at least three years. In the NANA Region it might take even longer. It took nine years on the Arctic Slope.

Suppose Phillips finds a one hundred million barrel field. Our consultants tell us that this could be within the ball park. We get a one-time bonus of 1% of the value, which we can use to pay our 50% share of the 2% oil-in-place tax. We break even--the first year.

The second year, the tax would drain our bank account.

The third year, we would owe the State ten million dollars and we would not be able to pay.

I have not read the contracts entered by the other Native corporations, but I think that ours is at least typical and probably the best of the lot. In any case, what happens to any of the regional corporations affects them all, thanks to provisions such as 7(i) of the Land Claims Act.

I know that Doyon, which has enormous oil potential, has been thinking about going into an exploration contract. But if this bill passes, they would be crazy to get into one. That is why I say the bill will slow down oil and gas exploration and in the long run cost the State.

Obviously, we are not about to lay down and die while we wait for bankruptcy. I see that oil-in-place taxes have always meant lots of lawsuits in the States where they have been tried, and it wouldn't be any different here.

There are also good sound environmental conservation reasons for opposing such a tax. For instance, the fastest way of getting proven oil out of the ground might not always be the best way. But with this tax it would surely be the only way.

I hope these views will be of some help to you in your deliberations on this bill.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Harvey Samuelsen
President

HS:ms

AGO 547310

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 4, 1975

Rep. Nels A. Anderson
Chairman, House Resource Committee
Pouch V
Juneau, Alaska

Dear Nels:

HB 102, that puts a tax on oil in place, is straight anti-Native legislation. It is going to cost every regional and village corporation shareholder untold sums of money, and at the same time it will force the corporations to tear up the land for mineral exploitation whether they want to do so or not.

Bottle it up in your committee forever.

How are you liking it down there in Juneau?

Sincerely,
BRISTOL BAY NATIVE CORPORATION

Harvey Samuelson

AGO 547311

ARCTIC SLOPE REGIONAL CORPORATION

PRESIDENT
JOSEPH UPICKSOUN
1ST VICE PRESIDENT
JOHN OKTALIK
2ND VICE PRESIDENT
EDWARD E. HOPSON, SR.
3RD VICE PRESIDENT
WYMAN PANIGEO

P. O. BOX 566
BARROW, ALASKA 99723

PHONE: 852-6930
852-6970

SECRETARY
NELSON AHVAKANA
TREASURER
OLIVER LEAVITT
LAND SELECTION CHIEF
JACOB ADAMS
EXECUTIVE VICE PRESIDENT
LAWRENCE A. DINNEEN

March 13, 1975

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch V State Capitol Building
Juneau, Alaska 99811

Re: H.B. 102, 297 and S.B. 103

Dear Representative Anderson:

The captioned bills are of major concern to the Arctic Slope Regional Corporation and we believe to virtually all eleven other regions. It is our opinion that the language of the bills, as drafted, is extremely harmful to the interests of the native corporations and could bankrupt ASRC if enacted.

We are confident that you will remain open-minded on the issue of taxing oil and gas reserves at least until you have had the opportunity to hear our views presented. We would like to offer testimony before the House Resource Committee next week at the time to be scheduled by Chairman Anderson.

Sincerely,

ARCTIC SLOPE REGIONAL
CORPORATION

By Oliver Leavitt
Oliver Leavitt
Treasurer

AGO 547312

BRISTOL BAY NATIVE CORPORATION

HB102
file

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

March 6, 1975

Honorable Terry Gardiner
State Representative
Pouch V
Juneau, Alaska 99811

Dear Terry:

Regarding an oil-in-place tax, the critical years for us will come earlier than 1984. Fred Brown's new section 2(b)(1) is a step in the right direction, but I don't think it solves the problem. BBNC will be protected, because of the particular way our contract is set up. But one Regional Corporation, to my own knowledge, could get zapped as early as 1978.

Wouldn't the tax really serve its purpose if it were only operative for two years? This gives the state two hundred million dollars a year during 1976 and 1977, and it does it without threatening the Native Corporations or unhinging orderly development. I enclose a copy of my letter to Fred Brown on the same subject.

On another subject, thank you for sending me Barry Jackson's letter. I agree with him that Native property should not be taxed while it is in its undeveloped state, even after 1991. At the very least, the policy makes the Native Corporations stop and think before rushing ahead with development schemes, and I believe that is to everyone's benefit.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Eric Treiman
General Counsel

ET:ms

AGO 547313

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

March 6, 1975

Honorable Fred Brown
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Fred:

Thank you for your letter of February 25th. I am very glad to learn that you are changing HB 102. I hope you will change it a little more, because I still do not think it is fair to make the bush pay for benefits that the urban centers voted themselves.

I am afraid the damage could all be done--the land devastated and the Native Corporations bankrupted--by 1984. I wonder whether you would consider a lapser on December 31, 1977. This would be adequate for the purpose of tiding over the state budget.

Please don't worry about my plain talk making your colleagues angry. Terry Gardiner is the only other legislator I wrote to. He won't be angry, because he is just a fisherman and sometimes he does not have any more tact than an atomic bomb either.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Eric Treisman
General Counsel

ET:ms

cc: Doyon Limited
Tanana Chiefs Conference
Fairbanks Environmental Center
Terry Gardiner

AGO 547314

BRISTOL BAY NATIVE CORPORATION

File HB102

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 14, 1975

Honorable Fred Brown
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: HB 102

Dear Fred:

I just received a copy of HB 102 and was surprised to see you listed as a sponsor.

We are opposed to this bill for two reasons. First, it is anti-Native legislation. Under the terms of our contract with Phillips, such a law would begin to cost us money the day it is operative, and the mechanisms of Land Claims would pass this cost along to every Native in the State. What is more, by 1977 the Native corporations will be the main organizations in the State with oil-in-place interests not exempted under Section 3 of the bill or otherwise shielded. Since the benefits on which the State overspent during the past five years were not benefits to the bush, it is manifestly unfair now to make the bush pay for them.

Our second reason for opposing this bill is that it is anti-environmental and anti-planning legislation. It would force us to exploit our petroleum resources more hastily and less carefully, than Alaska's long range interests dictate.

I know that the State's need for money is great but HB 102 as presently written is ill considered. I know that such an anti-Native, anti-planning measure is opposed to your basic philosophy and I hope you will disassociate yourself from it at once.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Erle Treisman
Legal Counsel

cc: Boyon Limited
Tanana Chiefs Conference
Fairbanks Environmental Center

AGO 547315

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 14, 1975

Mr. Sam Kito
Doyon, Ltd.
527 Third Avenue
Fairbanks, Alaska 99701

Dear Sam:

This is really a bad tax from our point of view. It means we will be paying one percent annually on the full and true value of anything Phillips finds during the five years or so between discovery and full production.

It's a bad tax from your point of view too, since the money will come off the top before anything goes in the 7(i) pool.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Eric Treisman
General Counsel

ET:ms

cc: Bill Timm

AGO 547316

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3670

February 14, 1975

Mr. Jim Kowalsky
Fairbanks Environmental Center
Box 1796
Fairbanks, Alaska 99701

Dear Jim:

I believe I already told you about HB 102, the bill to tax oil-in-place at the annual rate of 20 mills. Chancy Croft informs me that it stands a good chance of passing in the next three weeks.

I urge you to oppose the bill. From a Native point of view, it is unfair because it is designed to make Regional Corporations pay for the benefits on which the legislature overspent, benefits in which very few of our shareholders participated. From an environmentalists point of view, it is going to force the Native corporations to tear up land for mineral exploitation regardless whether or not it is in the long range interest to do so, and whether or not they want to do so.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Eric Treiman
General Counsel

ET:mm

AGO 547317

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 14, 1975

Honorable Terry Gardiner
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: HB 102

Dear Terry:

I just received a copy of HB 102 and was surprised to see you listed as a sponsor.

We are opposed to this bill for two reasons. First, it is anti-Native legislation. Under the terms of our contract with Phillips, such a law would begin to cost us money the day it is operative, and the mechanisms of Land Claims would pass this cost along to every Native in the State. What is more, by 1977 the Native corporations will be the main organizations in the State with oil-in-place interests not exempted under Section 3 of the bill or otherwise shielded. Since the benefits on which the State overspent during the past five years were not benefits to the bush, it is manifestly unfair now to make the bush pay for them.

Our second reason for opposing this bill is that it is anti-environmental and anti-planning legislation. It would force us to exploit our petroleum resources more hastily and less carefully, than Alaska's long range interests dictate.

I know that the State's need for money is great, but HB 102 as presently written is ill considered. It will be difficult for me to convey the total depth of our opposition to this bill, and I hope you will withdraw your sponsorship.

Warm personal regards,

BRISTOL BAY NATIVE CORPORATION

Eric Treisman
General Counsel

ET:ms

AGO 547318

HB

106

File in HB #106

February 14, 1975

The Honorable Leslie E. Swanson
Representative
House of Representatives
Pouch V
State Capitol
Juneau, Alaska 99801

Dear Representative Swanson:

The Alaska Division of Lands does have an existing authority that will provide assistance to the fur trappers. Within the Director's authority as provided in AS 38.05.330 and as interpreted in 11 AAC 58.210, permits for temporary use of State land may be negotiated permitting temporary occupancy of State lands with limitations as proposed in your house bill.

Permits can be offered to trappers that exhibit evidence of a legitimate trap line that has been used for a period of at least two years and is presently being used. The permit would include special stipulations as follows:

1. Duration not to exceed five years.

2. Use of a site described may be used for the erection of a cabin not to exceed dimensions exceeding 12' x 12'.

3. Permit is not transferrable or assignable.

4. No preference right to lease or purchase the subject lands inures with this permit.

5. The annual rent is $100.00.

6. The permit may be terminated upon 30-days written notice for failure to comply with the terms of the permit.

This type of permitting is used for all legitimate applications for land use where the State does not wish to provide any permanent tenure. Actually, the idea of the special land use permit is to legitimize a person's occupancy of State lands, providing him with a document to show other persons that he does have authorization for the described use, and allows the State to keep a handle on use of State lands.

Please feel free to contact me if further discussion and clarification is needed.

Sincerely,

Michael C. T. Smith
Director

cc Northcentral District Office
Southcentral District Office
Southeast District Office
Lands Section

DPT:ldd

HB

118

"An Act providing for the licensing of transporters."

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date _____

The Committee on _____ has had _____

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

OLSEN d b a ILIAMNA AIR TAXI

ILIAMNA, ALASKA 99606

CHEVRON AVIATION FUELS

FILE
HB 118

April 4, 1975

Nels A. Anderson, Jr.
Chairman-House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Nels:

The House Bill No. 118 you mentioned sounds great, however I would like to make a suggestion regarding a "transporter". If a transporter is going to be transporting people by air, he should be subjected to the same aircraft inspection regulations as the air taxi operators, this being primarily for safety reasons. I have seen some of the junk the guides fly around here and I wouldn't let my DOG ride with them!

It was nice to hear from you Nels, and hope to see you soon.

Best Personal Regards,

Trig

Trig Olsen
Iliamna Air Taxi
Iliamna, Alaska
99606

TMO/nlp

CHARTER SERVICE

HUNTING & FISHING AT ITS BEST

HB

130

"An Act relating to initial issuance of commercial fishing entry permits for Prince William Sound."

2/7/75

COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker: Date 3-31-75

The Committee on Resources has had HB 130 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

HOUSE RESOURCE COMMITTEE REPORT

HB #130

In 1972, the decision of the Dept. of Fish and Game to open the Prince William Sound purse-seine fishery was continuously postponed. A relatively small number of operations, some twelve or fifteen, had at that time acquired vessels and gear prepatory to entering that fishery for the first time. They did not, however, acquire gear licenses, because the Dept. of Fish and Game repeatedly advised them and others in the fishery to wait until the decision to open the fishery was made. The fishery never was opended in 1972.

But for the Dept. of Fish and Game's advice to the contrary, each and every one of the persons so affected would have acquired a gear license, and each would have been eligible to apply for an entry permit for the Prince William Sound purse-seine fishery. In other words, because they acted in reasonable reliance on the words and conduct of the government officials, they will now be injured by the government's subsequent adoption of January 1, 1973, an the cut-off date for having possessed a gear license and participated in the fishery.

Under well settled rules of equity, when one is induced by the words or conduct of another to alter his position for the worse, and the action taken was in reasonable reliance on the words or conduct, the court will not allow the other party to repudiate the effects of his words or conduct. Accordingly, those persons induced by the state not to acquire a gear license in 1972 for the Prince William Sound purse-seine fishery should be deemed in equity as having held a gear license in 1972 and should be eligible to apply for an entry permit.

It is not the purpose of this legislation to confer a special benefit but rather to do equity. The committee was advised that the Commercial Fisheries Entry Commission shares the committee's views on the equitable right to apply for a permit under these special circumstances and

that it is proposing to adopt emergency regulations on the subject.

HB

132

00-001B

STATE
of-ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

TO: Nels Anderson, Chairman
House Resources Committee

DATE : January 29, 1976

FROM: Guy R. Martin
Commissioner

SUBJECT: Open to Entry Issues

The categories below regarding issues which I think should be addressed in any final open to entry legislation. To one extent or another, all of these have been addressed in one or more of the bills presently pending before the House Resources Committee. I think the major thrust of committee staff work should be to insure that all of these issues are presented for committee consideration so as to allow members of the committee to make policy choices.

1. Purpose of the program

   Specific statement of the purpose of the program (or purposes) - widely scattered remote sites, second home sites, low-cost building sites in residential areas, etc.

2. Term of program

   Should the program be for an indefinite duration or for some trial period having a termination date?

3. Method and rate of disposal

   Should disposal take place on a rotating regional basis or according to whatever planning is done by the Division of Lands taking into account the other statutory responsibilities.

4. Should the rate of disposal be set by planning process or by statute?

5. Specify involvement of local units of government in addition to specifying involvement of local citizens?

   This is particularly important in the planning process.

6. What state actions should precede selection and disposal procedures (mineral surveys, soil testing, alternative use consideration).

7. Should the statute or regulation set priorities for areas in which open to entry lands are considered and made available?

8. Should the decision to make lands available for open to entry be balanced against the many other land commitment decisions imposed by statute on the Department of Natural Resources and Division of Lands?

   Should the statute make reference to this balance?

9. Should consideration be given either in a statute or regulation to grant only partial title to open to entry properties?

10. Should the statute address the issue of providing a mechanism to mitigate public pressures to enlarge or extend open to entry beyond its beneficial limits?

    What limitations should be placed on the rights of OTE owners? (Type of building, requirement to build, access limitations, use limitations, alienation restrictions).

11. Should state or local government have protection against the accrual of service costs from the OTE program?

12. Is it desirable or possible to limit any access rights connected with the OTE ownership interest? (Should the bill make provision for possible demands for construction of a road to OTE sites?)

13. Should an option be included which does not include a requirement to build?

14. If the term "recreational" is a condition for the use, should it be defined?

15. What is the relationship between rights accompanying and OTE site and neighboring subsistence use?

    (Should the rights of OTE occupants be equal, superior, or inferior to adjacent occupants for water, timber, game)?

16. Do problems arise from the necessity of the state to upgrade access and maintain access after perscriptive easements are established? Should the obligations of the state or local governments to provide access roads, or services be waived, based on the concept that the purpose of the land conveyed is for recreational?

cc: Rep. Keith Specking, Minority Leader

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC

JUNEAU, ALASKA 99801

1975 MAR 6 PM 4 55

20005 KENAI ALASKA 35 03-06 230P ADT

PMS REP. NEIL ANDERSON JR. CHAIRMAN HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU

AGREE WITH THE PRINCIPAL OF HB132 BUT BELIVE THERE MAYBE

EXTENUATORY CIRCUMSTANCE .

WHERE DUE DO HEALTH, FINANCIAL CONDITION ETC THE LESSEE OR OWNER

SHOULD BE ALLOWED TO TRANSFER TITLE TO OTHER THAN HEIR.

STAN THOMPSON, BOROUGH MAYOR

02-001B

STATE
of ALASKA

MEMORANDUM

Department of Natural Resources
OFFICE OF THE COMMISSIONER

TO: Nels Anderson, Jr., Chairman
House Resources Committee

DATE : January 28, 1976

FROM: Guy R. Martin
Commissioner

SUBJECT: Status Report
Beaufort Sea Lease Sale

As you know, the Governor announced last year, following the preparation of an impact statement and the holding of a series of hearings, that it was his decision that an oil and gas lease sale should be held this year in the State owned areas of the Beaufort Sea. The setting of a date for the sale, and the selection of the sale area were questions left open at that time, and which remain open at the present time.

Since the Governor's decision, several courses of action have been pursued to prepare for such a sale. First, it has been the intention of the Administration from the beginning to hold such a sale utilizing a procedure which is substantially more open and publicly responsive than in the past. The preparation of stipulations for the lease sale have been pursued with this as an objective. An interdepartmental committee of the Administration has worked diligently to prepare new environmental stipulations for such a sale and this process should be completed in the near future. At that time the stipulations will be subjected to public hearing in the area of the sale as well as in at least one other location in Alaska.

At the same time, the Department of Law and the Department of Natural Resources have been attempting to consummate an interim agreement with the Federal Government with regard to the small disputed tracts which appear in certain sale areas the State is considering. Such an agreement would permit the sale to proceed and place proceeds related to the disputed areas in an escrow account subject to later determination of Federal or State ownership. While this agreement is not yet completed, it is my view that satisfactory progress has been made, and that it will be possible to complete an agreement some time during the middle part of 1976.

Still another interdepartmental working group is dealing with certain technical and legal aspects in preparation for sale. These aspects include necessary changes in the lease, the evaluation of bidding methods, and preparation for sale area and tract selection. Again, this work is progressing satisfactorily, and should permit a sale in the middle to late part of 1976.

No definition of sale area has yet been undertaken, and the entire area from the eastward boundary of Pet 4 to the Canadian border is under general study. It has been the general intention of the Administration to sell only a portion of this area, and the ultimate choice will depend upon a wide range of factors including jurisdictional difficulties exploration activity, the tract selection process overall, and all of the other factors which should be expected to influence such a choice.

Because there has been no specific definition of the sale area at this time, it is virtually impossible to supply revenue estimates for any sale. Generally speaking, the area in question is one of high interest on the part of industry, and the expectation for such a sale is optimistic. Intervening events may well be the most important determinate for the success of a sale in this area or for the determination to hold a sale on an early schedule. Such events include Federal oil pricing policy, State taxing policy, and the interrelationship of the State program with the Federal Outer Continental Shelf Program. Other factors will also have an effect on the success and viability of the sale.

cc: Commissioner Gallagher, Revenue
Attorney General Gross, Law

Bristol
Bay
Native
Corporation P.O. BOX 237 / DILLINGHAM / ALASKA 99576 / PH. (907) 842-3070.

January 23, 1976

Mr. Nels A. Anderson, Jr.
Chairman, House Resource Committee
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

We have reviewed the proposed Woodriver-Tikchik State Park and also attended the hearings held in Bristol Bay and Anchorage. We have several comments that we hope are considered by your committtee. The Bristol Bay Native Corporation is strongly opposed to the creation of a Park in this area at this point in time, despite the fact that several changes have been made to the original bill, for the following reasons:

1. The most important resource of the Bristol Bay Region to its residents is the salmon. The salmon spawning grounds in the proposed park area provide upwards of $6,000,000.00 worth of salmon to the processor per year, over a twelve year period, according to public statistics. However, the high subsistence values of the salmon must also be considered. The depletion of the harvestable return is the foremost concern of the resident population of the Bay area. Thus, there is a need to increase this harvestable return by whatever means - such as hatcheries and/or predator control measures. If this park becomes a reality, it is unknown how the increased traffic, number of people utilizing the lakes, and development projects will affect the important salmon spawning grounds.

2. The second most important resource of the Bristol Bay Region is the subsistence values of hunting, fishing, berry gathering, and trapping. Although the State indicates that the continuation of the subsistence activities will be allowed within the proposed park, the people feel that the continuation of the subsistence way of life is not assured or guaranteed. The people are afraid that once the park bill is passed, the State will turn around and find some sort of justification for closing the area to subsistence activities. The Native people are very concerned about retaining this traditional right. We feel that the overall impact upon the local residents will be adverse, expecially the village people of Aleknagik, Koliganek and other villages surrounding the pro-

posed park boundaries.

4. We are not in favor of this area being closed to mineral entry as prefered by the Alaska Division of Parks. We feel that the geological reconnaissance is incomplete and the mineral potential is still unknown.

5. The very short tourist season of this area does not justify the creation of a 1.4 million acre playground for the rich nor the expenditure for its maintenance.

In conclusion, we would like to see this area be put to its best possible use without making any significant adverse impacts upon the salmon spawning grounds and on the life style of the people. We are not sure and the people are not sure that a park is the best use of this land. Therefore, we suggest that further in-depth studies be made of this area, before the legislature takes any further action, so that all the possible adverse impacts can be determined in detail. During this study period, the land should not be designated for any other uses such as open to entry.

We further suggest that the S.S. 1357 be tabled indefinitely until the previous questions are answered.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Harold H. Samuelsen

Harold H. Samuelsen
President

HHS/es

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE – ANCHORAGE 99501

February 13, 1976

The Honorable Nels Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Nels:

Guy VanDoren of your House Resources Committee has asked me to list the abuses and problems of the Open-to-Entry (OTE) Program. These tend to fall into two general categories, abuse of the intent of the program and administrative problems.

The intent of the program was to provide the individual with a wilderness site for his recreation use; it was assumed that individuals would be looking for isolated tracts. Abuses of the intent principally involved either the use of the program for speculative real estate ventures or the fostering of a wasteful pattern of land subdivision contrary to responsible land management concepts.

There were a number of different abuses that resulted from the use of the program for speculative real estate ventures:

* People hired agents to stake their site and assist with paperwork in violation of the requirement that applicants personally stake their property. The Division of Lands required an applicant to sign an affidavit that he had personally staked his land, but it was a requirement which was impossible to check and enforce.

A variation of this was the situation where individual A staked 5 acres of state land, then transported individual B to the site, had him walk around it, then go back to obtain a lease. B paid A for locating the land, then B assigned (sold) the lease to individual C, making a substantial profit.

* For certain cases, an individual staked a number of parcels and then arranged for their purchase by separate individuals (the law limited patent to one per person, but did not limit the number of parcels on which one person could file for lease).

* Individuals submitted a property sketch and lease application without ever having visited and staked the land as was required.

* An individual staked a number of plots, but only certified the best of them, thus denying others the option to stake.

* Individuals sold or advertised for sale OTE sites on which they had paid only a $10.00 filing fee and a few years rental at $40.00 per year. Some known OTE land transactions included the following which occured in 1973 or earlier: remote fly-in sites in the Matanuska-Susitna Valley, approximately five acres with 400 feet water frontage, $3,000-$3,500; similar sites surveyed, $4,500-$5,500. Similar sites in superior Matanuska Valley locations, $12,000. Unsurveyed sites west of Healy in mountainous country adjoining McKinley National Park, $7,500-$8,000. Unsurveyed sites on Kachemak Bay $9,000-$12,000. Frequently these sites had no improvements.

* The ability of the OTE lessee to assign his lease resulted in the individual selling a paper entry. For example, the entryman might sell his property based upon 400 feet of water frontage and five acres at $10,000 to $20,000, south Kachemak Bay. When the new owner has his property surveyed he may find that the actual staked area includes only 250 feet of frontage and 2.67 acres of land. He has no recourse as the surveyor is not permitted to go outside of lands actually appropriated (staked) by the original entryman.

* The legislature closed the OTE program to non-residents on June 12, 1973. They took this action because of the high percentage of non-residents filing for open-to-entry sites, often for speculative purposes. An indication of the problem is given by the activity on the last day the OTE program was open to non-residents, June 11, 1973. Eighty-five applications were filed that day. One was by a young man who flew up from southern California on the morning of June 11, chartered a plane, flew to the open-to-entry area, staked the property, returned and filed the application before the 4:30 p.m. deadline. After the legislature changed the law to limit open-to-entry program to one year residents of Alaska, non-residents continued to file and this requirement was abused. This provision was very difficult to enforce even though cooperation from the District Attorney's office was received in investigations regarding residency.

The second catagory of abuses relates to practices that occurred as a result of the OTE program which were contrary to responsible land management concepts. The program assumed that individuals were looking for isolated tracts. Contrary to this, people tended to cluster their filings in desirable areas. There was no overall plan and individuals staked wherever they pleased. Because of this, individual entries sometimes overlapped or left odd pieces of unusable land between filings. Public access was not provided.

Other related problems:

* The Fish and Game Department and other departments did not have an opportunity to identify and therefore recommend withholding from entry critical habitat areas and similar public interest lands.

* The use of agents to stake sites resulted in creating, in effect, subdivisions of five acre sites without proper planning or consideration of physical site problems. In some areas evidence existed that whole sections were so subdivided.

* Such clustered filings created demand for services such as roads and schools in remote areas that were expensive to service; such unplanned service demands resulted in opposition of most borough governments to the program, as the tax base contribution of the program was not sufficient to pay for the demanded services.

Administrative problems with the Open-to-Entry program were considerable. A listing follows:

* The requirement limiting entry to 400 feet of any type of water frontage proved a problem since water frontage has not been defined by state statute.

* The statutes are unclear, but an opinion by the Attorney General's office states that surveys of OTE sites are not under the jurisdiction or authority of local organized boroughs. This may become a problem. A borough attorney has indicated that a cloud on the title is a distinct possibility due to by-passing local borough requirements.

* Numerous problems were related to the staking procedures. Often stakes of others were either removed or moved with the result that claims overlapped one another. Many stakings were deficient in that the corner stakes were not properly or completely staked. This becomes apparent during the final surveying of the entry which may be as many as 10 years after the initial lease issuance. Because many things could have happened during this time span, it is difficult to prove whether the initial staking was valid.

* A number of problems relating to surveying open-to-entry sites developed because of the use of metes and bounds descriptions, and the remoteness of many sites. Since annual restaking is not required, surveyors are sometimes unable to find the entryman's location. A lack of communication between surveyors, their clients, and the state resulted in a heavy work load for the Division. Long delays existed between issuance of survey instructions by the Division and submittal of a plat, sketch, field notes, or anything in writing by the applicant.

* There are problems resulting from the statutory requirement that lands be appraised before negotiated sale to the lessee, and the large number and location of the OTE lands.

* The legally established annual rent of $40.00 does not adequately cover administrative expenses.

While the administrative problems were considerable, the primary reason for closing the program was its misuse for speculative purposes. In announcing

the closure in August, 1973, then Director of Division of Lands, F.J. Keenan said:

> "The idea of the open-to-entry program was designed to provide the individual with a wilderness site for his recreation use and not as a tool to create a speculative real estate venture".

I hope this summary of the problems encountered by the Division in administering the open-to-entry program is useful to you and your committee. Please do not hesitate to call on me if I can be of any further assistance.

Very truly yours,

Mike

Michael C.T. Smith
Director

HB

152

"An Act expanding the Chena River Recreation Area."

3/12/15 FINANCE

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date 3-12-15

The Committee on Transmittal has had HB 142 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

File

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, Governor

Division of Parks

323 E. 4TH AVENUE
ANCHORAGE 99501

HB 152 Chena River

March 13, 1975

Re: 2410-6

Representative Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Mr. Anderson:

In reply to a request from your Committee for transcripts of the testimony at the public hearings on the Chena River Recreation Area master plan study, this information was not transcribed. We do have four cassette type tapes containing the comments made by participants of the hearing. The hearings were held in early 1973 on two occasions and were to a large extent public input meetings. A number of changes were made on the planning study based on these hearings on the input by the public. We have had submitted to us a virtual final draft of this plan, however our review has not been completed. If there is something more or something specific that we can submit to your Committee, please let us know.

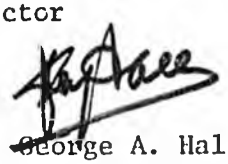
In addition to the above question, Mr. Smith also relayed to us an inquiry about the status of oil and gas leasing in the proposed Chena River Recreation Area. I am having the Fairbanks records examined for possible federal entries in this area, however the following is a tabulation of the known information from the State files.

T2N, R5E - No status map
T1N, R5E - Opened O & G Number 6 1964-no entry
T1S, R5E - Opened O & G Number 5 1964-no entry
T3N, R6E - No status
T2N, R6E - Not opened mental health patented land
T1N, R6E - Not opened
T1S, R6E - Opened O & G Number 20, 1968-no entry
T2S, R6E - No status
T3N, R7E - Not opened mental health

T2N, R7E - Not Opened
T1N, R7E - Not opened
T1S, R7E - Opened O & G Number 20, 1963-no entry
T2S, R7E - No status
T2N, R8E - Opened O & G Number 19, 1967-no entry
T1N, R8E - Opened O & G Number 19, 1967, Number 20, 1968,-no entry
T1S, R8E - Opened O & G Number 20, 1968-no entry
T2S, R8E - No status.

Sincerely,

WILLIAM A. SACHECK
Director

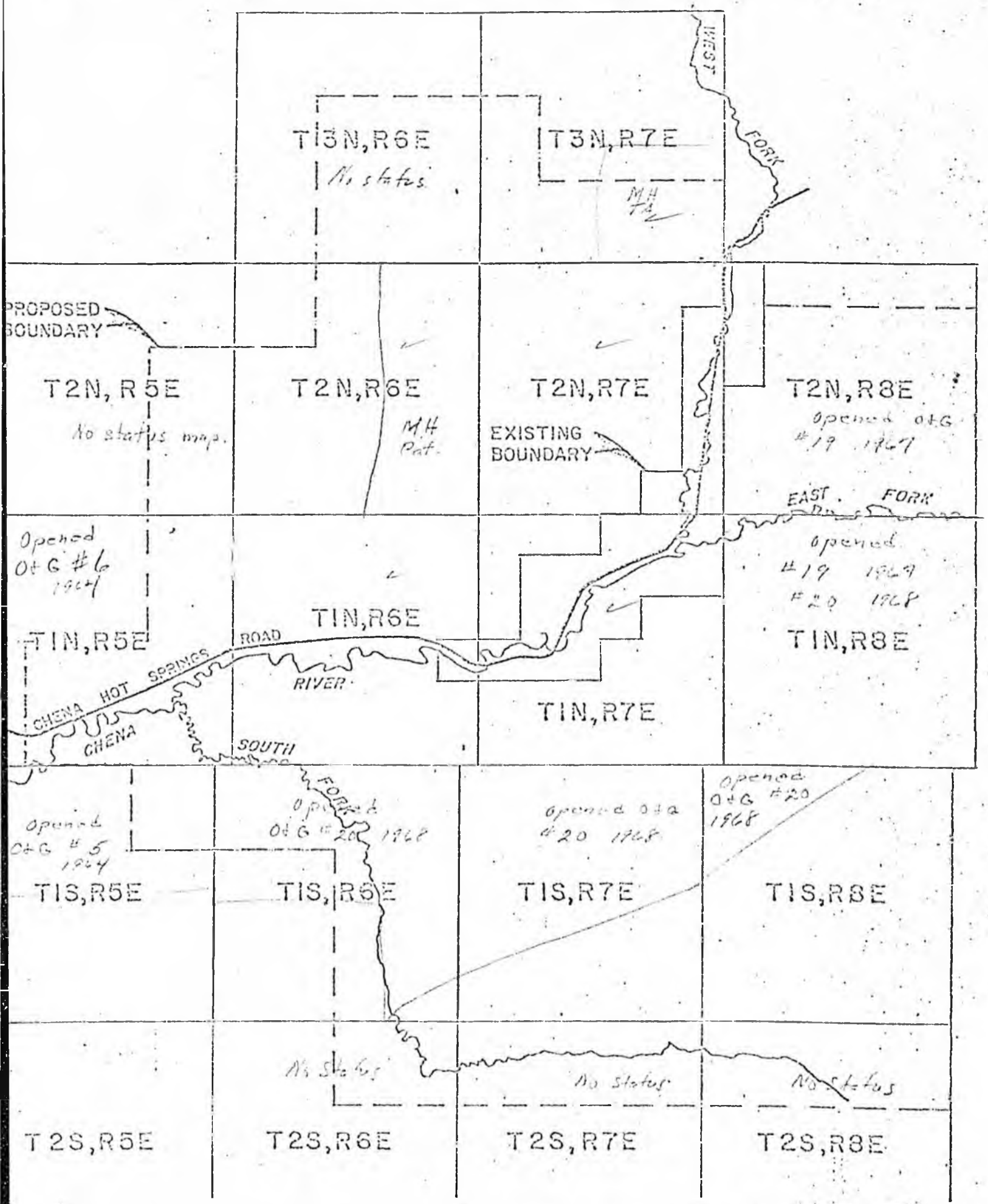


By: George A. Hall
Deputy Director

GAH:cb

PS By telephonic advise we are informed that the federal status plats contain the same negative indication on oil leasing.

LAND STATUS INDEX MAP



The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 152

Title: An act expanding the Chena River Recreation Area

Requested by: Ted Smith Date: 2-25-75

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		0	0	0	0	0
200	TRAVEL		0	-	-	-	-
300	CONTRACTUAL		0	-	-	-	-
400	COMMODITIES		0	-	-	-	-
500	EQUIPMENT		0	-	-	-	-
600	LAND & STRUCTURES		0	-	-	-	-
700	GRANTS, CLAIMS, ETC.		-	-	-	-	-
	TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND		0	-	-	-	-
FEDERAL FUNDS		0	-	-	-	-
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/0	/0	/0	/0	/0
MAN MONTHS (P./T.)	/	/0	/0	/0	/0	/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work would be absorbed by the existing staff.

IV. ATTACHMENTS

V. DATE: 2/25/75 PREPARED BY: Kathy Jacobson

Kathy Jacobson for
BILL SACHECK

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB

159

"An Act relating to salvaging the edible meat of wild food animals."

3/12/75 JUDICIARY

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date 3-27-75

The Committee on Resources has had HB 151 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 151 AND THAT CS FOR HB 151 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

File
HB159

March 20, 1975

Nels Anderson, Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Nels,

We the undersigned support your sponsored House Bill # 159. We also hope it can be amended to include that; 1) guides transporting trophy hunters be punished also (license suspended one year for the first offense and permanently revoked on the second offense) if the hunter is found guilty. 2) that the legislature provide adequate funding to provide for required check stations for all hunters and/or guides transporting horns to check in. Funds should include for an increase in protection officers and check station officers.

Also we would favor legislation to eliminate the mandatory overnight stay for subsistance hunters (hunters not transporting horns) for residents within or living adjacent to a hunting unit.

Thank you.

Sincerely,

Charles A. Gustafson

Lou Ann Nunn

Vern D. Lunkenheimer

cc: Ted Smith
George Hohman

Paul Davis

March 20, 1975

Ted Smith, Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Mr. Smith,

We the undersigned are opposed to your House Bill # 57. We are also opposed to any legislation placing the Wood River - Tikchik lake in any kind of park system under the current "Master Plan" for the system. Also, we are opposed to any legislation placing the Wood River - Tikchik lake systems in any kind of a park system allowing for any further development or expansion of lodges, trails, camp grounds, roads, airstrips, cabins, etc.

We hope you will amend your bill to include the above or campaign for its defeat and support a new bill to include the above and the requests heard at the public hearing held in Dillingham on March 13, 1975.

Sincerely,

Charlotte Gustafson
Lou Ann Nunn
Bill Crow

cc: Nels Anderson
George Hohman

AMENDMENT

OFFERED IN THE HOUSE: CS for BY: House Resources Committee

To: Amend HOUSE BILL No. 159

SENATE BILL No. _____

PAGE: 1 LINE: 24-25
25-26

Delete in the title By a Guide OR His Client"

After the word "animal" delete "by a guide licensed under AS 08.54 or his client while under a guiding contract"

A M E N D M E N T

TO: CS for House Bill No. 159 (Judiciary)

Page 1, lines 26 - 29 and page 2, lines 1 - 6: Delete all matter and insert the following:

Sec. 16.30.012. POSSESSION OF RAW HORNS OR ANTLERS. (a) It is unlawful to possess the raw horns or antlers of a wild food animal without its being accompanied by most of its edible meat unless

(1) most of its edible meat was salvaged in accordance with law;

(2) the horns or antlers were acquired by gift from another person after the associated meat was salvaged;

(3) the meat was lost due to circumstances beyond the possessor's control, including loss in the field to another animal, weather or other acts of God, or theft.

(b) If a person who possesses raw horns or antlers without its being accompanied by most of its edible meat raises a justification specified in (a)(1) - (3) of this section, additional corroborating evidence of that justification may be required by the department. In this section,

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K — STATE CAPITOL
JUNEAU 99801

March 19, 1975

The Honorable Nels Anderson
Chairman
Committee on Resources
House of Representatives
State of Alaska
Juneau, Alaska 99811

Re: Opinion on CSHB 159

Dear Mr. Chairman:

This is in response to your request for an opinion from this department regarding certain provisions in the Committee Substitute for House Bill No. 159, dealing with waste of wild food animals. Specifically, your Committee has asked for a constitutional evaluation of proposed AS 16.30.012 (Section 2 of the bill), which would append to the existing waste control measure a presumption of unlawful waste where raw horns or antlers were not accompanied by most of the edible meat. Section 2 of the bill reads in part:

> Sec. 16.30.012. POSSESSION OF RAW HORNS OR ANTLERS. The possession of the raw horns or antlers of a wild food animal without its being accompanied by most of its edible meat creates a presumption of failure to salvage most of the edible meat under secs. 10 - 30 of this chapter. The burden of proof is on the possessor to overcome the presumption of failure to salvage most of the edible meat and it is not overcome until substantial proof is offered other than a personal statement, establishing the fact that it was not salvaged due to circumstances beyond control as set out in (a) of this section, or that the horns or antlers were otherwise obtained lawfully. * * *

Rebuttable presumptions, such as that contained in proposed sec. 12, are not uncommon. During the 1974 session, the Alaska Legislature approved at least two of them. See AS 11.20.350(b) (concerning receipt of stolen property) and AS 16.05.810 (pertaining to illegal possession of fish or game). However, not all presumptions are valid as a matter

of course. The Supreme Court of the United States has reviewed a number of statutory presumptions in criminal cases, usually in light of 14th Amendment due process claims, and has established some relatively firm guidelines on what is allowable and what is not.

The first and most often cited rule laid down by the Court was in Tot v. United States, 319 U.S. 463 (1942):

> Under our decisions, a statutory presumption cannot be sustained if there be no rational connection between the fact proved and the ultimate fact presumed, if the inference of the one from proof of the other is arbitrary because of lack of connection between the two in common experience. This is not to say that a valid presumption may not be created upon a view of relation broader than that a jury might take in a specific case. But where the inference is so strained as not to have a reasonable relation to the circumstances of life as we know them, it is not competent for the legislature to create it as a rule governing the procedure of courts. [319 U.S. at 467-468.]

The Supreme Court later reaffirmed the "rational connection" test in United States v. Gainey, 380 U.S. 63 (1965), sustaining a jury instruction tracking a statute authorizing conviction for operating an illegal still based on mere presence at the still site. See also United States v. Romano, 382 U.S. 136 (1965). The Court, however, apparently recognized that "rational connection" might not be sufficiently explicit in determining the permissibility of statutory provisions which necessarily involved a considerable amount of subjective judgment by the legislative body. Subsequent to Gainey and Romano, the Supreme Court decided Leary v. United States, 395 U.S. 6 (1969), in which the defendant was subjected to a presumption of illegal importation of marijuana when all that was proved was possession. The Court pointed out that a substantial volume of illegally possessed marijuana is in fact grown in the United States, and that a presumption of illegal importation from simple possession was unjustified. An inference, the Court said, is "'irrational' or 'arbitrary', and hence unconstitutional, unless it can at least be said with substantial assurance that the presumed fact is more likely than not to flow from the proved fact on which it is made to depend." 395 U.S. at 36. From this opinion originated the "more likely than not test". A similar evaluation appeared in Turner v. United States, 396 U.S. 398 (1970).

Paralleling the Court's consideration of the contents of a valid presumption was the effect of the presumption as it operates in criminal proceedings. At the hearing on CSHB 159, Representative Eliason raised the question of whether a statutory presumption changes the fundamental principle that a person is presumed innocent until proven guilty. The Supreme Court has pointed out clearly that a statutory inference is not a rule of substantive law, but rather a rule of evidence which may serve as a guideline for the court and the jury. This same line of cases shows that the presence of a presumption does not mean that the defendant is automatically convicted. Two very substantial hurdles must be passed before a presumption can operate to contribute to a conviction. First, as was stated in United States v. Gainey, supra, at 69:

> Our Constitution places in the hands of the trial judge the responsibility for safeguarding the integrity of the jury trial, including the right to have a case withheld from the jury when the evidence is insufficient as a matter of law to support a conviction.

Second, even if the judge decides that the existence of the facts supporting a presumption constitutes sufficient evidence to send the case to the jury, there is no requirement that the jury accept the presumption and render a guilty verdict. In United States v. Turner, supra, the Court emphasized that the presumption in that case (possession of heroin allowed a presumption that it was illegally imported since no heroin is manufactured in the United States) was merely one fact among many that the jury was to consider in rendering its verdict; that the jury was in no way obligated to rely upon the presumption; and that the jury was still required to find the defendant guilty beyond a reasonable doubt regardless of the existence or nonexistence of the presumption. Of course, verdicts based upon presumptions are subject to further review in the form of motions for judgment notwithstanding the verdict, and appeals to a higher court. Up through the 1970 Turner decision, however, the Supreme Court had not satisfactorily explained the relationship between the "more likely than not" test and the "reasonable doubt" standard applied to all criminal trials. In 1972, the Court handed down an opinion in Barnes v. United States, 412 U.S. 837, which re-evaluated and reaffirmed the earlier decisions and attempted to explain their import. In conducting its review, the Court stated as follows:

> What has been established by the cases, however, is at least this: that if a statutory inference

> submitted to the jury as sufficient to support conviction satisfies the reasonable-doubt standard (that is, the evidence necessary to invoke the inference is sufficient for a rational juror to find the inferred fact beyond a reasonable doubt) as well as the more-likely-than-not standard, then it clearly accords with due process.

The segment of the opinion containing the holding is also instructive with respect to CSHB 159:

> In the present case the challenged instruction only permitted the inference of guilt from the unexplained possession of recently stolen property. The evidence established that petitioner possessed recently stolen Treasury checks payable to persons he did not know, and it provided no plausible explanation for such possession consistent with innocence. On the basis of this evidence alone common sense and experience tell us that the petitioner must have known or been aware of the high probability that the checks were stolen. [Citations omitted.] Such evidence was clearly sufficient to enable the jury to find beyond a reasonable doubt that petitioner knew the checks were stolen. Since the inference thus satisfies the reasonable doubt standard * * * we conclude that it satisfies the requirements of due process. [412 U.S. at 845-846.]

CSHB 159 appears to operate similarly to the presumption approved in Barnes. If a person possesses horns or antlers which are "raw" in appearance (a term defined in the bill), and they are not accompanied by most of the edible meat (which, by definition, includes actual or constructive possession), then it is incumbent upon him to deliver a plausible explanation for the absence of the meat. As in Barnes, it is reasonable to expect the defendant to perform this duty since the facts surrounding the absence of meat are best available to the defendant. If he has no explanation "consistent with innocence", then it would seem reasonable for a jury to rely upon the inference contained in the statute as the basis for a guilty verdict, and that such a finding could be beyond a reasonable doubt. Under such circumstances, a conviction under proposed sec. 12 would appear to satisfy the due process prerequisites set forth by the Supreme Court.

We notice, however, one element of sec. 12 which may be objectionable. On page 2, line 4, of CSHB 159, the "explanation" which the defendant must come up with cannot includ a personal declaration. This provision may operate to prohibit the defendant from offering into evidence information which could prove his innocence. It is possible that such a presumption could be used in l'mited situations, but since the Committee has drafted this bill so that the presumption appies to the general public, it is probable that this requirement would violate due process. Consequently, it would be advisable to drop the phrase "other than a personal statement". A recent Supreme Court decision, Vladis v. Kline, 412 U.S. 441 (1972), strongly supports this interpretation. As a result, it would be well to delete similar language appearing in line 13 on page 1 of the bill.

Finally, in lines 5- 6 on page 2 of the bill, there appears the language "due to circumstances beyond control as set out in (a) of this section". Since there is no subsection (a) in sec. 12, we would presume this is intended to refer to subsection (a) of sec. 10, where the situations constituting circumstances beyond control are set out.

We hope that this opinion will be of assistance to you in your consideration of CSHB 159.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By: Geoffrey Haynes
Geoffrey Haynes
Assistant Attorney General

GH:md

M E M O R A N D U M

TO: Susan Andrews
EDP Coordinator
Division of Legislative Finance
Room 409
Capitol Building

FROM: Chief Clerk
House of Representatives

SUBJ: Legislation Identification CSHB159

Secretary of the Senate

The following information is transmitted for the bill or resolution named above:

1. KEYWORDS - Keywords are important words from the title or from the body of the legislation under which the measure will be listed in the alphabetic index.

Fish + Game
wildlife conservation

2. STATUTE REFERENCES - List sections of the statutes added, amended, repealed, or repealed and reenacted.

16.30.010(c) repealed & reenacted
16.30.013 added
16.30.020 amended
16.30.060(b) repealed

3. DEPARTMENTS - List departments or agencies referred to or principally affected by the legislation.

Fish & Game

The Board of Fish + Game
Shall establish (mandatory) check
stations, as needed, at locations
within the state to aid in the
~~regulation~~ and enforcement of fish
and game regulations. Persons who
encounter department personnel, when
requested to do so, shall produce
stamps, licenses, ~~and~~ tags, and
wildlife for inspection.

5.00 p.m.

HB

163

02-001B

STATE
of ALASKA

MEMORANDUM

TO: Rep. Nels Anderson, Chairman
House Resources Committee
House of Representatives

DATE : March 9, 1976
00-

FROM: Walter B. Parker
Commissioner
Department of Highways

SUBJECT: HB 163 and SB 236

HB 163 and SB 236, companion bills creating a Keystone Canyon State Park, do not make adequate provisions for transportation-utility corridors along the existing Richardson Highway and the proposed Copper River Highway.

Should the proposed legislation become law, as written, the Department of Highways will be prohibited from rehabilitating or reconstructing any portion of the Richardson Highway within the Park boundary during the coming construction season due to Section 4(f) of the Federal Aid Highway Act of 1968. Section 4(f) specifies that taking publicly owned land from a public park will require an additional Environmental Impact Statement which is subject to review and approval at the Washington, D.C. level. Our past experience indicates that one to two years is required to process this document and receive approval. This time frame is extremely critical in view of the 70 million dollars in pipeline impact funds expected from the U.S. Congress, for use during the coming construction season, to rehabilitate our pipeline impacted highways.

The proposed legislation will also create a 4(f) situation for the Tasnuna Alternate to the Copper River Highway, whose other alternates are presently placed in a 4(f) situation due to the existing Wood Canyon Historical Site along the west bank of the Copper River above Milepost 82.

Our suggested ammendment is as follows:

> Sec. 41.20.353. INCOMPATIBLE USES. The lands and waters described in Sec. 349 of this chapter are closed to mineral entry. The Commissioner shall, in adopting regulations under Sec. 20 of this chapter, make provision for the issuance of prospecting permits and mineral leases. The development, operation, and maintenance of transportaton corridors is not considered an imcompatible use under this section and the following lands are set aside for transportation-utility corridors not inclusive of park lands.

Richardson Highway Transportation - Utility Corridor

1. Mile 5.2 to 13.0 mile - 1,000 feet on either side of the existing alignment.

2. Mile 13.0 to 16.0 mile - 500 feet on either side of the existing alignment.

3. Mile 16.0 to 35.0 mile - 1,000 feet on either side of the proposed alignment.

4. Mile 35.0 to 40 0 mile - 500 feet on the north side of and 3,000 feet south of existing road.

5. Mile 40.0 to Stuart Creek - 1,000 feet on either side of the existing road.

Tasnuna Alternate to the Copper River Highway Transportation - Utility Corridor

1. From Mile 21.7 of the Richardson Highway to Sta. 800+00, 2,000 feet on either side of the proposed alignment.

2. Sta. 800+00 to Mile 82 Copper River Highway, 3,000 feet on the north side and 4,000 + feet on the side of the proposed alignment, depending on location of the quarry site.

3. Upon completion of the Tasnuna Route the remaining unaffected lands will be relinquished to the Park with the exception of a 200 foot ROW North and South of centerline and existing material sources.

MEMORANDUM

State of Alaska

TO: Honorable Ted Smith
Alaska State Representative
Alaska State Legislature

DATE: April 4, 1975

FILE NO: 00-3077

TELEPHONE NO:

FROM: C. S. Matlock
Deputy Commissioner
Department of Highways

SUBJECT: CS for HB 163
Keystone Canyon
State Park

As requested, we agree that the wording as now contained in CSHB 163 concerning the exclusion from the Park of applied for rights-of-way and material sites should be adequate to keep it from being tied up in the 4(f) procedures. This would then keep the State's options open.

Thanks for your help.

CSM/mth

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 163

Title: An Act creating the Keystone Canyon State Park

Requested by: Ted Smith Date: 2/25/75

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES	0	0	0	0	0	0
200	TRAVEL	0	0	0	0	0	0
300	CONTRACTUAL	0	0	0	0	0	0
400	COMMODITIES	0	0	0	0	0	0
500	EQUIPMENT	0	0	0	0	0	0
600	LAND & STRUCTURES	0	0	0	0	0	0
700	GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER		0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	/0	/0	/0	/0	/0	/0
MAN MONTHS (P./T.)	/0	/0	/0	/0	/0	/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work would be absorbed by the existing staff.

IV. ATTACHMENTS

V. DATE: February 25, 1975 PREPARED BY: Kathy Jacobson

Kathy Jacobson for
BILL SACHECK

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB

169

MAR. 30, 1975

File 169

CHM. ANDERSON

AND MEMBERS OF THE RESOURCES COMITTEE:

Please be advised ~~that~~ as a voter and ~~interested~~ citizen I wholly advocate the following Bills:

HB No. 169 – Relating to land Use planning in Alaska

SB No. 175 – Providing for a Coastal Zone Management plan.

Also be advised that representatives who ~~advocates~~ the proposed wolf extermination in unit 20A will be conservations' public enemy no. 1. next election.

Respectfully,

Richard Seifert
College, Alaska

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

March 26, 1975

Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99801

Re: HB 169--Land Use Planning Commission

Dear Nels:

From the Native and Regional point of view, HB 169 should be buried--deep. Never mind the avowed purposes of the bill--Section 46.28.130--they include everything conceivable, and half of them are inconsistent with the other half. The real thrust of this legislation is to give the administration in Juneau full control and power over any and all future development in the State of Alaska.

One may like the present administration, but even so this is too much power to place in their hands. And one hates to think what some other administrations might do or might have done with such power.

Turning first to the definitions at Section 46.28.950, it seems that the "areas of critical environmental concern" could easily end up including every acre of land in the State, whether publicly or privately owned. "Development" means any land or water use whatsoever; and "development of more than local impact" could have a meaning just as broad. "Uses of regional benefit" could easily translate to "government installation." In fact, most all of these definitions are broad enough to mean whatever the proposed Commission might want it to mean.

Going through the Act section by section:

Section 46.28.020. The Council that will develop a land and water use plan consists only of gubernatorial appointees. The chairman of the Council is not even subject to legislative confirmation. Such a Council, in view of the great power it will exercise, seems to me too insulated from the public.

Section 46.28.070. The Council has powers of eminent domain. This power to seize private lands does not seem legitimate for a planning body. Similarly, subsection (7) purports to authorize the Council to "take any action it considers necessary" to carry out its functions. Obviously, the purported grant of power would be limited by the Constitution of the United States and the Constitution of Alaska; even so, it is bad policy even to try to give a governmental entity such blanket powers.

Section 46.28.120. This section would produce a headon conflict with the Hammond Administration's proposed Coastal Zone Management Plan.

Section 46.28.130. As previously mentioned, the purposes expressed in this section are all-encompassing.

Section 46.28.210-290. Once the Council has developed a Plan, the Commission will administer it. The composition and powers of the Commission are subject to the same criticisms directed at the Council.

Section 46.28.300-305. This is the heart of the proposed legislation. The permit requirement, in view of the definitions and the power of exemption, simply gives the Commission total, unbounded, arbitrary control over all development and all land use within the State. It may be that the Council through its Plan or the Commission through self-restraint will choose to limit the power, but it is very dangerous to count on it. It should not be necessary to do so.

Section 46.28.380. Under this section, the Commission could actually impose an unwanted development upon a local community.

Section 48.28.900-910. Calling a one-hundred-thousand dollar fine a "civil penalty" does not make it one. Such a fine is an extraordinarily stiff, probably unconstitutional penalty for an inadvertent violation of such an all-pervasive regulatory scheme. Even the penalties for wilfull violations seem somewhat oppressive.

Alaska is undergoing the development process. We are all aware of the dangers for abuse to land and ecosystem which are inherent in that process. I believe that HB 169 was designed with intention of curbing those abuses and not just with the intention of controlling Native regional corporations. But the trickle-down planning and dictatorial

powers HB 169 contains create dangers far greater than those it seeks to cure.

The problem with this bill is that the whole approach is wrong. The proper approach, it seems to me, is to identify the particular abuses we seek to curb, and to take specific, limited steps to curb them. This is the principle of limited government, first enunciated by the Founding Fathers of the United States two centuries ago. It is still a pretty good principle today.

Sincerely,

BRISTOL BAY NATIVE CORPORATION

Eric Treisman
General Counsel

ET:ms

cc: Land Managers
11 Regional Corporations

HB

185

"An Act expanding Denali State Park."

COMMITTEE REPORT

2/20/75 HOUSE FINANCE

Mr. Speaker: Date _____

The Committee on Resources has had HB 187 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 185

Title: An Act Expanding Denalli State Park

Requested by: House Finance Date: March 3, 1975

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		0	0	0	0	0
200	TRAVEL		0	0	0	0	0
300	CONTRACTUAL		0	0	0	0	0
400	COMMODITIES		0	0	0	0	0
500	EQUIPMENT		0	0	0	0	0
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.		0	0	0	0	0
	TOTAL		0	0	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/0	/0	/0	/0	/0
MAN MONTHS (P./T.)	/	/0	/0	/0	/0	/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No development of the expanded area is anticipated during this period.

IV. ATTACHMENTS

V. DATE: March 3, 1975 PREPARED BY: Kathy Jacobson

Kathy Jacobson for
W.A. Sacheck

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB

197

"An Act relating to military residency requirements for fish and game licenses."

To Guy Vanderhoef (your copy)

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date 3-19-75

The Committee on Resources has had HB 197 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other" Withdrawal Recommendation

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
Mike Hardham	Do Not Pass	_____

Members NOT concurring in the Majority report:

Ward Boland recommends: Do not pass

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT #1

OFFERED IN THE HOUSE: BY: Resources Committee

To: _____ HOUSE BILL No. 137

SENATE BILL No. _____

PAGE: _____ LINE: _____

Page 1, line 7: After "licenses;" add "; and providing for an effective date".

Page 5, line 7: Add "* Section 2. This act takes effect January 1, 1976."

AMENDMENT #2

OFFERED IN THE HOUSE: BY: Resources Committee

To: _____ HOUSE BILL No. 197

SENATE BILL No. _____

PAGE: _____ LINE: _____

Page 1, line 10: before "stationed" add "permanently".

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

To: Amend HOUSE BILL No. 197

SENATE BILL No. _____

PAGE: 1 LINE: 16

Between the words "is" and "entered"
insert the word "properly"

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

TO: _____ HOUSE BILL No. 197

SENATE BILL No. _____

PAGE: 1 LINE: 7
Line 23

Line 9 and proceeding for the effective date

(2)

FACT SHEET

DATE:
ACTION OFFICER: Capt Clarke
TELEPHONE: 753-2227

PURPOSE: To provide information concerning domestic actions performed by the military in Alaska in 1974.

FACTS:

1. The military and the State of Alaska have always cooperated on matters of common concern. You are all familiar with the assistance rendered by the military to the State and its people on a daily basis and during times of emergency and great need, such as:

a. Assistance provided by the military to the civilian community during disasters, e.g., the great Alaskan earthquake, the Fairbanks flood, and the electrical power shortage in Kodiak and the Bering Sea area during the storm of 1974.

b. Search and rescue operations conducted by the military here in Alaska since 1 Oct 71. The cost of this operation in 1974 alone was $783,768. Since 1 Oct 71, 5,435 missions have been flown and 8,561 persons assisted. Many of those individuals assisted were resident hunters and fishermen.

c. Wildlife conservation programs conducted on military reservations, which include fish rearing facilities. (This includes the Rainbow Trout brood stock cooling pond on Elmendorf AFB which produces approximately 10,000 eggs annually for supply to the State Fish and Game Department to be used in their hatcheries at Fire Lake and Eagle River, and the rearing of approximately 800,000 fish a year on Ft. Richardson to help replenish the Cook Inlet streams.)

d. Military contributions to the economy ($394,000,000 in 1974).

2. There are many other areas of domestic military activities which are not so nearly publicized as those already mentioned and which affect the people of Alaska directly on a day-by-day basis. Although the following activities are not all-inclusive, they do

correctly represent the work being done in Alaska by the military and its members assigned to duty here in your State.

a. Lime Village. Military and civilian personnel at Sparrevohn AFS have continued to sponsor "Operation Lime Village." This annual program is designed to provide several young native children from Lime Village the opportunity to travel on expense-paid, hosted tours to the western part of the United States. During April of 1974 personnel of Sparrevohn AFS donated more than $1,000 and sent three children on tours, which included Disneyland, the San Diego Zoo, and points of interest in San Francisco. Three Sparrevohn AFS airmen contributed their own time and money in order to chaperone the children on these trips.

b. Yakutat and Hoonah. During Christmas of 1974 members of the 60th Infantry Brigade at Ft. Richardson, Alaska, delivered 3,500 pounds of food, clothing and toys to the residents of Yakutat and Hoonah villages.

c. Ruby, Katlag, Nulats, Koyukuk, Husli, and Galena. In 1974 the "Kids Along the Yukon Program" was spearheaded by the Air Force personnel located at Campion and Galena AF Stations. The men collected $4,000 to buy gifts for 500 Athabascan Indian children. Then the men of the 5040th Helicopter Squadron at Elmendorf AFB, Alaska, delivered gifts to the children in Ruby, Katlag, Nulats, Koyukuk, Husli, and Galena, Alaska.

d. Takotna. Near Galena AFS, Alaska, the school in the community of Takotna is without a gymnasium. During the school term, one day a week, the station gymnasium is set aside for use by the local school children. Also during these times, several military personnel volunteered to aid in supervising and instructing the students in different sports activities.

e. Galena. At Galena Airport the military transferred several small vehicles and buildings to the local community during 1974. The building transactions provided the community with an office for the Chief of Police, a line shack for the civilian barge off-loading crews, and a recreation center for the youth of Galena, Alaska.

f. Nondalton. In November 1974 members of the 172nd Infantry Brigade helicopter units airlifted a modular school to Nondalton, Alaska, from Anchorage, Alaska. This support was required due to the fact that the Nondalton school was totally destroyed by fire on 6 Aug 74.

g. Noorvik. On 2 Nov 74, a 172nd Infantry Brigade CH-54 helicopter supported the State of Alaska in transporting a 300KW generator from Kotzebue to Noorvik, Alaska. This airlift alleviated an emergency situation caused by a fire which destroyed the Noorvik power system.

h. Tatalina AFS. Between October 1973 and March 1974 medical military personnel at Tatlina AFS, Alaska., provided medical aid to 18 civilian personnel from surrounding local communities. The injuries ranged from fractures and lacerations to a severe head injury resulting from a revolving aircraft propeller.

i. Kotzebue. In June of 1973, a new civilian radio station at Kotzebue, station KICE, lost its transmitter due to fire. Military personnel from the Kotzebue AFS collected items to be used in a local rummage sale. The proceeds from that sale raised enough money to fix the damaged transmitter, thereby allowing station KICE to return to local airways.

j. Ft. Yukon. The Ft. Yukon AFS Commander, realizing the danger of village fires, has entered into a fire fighting agreement with the city manager of Ft. Yukon. In case of fire in the local community, the modern equipment and trained military fire fighting personnel of Ft. Yukon AFS are available to answer the needs of the Ft. Yukon community.

k. Wales. During the first week of December 1973 at Tin City AFS, Alaska, all school children and interested adults were invited to spend a day at the site. During the day they were allowed to make use of the gymnasium, bowling alley, recreation room, showers, and movie theaters. They were served a meal and refreshments in the dining hall. This program directly involved 30 site military personnel, 4 civilian site personnel, and 35 children and adults from Wales, Alaska.

l. Arctic Village. During December of 1974 men of the 17th Tactical Airlift Squadron delivered several pounds of Yuletide gifts to the residents of Arctic Village.

m. Nome. In November 1974 military personnel airlifted a water tank truck and space heaters to be used by flood victims of Nome. The Army Corps of Engineers recently airlifted a dredge to Nome for use in clearing the harbor so it would be ready to receive shipping upon completion of breakup.

n. Interior Alaska. In January 1975 assistance was provided to interior Alaska to relieve a critical shortage of fuel which resulted from low civlian stocks and severe ice conditions in the Port of Anchorage which precluded resupply. The Joint Petroleum Office of the Alaskan Command assisted in resupplying the interior by receipting for the civilian fuel into the military system in Whittier, Alaska, and moving the fuel through the military distribution pipeline system to the civilian storage tanks located in Anchorage, Alaska. This action provided the populace in the interior by insuring continued power production and preventing widespread damage to property and eliminating adverse health conditions.

o. Anchorage. Approximately 15 United States Air Force physicians from The Elmendorf AFB Hospital devote 12 free manhours per month to consultation work at various Anchorage aræamedical facilities.

p. Anchorage. Personnel assigned to the mental health service at the United States Air Force Hospital, Elmendorf AFB, Alaska, transfer technical knowledge to the State of Alaska by their work with the University of Alaska, wherein they help teach graduate students. Also, local physicians serve as psychiatric consultants at the State of Alaska's Mclaughin Yough Center on a no-charge basis. The hospital staff further provides free in-service training for approximately 30 nurses per year from various colleges and the Anchorage, Alaska, area.

q. Anchorage. The military members of the Alaskan Air Command band participated in approximately 37 engagements during 1974. These included community relations programs and the annual school concert program.

r. Alaska. During the 1974 - 1975 Combined Federal Campaign, members of the Alaskan Command contributed over $271,000. This figure represents $80,000 more than their goal.

s. Alaska. During 1974 the Youth Employment Opportunity Program within the Alaskan Air Command provided summer jobs for 122 persons on a 40 hour per week basis. The majority of the participants were selected from those eligible for or receiving welfare payments.

t. Alaska. The Alaskan Command has in existence a positive civilian local hire policy. Recruitment for civlian replacements other than Alaskans is not authorized unless the qualified replacement is not available within the State. From a period of July 1972 through December 1973 DoD activities in Alaska hired some 3,000 civilian replacements. Of these, only 36, or less than 3% were hired from the lower 48.

U. S. COAST GUARD PERSONNEL
COMMUNITY DISTRIBUTION

LOCATION	APPROX NBR MIL PERS	DEP AUTH	WITHOUT DEP/WITH DEP STANDARD TOUR LENGTH	
KODIAK	817	YES	W/O-18 MOS	W-24 MOS
ADAK	80	YES	W/O-12 MOS	W-24 MOS
KETCHIKAN	175	YES	W/O-18 MOS	W-36 MOS (SHIP-24)
JUNEAU	240	YES	W/O-18 MOS	W-36 MOS (SHIP-24)
PETERSBURG	20	YES	W/O-18 MOS	W-36 MOS (SHIP-24)
CORDOVA	55	YES	W/O-18 MOS	W-24 MOS
SITKA	55	YES	W/O-18 MOS	W-24 MOS
HOMER	55	YES	W/O-18 MOS	W-24 MOS
SEWARD	15	YES	W/O-18 MOS	W-24 MOS
ANNETTE	110	YES	W/O-12 MOS	W-24 MOS
ATTU	32	NO	W/O-12 MOS	
ANCHORAGE	40	YES	W/O-18 MOS	W-36 MOS
BIORKA	15	NO	W/O-12 MOS	
OCEAN CAPE	12	YES	W/O-12 MOS	W-24 MOS
SITKINAK	29	NO	W/O-12 MOS	
ST PAUL	25	NO (3 DEP)	W/O-12 MOS	
SARICHEF	20	NO	W/O-12 MOS	
PORT CLARENCE	34	NO	W/O-12 MOS	
BARROW	3 + 3 TAD	NO	W/O-12 MOS	

1832

ORANDUM State of Alaska

HB 197

. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 25, 1975

FILE NO:

TELEPHONE NO: 586-1870

SUBJECT: House Bill No. 197

FROM: R. H. Pilcher
Manager
Juneau Field Office

Passage of HB 197 will remove the 12 month residency requirement for fish and game licenses for members of the military on active duty in Alaska, and for their dependents.

Statistics indicate the state received a total of $103,125.00 in fees for the year 1974 from all classes of non-resident military sport fish, hunting and trapping licenses and tags. If these licenses had been sold on a resident fee basis, the state would have received a total of $28,254.00, a loss of $74,871.00 in revenue, PLUS THE FEDERAL AID MATCHING FUNDS which are usually on a 3 to 1 ratio. (See attached statistical data for estimated loss of revenue by class of license).

There is no effective date on the bill. An effective date of January 1, 1976 should be requested to allow time to publish the information for licensees, vendors and enforcement personnel, and to make the necessary change in the license format itself.

Since this bill changes license requirements only, there would be no added cost of administration.

Re Military HB. 197

	Class 6 10-day Spt. Fish	Class 7 Spt. Fish	Class 8 Hunt	Class 9 Fish-Hunt	Class 10 Hunt-Trap	Tags
Military NR FEES-1974	12880.00	59440.00	15000.00	5680.00	200.00	9925.00
Receipts for Res fee basis	6440.00	14850.00	5250.00	1704.00	10.00	—o—
Less by Class	6440.00	4490.00	9750.00	3976.00	190.00	9925.00

1974 Total NR. $103,125.00
1974 at Res. Fees 28,254.00

Less of Res $74,871.00 + Fed. Aid Matching Funds usually 3 to 1 ratio

DEPARTMENT OF THE AIR FORCE
OFFICE OF THE COMMANDER, ALASKAN AIR COMMAND
APO SEATTLE 98742

12 March 1975

The Honorable Richard I. Eliason
House of Representatives
Pouch V
Juneau AK 99801

Dear Mr. Eliason

Attached is the best information on fishing/hunting/trapping licenses that we have been able to compile. Since our source was the Fish and Game License Division of the Department of Revenue, I feel sure you have this information already; however, I am not sure you have the figures included pertaining to resident qualification purchases.

These figures include licenses purchased on bases in Alaska during 1974, and include military and dependents. As we discussed at the hearing, some military and dependents bought licenses off base, but there is no way to determine to what extent.

I trust this information will be helpful in your deliberations and we look forward to appearing before the committee again on 18 March.

Sincerely

Jack K. Gamble

JACK K. GAMBLE
Major General, USAF
Commander

Cy to: Hon Nels A. Anderson, Jr.
Hon Tom A. Fink

MILITARY HUNTING AND FISHING LICENSES AND TAGS FOR CY 1974

LICENSES

Class 1	Resident Full Year Sport Fishing	5,263
Class 2	Resident Full Year Hunting	2,084
Class 3A	Resident Full Year Hunting and Trapping	49
Class 3B	Resident Full Year Trapping	46
Class 4	Resident Full Year Sport Fishing and Hunting	2,951
Class 5	Resident Full Year Sport Fishing, Hunting and Trapping	462
	Total	10,855

(Resident Total Dollar Value $83,873.00)

Class 6	Nonresident Ten Day Visitor	1,288
Class 7	Nonresident Full Year Sport Fishing	2,970
Class 8	Nonresident Full Year Hunting	750
Class 9	Nonresident Full Year Hunting and Sport Fishing	142
Class 10	Nonresident Full Year Hunting and Trapping	1
	Total	5,151

TAGS
(Nonresident Only)

Black Bear	16
Deer	19
Moose	45
Sheep	4
Goat	6
Caribou	54
Total	144

(Nonresident Total Dollar Value $103,125.00)

NOTE: This total would have been $28,254.00 if these would have been resident permits.



COMMANDER
SEVENTEENTH COAST GUARD DISTRICT
JUNEAU, ALASKA

14 March 1975

Representative Tom Fink
Legislature, State of Alaska

Dear Representative Fink:

It has come to my attention that you and Representative Parr have introduced House Bill # 197 which would allow persons in the military and their dependents to purchase resident fishing and hunting licenses upon being assigned to duty in the State of Alaska.

As you know, 14 USC 2 states the Coast Guard is a "military service" therefore your bill would provide for Coast Guard military personnel as well as those in the Department of Defense.

I would bike to commend you and Representative Parr for your consideration in presenting this bill and to support your position. As you know we have military personnel assigned to numerous locations throughout Alaska, many of which are isolated. Nearly all are assigned involuntarily, and those in isolated areas must serve without family present and few, if any, amenities to which people are usually and normally accustomed. In these and less isolated areas outdoor activities such as hunting, fishing, hiking and skeing are primary avocations of our personnel. This healthful outdoor activity is good for these young people and a decided benefit to morale. It would be extremely helpful to these Coast Guardsmen if the costs of hunting and fishing could be reduced through the medium of your House Bill # 197.

I know that you are well aware of the continual humanitarian efforts of our personnel to alleviate emergency and distress situations in which Alaskans frequently find themselves. We would all deeply appreciate it if these personnel who frequently risk their own lives for Alaskans could be given the benefits and priveleges of Alaskan residency for hunting and fishing purposes.

Again, I thank you for your efforts. If I can support your bill in any way I would be pleased to contribute what I can.

Sincerely,

Glenn O. Thompson

GLENN O. THOMPSON

NORTHERN TELEVISION, INC.
THE BROADCAST CENTER

P. O. BOX 2200 ANCHORAGE, ALASKA 99510
KTVA-TV/KBYR-AM/KNIK-FM/MUZAK
(907) 272-3456

P. O. BOX 950 FAIRBANKS, ALASKA 99701
KTVF-TV/KFRB-AM
(907) 452-5121

14 March 1975

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch V
State Capitol Building
Juneau, Alaska 99811

Dear Mr. Anderson:

As a member of the Commander in Chief, Alaska's Civilian Advisory Board, I have been apprised of House Bill 197 introduced by Representatives Fink and Parr which would ease current residency requirements with regard to hunting and fishing permits for military personnel stationed in Alaska.

As an Alaskan of 36 years' residency, I have witnessed the solid partnership that has characterized the relationship between the military and civilian populace of our State. The history of Alaska is replete with examples of the military's contributions, so I won't dwell on them. From my own observations, however, I state categorically that servicemen and women who have served here have been decisive and constant contributors to Alaska's economy and life style.

While I can appreciate the concern of those who are worried that granting immediate residency would lead to decimation of our wildlife by hordes of military huntsmen, I sincerely believe their fears are not justified. I have found military personnel to be dedicated and disciplined sports-minded citizens who truly care about the Alaskan environment--perhaps more so than the majority of their civilian contemporaries. I don't believe that passage of the Fink-Parr Bill will result in appreciably greater numbers of military huntsmen; only relief from unwarranted fees upon those who can least afford them.

We owe it to the men and women serving in the Armed Forces in Alaska to make them feel they are truly welcome in the Great Land. I hope, through your support of House Bill 197, they will finally achieve that status.

Sincerely,

Augie Hiebert

A. G. HIEBERT
Anchorage

AGH:pdp

RESIDENCY REQUIREMENTS FOR HUNTING AND FISHING LICENSES IN THE 50 STATES

STATE	TIME IN STATE FOR MIL	
ALABAMA	Upon Arrival	
ALASKA	12 Months	
Arizona	30 days	
ARKANSAS	Upon Arrival	
CALIF.	Upon Arrival	
COLORADO	Upon Arrival	
CONNECTICUT	Upon Arrival	
DELAWARE	Upon Arrival	
FLORIDA	Upon Arrival	
GEORGIA	Upon Arrival	
HAWAII	Upon Arrival	
IDAHO	Upon Arrival	
ILLINOIS	Upon Arrival	
INDIANA	Upon Arrival	
IOWA	30 Days	
KANSAS	Upon Arrival	
KENTUCKY	Upon arrival	1 - 12 Months
LOUISIANA	Upon Arrival	5 - 6 Months
MAINE	Upon Arrival	1 - 90 Days
MARYLAND	Hunting upon	4 - 30 Days
	Arrival. Fishing	39 - Upon Arrival
	6 Mo.	
MASS.	Upon Arrival	
NEVADA	Upon Arrival	
NEW HAMPSHIRE	Upon Arrival	
NEW JERSEY	Upon Arrival	
New MEXICO	Upon Arrival	
NEW YORK	Upon Arrival	¢
N. C.	Upon Arrival	
N. D.	6 Mo.	
OHIO	6 Mo.	
OKLAHOMA	Upon Arrival	
OREGON	Upon Arrival	
PENN	30 Days	
RHODE ISLAND	Upon Application	
S. C.	Upon Arrival	
S. D.	90 Days	
TENN	Upon Arrival	
TEXAS	6 Mo.	
UTAH	Upon Arrival	
VERMONT	Upon Arrival	
VIRGINIA	Upon Arrival	
WASH.	Upon Arrival	
West VA.	6 Mo	
WISCONSIN	Upon Arrival	
WYOMING	30 Days	

2/3/15 1:37 P.M.

Comm'd Alaska — John T. Sprague Jr.
Comm'l — Headquarters
Asst. Chief of J-4 Staff — Alaska Com
753-6200, or 753-5200 — Elmendorf —
752-0104

For: Mr. Fink

From: Col. Sprague

RE: Your telephone call on Friday concerning HB 197 -

Yes, there will be some representative of the military here for the hearing.

① Maj. Gen. Gamble - Commander of Alaska Air Command
② Brig. Gen. Latham - Commander of the 172 Infantry Brgd. - Ak.
③ Mr. Larry Landry - V.P. of Alaska Van & Storage of Anchorage - also Chairman of the Civilian Affairs Board (some members being, Bob Atwood, Mr. Cutty, John Kelsey, Bob Reeve)

Arriving by Military Transport, Tomorrow, March 4 at 1:30 P.M. Coast Guard will meet them but they need to know where to go for the Hearing

Alaska State Legislature

House of Representatives

March 19, 1975

BRENDA T. ITTA
BARROW, ALASKA 99723

POUCH V
JUNEAU, ALASKA 99811

DISTPICT 21

AMBLER
ANAKTU./UK PASS
ATKASOOK
BARROW
BARTER ISLAND
BORNITE-KODUK
BROWERVILLE
KIANA
KIVALINA
KOTZEBUE
NOATAK
NOORVIK
NUIQSUT
POINT HOPE
POINT LAY
SHUNGNAK
WAINWRIGHT

Mr. A. G. Hiebert
P.O. Box 2200
Anchorage, Alaska 99510

Dear Mr. Hiebert:

Thank you for your letter supporting the passage of HB 197. My stand on this is in opposition to HB 197 because we are entering into an era where careful utilization of fish and game possession must be preeminent. There are hundreds of people coming into our state who can become residents in just 30 days; the native people of Alaska in rural areas have carefully managed and utilized the existing fish and game and we are presently encountering a shortage of it in certian areas; and the majority of residents in Alaska take great pride in making sure that fish and game are not wasted. Additionally, all the residents are encountering inflationary costs and I believe the trend to hunt is increasing. The residents of Alaska pay normal costs for groceries, meats, etc. at the grocery stores and the military personnel have access to lower costs for groceries, meats, milk products, etc. from their military commissaries. I believe that it is unfair to allow the military personnel to be in the same line, as far as fish and game permits are concerned, with the Alaskan residents.

Sincerely,

Brenda T. Itta

Brenda T. Itta

BTI/mm

cc: ✓Rep. Nels Anderson, Chairman, House Resources Committee
Senator Kay Poland, Chairwoman, Senate Resources Committee
Rep. Terry Gardiner, Chairman, Judiciary Committee

HB

220

"An Act making a special appropriation to the Department of Natural Resources for camping facilities in the Chena River Recreation Area; and providing for an effective date."

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date _____

The Committee on Resources has had _____ under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB-220

Title: Special Appropriation for Chena River Recreation Area

Requested by: House Finance Committee Date: February 28, 1975

Return Date Requested:

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		5.0	12.0	12.6	12.8	13.0
200	TRAVEL		1.5				
300	CONTRACTUAL		71.0	8.0	8.4	8.6	8.8
400	COMMODITIES		71.0	2.0	2.1	2.2	2.3
500	EQUIPMENT		1.5				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		150.0	22.0	23.1	23.6	24.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND		75.0	22.0	23.1	23.6	24.1
FEDERAL FUNDS		75.0				
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/ 2	/ 2	/ 2	/ 2
MAN MONTHS (P./T.)	/	/	/ 12	/ 12	/ 12	/ 12

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Trailheads and campgrounds would be developed to accomodate canoe landings, parking and campgrounds at miles 38 and 44. Construction would be coordinated by existing staff with a portion of the work done by contract beginning in FY 76 and completed by August 1976. Staff requirements following construction would include a Park Ranger I and Laborer for half year each.

IV. ATTACHMENTS

V. DATE: March 3, 1975 PREPARED BY: Kathy Jacobson

Kathy Jacobson for
W.A. Sacheck

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB

232

PETITION

LEGISLATURE STATE OF ALASKA

APRIL 1975

OPPOSING HOUSE BILL NO. 232

We, the undersigned property owners, mineral claim holders, ranchers and interested citizens of the State of Alaska, hereby register our opposition to classification for recreational and scenic preservation purposes of lands proposed to be designated the Hatcher Pass State Recreation Area or Heinie Snyder State Park.

The proposed recreation and scenic preservation classification includes the area historically known as the Willow Creek Mining District and other areas of economic mineral potential. We are opposed to the administration regulation and zoning of mineral lands by the State Division of Parks.

The proposed recreation and scenic preservation classification includes historic and essential livestock grazing lands. We are opposed to administration regulation and zoning of these agricultural lands by the State Division of Parks.

The proposed recreation and scenic preservation classification includes private lands consisting of homesteads, homes, cabin sites and patented mineral properties. We are opposed to the administration, regulation and zoning of these private lands by the State Division of Parks.

The proposed recreation and scenic preservation classification does, in fact, contain recreational lands used by the general public. We are opposed to administration and regulation of these lands for public use which does not also provide enforced protection against public tresspass onto private lands and the destruction of private property.

Further, we are opposed to any classification of lands for recreation and scenic preservation which would restrict or detract from the local tax base, limit potential economic development and attendant employment opportunities.

We therefore request that House Bill No. 232 not be enacted.

PETITION
LEGISLATURE STATE OF ALASKA
APRIL 1975
OPPOSING HOUSE BILL NO. 232

NAME	ADDRESS
1) Warren Wiemer	STRT B Box 156 C Palmer Ak.
2) Jesse S Wiemer	Star Rt 2 Box 170 Palmer Ak.
3) L. T. Roach	Drawer AH. Palmer 99645
4) Clarence E Tenbusch	STRT A Box 7, Palmer, AK 99645
5) Arthur J. Kreiter	2564 w. Northern Lights Blvd. Anc.
6) William Hermann	Box - 722 Palmer AK
7) Mel Mulloch	Box 517 Palmer Ak.
8) Arthur F. Burch	Box 335 Palmer AK -
9) PETE GREEN	Box 776, Palmer, Ak.
10) A.L. Renshaw, Sr.	1850 Wickersham Dr. Anch.
11) Kelly Renshaw	1850 Wickersham Dr Anch.
12) Robert E. Place	Box 519 Palmer AK
13) John H. Reed	PO 725 Palmer
14) Robert L. Benson	Box 531 Palmer
15) Eleanor Mraek	SRB 52 mcKechnie Rd Palmer
16) William Mraek	SRB 52 McKechnie Rd Palmer
17) Victor F Plamondon	STR RTE A Box 147
18) Harry Linton	Box 335 Palmer Alaska 99645
19) Lloyd E. Hill	Box 766 Palmer Alaska
20) [illegible]	[illegible]
21) Robert Riley	SRA Box 148-B Palmer Ak 99645
22) Otto Wiemer	SRA Box 72 Trunk Rd Palmer Ak 99645
23) Harold Stephens	SRA Box 182 Palmer
24) Lee A. Turner	Box 477 Palmer
25) Helen Bird	Box 737 Palmer Ak 99645
26 ROCKY FRANK	STAR RT B BOX 516 PALMER

PETITION
LEGISLATURE STATE OF ALASKA
APRIL 1975
OPPOSING HOUSE BILL NO. 232

	NAME	ADDRESS
27)	B. R. Frobenius	Gen Delivery, Palmer.
28)	R. H Mallin	Box 444 Wasilla 99687
29)	B N Watkins	Box 787 Palmer
30)	Joyce I. Mackett	Box 11224 Kl. H St. Anchorage 99502
31)	Dr. Paul Gleason	2nd St. Tok Junction, Alaska 99676
32)	Dawson M. Cobb.	Gen. Delivery, Talkeetna Ak. 99676
33)	Michael L. Prouty	Gen. Delivery Talkeetna, Alaska 99676
34)	Williams Long	SRA Box 165, ~~Anch~~ Palmer, AK, 99645
35)	Lawrence W. Hunter	Box 648 - Palmer
36)	Elizabeth S. Hulen	Box 405, Wasilla 99687
37)	Elmer B. Hulen	Box 405, Wasilla 99687
38)	Marie Botts	Box 14, Wasilla 99687
39)	Clarence V. Franke	ST RT B. Box 516 Palmer 99645
40)	B A Green	Box 716, Palmer, AK 99645
(41)	Ida L. Wilson	Box 20 Hope AK 99605.
(42)	Christopher Mentas	Box 1937 Anch AK 99510
(43)	Ken Rempel	3104 W. 30 Anch AK
(44)	Jim Hamilton	SRA Box 476-B, Anchorage 99507
45)	Carla A Erickson	Box 623 Anchorage 99510
46)	Mary B Erickson	Box 623 Anchorage 99510
47)	Dale Omlin	Box 13 Palmer 99645
48)	Bill KRAGER	3612 NORTH POINT DR. ANCH 99502
49)	Phil Ragonese	Box 246 Anchorage 99507
50)	Sharon Kirkeby	Box 1133, Anchorage AK 99510
51)	Lavelle Berg	Box 4-2053, Anchorage, Ak-99509
52)	Irene E Byam	Box 84 SRA Anchorage, Alaska 99502

PETITION
LEGISLATURE STATE OF ALASKA
APRIL 1975

OPPOSING HOUSE BILL NO. 232

	NAME	ADDRESS
53)	Russell E. McKechnie	Box 21 Palmer, Alaska 99645
54)	Cheryl A. McKechnie	Box 21 - Palmer, Alaska 99645
55)	Christie L. Boyle	Box 310 - Palmer, Ak 99645
56)	Edward P. Boyle	Box 481 Palmer, Ak. 99645
57)	Lawrence McDade	5 Mt Rt A Palmer Alaska
58)	Rick May	Gen Del Eagle River Ak.
59)	LARRY COTTER	" " "
60)	Randy Warner	Box 853 " "
61)	E. L. Arnold	Box 1085 Soldotna AK
62)	Mrs. E.L. Arnold	" "
63)	Neil Downs	Box 32 Palmer Alaska
64)	Robert L Warner	Box 283 Palmer Alaska
65)	Tom M. Vaden	Soldotna Ak
66)	Bernard W. Klamm	Box 977 Eagle River Ak.
67)	Bernard Klamm	Box 355 - Palmer
68)	Boyd R Klamm	St. Rt. B - Box 25 Palmer
69)	Marian H Campbell	Box 37 Palmer Ak
70)	Kenneth R Bergren	Box 315 Star Route B Palmer Alaska
71)	Sharon Winter	Box 16 Palmer Alaska
72)	Frank Sagan	Box 479 Palmer, Ak.
73)	Jack Lee	Box 711 Palmer Ak
74)	Keith C. Hinkes	Box 1035 Palmer, Alaska
75)	[illegible]	PO Box 54 Sutton Alaska
76)	Max E. Madsen	Box 1439 Palmer Alaska
77)	Ron Hayes	Box 272 Palmer
78)	Lorne R Hardage	Box 206 Palmer, Alaska

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81)	[illegible]	Box 448 Palmer
82)	[illegible]	SRA Box 148-C PALMER
83)	[illegible]	Hyland Hotel Palmer
84)	[illegible]	Palmer
85)	[illegible]	Box 891 Palmer Alaska
86)	[illegible]	Box 81055 Palmer Alaska
87)	[illegible]	Box 79 PALMER Alaska 99645
88)	[illegible]	Box 174 Palmer, Alaska 99645
89)	[illegible]	Box L-590 Palmer Alaska 99645
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96)	[illegible]	p.o.box 646 palmer ak.
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98)	[illegible]	Box 223 Palmer Alaska
99)	[illegible]	Box 357 Palmer AK.
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103)	[illegible]	St. Rt. Box 516 - Palmer AK
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	NAME	ADDRESS
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106)	Magdelen Campbell	Gen del Wasilla
107)	James McInnis	Box 281 Palmer
108)	Ronald Carroll	Box 75 Palmer.
109)	Joann Wardara	Star Rt 3085 Wasilla
110)	Jim McKenzie	Box 635 Palmer.
111)	Hans C. Mayer	Box 167 Palmer
112)	Erin McKenzie	Box 406 Palmer
113)	K W Van Zee	Rt 1 Box 37 Palmer
014)	Michael W Penner	Box 89 Palmer
115)	[illegible]	Box 635 Palmer Ak.
116)	W Kenberg McBryde	Box 651 Palmer Alaska
117)	Larry L. Davis	Box 244 Palmer, Ak.
118)	R H Boyle	Box 38 Sutton, Ak.
119)	E. Zawisk	Box 10 Sutton Ak
120)	M.C. Holtzeimer	Box 111 Sutton Ak
121)	C.E. Holtzeimer	Box 111 Sutton, Ak.
122)	Clara M Bromley	Box 651 Palmer Ak.
123)	Margaret Mc Carthey	Box 693 Palmer, Ak. 99645
124)	Doris J Todd	Box 18 Palmer, Ak 99645
125)	Erma L. Bromley	Box 698 Palmer Ak
126)	Wanda Kae Berg	Box 178 Palmer
127)	Betty J. Moore	Box 209 Palmer
128)	Don L. Moore Jr.	Box 209 Palmer
129)	Paul L. Mangold Sr	Box 269, Palmer 99645
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132)	David Hall Dean	PO Box 1121 Palmer
133)	Robert L McCune	Box 91 Palmer 33ye Alaskan
134)	Helen M Courtney	Box 91 Palmer Alaska
135)	Chrystine Coardwell	Box 1184 Palmer
136)	Bob Carruba	Box 1184 Palmer
137)	George P Matichuk	Box 208 Palmer Alaska
138)	Celia Rodney	Box 1162 Palmer Ak.
139)	Nancy Riddle	Box 1162 Palmer Ak.
140)	Gertrude Pelzer	Box 634 Palmer Alaska
141)	Emil & Stadler	Box 633 Palmer Alaska
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143)	Arlene Clements	Box 334, Palmer, Alaska
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146)	Millicent D. Dorrell	Box 273 Palmer, Alaska
147)	Lillian McElroy	Box 121 Palmer Alaska 99645
148)	Hazel O'Brien	Box 121 Palmer Alaska 99645
149)	Charles R. Nutter	Box 212 Palmer Alaska 99645
150)	Alma L Wacker	Box 870 Palmer, Alaska
151)	C L Lee	Box 826 Palmer Alaska
152)	El Groening	Box 62 Palmer
153)	Clay Prewitt	Box 785 Palmer
154)	Ray McKechnie	Box 262 Palmer Ak.
155)	Rod Lancaster	Box 863 Palmer AK.
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161)	Elmer E Hale	S.R. Box 3177 Wasilla, AK 99687
162)	Walter H. Hale Jr.	SRB 3191 Wasilla Alaska 99687
163)	John A. Hansen	Box 1186 Palmer AK 99645
164)	Ted E Hanks	Box 747 " " "
165)	Richard E. Kelly	SR Box L810 Palmer, AK.
166)	Daniel E. Kenshalo	519 8th Ave, Anchorage
167)	Russell E Nees	529 E 15th Ave Anch
168)	Melvin & Burgess	1111 Telnick Pl. Anch.
169)	John Leeban	760 Ash Place Mt View Anchorage 99561
170)	John Lemke	33025 Spenard Rd 99503
171)	Ray Mayo	Box [illegible] Anch. AK. 995[illegible]
172)	Richard Pomeroy & Co.	6341 Nelson Way, Anchorage
173)	J. D. Nash	752d Peterkin Ct. Anch.
174)	Alvin L Hill	Box 892 Anchorage AK 99508
175)	Donald E Disbrow	Box 1201 Blue Spruce Lane Wasilla 99687
176)	Al Johnson	Box 613 Anch AK 99510
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179)	R M Kane	3201 E. 56th Ct Anchorage 99507
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187)	[illegible]	SRB Box 173 PALMER
188)	[illegible]	SRB Box 420 Palmer
189)	[illegible]	St. Rt. B Box 420 Palmer, Alaska
190)	[illegible]	Box 15 Sutton, Alaska
191)	[illegible]	St. Rt. B. Box 147 Palmer
192)	[illegible]	St Rt B Box 158 Palmer
193)	[illegible]	[illegible]
194)	[illegible]	[illegible]
195)	[illegible]	1621 Hollywood Dr. Anchorage
196)	[illegible]	1621 Hollywood Dr Anch.
197)	[illegible]	Star Rt B Box 190 Palmer Alaska
198)	[illegible]	Box 357 Palmer Ak.
199)	[illegible]	St Rt B Box 163 Palmer, AK
200)	[illegible]	St Rt B Box 162 Palmer AK
201)	[illegible]	Lot 13, Box 1, Pal. AK
202)	[illegible]	" " Box 162, Palmer, AK
203)	[illegible]	St Rt B Box 1214 Palmer AK
204)	[illegible]	Box 100 Eagle River
205)	[illegible]	Box 100 Eagle River
206)	[illegible]	1027½ W Fireweed Anch
207)	[illegible]	606 S Alaska St Palmer
208)	[illegible]	Box 796 Palmer, Alaska

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	NAME	ADDRESS
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210)	James Kellam	Box 1243 Palmer AK.
211)	J.R. Medard	Box 592 Palmer AK
212)	Viola M. Meehan	Box 592 Palmer, AK.
213)	Richard Wood	Palmer ak
214)	Ben Myatt	Box 375 " "
215)	Lucy Cox	Box 487 " "
216)	David Keen	Box 497 " "
217)	Kathy Moffat	Box 375 Palmer, Ak.
218)	Don BLANCHARD	Box 85 PALMER, ALASKA
219)	JEAN BLANCHARD	Box 85 PALMER, ALASKA
220)	Florence A. Wallace	Box 539 Palmer
221)	M. Hawkins	St RT B Box 217 Palmer
222)	Lenard J. Wallace	
223)	Lisa Hartman	Po Box 469 Palmer AK
224)	Bonnie Hartman	PO Box 469 PALMER AK
225)	Mark Mangano	Rt. B Box 80 Palmer
226)	Phillip Smith	SRB BOX 303 Palmer
227)	Phillip Hunter	P.O. Box 577 Palmer
228)	Earl Payne	Box 341 Palmer AK
229)	Linda Harala	355 E. 76th Ave Anchorage
230)	KARL KARE	355 E 76th AVE Anch.
231)	WB Mason	Box 791 Palmer Alaska
232)	WB. Elliott	PO Box 201 Wasilla, Alaska
233)	Kathy Harala	355 E. 76th Ave Anchorage
234)	Clifford Mosbrucker	St. Rt. B Box 115 Palmer, AK.

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	NAME	ADDRESS
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236)	Pam Pennington	Palmer Ak
237)	Robert L. McCarthy	Palmer Alaska
238)	Dessie M. Pettis	Palmer Alaska
239)	R.H. Confer	1505 Stanford Rich. Ak.
240)	Robbie Hess	1114 Sequoia "
241)	Elmer Dodd	7911 Tanalee Ct
242)	J. Bingman & Spouse	Box 762 Palmer Alaska
243)	Jack Knutson	Wasilla Alaska
244)	Indian Hank Gaphy	Box 8-727 Anch. Ak. 99508
245)	Bill Ale	Box 1188 " "
246)	Wanda J. Crane	Box 522 Palmer Alaska
247)	Edwin Pyrah	Box 844 Palmer 99645
248)	Marilyn Madsen	9 C Box 5-885 Palmer
249)	Maurice D. Mason	P.O. 733 Palmer Ak 99645
250)	Shirley Mathis	Box 20 Sutton Ak 99674
251)	C.W. Pierson	Palmer Alaska Box 509
252)	Melton Erickson	81075 palmer alaska 99645
253)	Harriet J. McRae	Po Box 771, Palmer Ak.
254)	Herbert A. Boyle	P.O. Box 846 Palmer, Alaska
255)	Helen Hocking	Box 1437 Palmer Ak. 99645
256)	Carol Wehrheimer	Box 1612 Palmer Ak 99645
257)	Gary Swanson	Box 72 Wasilla Alaska 99657
258)	Grace Palmer	Box 878 Palmer Alaska
259)	Darlene Ahlestad	Box 196 " "
260)	Lloyd D. Ahlestad	Box 1112 " "

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261)	John E. RYAL	Box 84 SRA City 99502
262)	Mrs Mary J. Barry	323 W. Harvard Anchorage 99501
263)	Paul A Barry	Box 126 - Palmer, Alaska
264)	Melvin N Barry	3271 W Harvard Anch. 99501
265)	R L Hayden	1420 Beaver Pl. Anch, 99504
266)	John H Bagley	2977 Madison Wa, Anch 99504
267)	Robert O Bruna	4906 Cambridge Way, Anchorage 99503
268)	Edgar J. Curtis	1200 Kodiak, Anchorage 99504
269)	Richard L. Griffith	1022 E 27th Anchorage 99504
270)	Roger L Jacobs	3007 Arctic #3 Anchorage 99503
271)	Olga Grafe	425 G'ST Anchorage 99501
272)	C B Alexander	425 G'ST, Anc AK 99501
273)	Laura D. Tucker	4206 Checkmate Dr Anchorage 99504
274)	Donald Williams	3125 Raspberry, Anchorage 99502
275)	Dale R Anderson	5231 Sillery Circle Anchorage 99504
276)	ORS Velikanje	2200 Dessee Dr. Anchorage 99503
277)	[illegible]	S.R.A. Box 4252, Anchorage 99502
278)	Walt F Allen Jr.	COBx, 4-784 Anchorage AK. 99503
279)	Helen M Blair	Box 1263 - Anchorage AK 99501
280)	Pat Blair	Box 1263 " " "
281)	C S Miller	Box 549 Anchorage AK 99508
282)	Harold W. Mims	P.O. Box 4-25P Anch, Ak.
283)	[illegible]	PO Box 2254 Anch Ak 99504
284)	Dana J. Ostrom	2810 Klamath, Anchorage 99504
285)	Edna D Wilson	3513 Washington Dr Anchorage 99504
286)	Louise T Dow	924 Whitney Ln Anchorage 99503

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288)	Anita T. Hanson	P.O Box 86, Palmer, AK 99645
289)	Jim Colberg	Box 336 Palmer, Ak 99645
290)	Jane M Stirling	SR Box 5-1060 Palmer AK 99645
291)	Paul Schmidt	H Rt Box 3185 Wasilla
292)	Gordon V. Olson	267 S. BAILEY, PALMER
293)	Katherine M Long	RR Box 195 Palmer Alaska
294)	Edwin W Elliott	Box 65 Palmer
295)	Jodie McBride	Box 261 Palmer Alaska
296)	Mrs. I. Hayes	Box 531 Palmer
297)	Ray I Lucas	Box 855 Palmer,
298)	Leon McKechnie	Box 796 "
299)	Lola H Barnes	PO Box 855 Palmer
300)	William Valcourt	Box 483 Palmer
301)	Calvin M Johnson	Box 103 Palmer
302)	Agnes Lee Olsen	SRA Box 92 Palmer
303)	David Samson	Box 458 Palmer
304)	Gaylon D Coleman	Box 107 Palmer AK
305)	Lon K Sattler	Box 71 WASILLA AK.
306)	Troy D Burnette	Box 41 Palmer Ak
307)	Charles Davis	Po 147 RTA, Palmer AK
308)	Tom Buhl	HCR 01 Box 6240 Palmer Alaska
309)	Joe Hartley	SRB Box 3 Palmer AK
310)	Erwin Snider	P.O. Box 399 Palmer AK
311)	J. Anderson	Box 687 Wasilla, Alaska

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	NAME	ADDRESS
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313)	Joyce N. Mayo	Box 141 Palmer Ak
314)	Ruth Coppen	Box 299 Palmer
315)	Lamar Evans	Box 105 Palmer
316)	Jack E Mayo	Box 234 Palmer Alaska
317)	Norman L Bond	Box 609 Palmer AK
318)	Donald Ingalls	Box 532 Palmer AK.
319)	Everett Anderson	Box 553 Palmer Ak
320)	Frank Lourdeau	Box 452 Palmer Alaska
321)	Lee Lamelin	Box 452 Palmer Alaska
322)	Jon Camp Bell	Box 721 Palmer Ak
323)	Kirby Carlilies	SRA Box 75 Palmer
324)	Doris Carlilies	SRA Box 75 Palmer
325)	Thomas W. Rebarchek	Box 51, Palmer, ALASKA
326)	J W Berberich	Box 52 PALMER, ALASKA
327)	Robert A Carlson	Box 316 Palmer Alaska
328)	Edna Mantz	Box 321 Palmer Ak
329)	[illegible]	[illegible]
330)	[illegible]	[illegible]
331)	John S. Martin	Box 566 Palmer Alaska
332)	Janice Arbogast	At Ft #60 Palmer, Alaska
333)	Donald Arbogast	At. Ft #60 Palmer, Alaska

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336)	Helen A Butcher	1002-W 29th Anchorage 99503
337)	[illegible]	2601 - Cantata Ct.
338)	[illegible]	3300 Raspberry Ct Anch AK
339)	Patty Kelley	1313 W. 10th
340)	[illegible]	4945 W Dale Blvd.
341)	[illegible]	221 E 7th # 205
342)	Pete Klinkhart	3047 Balchen
343)	[illegible]	7804 Northern Lights Blvd
344)	[illegible]	2819 Ft. Richardson
345)	[illegible]	2804 W No. Lights Blvd Anch.
346)	Elton Krieger	4113 Crossman Dr Anchorage 99504
347)	Lorita D. Kokel	2716 McKenzie Dr. 99503

Hearing AT Palmer H.B. # 185
H.B. # 232

MAIN POINT - limit Div. of Parks To 640 Acres

Gentlemen:

On behalf of The Matanuska Valley Sportsmen I wish To present our opposition To management of STATE owned land by div. of Parks. This opposition includes H.B. # 232 & H.B. # 185.

This Following example will show the basis of our opposition. Before The Chugach STATE PARK was Formed The OFFroad AREAS within The "new park" were The scene of numerous camping activities w/ many pack-horse camps set up each year & MANY people carried in by Airplane so They can wander over The hills and look at The Flowers. Under management of Parks This activity has been stopped To The extent THAT almost no OFFroad camping now Takes place. We find THAT AT This Time apparently neither money or interest are available To properly manage These areas THAT would come under div. of Parks greater THAN 640 Acres.

STATEMENT OF PETER SCHOLES
BEFORE THE HOUSE RESOURCES COMMITTEE
REGARDING HATCHER PASS STATE RECREATION AREA
AS PROPOSED IN HB 232

Anchorage, Alaska. April 5, 1975

My name is Peter Scholes. I live at 115 W. 15th Ave. in Anchorage. (~~I am testifying today as a concerned individual~~).

As an individual active in conservation Hatcher Pass park proposals are not my particular bailiwick. I come before you today as a Hatcher Pass user - a recreationist - a skier, back-packer, hiker, picnicker - a person who enjoys days lying in the tundra covered hills of Hatcher Pass. I wish to add my support to the concept of a Hatcher Pass state park and especially to the substitute bill drawn up by an ad hoc group of recreationists and conservationists and presented by the Alaska Center for the Environment.

The Talkeetna Mountains are a sadly neglected region in the overall picture of Alaska's wildlands. Early state selection made the Talkeetnas off limits when ~~the~~ federal ~~government~~ agencies studied and made proposals for putting millions of acres of Alaskan wildlands under the four federal systems. Therefore, the Talkeetnas are for the most part state land with no designated use.

Yet the mountains are ~~the~~ most accessible to Alaskans and visitors alike via the Glenn, Richardson, Denali, and the Anchorage-Fairbanks highways. By virtue of accessibility and scenic beauty the Talkeetnas Mountains are a prime location for a major state park. Already without park or recreation area designation

Hatcher Pass is an important recreation area for users of all kinds. The area cries out for legal designation worthy of its extraordinary natural qualifications as park land.

Hatcher Pass is an area where recreationists should not play second fiddle to the dreams of miners. And yet, mining should be allowed to go on in a manner compatible with recreation use. Within the recreation area proposed by the Center for the Environment mineral exploration and production should be permissable under a permit and lease system.

The Talkeetnas deserve a Hatcher Pass park large enough that all users may enjoy their activities without disturbing the activities of others. In particular non-motorized park users should not have to put up motorized users ~~who are~~ given the free run of the park. A larger park would be more likely limit conflicts among users.

Most of all the Talkeetnas need an area where recreationists can go now and in the future, and always find a place where the natural environment is not cluttered by man-made objects and not decimated by human users.

Alaska cannot afford to throw any of its lands open to uncontrolled entry by myriads of would-be private owners. We need to manage and protect the 100 million acre treasure we were granted with statehood. And, Alaska needs pockets of lands preserved in perpetuity for people who wish to use land without using it up. Hatcher Pass is by tradition such a pocket; let it be so by law.

William H. Lichtenwalner
Talkeetna, Alaska
99676

Division of Parks
State of Alaska

Gentlemen:

I am writing this to add support to the extension of Denali Park and the creation and/or expansion of Katchen Pass Park.

I am persuaded that all the areas asked for are needed for park purposes, and I predict that within a very few years the areas now requested for use as parks will prove by the demand for their use to be much too small for the uses proposed.

In addition there are millions of acres of land in Alaska which by their location and physical characteristics are much more suitable for use as parks and recreation areas than for any other possible use. I hope the State of Alaska moves quickly to segregate these lands for parks & recreation to

Sincerely, William H. Lichtenwalner

TESTIMONY BEFORE THE HOUSE RESOURCES COMMITTEE ON HB 232

Anchorage, Alaska April 5, 1975

Good afternoon. My name is Pamela Stevens and I reside at 1544 Nichols, Anchorage, Alaska 99504. I am speaking today on behalf of the over 500 members of the Alaska Chapter of the Sierra Club, and specifically on behalf of some 200 of those members who live in or near Anchorage and comprise the Knik Group of the Alaska Chapter of the Sierra Club.

We support the substitute bill Helen Nienheuser has presented to you, for an act entitled "An Act Establishing the Hatcher Pass State Recreation Area and the Talkeetna Mountains State Park" as being preferable to either HB 232 or SB 190. I participated myself in the ad hoc group of recreation and conservation-oriented people who drew up the substitute bill. A park of some sort in that region is a concept we have long supported. Hatcher Pass has been a de facto "recreation area" for some time now, with the trip over the Fishhook-Willow road the classic summer Sunday afternoon drive. Whether one's interests are skiing or snowmachining, hiking or hang-gliding, painting or photography, camping, picknicking or perhaps taking a look at one of the old or still operating small mines, this spectacular tundra country can offer the recreation opportunities to suit one's desires. It is time that the legislature recognize that recreation is the "highest and best use" of this region and afford it the protection of Park and/or Recreation Area status.

We feel the two-part proposal for a scenic park to the northeast of Hatcher Pass proper and a recreation area to the southwest is the best way to provide for the diverse needs of those engaged in various types of recreation. By including lands north to the Kashwitna drainage and east to the Granite Creek drainage within a Talkeetna Mountains State Park, the proposal provides access to and protection for an area for backpacking and ski touring, truly wild country for the type of recreation that refreshes simply because it involves dealing with nature on her own terms. Within the recreation area (which has boundaries essentially the same as the boundaries under consideration in HB 232, with the exception of Reed Lakes, the upper Little Susitna drainage and the headwaters of Craigie Creek, which would fall within the scenic park portion), less strenuous and/or more mechanized recreation uses would be provided for--here is the place for developed campgrounds, picnic areas, snowmachine trails and areas. Hunting we see as a legitimate recreation use in either park or recreation area--the Division of Parks should consult with the Department of Fish & Game regarding regulations concerning firearms and fish and wildlife management within both areas.

By creating not just a recreation area in Hatcher Pass but a Talkeetna Mountains State Park/Hatcher Pass State Recreation Area complex, a total proposal of some 400,000 acres, the legislature will be serving at once the needs of three widening communities of

interest. It will provide for Palmer a "wilderness backyard", similar to what Chugach State Park has provided for Anchorage; for the greater Anchorage area, it will create a convenient weekend retreat, unspoiled but accessible; and for the state as a whole, it will provide a centrally-located natural buffer against too-rapid growth and development. If, for example, the new state capital were to be located in the Willow-Talkeetna area, this park would serve its recreation needs as well and help stave off the growth of an ugly "railbelt sprawl!

These are our reasons for urging the adoption of alternative A of the substitute bill, which I characterize as "HB 232-plus", in other words, recreation area plus scenic park. I must mention now that although this is the desire of a majority of our members, there are some who feel strongly that alternative B, which would exclude from the recreation area mining lands and other private inholdings, would be a better approach. The Talkeetna Mountains State Park would keep the boundaries recommended in alternative A, but instead of its southern boundary being the northern boundary of the recreation area, the region approximating the "mineral zone" of HB 232 would be excluded from protection, forming a "doughnut hole" between recreation area to the south and scenic park to the north. If such an area were to be excluded, the Fishhook - Willow road should be designated a scenic roadway, which would extend Division of Parks control to the land ½ mile to either side of the road. This would protect to some extent the scenic values of the drive and allow for parking areas for recreationists.

The reason for excluding this mining region is simply the wealth of contradiction in purpose and conflict in interest management of it could create for Division of Parks. If recreation and scenic goals could be met without this region, why create problems by including it?

We also support within either alternative the restriction of private land within the scenic park and within the recreation area to the type of use to which it was put before the effective date of the Act. This we see not as an infringement of personal liberty but as a necessary regulation to preserve the integrity of the area. It would not stop a miner from working his claim or a cabin-dweller from adding a room; it would stop, to give an extreme example, someone who previously had only a small mining claim from putting up a multi-storied condominium complex. We do support the right of miners with existing claims to work those claims. In fact, for many people the mines in the Hatcher Pass area have a scenic, historic and recreation value of their own.

Within either alternative, we also support the inclusion of a clause similar to that in the Act creating Chugach State Park that boundaries may be adjusted to exclude areas of conflict or include desirable areas initially left out.

In conclusion, then, the recommendation we as members of the Alaska Chapter of the Sierra Club would like to make is that the legislature not stop with passing just HB 232 or SB 190, but either alter those bills by amendment or replace them with a substitute bill such as the one presented by Mrs. Nienhauser. Either alternative A or alternative B would be acceptable. But "a job worth doing is worth doing right", as the old saying goes. Let's provide an appropriate place for all types of recreation, and create not just a Hatcher Pass State Recreation Area, but a Talkeetna Mountains State Park as well!

***

A Proposal for the Hatcher Pass Area

(Testimony of the Mountaineering Club of Alaska)

The Mountaineering Club of Alaska is concerned over mounting population pressures in Alaska, particularly in the Cook Inlet and Railbelt areas. Not only do the increasing numbers of people occupy more space, but their activities, which often involve use of mechanized equipment, create an increasing potential for conflict with other land uses. We support all proposals to preserve adequate open space and zoning of conflicting uses while land is still available.

Specifically, the lands under discussion in HB 232, ~~SB 190~~ and the alternative proposal for a combined recreation area-scenic park contain some of the best opportunities for rock climbing accessible to residents of the Cook Inlet area. They encompass spectacular scenery and provide for a wide range of hiking/climbing activities from family backpacking to technical rock climbs. They also provide winter opportunities ranging from family touring along valley floors to alpine

skiing on crevass-free glaciers.

Many residents of Southcentral Alaska are familiar with the Hatcher Pass area adjacent to the road system--Independence Mine; the Little Susitna, Upper Willow and Craigie Creeks--and many have hiked from Craigie Creek and into the Reed Lakes. Members of the Mountaineering Club and others have felt the mounting pressures of incompatible uses--motorbiking, skiing, snowmobiling, family hiking, hang gliding, and others in this rather confined area.

These pressures have led to an increasing need for some type of control. Many have felt a park was badly needed.

Although studies of potential uses and conflicts in the Hatcher Pass area are incomplete, three facts emerged very quickly. First, the concentration of mining claims along the road system would certainly create problems for the type of management that would protect low-intensity uses of the land, although they might be more nearly compatible with intensive recreational use. Second, we have considered possibilities for zoning of uses within the lands described in HB 232 ~~and SB 190~~. We believe zoning can be accomplished, but experience in the front range of Chugach State Park indicates that zoning on a small scale can reduce but will not eliminate conflicts. We believe that zoning should be on a much larger scale than could be accomplished on these lands described in HB232 ~~and SB 190~~. The outlying There These lands are less mineralized and mining activity has been minimal.

Thirdly, we believe that the less accessible and less familiar lands farther from the road system have a potential as good or even better than closer lands for such low-intensity uses as climbing, hiking, skiing, or snowshoeing. These activities require a minimum of developed access.

The Mountaineering Club of Alaska believes that the alternative proposal that includes both a recreation area and a scenic park will provide opportunities for a wide range of activities and the land area would be large enough to preclude conflicts between uses and would provide a buffer against unforeseen developments in surrounding lands.

We believe this proposal would be a major contribution to making the Cook Inlet Basin a desireable place in which to live.

ALASKA CONSERVATION SOCIETY

UPPER COOK INLET CHAPTER

POSITION PAPER: PROPOSED HATCHER PASS STATE RECREATION AREA

Presented to House Resources Committee, April 5, 1975

The Alaska Conservation Society has been a long-term advocate of the concept of a Hatcher Pass State Recreation Area. Our members are hopeful that this session of the legislature will recognize that the recreational use of lands is not a "lock up" of resources as is so commonly expounded by some of our fellow Alaskans; rather, it is a use of land falling within a fabric of overall multiple use of lands. Just as some specific land areas are suitable for oil and gas leasing or timber harvesting, some geographic areas are best suited for recreation. It is our firm belief that the general area known as Hatcher Pass, which includes significant portions of the spectacular Talkeetna Mountains, is one such area. Therefore, we would propose that the House Resources Committee act favorably upon House Bill 232. We do, however, offer the following recommended amendments.

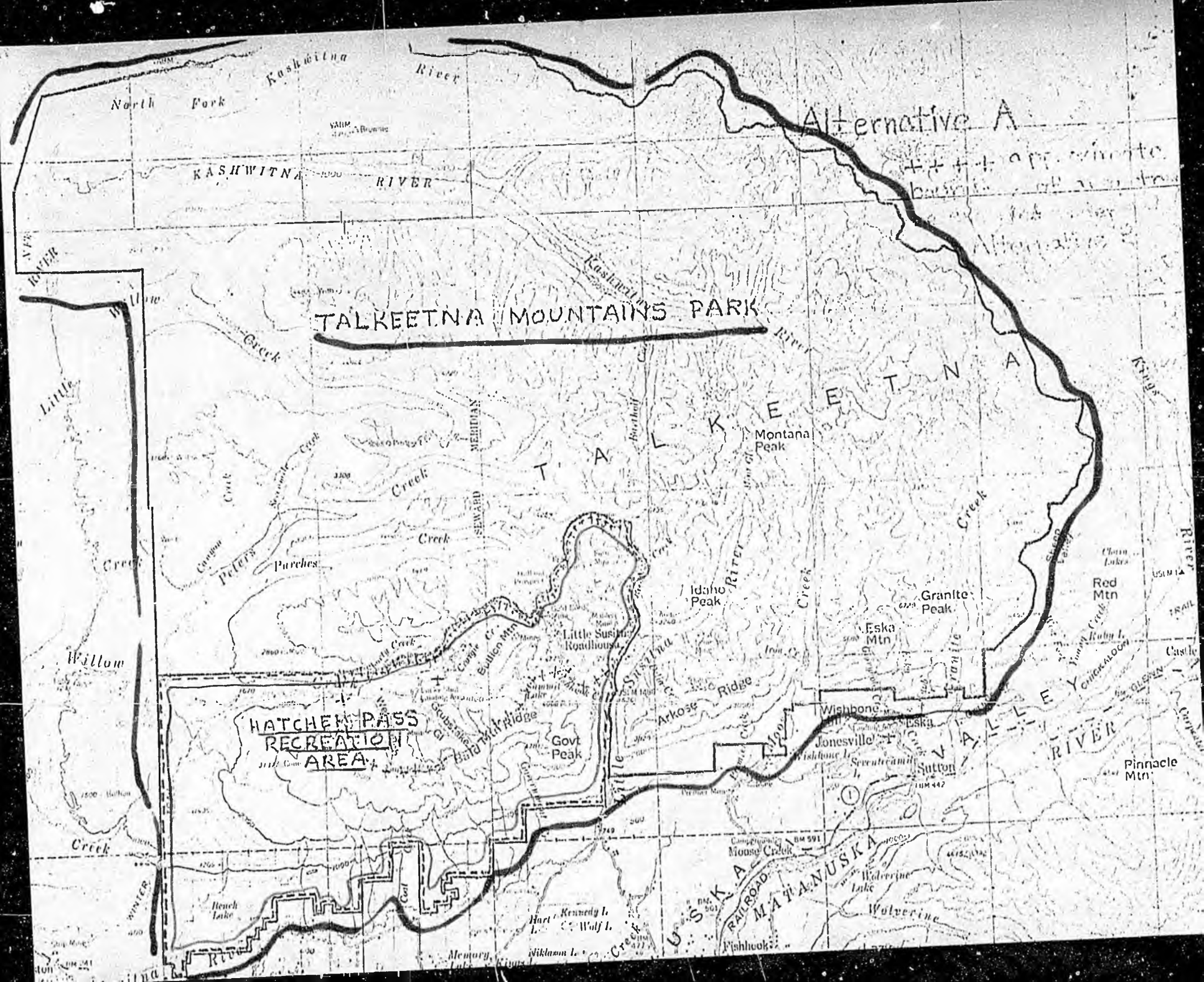
First, it is our belief that potential mining claims deserve protection, but that to zone a major portion of the Willow Creek Mining District to a priority use of mining is not in the best interests of the recreating public. It is our suggestion that H.B. 232 be amended to state, simply, that the highest and best use of only patented mining claims be mineral extraction. Should this not be acceptable, we would propose that

the mining zone be excluded from the recreation area proposal. We qualify this, however, by recommending that the roads which traverse the area be classified as a scenic roadway and be managed to provide for continued use by those seeking recreation in the area. This could be accomplished by identifying trail heads, pull-outs, scenic overlooks, picnic areas and possibly campgrounds and a visitor center oriented to this roadway.

Our next proposal is a recommendation that a more significantly-sized area be encompassed into what we call a proposed Talkeetna Mountains State Park. Essentially, such an area would include the rugged mountains, glaciers and valleys to the north and northeast of the proposed recreation area. The recreation area proposal would be retained as a contiguous heavy-use area south of this larger proposed state park. Geographically, the park would then include portions of the Kashwitna and Granite Creek drainages. This large state park would encompass approximately 400,000 acres. The attached map graphically illustrates our thinking on this proposal.

The management of these lands should include a logical zoning system for mechanized and non-mechanized recreational activities. It is also our desire to see a park ranger force provided as soon as possible to protect both the recreation resources and mining properties within these proposals.

The Upper Cook Inlet Chapter of the Alaska Conservation Society appreciates this opportunity to provide our thoughts on this matter.


Alternative A
TALKEETNA MOUNTAINS PARK
Kashwitna River
North Fork
KASHWITNA RIVER
Willow Creek
Little Willow Creek
Peters Creek
Parches
Susitna River
Montana Peak
Idaho Peak
Granite Peak
Eska Mtn
Red Mtn
Pinnacle Mtn
Little Susitna Roadhouse
Arkose Ridge
Bald Mtn Ridge
Govt Peak
HATCHER PASS RECREATION AREA
Wishbone
Eska
Jonesville
Sutton
Moose Creek
Wolverine
Wolverine Lake
Fishhook
Beach Lake
Hart L.
Kennedy L.
Wolf L.
Memory L.
Susitna River
Matanuska River
Talkeetna
Willow
Seward Meridian
Alaska Railroad

On the Subject of Matcher Pass

I fully expect the chair to rule me irrelevant, and some of this presentation may appear to be irrelevant. However, I can assure both the chair and all present that I shall try not to be irrelevant, and that everything pointed out here leads to the same place. And I shall happily submit this to the chair as written testimony after reading it into the record.

Back in the 20's a man by the name of John Maynard Keynes, notorious as a queer, was acclaimed as a great economist. Incidentally, his ideas on economics are embodied in the textbook, Samuelson's Economics, presently in use in our own University of Alaska.

Keynes gained quite a reputation as an adviser to our administrations, though his ideas were not generally implemented until the administration of Franklin Delano Roosevelt. In the main his advice said that 3% controlled inflation would be good for the United States.

After FDR started the ball rolling, all future administrations followed the Keynes recommendation. According to my prognostications on the subject, the result has been about 459% inflation ~~xxxxxx~~ since 1914. However, when 3% was advocated, I asked, "If 3% is good, why wouldn't 100% be at least 30 times as good."

And so I ask this simple qquestion. "If removal of some 200,000 acres from the borough into a recreation area is good, why wouldn't just turning 100% of the Matsu Borough into a recreation area be much better?" Wouldn't it be exciting if that increased over the years by 459% to perhaps take in the whole state?

By taking 100% of the borough now we would soon eliminate borough government, (nobody would be left to govern) which everybody says is the worst form of government they have seen, we would eliminate all borough taxes which everyone says are too high, Anchorage could then have a playroom instead of a bedroom, and we could all go on a picnic financed by our bankrupt state.

In the meantime we are very rapidly running out of food. But the high inflation that everyone complains about has led us to a high degree of civilization, and there is no ~~xxxxxxxxxx~~ starvation to compare to civilized starvation.

What will it be folks, croton or castor oil dressing on your sludge salad? If we can find some castor beans. They tell me they grow wild in Texas.

Thank you

Wayne Hunter

POSITION PAPER ON PROPOSED HB 232 & SB 190
HATCHER PASS RECREATION AREA.

BY ROBERT RISLEY

The State Legislature passed the Mandatary Borough Act a few years ago which required the Local citizens to form these Boroughs and establish Taxing Ordanances to support them.

the Borough's main source of revnue is from Real Property Taxes. The tax base is depended on the purchase and developement of Federal, State, and Borough selected land within the Borough by Private Capital, including mining.

SB 190 and HB 232 will greatly reduce the Borough's potential revnue. The Mat-Su Borough cannot afford this decrease.

The south boundry of the proposed Area takes in prime Agriculture land. All of this land has a South exposure that lends itself to a different type of Agriculture that is not feasable in other parts of the Valley.

Mrs. Risley has been engaged by the U. S. Weather Bureau to report Official Weather Observations and Little Susitna River gage readings for the past two years.

From these Official Observations, the yearround tempentures have averaged between 10 degrees to 20 degrees warmer than either Palmer or Anchorage. Early snow with a permanent winter depth of 18 inches is common for this area.

I have planted Kansas winter wheat in September that matured by August of the next year. Due to early snows that stays on the ground, potatoes that were left inthe ground survived the winter without freezing! They were dug the next spring and were as firm as those I had dug the fall before.

I have on order six thousand evergreen trees to be planted this May and I plan to order some apple, peach, apricot, and plum trees and grape vines to be planted this spring. These will be shipped from Minnesota and British Columbia. I visualize orchards and vineyards all along the foot of those mountains within the next 15 years.

At the present time, the dairymen in the Valley are utilizing a portion of the Hatcher Pass area for summer grazing of cattle. No doubt, more area will be required

as the Valley developes.

Back in 1937, I grazed 150 head of sheep with 86 lambs up in the canyon to the left of Hatcher Pass without a herder. I never lost one sheep from predators. The local Coop the four month old lambs that dressed out between 60 and 70 pounds. I visualize private capital, someday, shipping ewes and lambs up here each spring in the right quantity to take advantage of that good grass. By butchering the lambs and waiting about three weeks then butchering the ewes, all meat would be utilized within Alaska.

I am pointing these facts out in order to make you aware of the importance in holding this land for Agriculture purposes. This will in no way prevent the use of Hatcher Pass area for recreation.

When I arrived here in the Valley in 1936, the only established industry, besides Agriculture, was Mining. As I read the papers, there is a strong indication that the known gold , coal, and other minerals will be developed. This is another source of revnue, for the Borough, and employment very greatly needed for this area.

I noticed in the paper recently that the Snowmobile Clubs have taken action to improve their image and are to be commended.

The ski clubs have allready established non-litter ethics in their organization. I believe, given the right encouragement, the Snowmobile Clubs and the Ski Clubs can get together and develope rules and regulations of self dicipline which will eleminate the need Recreation Areas supervision from the State or Local level thereby saving thousands of dollars for other needed services.

Another thing I would like to bring to your attention is that we have had a high level Federal-State Land Use Planning Commission making studies of our lands. The results of their studies have not had time to filter down to the Local level. In addition, State House Bill No. 32 is for "An Act To Establish a Land Use Board." This, to me, indicates the State needs more time to study their requirements. This sounds to me like a good bill, if the right qualified people are appointed to

impliment this Law. If the Legislature passes HB 32, it is one more reason for not passing the Hatcher Pass Bill, until the Board has a chance to meet with all Local Borough Planning Commissions to insure that the right decisions are made.

The Corp of Engineers is presently conducting a "Water Resources Study" of all streams in Alaska. The Little Susitna River and Moose Creek are subject to flooding and is a threat to land owners along the lower areas. The Corp's feasibility study a few years ago indicated that a dam would not be feasible for flood control alone. However, now that there is a definate need for irrigation in the Valley, Hydrolectric Power, domestic water for City developement on the west end of the Knik Arm Crossing, AND Flood Control, a Dam in both streams would be feasible and would enhance the Recreational value by creating man-made lakes for boating and fishing.

Based on the above information, I would like to make the following recommendations:

1. A ten year moratorium be declaired on all lands in the Matanuska-Susitna Borough to allow time for private development of Agriculture and Mining potentials.
2. The State establish a few roadside parking areas along the Hatcher Pass Road.
3. Encourage Recreational Organizations to meet with each other and develope a use plan for the area and submit their plan to the Borough Planning Commission for review and coordination with Private Owners, Borough Assembly, State and Federal agencies that have an interest in the Land.
4. Request the Corp of Engineers to include irrigation, domestic water, hydroelectric, flood control, and recreation in their "Water Resources Study".
5. Review HB No. 85, Titled "An act to allow Municipal Property Tax Exemption of Recreational or Conservation Land" as being undesirable, since the Local Municipalities allready have that Power.

RESPECTFULLY SUBMITTED

Robert Risley

ROBERT RISLEY
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PALMER, ALASKA 99645

HB-232

Testimony at hearing on the establishment of a
Hatcher Pass Recreational Area - 5 April 1975

The proposed boundaries of the Hatcher Pass State Recreation Area encompasses grazing land of proven and potential use to the livestock industry of the Matanuska Valley and to the State of Alaska. The grazing lease of the Matanuska Valley Breeders Association, which has been actively used for summer range for more than 20 years, is included in its entirety within the proposed recreation area. Replacement heifers from Matanuska Valley dairy farms are placed on the range during June according to availability of herbage and returned to the Valley during September. A research report by T. L. Compton and myself on cattle behavior on the Matanuska Valley Breeders Association grazing lease during the summer of 1968 is submitted with this testimony and gives a good listing of plant species found on the range and their relative utilization by grazing cattle. Use of this area by these animals during the past 20 and more years has resulted in little if any degradation to this remarkably scenic portion of Alaska. In fact, cattle trails make it easier to hike through some of the dense underbrush along the headwaters of the Little Susitna River.

Although I would go on record as favoring the preservation of the natural beauty of the Hatcher Pass area, I would urge you to give consideration to the possibility of compatible multiple use of selected portions of this area, specifically selected sites having potential for summer grazing by livestock. I do not believe that summer use by livestock will be incompatible with contemplated recreational uses.

This testimony is submitted by me as a professional animal scientist and does not necessarily represent the position of the University of Alaska.

Thank you.

Respectfully submitted,

Arthur L. Brundage, Ph.D.
Professor of Animal Science
University of Alaska
Institute of Agricultural Sciences

CATTLE BEHAVIOR ON SUBALPINE RANGE IN SOUTHCENTRAL ALASKA [1, 2]

T. L. Compton [3] and A. L. Brundage [4, 5]
University of Alaska, College 99645

CORY (1927) is credited with initiating the methodical observation and recording of grazing behavior of cattle, although a few studies of less detail and magnitude predated his. Most studies of grazing behavior have been conducted in the United States and the British Commonwealth. Tribe (1950) and Hancock (1953) reviewed these investigations through the early 1950's and stressed their importance to an understanding of pasture utilization and range management. Tribe (1950) emphasized the importance of making observations on animal behavior within different environments to avoid the development of generalizations under one set of conditions and their erroneous application to an environment possessing different conditions.

Alaska's geographic location provides unique environmental conditions in comparison to the other United States. Effects of short, cool growing seasons and extended photoperiods during summer on the grazing behavior of ungulates are essentially unknown. The present study provides quantitative data on the behavior of cattle grazing under conditions encountered on subalpine summer range in boreal Alaska.

Experimental Procedure

This study was made during the summer grazing season of 1968. The site was located above timberline in the Talkeetna Mountains of southcentral Alaska, mostly in the Subalpine Zone described by Mitchell (1968). About one-third of the accessible area was dominated by herbaceous vegetation and the remainder by shrubs, predominantly green alder (*Alnus crispa*). (Plant nomenclature is according to Hultén, 1968).

The cattle population on the range included 180 animals from 4 to 16 months of age plus seven older, non-lactating cows. Most of these were placed on the range between the middle and the end of June. All were of dairy breeding, mostly heifers and a few steers. Holstein-Friesian was the major breed; the remainder were Red Dane or crosses of these two breeds with Brown Swiss, Guernsey and Ayrshire. Thirty-five animals were marked with bright colored plastic impregnated cloth flags in five colors to provide a specific identity for each animal. These did not include the seven older animals.

Animal behavior was observed and recorded at 15-min. intervals during a series of 12, 24-hr. continuous surveillances at weekly intervals from 15 June through 28 August. Each surveillance was initiated at 1800 hr. Alaska Daylight Savings Time (ADST) by selecting a flagged animal and observing it on an individual basis and all the animals accompanying it on a group basis. Although contact with the flagged animal was maintained throughout the 24-hr. period, the composition of the group varied as animals left or joined it during this time. Nine different animals were selected for the 12 observations, six heifers and three steers.

Animal behavior was observed at distances of 25 to 150 m with 7 x 50 binoculars on either horseback or foot, depending on terrain. Behavior was classified and recorded according to three general categories: feeding, rumination and idling. Rumination and idling were subdivided into standing and lying. The general route followed by the animals was traced on a map of the area and distances traveled recorded. Other observations included notations on plant species utilized, the extent of utilization and species obviously not eaten by the animals.

[1] Alaska Agricultural Experiment Station Journal Paper No. J 108.

[2] Data presented are from a thesis submitted by Thomas L. Compton to the faculty of the University of Alaska in partial fulfillment of the requirements for a Master of Science Degree.

[3] College of Biological Sciences and Renewable Resources, Present address: University of Wyoming, Laramie.

[4] Alaska Agricultural Experiment Station, Palmer.

[5] The authors wish to express their appreciation to the Alaska Agricultural Experiment Station and the Department of Biological Sciences of the University of Alaska for financial and logistic support during the study; to Dr. W. W. Mitchell, Alaska Agricultural Experiment Station, for aid in plant identification in the field; and to Dr. D. R. Klein, Alaska cooperative Wildlife Research Unit, and Dr. Brina Kessel and Dr. Bonita Neiland, Department of Biological Sciences, for many helpful suggestions and assistance during the study.

Results and Discussion

The transition from relative inactivity during the night to daytime activity occurred between 0600 and 0700 hr. ADST irrespective of the time of sunrise. The animals formed smaller groups at that time which began to feed and walk in various directions. The observed group engaged in fairly intensive feeding during the morning through 1000 to 1200 hours. By this time feeding and walking would have brought them to an area where some time would be spent salting and/or watering and resting prior to resumption of feeding during the afternoon, usually from 1400 to 1800 hours. The majority of the animals reassembled at the common bedding area between 2000 and 2400 hours.

A considerable amount of threatening and/or physical contact occurred between individuals from different groups each time they assembled during the evening. Size and/or the presence of horns appeared to be the main key to dominance, as found in other studies (Woodbury, 1941; Beiharz and Mylrea, 1964).

Grooming and rumination became dominant activities on the cessation of agonistic behavior and gradually decreased until most of the animals were lying down. Activity during the resting period included rumination, sleeping and occasionally, rising, stretching and lying down again. The night resting period terminated with the initiation of feeding in the morning.

Although there was considerable variation in the percentage of time actually spent feeding during the first half of the season, there was a definite increase in diurnal feeding time during the latter weeks of the season (table 1). This increase can be related to the maturation of plants with advance of the grazing season. The nutritive value of the vegetation decreases with maturity and it becomes necessary for the animals to spend more time in diet selection to maintain quality of intake (Brundage and Sweetman, 1956; Dietz *et al.*,

TABLE 1. A COMPARISON (ON BOTH A GROUP AND AN INDIVIDUAL BASIS) OF THE PERCENT OF TIME CATTLE SPENT AT DIFFERENT ACTIVITIES DURING 24-HR. CONTINUOUS SURVEILLANCES ON A RANGE NEAR PALMER, ALASKA IN 1968

Surveillance period		Date (1968)	Photo-period (hr.)	Standing					Lying		
				Ruminating	Idling	Feeding	Misc.	Total	Ruminating	Idling	Total
				%							
A.	Group	15–16	17.8	2.6	14.8	32.7	15.1	65.2	16.1	18.7	34.8
	Indiv.	June		5.2	16.6	30.4	17.7	69.9	13.5	16.6	30.1
B.	Group	21–22	18.0	1.2	9.7	36.2	18.9	66.0	22.5	11.5	34.0
	Indiv.	June		17.7	16.6	37.5	11.5	83.3	11.5	5.2	16.7
C.	Group	27–28	17.9	4.5	7.2	35.6	7.8	55.1	24.3	20.6	44.9
	Indiv.	June		3.1	6.4	28.0	10.0	44.7	33.3	22.0	55.3
D.	Group	3–4	17.4	8.2	11.9	35.2	7.8	63.1	19.8	17.1	36.9
	Indiv.	July		8.3	20.0	34.4	8.4	71.1	6.4	22.5	28.9
E.	Group	10–11	16.5	8.0	8.0	35.9	11.6	63.5	19.9	16.6	36.5
	Indiv.	July		8.4	9.4	36.4	1.0	55.2	29.2	15.6	44.8
F.	Group	17–18	15.9	7.1	12.5	37.1	5.3	62.0	26.9	11.1	38.0
	Indiv.	July		9.4	11.4	37.5	5.3	63.6	27.0	9.4	36.4
G.	Group	24–25	15.1	5.4	17.8	34.1	4.7	62.0	22.0	16.0	38.0
	Indiv.	July		3.1	17.7	35.4	4.4	60.6	28.0	11.4	39.4
H.	Group	31 July	14.0	7.9	17.3	27.6	3.6	57.0	19.1	23.9	43.0
	Indiv.	1 Aug.		4.2	19.8	20.0	3.3	57.3	17.7	24.0	42.7
I.	Group	7–8	13.1	3.4	18.8	35.8	2.2	60.2	14.4	25.4	39.8
	Indiv.	Aug.		3.1	11.5	36.4	5.4	56.4	21.8	21.8	43.6
J.	Group	14–15	12.2	5.4	13.0	41.0	0.8	60.2	14.8	25.0	39.8
	Indiv.	Aug.		7.3	8.3	40.5	1.1	57.2	26.0	16.8	42.8
K.	Group	21–22	11.1	8.4	13.6	43.0	1.5	66.5	14.0	19.5	33.5
	Indiv.	Aug.		8.3	11.4	40.5	2.4	62.6	15.6	21.8	37.4
L.	Group	28–29	10.2	5.7	14.3	47.7	0.8	68.5	20.2	11.3	31.5
	Indiv.	Aug.		11.5	9.4	46.0	3.8	70.7	12.5	16.8	29.3

1958; Arnold, 1962; Johnston, Bezeau and Somliak, 1968). The possibility cannot be ruled out that the cattle were consuming more to favor storage of fat for the winter as do wild ungulates. Feeding time averaged 8.6 hr. per 24-hr. period in this study.

Feeding occurred during a large number of periods of short duration during the first 7 weeks of the grazing season. These decreased in number and increased in duration as the season progressed until there were only two or three throughout the entire 24-hr. period near the season's end. Although this was observed on a group basis, individual feeding time remained separated into several distinct periods, even at the end of the season.

Subjective estimates were made of the plant species utilized during the observations. Although a major portion of the diet was grasses, mountain timothy (*Phleum commutatum*), bluegrasses (*Poa spp*), and bluejoint (*Calamagrostis canadensis*), about 25 to 30% of the diet in this study consisted of browse and forbs. Other studies have found browse contributing as much as 45% to animal intake on dry, mixed grass and range (Cory, 1927) and as little as 14% on a sandhill bunchgrass range (Reppert, 1960).

Of the shrubs, willows (*Salix* spp.) were eaten most often. Green alder (*Alnus crispa*) was second, even though it had been considered unpalatable (Mitchell, 1968) and has not been regarded as a browse component for domestic livestock. Other shrubs eaten included high bush cranberry (*Viburnum edule*), mountain ash (*Sorbus scopulina*), northern red currant (*Ribes triste*), and spiraea (*Spiraea Beauverdiana*). Cattle were observed eating the flowering portion of devil's club (*Echinopanax horridum*) on three different occasions.

One of the forbs most commonly eaten on the range was giant fireweed (*Epilobium angustifolium*). This species was utilized fairly intensively until flower buds began to develop; it was ignored thereafter. Other forbs eaten included cow parsnip (*Heracleum lanatum*), lady fern (*Athyrium filix-femina*), oak fern (*Gymnocarpium dryopteris*), and spiny wood fern (*Dryopteris dilatata*).

At least two forbs found on the range, monkshood (*Aconitum delphinifolium*) and false hellebore (*Veratrum viride*), are considered to be toxic to cattle (Dayton, 1960). No toxic effects were observed during this study, although several monkshood plants were found with shoots clipped off and the flowers of false hellebore were eaten frequently and the leaves occasionally.

Although the cattle were found to utilize practically all species of available herbage to some extent, they apparently did not eat artic bramble (*Rubus arcticus*), buttercup (*Ranunculus* spp.), large leaf avens (*Geum macrophyllum*), and lupine (*Lupinus nootkatensis*). They ate bunchberry (*Cornus canadensis*) and wild blue geranium (*Geranium erianthum*) less than five times during the observations.

No systematic changes in total time for activities other than feeding were observed. Rumination time ranged from 17.8 to 34.0% of the total for the group under observation and from 20.2 to 28.8% during nine of the 12 observations (table 1). The mean was 25.2%.

Distances traveled during a 24-hr. period ranged from 2.6 to 6.9 km and averaged 4.2. Cory (1927) found that distances per day varied from 2.3 to 7.1 km and averaged 4.8 in a comparable study.

The animals appeared to group randomly, with some exceptions. Sex became an important determinant when a few steers would pursue an estrous heifer, which in turn would become the nucleus of a small group. The seven, older, non-lactating cows from the same farm formed a stable group which, although it was joined by other small groups on occasion, never separated. Others have found prior relationships to be important in grouping tendencies (Hunter and Davis, 1963).

The cattle used definite portions of a 24-hr. period for specific activities on a group basis. Although these did not occur at precisely the same time each day, it was possible to predict their occurrence with reasonable accuracy. The activity of the individual under observation was generally in close agreement with that of the associated group and the time for various activities did not vary appreciably between individual and group. The exceptions were usually explained by an estrous heifer with steers in pursuit. This increased the idling time of the steer or heifer at the expense of time for other activities, such as rumination (table 1). Group and individual feeding time showed the least variation. This suggests that feeding is a priority function, i.e., the steer in observation *d* that spent a number of hours in pursuit of an estrous heifer had an increased idling time and reduced rumination time while feeding time re-

mained in close agreement with that of the group.

In a group of animals as gregarious as domestic cattle, it was interesting to note that there were often two or three individuals engaged in activity different from the majority. The fact that most of the animals in the present study were of mixed breed origin would increase their individuality (Arnold, 1962).

Summary

Grazing behavior of cattle on a boreal, subalpine range in southcentral Alaska was studied during the summer of 1968 by means of 24-hr. continuous surveillances at weekly intervals for 12 weeks.

Cattle initiated feeding each morning between 0600 and 0700 hr. Alaska Daylight Savings Time, irrespective of the time of sunrise. Feeding time increased and the periodicity of this activity became more distinct as the grazing season progressed. Other activities did not vary systematically during the season. Animals traveled an average of 4.2 km per 24-hr. period. Cattle grouped at random with the exception of such mitigating circumstances as sexual activity and individual behavior differed little from that of the group. The cattle habitually came together to bed down at night during most of the grazing season.

All major plant species on the range were utilized by the cattle to some extent. Browse and forbs were important components of the diet in addition to grasses. Green alde (*Alnus crispa*), a browse heretofore thought unpalatable to domestic livestock, was eaten on numerous occasions.

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Comment on HB 232 and SB 190 Hatcher Pass Area Proposal.

The proposed Hatcher Pass Recreation Area, as a concept, may be the lesser of many evils concerning the land use of the subject area.

However, I question if any of us, including the State, the Borough, or the resident are ready at this time for any legislative fiat that so firmly establishes the long term use uf such a vast land area amidst so many conflicting demands and interests near and within established population centers.

From the state standpoint, there are already abundent demands for moneys in managing existing state parks and recreation areas. There is a great need for many more roadside parks and waysides. I would question how wll the state could manage a Hatcher Pass Recreation area in the next five years, particularly the summer transient attracted to Alaska by the pipeline and looking for a place to squat until employed, utilizing, of course, the convenient park as witnessed by the Chena River campgrounds in Fairbanks and the Eagle River campground.

From the Borough standpoint, the Hatcher Pass recreation area takes away the possibility of revenue sources in the form of future agricultural land use or heavy scale mining. The Borough already has a number of vast state recreation and park lands in its midst serving the Alaskan public.

From the resident's standpoint, any additional long term use of the Hatcher Pass area will undoubtedly refocus developmental activities in the surrounding area. Those of us living close to the recreation area will see the secondary impact of new subdivision and upgraded and new roads as the state recreation area provides the surrounding lands with an immediate market attraction. Without any land use programs in the Borough, all of us become mere pawns as others determine our quality of life.

Police services and road services are expenses found in the primary impact of substantial recreation areas, so too are these same services found along with the additional school services and general municipal government housekeeping expenses found in the secondary impact of a large State recreation area.

Already existing in the proposed Hatcher Pass recreation area are private recreation operations. Do not such operations by action and numbers alone bring demands for vehicle oriented public services which spill over into any state recreation area. A push-pull affect takes place. Private operators, trying to survive and maximize their chances for financial success, encourage larger and larger patronage; organized recreational activities, such as we witnessed last Labor Day with the hang gliders and "Little Woodstock", each and all demanding use of the state recreation area, eventually seen the dynamics of heavy use, competing use and concentrations of people all demand more governmental regulatory services and expandion of roads and public facilities, and the push - pull cycly begins anew.

I would seriously question whether the alpine meadows and marginal grass and wood lands within the Hatcher Pass recreation area have the carrying capacity for the type of recreation use envisioned for the major use areas.

A number of long term residents of the Valley have voiced their fears to me that the area along the existing Hatcher Pass road, a seasonal and rough road at that, is already being used beyond its capacity as witnessed by the ~~dimixx~~ dimunition of wild flowers, blueberries and ground squirrels and the increase of litter and vehicle tracks across the hillsides.

I am in agreement with those who are concerned that another aesthetically pleasing and ~~exixitxx~~ existing popular recration area will be fouled by recration misuse or industrial development in the form of hard rock mining.

However, I believe that the state should be treating this as a land use issue and not an attempt to come to the public, particularly the public most effected as we are here in the Vally, with a mixed bag of trade offs and compromises detailed by lines on maps which in the long run will only aggrevate the situation rather than remedy it. Political reality suggests ~~txxx~~ the impossibility of drawing lines on maps to control human behavior.

I would suggest for the near term that the state could program the Hatcher Pass road as a scenic corridor with tight land use controls within the corridor - controls particularly directed to the transient recreation user rather than the private property holder - build some waysides aproaching the area on the Palmer and Willow sides, and designate a small park at Summit Lake and establish Indenpendence Mine as an Historical Site.

For the long term, the Hatcher Pass area should be programed into a long term state land plan and policy which utilizes at an early date imput from the Mat Su Borough government and Mat Su residents.

L. R. Johnson
SRA Box 156
Palmer, Alaska 99645

Testimony for Hearing on Hatcher Pass (HB 232) 4/5/75

My name is Helen Nienhueser. I am reppesenting the Alaska Center for the Environment. I am here today at the request of the House Resources Committee to present information which the Center has accumulated on the Hatcher Pass area.

We have talked extensively with recreational users of the Talkeetna Mountains in the Hatcher Pass vicinity--with organized conservation and outdoor recreation groups and withindividual members of those groups in an effort to determine whether these organizations and individuals were interested in some sort of park or recreation area designation in the area, and if so what.

We have found strong interest in the area and strong support for some sort of recreational or park designation, but within that broad outline we found several different opinions as to boundaries. We therefore held a series of meetings with representatives of organizations and individuals and as a group developed a new proposal for the Hatcher Pass Area which differs considerably from the bills now under consideration in the legislature.

The main area in which we found a variety of opinions was that of how to handle the heart of the area--the area around Independence Mine, Fern Mine, Craigie Creek, Grubstake, and Wet Gulch--where there are considerable patented private land and active mineral claims. We found serious concern that this area would present grave management problems to the Division of Parks--and that coping with the headaches caused by conflict between park users and private land owners would be a serious drain on the resources of the Division of Parks. There was concern that the legislature might create the area and not adequately fund Division of Parks to handle it.

On the other hand, we found a great deal of support for including this heart area in a recreation area proposal anyway, because it is a beautiful area that is heavily used, because the continuation of those uses needs to be provided for, and at the same time the area needs to be managed in such a

manner as to protect it from overuse.

Because of these two different ideas, our group at its consensus meeting, decided to develop two alternative proposals. These proposals are identical except for the way in which they handle this core area. On the other points in the proposal such as uses and external boundaries, the group was unanimous.

(Read attached proposal)

We have drafted two bills, one for proposal A and one for proposal B. There are several additional items in the bill that should be brought to your attention: on page 2, sec. 425 (c) is a clause which excepts any lands selected by natives from the boundaries of the park; under Uses, sec. 430, in the recreation area, agricultural activity is permitted if it is compatible with recreational use; in the park, existing grazing leases would continue until their expiration date but would not be renewed. Most of the land proposed for inclusion in the park is not suitable for any kind of agricultural activity. We understand that the grazing now taking place in parts of the proposed park is having a damaging effect on the land. We did hear concern from some people that some of the land in the southern portion of the recreation area proposal ought not to be included because of agricultural potential, but we heard from others who felt that it should be so as to provide a lowland connection with the alpine portion of the recreation area in what is sure to be an increasingly populated area.

The people we talked to Palmer said that they wanted some input into the uses which would take place in the recreation area or park. So the bills provide for an advisory committee which would include representatives from Dept. of Natural Resources, Dept. of Fish and Game, the Matanuska-Susitna Borough, and citizen representatives. To insure that the citizen representatives do in fact represent the recreational public, we suggest that they be appointed by a local Park and Recreation Council; such an organization is very successful in Anchorage; it is made up of representatives of various groups such as ski

clubs, conservation groups, homeowners associations, etc. We hope that such a group might start in the Mat Valley.

These proposals do not purport to be a consensus of what everybody wants for the Hatcher Pass area, but they are a consensus of what the park supporters want. There is strong support for enlarging the boundaries as we have done. The study done on the Hatcher Pass area for the Division of Parks says on page 29: " The boundary of the Hatcher Pass Study Area is not consistent with uses that the site character suggests. Since wilderness pastimes may easily become a major use, the boundary should be extended north and east to take in more of the inaccessible valleys and alpine ice fields with their wilderness character".

It was also felt that the scenic values of the area are so fine that it better fits the definition of a scenic park than a recreation area; however, the past and existing uses preclude park designation for part of the area. But because the scenic values are so fine it is desirable to place in park classification those areas where there appears to be little conflict. Three areas in particular meet this criteria. Reed Lakes, two aqua gems set among granite spires, lie in a high valley that has no mineral claims. The upper Little Susitna River valley is a broad L shaped valley which leads back to the highest peak in the area, Montana Peak; it provides good summertime hiking and winter skiing with ever changing vistas beckoning one on. There is no patented land in this valley and only 3 or 4 mineral claims. Craigie Creek does have patented land and some active mineral claims. But at its head is low Dogsled Pass, to which it is very easy to hike. From this low pass it is possible to wander freely across high alpine valley and low pass to alpine valley all the way to the Kashwitna; it offers a very different experience than do the formidable rock walls enclosing Reed Lakes. For that reason we have drawn the boundary around the private property, putting that in the recreation area, but putting the headwaters

of Craigie Creek and the low pass, Dogsled Pass, in the park.

I'd like now to introduce John Beebee who has been working with me on this proposal; he can tell you some of the reasons for proposing that this additional acreage be added, and then we'd be happy to answer any questions.

Regarding the exclusion of a finger of land along Willow Creek on the western boundary we recommend a closer examination before this is done. The effect is to prevent the public from reaching Willow Creek which should be a major attraction. We have not had the opportunity to examine this closely but it is our understanding that the private lands in here are spotty. We would prefer to see an irregular line that excludes private lands from the park but provides as much access to the creek as possible.

A PROPOSAL FOR THE HATCHER PASS AREA

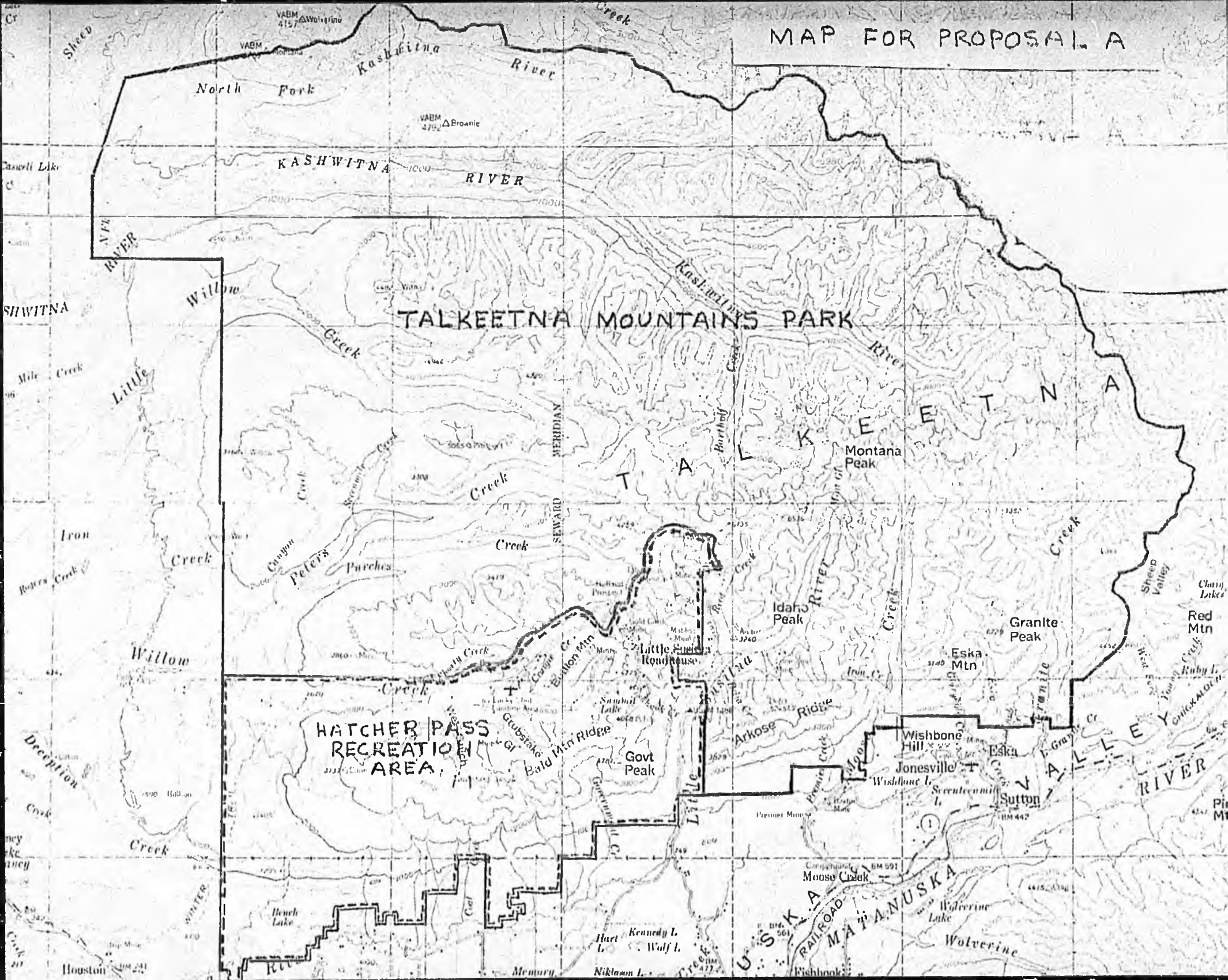
Developed by the Alaska Center for the Environment (913 W. 6th, Anchorage, 274-3621), working with an ad hoc committee of users and representatives of outdoor recreation and conservation groups.

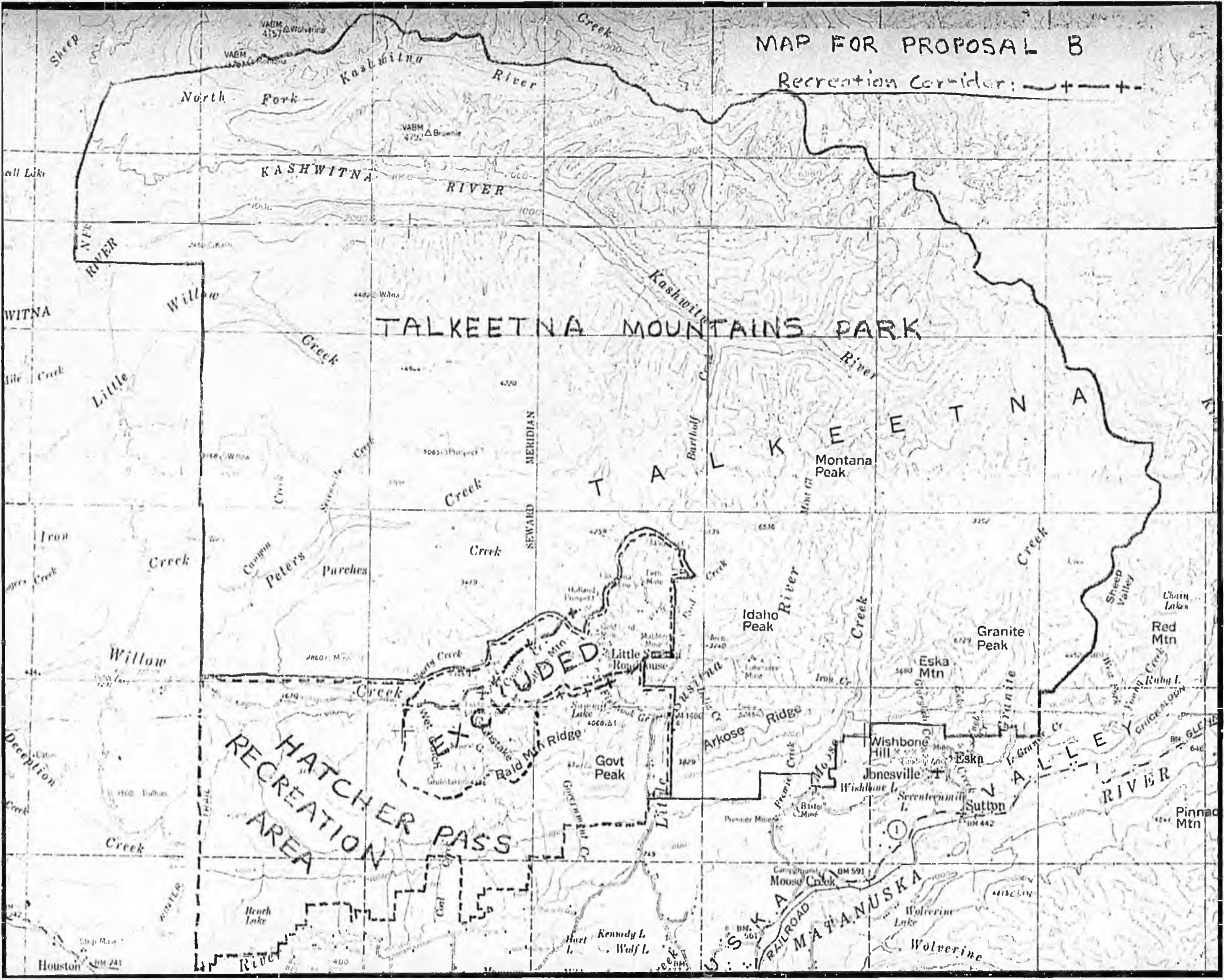
Two proposals were developed. Proposal A is favored, but Proposal B is acceptable.

Proposal A: proposes a scenic park in the northeast (Talkeetna Mountains State Park) and a contiguous recreation area in the southwest (Hatcher Pass State Recreation Area or Garret Heinie Snider State Recreation Area). The Park and Recreation Area combined are larger than the area included in HB 232 (sponsored by Smith and Beirne) and SB 190 (sponsored by Croft, Chance, and Rodey). The park goes north to include the Kashwitna drainage and east to include the Granite Creek drainage. The total area is in the vicinity of 400,000 acres. Alternative A calls for most of the area in HB 232 and SB 190 to be in the recreation area and most of the additional area to be in the park. However, part of the northern area in HB 232 is included in the park proposal, including Reed Lakes, the upper Little Susitna drainage, and the headwaters of Craigie Creek; these are areas of particular scenic and recreational value and with little or no conflict with mining claims and inholdings.
Uses: it is intended that in the park mining would be limited to existing entries only; other uses would be those that are consistent with the preservation of the natural values of the area. In the Recreation Area, more intensive uses could take place; private land is restrictd to type of use to which it was put before the recreation area was created; new mining could be permitted if it is done in a manner compatible with recreational use; off-road vehicle use could be permitted at the discretion of the Director of Division of Parks in areas designated by him for that purpose, etc. Hunting would be permitted in both the park and recreation area.

Proposal B: has the same external boundaries as does Proposal A; however, a portion of the area included in the Recreation Area under Alternative A would be excluded. (See attached map for Proposal B.) The area that would be excluded is similar to the area designated as the mineral zone in HB 232 except that Reed Lakes, the upper Little Susitna drainage, and the headwaters of Craigie Creek (all of which are in the mineral zone in HB 232) are included in the park. This proposal would designate the Fishhook-Willow Road where it goes through the excluded portion as a Scenic Roadway with protection afforded to the land on either side of about 1/4 mile in width, but excluded any private lands that might come closer to the road than that. The purpose of the Scenic Roadway is to provide for the continuance of the intensive uses now taking places along that road and to protect that roadside for the Sunday driver. Though the road itself would be under the Dept. of Highways, the land adjacent to it would be managed by Div. of Parks, with the intention that parking areas would be provided for snow machiners, hang gliders, etc. Scenic Roadway designation would also be given to the road up Craigie Creek and the road up Archangel Creek to the junction with the road up Reed Creek. The reason for excluding the area as proposed above is because of the many inholdings in that area and the tremendous burden managing these inholdings would place on the division of parks.
Uses: the uses in the park and in the recreation area under Proposal B would be the same as under Proposal A, but of course there would be no restriction on mining activities in the area to be excluded.

Both proposals contain a clause similar to that in the Act creating Chugach State Park, providing that boundaries may be adjusted to exclude areas of conflict or include desirable areas presently left out.


MAP FOR PROPOSAL A
TALKEETNA MOUNTAINS PARK
HATCHER PASS RECREATION AREA
KASHWITNA RIVER
North Fork
Kashwitna River
Willow Creek
Little Willow Creek
Peters Creek
Iron Creek
Deception Creek
Caswell Lake
Houston
Montana Peak
Idaho Peak
Granite Peak
Eska Mtn
Red Mtn
Bald Mtn Ridge
Govt Peak
Arkose Ridge
Wishbone Hill
Jonesville
Sutton
Moose Creek
Wolverine Lake
Wolverine
Fishhook
Bench Lake
Hart L.
Kennedy L.
Wolf L.
Memory
Nikiasm L.
Little Susitna River
Granite Creek
Sheep Creek
Sheep Valley
Chickaloon
Matanuska Valley
Matanuska River
Alaska Railroad
Seward Meridian
Little Susitna Road House
Bulldog Mtn
Gold Cr
Lucky Gulch
Summit Lake
Scenic Creek
Canyon Creek
Burma Creek
Moose Creek
Wishbone L.
Scenic L.
Ruby L.
Clarity Lakes
VABM 4157 Wolverine
VABM 4702 Broomie


MAP FOR PROPOSAL B
Recreation Corridor:
TALKEETNA MOUNTAINS PARK
HATCHER PASS RECREATION AREA
EXCLUDED
Kashwitna River
North Fork
KASHWITNA RIVER
Willow Creek
Little Willow Creek
Peters Creek
Parches
Iron Creek
Caribou Creek
Archangel Creek
Barthoff Creek
Montana Peak
Idaho Peak
Granite Peak
Eska Mtn
Red Mtn
Sheep Valley
Chain Lakes
Ruby L.
Arkose Ridge
Bald Mtn Ridge
Govt Peak
Little Susitna River
Jonesville
Wishbone Hill
Wishbone L.
Seventeenmile L.
Sutton
Eska
Pinnacle Mtn
Moose Creek
Wolverine
Wolverine Lake
Kennedy L.
Wolf L.
Hart L.
Bench Lake
Houston
Deception Creek
Sheep
SEWARD MERIDIAN
RAILROAD
MATANUSKA VALLEY
Susitna River

Testimony of James J. Hurley

Commissioner of the Joint Federal-State Land Use Planning Commission for Alaska.

To the House of Representatives Resources Committee for the Alaska Legislature on HB 185, an Act Expanding Denali State Park.

April 5, 1975

Mr. Chairman, and members of the Committee. My name is James Hurley. In behalf of the Federal-State Land Use Planning Commission for Alaska, I want to thank you for inviting me to testify before your committee on HB 185. I am one of the five gubernatorial appointees to the Commission and am currently serving as a Commission representative on the Mt. McKinley Cooperative Planning and Management Committee.

The Federal-State Land Use Planning Commission recommended development for recreation use, sites and facilities along the southern boundary of the d-2 lands withdrawn around Mt. McKinley. The proposed addition to Denali State Park is within the area considered by the Commission in making that recommendation. The Commission staff find that the area proposed for addition has the following qualities:

1. The terrain is suitable for development of public overnight facilities. It contains sites from which Sydney Lawrence painted his famous landscapes of Mt. McKinley. Lowlands of the area, along the Tokositna River, are the foreground to the scenic mountains north and northeast as viewed from the Peters and Dutch Hills.

2. The area is a relatively short distance from an existing road. About 10 miles of new road would be required to reach the area from the existing Petersville Road.

3. The area is about 10 miles south of an excellent site for viewing and interpreting the Mt. McKinley massif and glaciers.

4. The upland terrain of the proposed addition is suitable for hiking.

5. The area is an integral part of the middle and upper Tokositna River drainage. The river in its middle and lower reaches lies within Denali State Park and its proposed addition. Float boating on the Tokositna River is feasible.

The proposed extension to Denali State Park is under study as part of the Mt. McKinley Cooperative Planning and Management Zone. The Mt. McKinley Cooperative Planning and Management Committee is composed of individuals who are responsible for managing Federal, State, and Borough lands, which as outlined on the attached map, involve those foreground and threshhold lands surrounding Mt. McKinley. They have joined together with the Federal-State Land Use Planning Commission to talk about their agency activities and plans for the Mt. McKinley area. Their cooperative effort is intended to eliminate the conflicts and costly duplication in planning and development of the area by formulating a plan for everyone to follow. Such a plan will enhance and protect the various resources and values of the land and make the area more enjoyable for visitors, residents, and landowners.

The Committee meets approximately once every month in the Commission offices in Anchorage. Meetings in the Mt. McKinley area are also held to obtain public comments and ideas. Announcements about the Committee meeting dates and location are published in the newspaper and broadcast on the radio.

Four subcommittees have been formed by the Mt. McKinley Committee to gather the information that is needed to help them make their decisions and plans. The subcommittees are: (1) Nonrenewable Resources, (2) Renewable Resources, (3) Recreation, and (4) Land Use. They will identify current uses, potential use conflicts, and means of assuring compatibility of uses.

The objective of the Committee is to develop recommendations and foster agreements between the Federal government and the State of Alaska, with the cooperation and understanding of the Boroughs and private citizens, that will protect the land from abuse, and will facilitate the use of the land in a coordinated manner.

This Committee does not possess any authority to remove rights or take land from private landowners, but rather will seek to integrally involve private citizens in a coordinated planning and management process.

The planning group expects to make recommendations later this year as to which areas are most suitable or valuable for recreation, mining, community expansion, etc. The Committee will further address the feasibility of a major recreational development, similar to the McKinley Recreation City proposed last year by Senator Mike Gravel.

In closing, I want to thank you for the opportunity to appear here today. If you have any questions, I will be pleased to respond to them.

SIGN IN FOR ~~TESTIMONY~~ TO BE HEARD

Palmer

1 — Helen Nienhueser	Alaska Center for the Environment	913 W 6th, Anchorage 99501
2 — John Baeboe	6511	Carlas Court, Anch, 99504
3 — Pat Heller	Box 405	Wasilla, Alaska 99687
4 — Marie Betts	Box 14	Wasilla, Alaska 99687
5 — L.R Johnson	SRA Box 156	Palmer Alaska 99645
6 — Jim Barbeau	Talkeetna Alaska	
7 — Ed Ellis	SR Box 2338	Wasilla, AK
8 — Ben Wattum	Box 787	Palmer Ak.
9 — JIM HURLEY	BOX 157 WASILLA	Fed-State Land Use Planning Comm.
10 — R. Mellis	Box 4944	Wasilla 99687
11 — ROCKY FRANK	STAR RT 'B' BOX 516	PALMER
12 — Noel W. Wood	MATANUSKA Valley	Sportsmen Box 829 Palmer
13 C.E. FURBUSH	ST. RT. A BOX #1,	PALMER AK
14 M. L. Brundage	Box 325,	Palmer, Alaska
15 — JIM VICKARYOUS	SRA BOX 91	PALMER, ALASKA
16 HARRY LOCKWOOD	BX335	PALMER ALASKA 99645
17 — Harry Hill	Bx 766	Palmer, AK 99645
— ROBERT RISLEY	SRA Box 148-B	PALMEAR 99645
Day Frank	START B Box 516	Palmer 99645
— Joyce Macbeth	Box 10224	Mc H. St. Anch. AK 99502
— H. T. ROACH	DRAWER AH,	PALMER, 99645
— JESS WERNER	STAR RTA Box 110	PALMER 99645

TESTIFY LIST Palmer

WARREN WERNER	ST. RT B BOX 156 C Palmer AK
~~WEY DOWE~~	~~MatSu Boro~~
W. W. Mitchell	Inst. Agric Sci - Palmer, AK.
~~John D Bush~~	CTark Wolverine Rd ~~Palmer~~ AK
~~A.L. Benshaw~~	Alaska Miners Assoc.
XRalyn J. Hanson	Palmer City Council Palmer
~~Leo E Harris~~	~~Property owner Ind. Min Resort~~
XMary Lou Briggs	Mat Su Assembly
~~EDWARD SE. NEWBURY~~	BOX 5-880 PALMER
Arthur J. Kreiter	Alaska Pacific Consolidated Mining Co.
Pam + Bo Dearborn	STA Box 72 Palmer, AK. 99645

Anchorage

HATCHER PASS RECREATION AREA
- HOUSE RESOURCES COMMITTEE -

	Name	Address	TESTIFY YES	NO
1	Helen Nienhueser		✓	
2	~~John Beebe~~		✓	
3	Richard Alman		✓	
4	Pam Stevens		✓	
5	R. L. Engelbach	7813 Arlene st. Anchorage		✓
6	DAVE CLINE	BOX 1445 M, SRA ANCH.	✓	
7	Charles D. Evans	Box 1621 SRA	✓	
8	Dale Bondurant		✓	
9	John A. Growe	3307 E 5th Ave		✓
10	Dan Renshaw		✓	
11	John Jacobsen	700 46th Place Anch	✓	
12	[illegible]			NO
13	William A Burgess	141 Jelinek Pl. Anc.		No
14	Arthur J. Hunter	2809 W Northern Lights	✓	
15	HAP WIELITZER,	BOX 1145, ANCH. AK.		
16	Perry Pat Brudie,	SRA Box 241, 99507	✓	
17	Pete Scholes,	115 W 15th Ave. Anchorage	✓	
18	A. L. Renshaw, Jr.	1850 Wickersham Dr.	Anch	(No)
19	Kelly Renshaw,	1850 Wickersham Dr.	Anch.	(No)

Anchorage

– (1)	Alaska Conservation Society, Upper Cook Inlet Chapter (Geo. Dicksa	
– (2)	Sportsmen's Game Pres	Dale Bondurant
– 3	Willow Creek Mines Inc	Dan Renshaw
	Gold Cord Development Corp.	"
–	Richard Alman	Self
–	Charles D. Evans	Mountaineering Club of Alaska.
–	CHARLES H. ILIFF	SELF
–	ALICE L. ILIFF	Self
–	Mary Pat Budic	self
–	PAT GENET – ALASKA Mountain Guide	
–	Amy Paige	self
–	Sally Gibert	self
–	Bob Childers	self

File

Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

BOROUGH ASSEMBLY

April 23, 1975

Resources Committee
House of Representatives
Pouch V
Juneau, Alaska

Re: HB 232

Gentlemen:

When the public hearing was held in Palmer on HB 232, there was considerable objection to the establishment of the Hatcher Pass Recreation Area. As a result of these objections, and objections voiced at Borough Assembly meetings, the Borough Assembly adopted the enclosed resolution opposing HB 232.

Please consider this resolution when making any recommendations on this bill.

Thank you for your assistance to the residents of this area.

Yours truly,

Evelyn Thompson

Borough Clerk

Enc.

Introduced by: M. Briggs
Subject: HB 232 - Hatcher Pass
Amended: 4-15-75

MATANUSKA-SUSITNA BOROUGH

RESOLUTION SERIAL NO. 75-30

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH OPPOSING HB 232 CREATING HATCHER PASS STATE PARK.

WHEREAS, HB 232 proposes the creation of a Hatcher Pass State Park encompassing 250 sq. miles of the Borough, including agricultural or potential agricultural land; and

WHEREAS, testimony before the House Resources Committee at its hearing in Palmer on April 5, 1975, brought out potential conflicts with mining and agriculture; and

WHEREAS, the majority of the testimony was opposed to the creation of the park as proposed by HB 232;

NOW THEREFORE, BE IT RESOLVED by the Assembly of the Matanuska-Susitna Borough that:

1. The Borough Assembly hereby rescinds Resolution No. 74-20,
2. The Borough Assembly opposes the passage of HB 232,
3. The Borough Assembly favors State management of a corridor along Hatcher Pass Road, to the vicinity of Independence Mine, improvement and maintenance of said road and contruction of parking areas.

PASSED AND APPROVED by the Borough Assembly of the Matanuska-Susitna Borough this 15th day of April, 1975.

Ronald L. Larson
Borough Mayor

ATTEST:

Evelyn Thompson
Borough Clerk

(SEAL)

March 8, 1975

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99801

Dear Representative Anderson:

I am writing regarding HB 232 which has been refered to the Resources Committee. This bill proposes to create the Hatcher Pass State Recreation Area. As a park professional with many years of park planning experience, I cannot allow this bill to come before you without pointing out its fallacies and inherent problems.

This bill is based on a study performed under contract. The contractors, in my opinion, were completely inexperienced in park planning and thoroughly incompetent in this field. A Feasibility Study should have been made to determine the merits and problems of the area where a recreation area is to be created. This was not done. Instead the first line of their report on page 1 states "The purpose of this study was to prepare a long range master plan for future development of recreation area encompassing the former mining area in the Talkeetna Mountains known as Hatcher Pass." In other words, they assumed it would be created and never considered the pros and cons of such action. If a feasibility study had been made of a larger area, I am sure some of the lands described in HB 232 would not have been recommended for management within the park system.

This area has over 73 parcels of private ownership, 15 parcels of borough selected lands, 3 federal power project withdrawals within which fee simple title of the land will not go to the state, 4 grazing leases, 71 inactive mining claims which can be activated by doing some assessment work, and 26 active mining claims with assessment work up to date. This array of inholdings and conflicting interests is as great as all such conflicts in our million acre park system. Inholdings are the bane of park managers, Law and regulation enforcement becomes impossible without marked boundaries on all inholdings. The park manager gets blamed for all adverse actions affecting private property and its use. The state could become liable for allowing attractive dangers to exist within the area such as mine shafts, rotten and falling buildings, etc.

In addition, no one has given any thought as to what would happen if any of the mining activity resumed. The road system is inadequate to handle the recreational traffic found there on a nice summer day now. How could industrial traffic be added without a problem of great magnitude. This area is one of the most highly mineralized sites in south central Alaska. Why must it be chosen as an area of conflict and future troubles when the state has over a million acres of the same types of land selected to the north and east which is almost free of inholdings, mining claims, and other problems.

I beg of you to request a feasibility study of this whole state selection before taking action on HB 232. In my opinion, Hatcher Pass should be give a Resource Management Classification by the Division of Lands to insure state retention and permit multiple use of the area including recreation, mining, grazing, hunting, and all the other potentials. If this is deemed not desirable, then one and one half townships in the far SW corner south of the Willow Creek Road should be designated a Willow Creek Recreation Area and developed primarily for motorized recreation.

Sincerely,

R. K. Alman

Richard K. Alman
1514 Marten Street
Anchorage, Alaska 99504

John Colberg, Jr.
Chairman of the Board

Ralph A. Johnson
President

File

COOK INLET

CIRI

REGION, INC.

May 2, 1975

Mr. Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Nels:

Cook Inlet Region, Inc. will have no objections to the Hatcher Pass State Park, as long as the Native selections are excluded andl if the wording of the Act is changed so that the owners of land along the highway are not restricted in use any more than the owners of land along any other highway.

Sincerely,

COOK INLET REGION, INC.

By _____
President

RAJ:bf
cc: Alaska State Senate
Resource Committee

1211 W. 27th • ANCHORAGE, ALASKA • 99503 • PHONE 274-8638

HB

241

"An Act relating to the operation of fishing gear."

3/3/75

COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker: Date 3-31-75

The Committee on RESOURCES has had HB 241 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob A Anderson

Mike Hershberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob A Anderson, Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources committee

To: Amend HOUSE BILL No. HB 241

SENATE BILL No. _____

PAGE: 1 LINE: 15

Delete the words

"Some portion of"



Alaska House of Representatives

HUGH MALONE

POUCH V
JUNEAU
99801

—

P. O. BOX 9
KENAI
99611

M E M O R A N D U M

TO: Mr. John Elliott
Executive Director
Legislative Affairs Agency

February 24, 1975

FROM: Hugh Malone
Chairman
House Finance Committee

SUBJECT: Corrective Amendment AS 16.05.540 and AS 16.05.670(e)

Attached is a recent District Court Decision providing for a narrow interpretation of the Statutes regulating the operation of fishing gear. In my opinion the Court interpretation of the Statutes is too narrowly drawn, however, a strict interpretation of the Statutes might also be the same result on appeal. It is my belief that the Legislature intended that the gear license holder be present at the operation of fishing and that it take place under his direct charge and supervision. I am sure that the Legislature did not intend that the gear license operator had to have his hand on the net every time his helper did. Therefore I would request that you prepare corrective Amendments to the above Statutes, which would make very clear that the legislative intent is that the gear license holder must be present at the fishing site or on the boat during the operation of fishing and the gear operation take place under his supervision and control. I would appreciate having this bill as soon as possible. Thank you.

Attachment

HM:kfs

LAW OFFICES OF
HAHN, JEWELL & STANFILL

A. ROBERT HAHN, JR.
ALLEN L. JEWELL
STAN D. STANFILL

542 WEST SECOND AVENUE
ANCHORAGE, ALASKA 99501
TELEPHONE 279-1544

HOMER, ALASKA
TELEPHONE 235-8709

KENAI, ALASKA
TELEPHONE 283-7759

October 1, 1974

Mr. Marvin Eppes
2751 N. Crosby Road
Oak Harbor, Washington 98277

Dear Marvin:

I today received and enclose for your examination the memorandum opinion by Judge Nicholas in your set net cases. As you can see, the court has taken the position that all persons holding licenses must be present at and physically assist in all operations of the fishery from the time the net is put into the water until its taken out. I believe that the position he has taken is an extremely strict interpretation of the statutes and might very well be open to amendment either by the legislature here in Alaska or in a higher court proceeding.

I talked with Judge Nicholas today and he indicated to me that he would really like to see the case appealed to a higher court and I got the impression that his initial opinion took a very narrow position as to "assistance" under the statutes in hopes that the matter would be appealed to a higher court. The Judge was extremely friendly in his conversation and indicated that he was grateful to the parties for proceeding as they had and getting all of the evidence on the record. All of which is, of course, small comfort in view of the fact that we felt that our position was correct and it is disappointing to have the court adopt such a restrictive definition of assistance.

The Judge told me that he would continue the matter for whatever period of time I needed to confer with you and possibly any other set net fishermen who might wish to combine their resources and challenge the decision. Thus, as you can see, the court is not treating the proceeding in any way as a criminal action, and is in fact eager to have the matter resolved at a higher level. The Judge indicated that he would ask only a very nominal fine

If you did not decide to press your appeal, such fine amounting to $50 each for you, Jim, and Dick. The case as to Tom Anderson was, as you know, dismissed so there would be no fine in that regard. I have enclosed a copy of the Order of Dismissal as to Tom so that you can provide him with a copy of same.

Obviously the cheapest and easiest way for you to go would be to pay the fine and let the matter drop. An appeal to a higher court would run at a minimum around $5,000 I'm sure before we got through. This would only be feasible if you could get up a joint effort with a number of other fishermen in the area. I would suggest that if you would consider an appeal, that you write to any of your friends who do fish the beach and ask them if they would be willing to contribute a certain amount to take the question of assistance up on appeal to a higher court. It would certainly appear to me that under the definition of assistance as rendered by the Kenai Judge, that it will be very difficult for other set net fishermen to remain strictly legal at all times. I would be delighted to handle the appeal as you well know, however, if it is the consensus of you and your fellow fishermen that some other attorney might do a better job, I will understand completely and will be only too happy to assist whoever is chosen for the task in his preparation with any information that I have as a result of handling the initial hearing.

It has been a real pleasure getting to know you and your fine family and we will definitely be looking forward to seeing you next spring. Please let me know as to your thinking with regard to the question of an appeal as soon as possible.

With warmest personal regards to you,

HAHN, JEWELL & STANFILL

A. Robert Hahn, Jr.

ARH/da
enclosure

IN THE DISTRICT COURT FOR THE STATE OF ALASKA

THIRD JUDICIAL DISTRICT

AT KENAI

STATE OF ALASKA,

Plaintiff,

vs.

MARVIN E. EPPES,

Defendant.

No. 74-10538 & 74-10636

MEMORANDUM OPINION

The statutes that the court is called upon to interpret are A.S. 16.05.540 and 16.05.670(e). The thrust of the two statutes as they pertain to the complaint at bar is two-pronged: (1) In order to operate a gill net one must have a license issued by the State; and (2) Such nets as are permitted by law may not be utilized unless the person to whom the nets are licensed operates or assists in the operation. It is the construction to be placed on the underlined language that will be taken up in this opinion.

Counsel for Defendant would have the Court rule that almost any single act required for gill net fishing would be a sufficient act for a person to be "assisting" in the operation of his set gill net. Using this rational if a person assisted in loading his nets into a boat, he need never be present while his nets were being fished by other person It is this Courts opinion that the Legislature put the words "or assists' for the simple reason of allowing the licensee the opportunity of having some other person assist him in the legal operation of his fish nets should this become necessary.

First, the Court is called upon to define the word operation as it pertains to the use of gill nets. Or, more specifically, what activities are encompassed by the term and what activities are not to

be considered as part of the operation of the nets. The Court has been unable to find any cases that specifically define "operation" as it applies to fishing with nets. The word has been defined in general and non-specific terms: "operation" is doing some act or performance of some type of service, work, deed, production, creation or product of work". Sherman S.S. Corp. V. Snow, 222 F. Supp 892, 897 (Dist. Ct. Ore. 1963). It is quickly apparent that this definition does little to help us here. In Dale V. Saunders Bros., 157 N.Y.S. 1062, 171 App. Div. (1916) the Court dealt with the question of what was encompassed by the phrase "operation of a horse-drawn vehicle." The Court stated, at p. 1063, "the 'operation' of a vehicle drawn by horses, referred to in Workmen's Compensation Law.....as a hazardous employment is not confined merely to moving the vehicle, but relates to everthing incident to the employment, and includes the loading of a wagon with sand in the course of employment. (emphasis added). The rational of this holding may be readily applied to the statutes at issue here. The legislature obviously intended to restrict the use of the gill nets, to some degree, to those persons to whom the nets were licensed. For if this were not their purpose there would be no justification for either the statute or the language requiring the licensee to personally participate in the utilization of the nets. With this conclusion in hand and mindful of the language in Dale V. Saunder supra, the operation of a gill net should include all activities involved in (1) placing the nets in the water; (2) the periodic checking of the nets and all activities necessary to such checking, including but not necessarily limited to pulling up the nets for this purpose, removing any fish from the nets, and returning the nets to the water after such checking; and (3) removing the nets from the water after the period for gillnet fishing has ended. All of these activities should be performed by the person to whom the nets are licensed, or at least partly performed by him in the event that assistance is required. Conversely, none of these activities should be permitted without the participation of the licensee. Similarly, it should not be sufficient under the statute for

a licensee to direct from the shore any of the above mentioned activities when they are being undertaken by others in a boat; nor from a boat when the activities are being performed on shore.

By passage of the statute the legislature intended to restrict the use of gill nets to those in possession of a valid license. And the application for and acceptance of the license signifies an agreement by the licensee to abide by the statutes. For all of these reasons, and mindful of the general rule that criminal statutes are to be narrowly construed, the Court will consider a somewhat narrow construction of the word 'operation' to those activities directly related to gill net fishing.

In the same vein the Court will require, under the language of the statutes permitting a licensee to assist in the operation of the gear, the same type of affirmative conduct in furtherance of successful gill net fishing. In 1960 OP. Atty Gen No. 12, the attorney general stated that the licensee must assist in the operation of the licensed gear (nets). The presumption leaps out that active and affirmative participation in the utilization of the gill nets in accordance with the guidlines suggested above is required by the statute. The legislation was aimed at prohibiting one person from operating gill nets licensed to another and that is precisely the conduct engaged in by the defendant in this case.

In view of the above, it is the Courts opinion that a licensee must be present at, and physically assist, in all operations of gill net fishing, from the time the net is placed in the water, until it is removed from the water at the close of the fishing period; however, he may be assisted by any other person who is licensed as a commercial fisherman, should the need arise.

DATED this 24 day of September, 1974 at Kenai, Alaska.

MAGISTRATE

Feburuary 14, 1975

Governor Jay Hammond
Capitol Hill
Juneau, Alaska

Honorable Sir,

Cook Inlet Fisharmen's Fund members present at a Februrary 9, 1975 meeting strongly recommend that we start Cook Inlet on a minimum of a three (3) day (18 hour periods) a week fishery, as even a three day per week fishery is a test fishery.

This recommendation is made on the basis that there has never been adequate evidence that the type of closures that we have had helps build the salmon tuns. For example, the King Salmon and early Red Salmon closure for the past 13 years. (The Department of Fish & Game still doesn't know the strength of these runs.)

If on a three day per week fishery we find that any given stream still is lacking an adequate escapement, let us enhance this stream with the use of gravel incubators.

Another matter that we are all concerned with is the decision made by Magistrate Jess Nicholas last fall in regards to the case of State of Alaska vs. Marvin E. Eppes Case No. 74-10636 & 74-10538 defining what the word "assist" means in Section 16:05.540 'Limitation of Fishing' Gear Licenses in the Commercial Fishing Regulation book page 7.) Enclosed is a copy of the above case. Having fished before, you no doubt realize that legal gill net fishing will be virtually impossible under the above ruling.

We feel the Legislature should amend or change the wording to read: (Section 16:05.540 Limitations of Fishery - on issuance of Fishing gear licenses.) "Assist" shall be defined as being present on the location and helping with any portion of the operation. Any other licensed crew member may also operate or assist in the operation of the above said gear.

This is protection a family set Gill Net Unit must have; and can see where problems might also arise aboard a drift Gill netter.

Floyd Blossom
Floyd A Blossom
Cook Inlet Fishermen's Fund Representative

Enc. 2
copies to: W.I. Palmer - Executive Secretary
Clem Tillion - Senator
Representative - Hugh Malone
Representative - Leo Rhodes
Jim Reardon - Board of Fish & Game
James Brooks.- Comm. of Fish & Game

House Resource Committee
Nels A. Anderson, Jr - Chairman
Room 106 Capitol Bldg.
Meeting Time 8:00 a.m.

HOUSE RESOURCE COMMMITTEE SCHEDULE

March 31- HB #130 and HB 241

HB #130- An act relating to initial issuance of commercial fishing entry permits for Prince Williams Sound.

HB #241- An act relating to the operation of fishing gear.

April 2- HJR #13 and HB #312

HJR #13- Relating to the Perenosa timber sale of Afognak Island.

HB #312- Relating to King Crab marketing and control

April 4- HB #278 and HB #313

HB #278- Fishery Water Protection Reports

HB #313- Relating to interference with or pollution of water inhabited by fish or shellfish.

JOINT HOUSE-SENATE CONFIRMATION HEARINGS ON:

FISH AND GAME BOARD MEMBERS

April 8- Hearing on: Mr. Nick Gregory, Egegik; Mr. Nick Szabow, Kodiak; Mr. Darrell Farman, Anchorage;

2:00 p.m., Room 106 Capitol Bldg.

April 10- Hearing on: Mr. Burton Bliss, Wasilla; Mr. Gordon Jensen, Petersburg; Mr. Jim Beaton, Juneau; Mr. Clint Buckwaster, Sitka;

2:00 p.m., Room 106 Capitol Bldg.

HOUSE RESOURCES COMMITTEE REPORT

HB # ~~[illegible]~~ HB ~~[illegible]~~
241

A recent court case has interpreted AS 16.05.540. so restrictively as to require a gear licensee to actually have his hands on each net each time the net is placed, checked, and removed, during rather than just being present at the site of the immediate fishing operation while a crew member acted at his instruction. The original legislative intent was only to keep licenses from being operated by "remote control" from attown on shore or even from Seattle.

The current bill, including a minor amendment suggested by the sponsor, would instead require that the licensee be present "at the gear site and operating, assisting, or supervising the immediate fishing operation," which would more closely fit the original legislative intent and still take into account practical realities of commercial fishing.

HB

269

"An Act expanding the Battery Point State Recreation Area; and providing for an effective date."

COMMITTEE REPORT

3/6/75

HOUSE

Mr. Speaker: Date 3-20-75

The Committee on Resources has had HB 269 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 269 AND THAT CS FOR HB 269 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

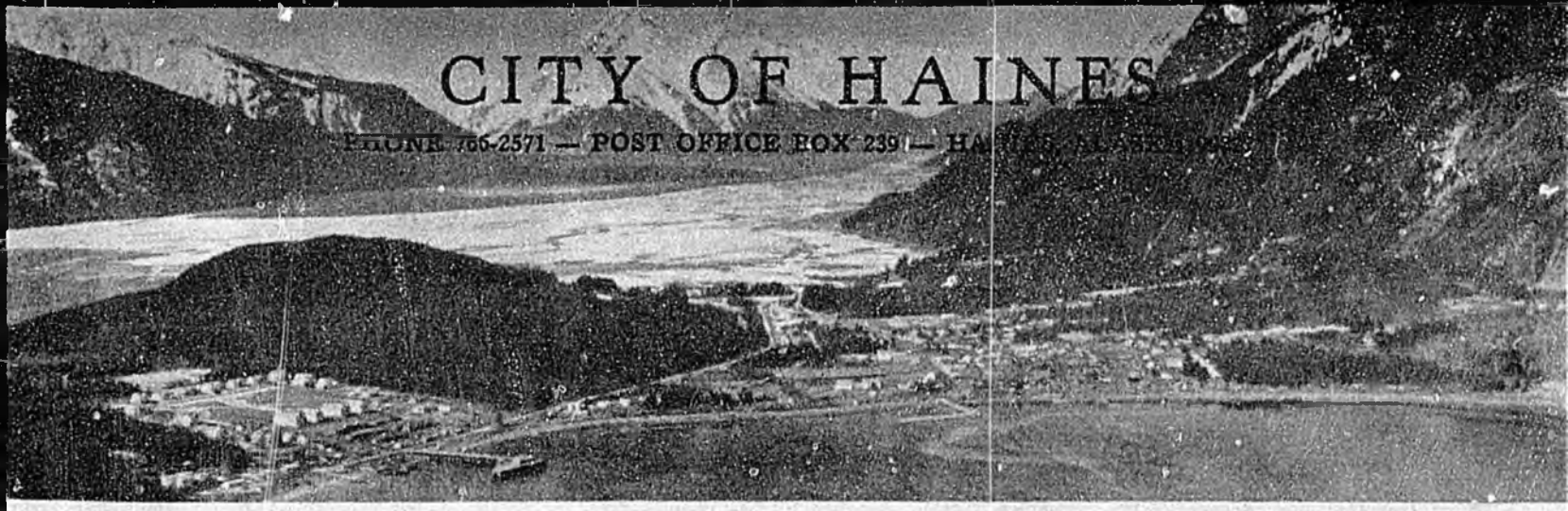
_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman



March 19, 1975

Mr. Guy Van Doren
Legislative Assistant
State Capitol Building
Pouch V
Juneau, Alaska 99801

Dear Mr. Van Doren:

In reference to our telephone conference today and your request for clarification of City and Borough Council preferences for naming the State Park development on the Chilkat Peninsula south of Haines

Please be advised that the primary intent was that the name of the development on the peninsula be called "Chilkat State Park."

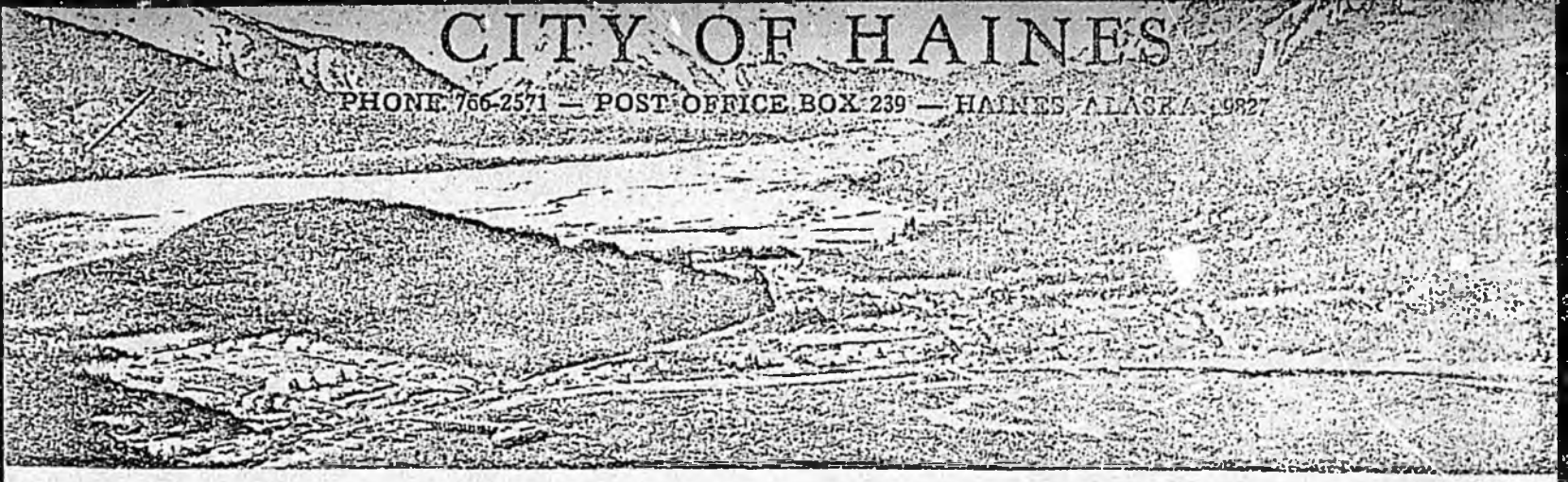
Other contending names were: "Batter[illegible]int State Park," and "Battery Point Recreation Area" (as per the [illegible]ginal proposal). The use of the Battery Point name is not distinctive but seemed to State Parks personnel to eliminate confusion between the proposed Park and the overall proposed "Chilkat Recreation District," which would encompass all State parks and recreation development Borough-wide.

Please keep us informed of the progress of your work, especially in the event you require additional information to finalize the text of the bill. Mr. Chuck Horner of Haines assisted State Parks with recent re-evaluation of their development concepts in the Haines Area, and he will be contracted to assist with research and planning leading to finalization of the State Park development program. He would be an excellent source of additonal information.

Yours truly,

David Y. Nanney

David Y. Nanney
Administration & Planning Officer



March 12, 1975

Mr. Hilton Wolfe
Southeast Director
Division of Parks and Recreation
Department of Natural Resources
Pouch M
Juneau, Alaska 99801

Dear Hilton:

Enclosed please find resolutions pertaining to the Haines Area parks and recreation development presently under discussion in the Legislature. The resolutions represent the unanimous opinion of both the City Council and Borough Assembly.

The representatives of the community are aware that the development of additional parks and recreation facilities in this area will provide increased environmental protection during the high use period of the summer tourist season, and will provide the much needed economic advantage of a potential year-round visitor activity.

Yours truly,

David Y. Nanney

David Y. Nanney
Administration & Planning Officer

Enclosures

DEPARTMENT OF
NATURAL RESOURCES

MAR 14 1975

RECEIVED
JUNEAU, ALASKA

RESOLUTION NO. 135

RESOLUTION OF THE HAINES BOROUGH ON THE USE OF THE NAME "CHILKAT" IN CONNECTION WITH STATE PARKS AND RECREATION DEVELOPMENT, AND IN SUPPORT OF THE "CHILKAT STATE PARK" AND "CHILKAT STATE RECREATION DISTRICT" CONCEPTS

WHEREAS, The Haines Borough Assembly has participated extensively in public hearings on the matter of State Parks development in the Haines Area, and

WHEREAS, The Borough has demonstrated its interest in parks and recreation development by the recent construction of trails in the proposed Battery Point Recreation Area in full cooperation with the State Division of Parks, and the State Highway Department; and

WHEREAS, Further parks and recreation development will serve the vital public needs by providing adequate facilities for the large influx of summer visitors, providing recreation areas for Alaskan users, and will directly benefit the Haines Area economically, and

WHEREAS, The name "Chilkat" is well established as the historical name for many of the geographic features in the region and is the name of the native Alaskan tribal group which achieved great recognition during its era of ascendancy.

THEREFORE BE IT RESOLVED THAT:

1) The Haines Borough Assembly supports the use of the name "Chilkat State Park" for the proposed Battery Point Recreation Area on the Chilkat Peninsula south of the City of Haines.

2) The Governor of the State of Alaska officially proclaim the Chilkat State Park into existence as authorized by the Legislature of the State of Alaska.

3) The Assembly supports the use of the name "Chilkat State Recreation District" for all Parks development Borough-wide to include trail corridors, and expanded facilities in selected areas of special use, scenic and/or historic interest.

4) The Borough supports all efforts by the Legislative and Executive Branchs of the State government, and personnel of the State Division of Parks to firmly establish State Parks and Recreation facilities in appropriate areas of the Borough.

5) The Haines Borough shall continue to coordinate with State authorities in terms of Borough participation in development of Parks and Recreation Areas in-so-far as Borough resources are available.

Copies of this Resolution shall be sent to the direct political representatives of the Haines Borough in the State government, the State Division of Parks, and the Office of the Governor.

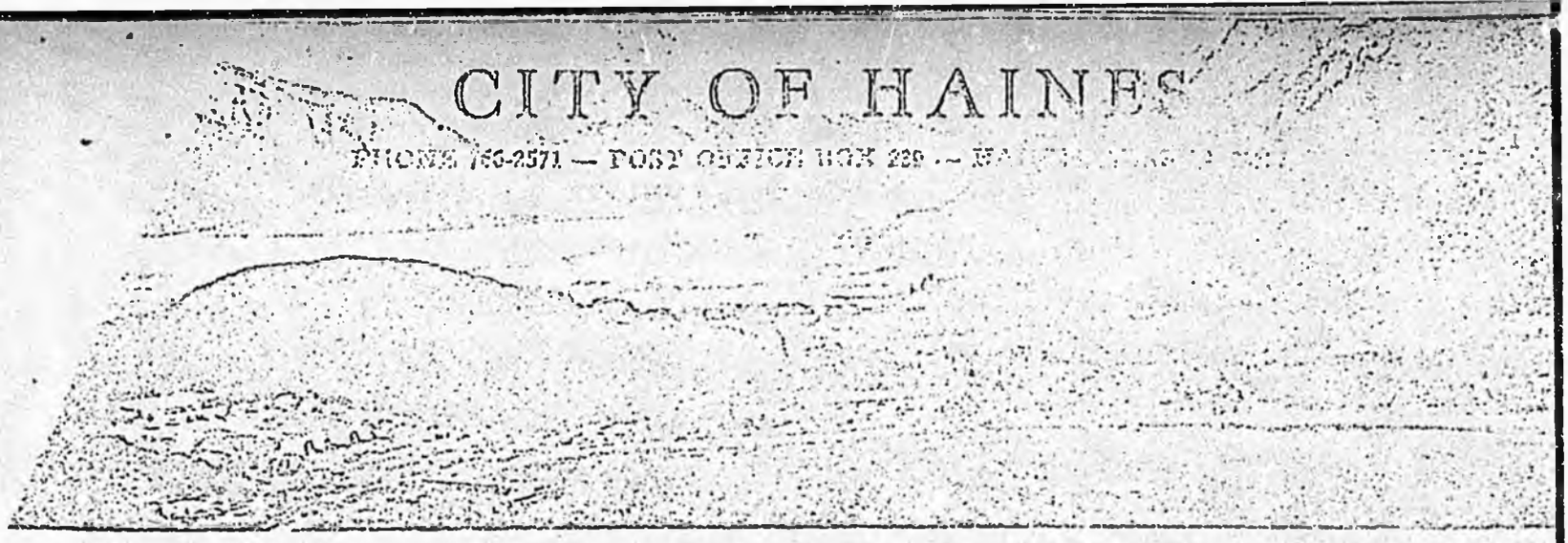
DATED: March 4, 1975

HAINES BOROUGH

BY: Raymond R Menaker
RAYMOND MENAKER, MAYOR

ATTEST: Vera B. Smith
CLERK

SEAL



CITY OF HAINES

PHONE 766-2571 — POST OFFICE BOX 229 — HAINES, ALASKA 99827

RESOLUTION NO. 31075

RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF HAINES ON THE USE OF THE NAME "CHILKAT" IN CONNECTION WITH STATE PARKS AND RECREATION DEVELOPMENT, AND IN SUPPORT OF THE "CHILKAT STATE PARK" AND "CHILKAT STATE RECREATION DISTRICT" CONCEPTS.

WHEREAS, There have been several public hearings on the matter of State Parks development in the Haines Area, and

WHEREAS, Further parks and recreation development will serve vital public needs by providing adequate facilities for the large influx of summer visitors, providing recreation areas for Alaskan users, and will directly benefit the Haines Area economically, and

WHEREAS, The name "Chilkat" is well established as the historical name for many of the geophysical features in the region and is the name of the native Alaskan tribal group which achieved great prominance during its era of ascendancy, and

WHEREAS, The City of Haines has a special interest in ensuring that proposed City Parks and Recreation Facilities are coordinated with State of Alaska proposals of similar facilities;

THEREFORE BE IT RESOLVED THAT:

1) The Common Council of the City of Haines supports the use of the name "Chilkat State Park" for the proposed Battery Point Recreation Area on the Chilkat Peninsula south of the City.

2) The Council supports the use of the name "Chilkat State Recreation District" for all Parks and Recreation development in the Haines Region.

3) The Council desires that City of Haines Parks and Recreation proposals be integrated into State planning in-so-far as there is mutual benefit, specifically the development of: Port Chilkoot facilities for tourist information, museum, and recreation purposes; an area owned by the City along the waterfront for the preservation of a historic cemetary site and the provision of park facilities for tourists and local use; and the development of a small park and picnic area on State land overlooking the waterfront and located in the NE 1/4 of Sec. 26, T30S, R59E, C.R.M. and which is adjacent to the existing Mt. Ripinski Trail.

4) The Council supports Legislative and Executive Branch action which will finalize the establishment of the proposed Battery Point Recreation Area (Chilkat State Park).

COPIES of this resolution shall be sent to the direct political representatives of the City, the Office of the Governor, and the State of Alaska Division of Parks.

Willard B. Sele, Mayor

CERTIFICATE

I, ANNETTE G. VIERTEL, being the duly appointed and acting City Clerk of the City of Haines, Alaska, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Common Council of the City of Haines on the 10th day of March, 1975. Said resolution was adopted at a meeting which was properly called and held.

Clerk, City of Haines

HAINES CHAMBER OF COMMERCE

Haines, Alaska 99827

NORTHERN GATEWAY TO THE ALASKA MARINE HIGHWAY

HOME OF THE FAMOUS CHILKAT DANCERS

March 18, 1975

Ms. Kay Torzy, Planner
Division of Parks
Dept. of Natural Resources
323 E. 4th St
Anchorage, Alaska 99501

Dear Ms. Torzy:

The Haines Chamber of Comerce requests a visit from you for a joint meeting with the Haines City Council, the Haines Borough and members of the Chamber of Commerce to provide us with the advantages offered by BOR and the development of the Haines area as to parks, recreation areas and trails.

Mr. Neal Johansen and Hilton Wolf have visited us several times and we hope to see them back in support of the HB to establish a recreation area in the Haines Borough. We certainly want to thank the Division for supporting our views and desires.

We believe a visit from you would be a great help. Please advise if this is possible. We have an advisory committee set up to aid the Division of Parks, the makeup of which is the undersigned Charles Horner, Elisabeth Hakkinen (Historian), Paul Swift, an outdoorsman. We are also seeking a Tlinget Indian person to join the committee, or possibly a High School senior. Mr. Horner is a very knowledgeable person in trails and camping activities, both as a civic leader and as a professional in the field of guided tours et al.

May we hear from you on the matter?

Sincerely,

HAINES CHAMBER OF COMMERCE

Carl W. Heinmiller, Chairman
Resources Committee

cc: Larry Talbert, Gov. Office
Bob Weeden, State Planning
Hilton Wolf, Div of Parks, Juneau

Chuck Horner
Co-Chairman

CWH/g

HAINES CHAMBER OF COMMERCE

Haines, Alaska 99827

NORTHERN GATEWAY TO THE ALASKA MARINE HIGHWAY

HOME OF THE FAMOUS CHILKAT DANCERS

March 19 1975

The Hon. Nels Anderson, Chairman
Natural Resources Committee
of the House
Pouch V
Juneau, Alaska 99801

Dear Mr. Chairman:

In action taken by the Haines Chamber of Commerce the City and Borough of Haines and the Haines Camp of the Alaska Native Brotherhood and Sisterhood, it is desired that the name for the proposed recreation area be "Chilkat State Park" We definitely desire the use of the name "Chilkat" and want "Park" status.

All the proposed boundaries exclude any private property owners and/or fishing camp sites, of which there is only one at the very southern end of the proposed park. Access to the southern expansion area will go through private property, but again, the State is assured of free access

We appreciate your consideration of this action

Sincerely,

HAINES CHAMBER OF COMMERCE

Carl W. Heinmiller Chairman
Resources Committee

CWH/g

ROBERT W. HIATT
PRESIDENT

UNIVERSITY OF ALASKA
OFFICE OF THE PRESIDENT
FAIRBANKS, ALASKA 99701

March 19, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
State of Alaska
Juneau, Alaska

Dear Representative Nels Anderson:

Reference is made to House Bill 269, an act expanding the Battery Point State Recreation Area.

The land area described by the above act includes 480 acres of University of Alaska Trust land. If this act is to pass, we would like to see provisions included for the compensation for the land to be paid into our permanent trust fund. The present act as written does not respond to this problem. Another alternative that might be tried would be the inclusion of instructions to the Division of Lands of the Department of Natural Resources to trade the University for a like acreage in some other area where we could derive some income in future years.

Should there be a hearing on this matter, we would be pleased to present testimony.

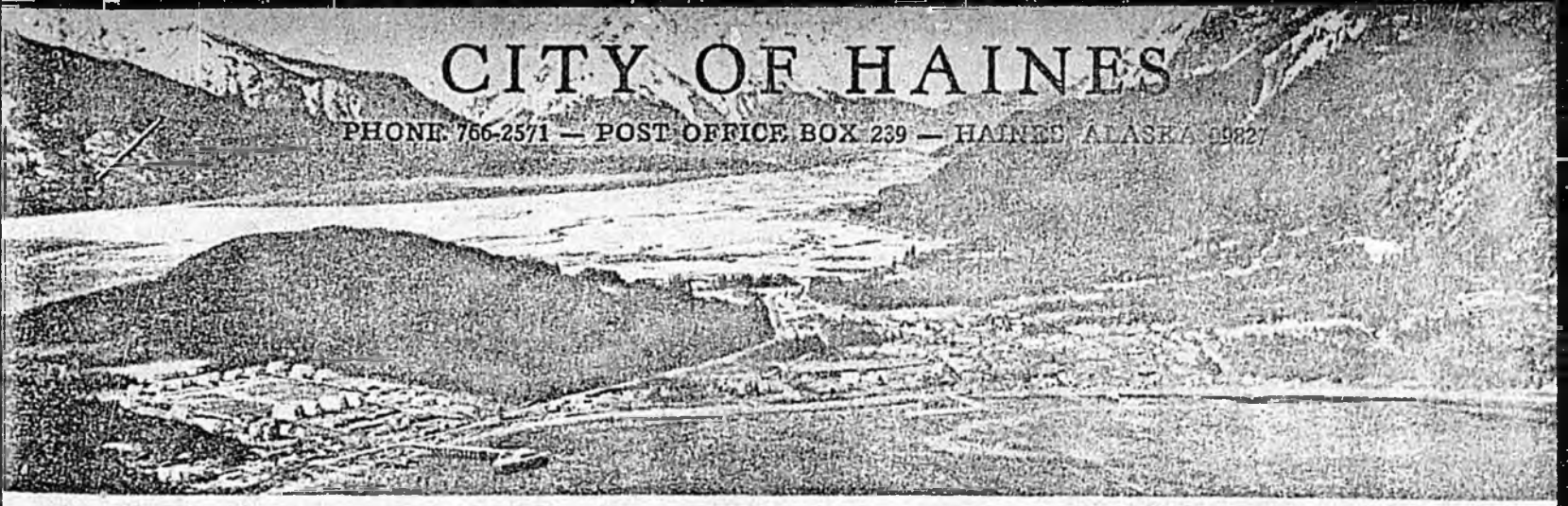
Sincerely,

Bob

Robert W. Hiatt
President

RWH:dm

cc: Al George
Director, Land Management, U of Alaska



March 12, 1975

Mr. Hilton Wolfe
Southeast Director
Division of Parks and Recreation
Department of Natural Resources
Pouch M
Juneau, Alaska 99801

Dear Hilton:

Enclosed please find resolutions pertaining to the Haines Area parks and recreation development presently under discussion in the Legislature. The resolutions represent the unanimous opinion of both the City Council and Borough Assembly.

The representatives of the community are aware that the development of additional parks and recreation facilities in this area will provide increased environmental protection during the high use period of the summer tourist season, and will provide the much needed economic advantage of a potential year-round visitor activity.

Yours truly,

David Y. Nanney

David Y. Nanney
Administration & Planning Officer

Enclosures

DEPARTMENT OF
NATURAL RESOURCES

MAR 14 1975

RECEIVED
JUNEAU, ALASKA

RESOLUTION NO. 135

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4) The Borough supports all efforts by the Legislative and Executive Branchs of the State government, and personnel of the State Division of Parks to firmly establish State Parks and Recreation facilities in appropriate areas of the Borough.

5) The Haines Borough shall continue to coordinate with State authorities in terms of Borough participation in development of Parks and Recreation Areas in-so-far as Borough resources are available.

Copies of this Resolution shall be sent to the direct political representatives of the Haines Borough in the State government, the State Division of Parks, and the Office of the Governor.

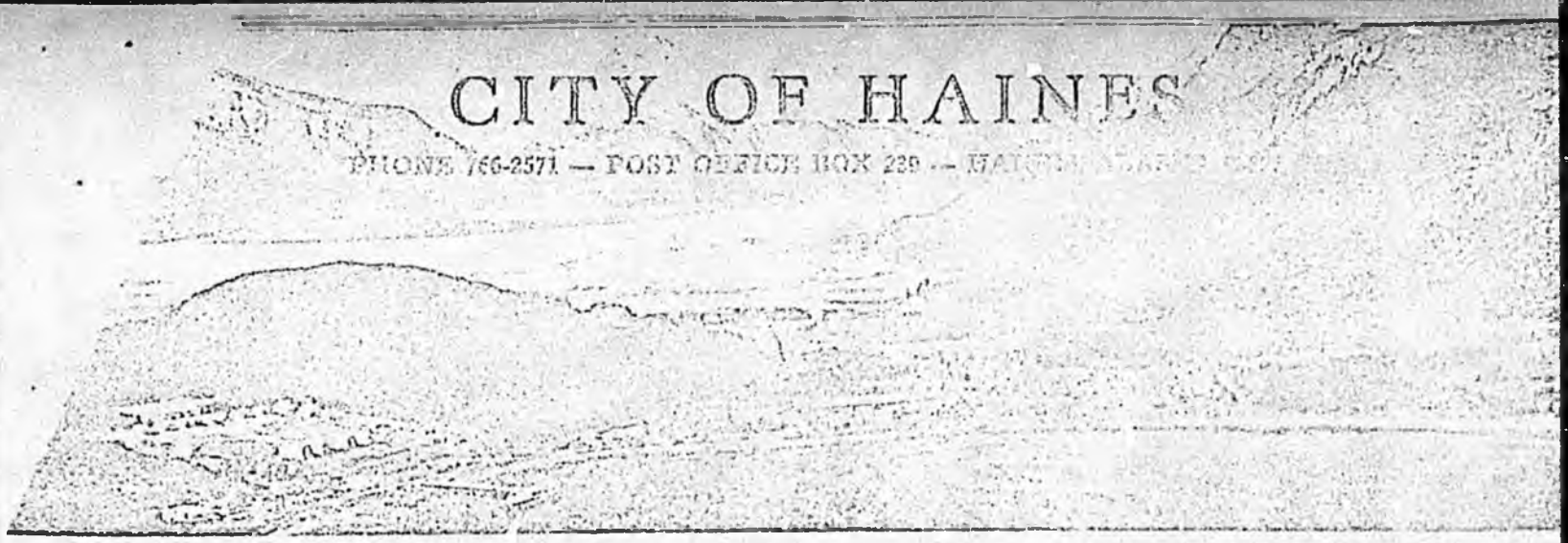
DATED: March 4, 1975

HAINES BOROUGH

BY: Raymond R Menaker
RAYMOND MENAKER, MAYOR

ATTEST: Vera B. Smith
CLERK

SEAL



RESOLUTION NO. 31075

RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF HAINES ON THE USE OF THE NAME "CHILKAT" IN CONNECTION WITH STATE PARKS AND RECREATION DEVELOPMENT, AND IN SUPPORT OF THE "CHILKAT STATE PARK" AND "CHILKAT STATE RECREATION DISTRICT" CONCEPTS.

WHEREAS, There have been several public hearings on the matter of State Parks development in the Haines Area, and

WHEREAS, Further parks and recreation development will serve vital public needs by providing adequate facilities for the large influx of summer visitors, providing recreation areas for Alaskan users, and will directly benefit the Haines Area economically, and

WHEREAS, The name "Chilkat" is well established as the historical name for many of the geophysical features in the region and is the name of the native Alaskan tribal group which achieved great prominance during its era of ascendancy, and

WHEREAS, The City of Haines has a special interest in ensuring that proposed City Parks and Recreation Facilities are coordinated with State of Alaska proposals of similar facilities;

THEREFORE BE IT RESOLVED THAT:

1) The Common Council of the City of Haines supports the use of the name "Chilkat State Park" for the proposed Battery Point Recreation Area on the Chilkat Peninsula south of the City.

2) The Council supports the use of the name "Chilkat State Recreation District" for all Parks and Recreation development in the Haines Region.

3) The Council desires that City of Haines Parks and Recreation proposals be integrated into State planning in-so-far as there is mutual benefit, specifically the development of: Port Chilkoot facilities for tourist information, museum, and recreation purposes; an area owned by the City along the waterfront for the preservation of a historic cemetary site and the provision of park facilities for tourists and local use; and the development of a small park and picnic area on State land overlooking the waterfront and located in the NW 1/4 of Sec. 26, T30S, R59E, C.R.M. and which is adjacent to the existing Mt. Ripinski Trail.

4) The Council supports Legislative and Executive Branch action which will finalize the establishment of the proposed Battery Point Recreation Area (Chilkat State Park).

COPIES of this resolution shall be sent to the direct political representatives of the City, the Office of the Governor, and the State of Alaska Division of Parks.

Willard B. Sele, Mayor

CERTIFICATE

I, ANNETTE G. VIERTEL, being the duly appointed and acting City Clerk of the City of Haines, Alaska, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Common Council of the City of Haines on the 10th day of March, 1975. Said resolution was adopted at a meeting which was properly called and held.

Clerk, City of Haines

HB
278

MEMORANDUM State of Alaska

TO: Honorable Jay S. Hammond
Governor

DATE: February 6, 1975

FILE NO:

TELEPHONE NO:

FROM: James W. Brooks
Commissioner
Department of Fish and Game

SUBJECT: Applicability of AS 16.05.870 (Protection of Anadromous Fish Streams) on certain Federal lands.

Recent developments on several fronts have caused us great concern re: the applicability of AS 16.05.870 (Protection of Anadromous Fish Streams) on certain Federal lands. This statute is the backbone of our efforts to protect fish and wildlife habitat from harmful effects of development. In recent weeks our authority to protect designated anadromous fish streams has been denied, specifically or by implication, (1) on National Forest lands (2) within the Alyeska Pipeline Corridor and (3) on Petroleum Reserve Number Four. Non-compliance with AS 16 provisions in these areas could cause very significant degradation of fish and wildlife resources and set a dangerous precedent for the rest of the Federal lands in Alaska, as well as (by extension) in OCS areas.

The specifics of the problem in the three areas are summarized below. It has been difficult to get written statements from responsible Federal officials, but their words and actions make it plain that they are reluctant to recognize our AS 16 authority.

(1) National Forest Lands: The US Forest Service has never formally acknowledged our permitting authority on National Forest lands, but has in the past been at least grudgingly cooperative in our efforts to insure that logging complied with AS 16,05,870. The Leo Nelson Case, involving Starrigavan Creek (a catalogued anadromous fish stream) seems to have changed this spirit, however. We have a January 16, 1975 Forest Service memorandum which says in part:

> "ADF&G feels that we must obtain permits for any activity that affects salmon streams. However, until they win their appeal in the Starrigavan Case, the Forest Service does not feel their permits are required. The decision in the Starrigavan Case recognizes the supremacy of Federal law and the Forest Service's direction from Congress and the Secretary of Agriculture over State law."

(nb: This case was brought under AS 16.10.010.)

(2) Alyeska Pipeline Corridor: General Rollins, Authorized Officer (Secretary Morton's representative) for the Alyeska Pipeline Project has refused to acknowledge that AS 16 permits are required for stream crossings by the pipeline on Federal lands. He refuses to attach our permits to his "Notices to Proceed", and reportedly counsels Alyeska that they do not need such permits. We have informed General Rollins through Chuck Champion that AS 16 applies to all catalogued streams on Federal, State or private lands, but he has not replied directly.

(3) Petroleum Reserve Number Four: Commander Schaeffer (USN), in charge of the massive exploration now beginning in Petroleum Reserve Number Four, has totally refused to cooperate when apprised of our concerns re: fish and wildlife values Pet. 4. In August 1974, we expressed our intention to regulate air cushion vehicle use on Pet. 4 under AS 16. He termed our concerns "ridiculous" and stated his belief that we had no authority whatever within the boundaries of Pet. 4. In fact, he requested that we inform him before any of our employees entered Pet. 4. He has failed to respond to a letter sent to him in September suggesting a meeting and cooperative agreement. The situation in Pet. 4 is especially troublesome because Federal agencies charged with wildlife protection (notably BLM and USF&WS) have been conspicuously absent. In addition to significant fish habitat, Pet. 4 contains not only the calving grounds for our largest caribou herd, but the world's largest concentration of Tundra Peregrine Falcons (classified "endangered" by State and Federal regulations), and the densest concentration of moose north of the Kenai Peninsula. Our concern is thus very great.

We would like to resolve the question of State vs Federal control over streams on Federal lands as quickly as possible.

Resolution could come in two ways:

1. through agreement between the State and the Department of the Interior, Department of Agriculture and Department of Defense.

2. Through litigation

Several Federal laws require Federal agencies to coordinate activities with State agencies. Among these are the Fish and Wildlife Coordination Act (revised 1965), the Federal Water Pollution Control Act (revised 1972), and (in the special case of the Alyeska Pipeline) the Cooperative Agreement on fish and wildlife resources between Secretary Morton and Governor Egan. We feel that these laws, especially in concert with NEPA, require a degree of compliance with AS 16. In addition, State ownership of navigable waters and the principles of State sovereignty argue for compliance. In light of these facts, it is difficult to imagine that the Secretaries in question could refuse to acknowledge our authority.

If no agreement is possible, we could orchestrate a test case in any of these areas to secure a court determination. In fact, it is likely we will have several cases on our hands quite soon if we enforce AS 16.05.870 vigorously the next few months.

We are taking the following steps in pursuit of this matter:

1. We have written to Charles Yates (Regional Forester, USFS), General Rollins and Commander Schaefer, explaining our concerns and asking for statements describing their ideas regarding AS 16 on lands under their jurisdiction.

2. We have instructed our field personnel to cite any violations of AS 16 they observe on these lands.

STATE OF ALASKA
DEPARTMENT OF FISH AND GAME
OFFICE OF THE COMMISSIONER
SUBPORT BUILDING
JUNEAU 99801
JAY S. HAMMOND, Governor

February 8, 1975

Lieutenant Commander Schaefer
Officer in Charge
Naval Petroleum Reserve No.4
Barrow, Alaska 99723

Dear Commander Schaefer:

I am quite concerned that exploratory activities beginning in Petroleum Reserve No.4 may not be thoroughly considering fish and wildlife values in their planning and implementation. Certainly it will benefit the Navy as well as the resources involved if exploration activities are carried out in a manner resulting in a minimum of disturbance to fish and wildlife habitat, and my staff is prepared to give you every assistance they can in insuring that this is the case.

Involvement of knowledgable biologists should be especially helpful since no environmental impact statement has been prepared for the exploration of Pet.4, pursuant to the National Environmental Policy Act.

Alaska Statute 16.05.870 requires the following on all lands in Alaska:

> "(b) If a person or governmental agency desires to construct a hydraulic project, or use, divert, obstruct, pollute or change the natural flow or bed of a specified river, lake or stream, or to use wheeled, tracked, or excavating equipment or log-dragging equipment in the bed of a specified river, lake or stream, the person or governmental agency shall notify the commissioner of this intention before the beginning of the construction or use.
>
> (c) The commissioner shall acknowledge receipt of the notice by return air mail. If the commissioner determines to do so, he shall, in the letter of acknowledgement, require the person or governmental agency to submit to him full plans and specifications of the proposed construction or work, complete plans and specifications for the proper protection of fish and game in connection with the construction or work, or in connection with the use, and the approximate date the construction, work, or use will begin, and shall require the person or governmental agency to obtain written approval from him as to the sufficiency of the plans or specifications before the proposed construction or use is begun."

I note that several major rivers (including the Colville, Kugrua, Kungok, Ivasaruk, and others) and their tributaries are "specified" rivers listed in our official Anadromous Fish Stream Catalog. I hope that you will urge your men and contractors to contact us as long before a projected stream crossing as possible, so that we might help insure compliance with this statute.

I am sure you are also aware of the relevance of the Fish and Wildlife Coordination Act (PL 89-72) and the Water Pollution Control Act (PL 92-500), as well as the National Environmental Policy Act, to your present operations in Pet.4.

I would appreciate your early reply concerning suggestions of how we might help you and your contractors comply with AS 16 provisions.

Sincerely,

James W. Brooks
Commissioner

cc: Honorable John W. Warner,
Secretary of the Navy

DEPARTMENT OF THE NAVY
OFFICER IN CHARGE
NAVAL PETROLEUM RESERVE NO. 4
BARROW, ALASKA 99723

PET4:S:s
5760
Ser: 073
21 FEB 1975

James W. Brooks, C issioner
State of Alaska
Department of Fish and Game
Subport Building
Juneau, Alaska 99801

Dear Mr. Brooks:

I have received and reviewed your letter of February 10, wherein you expressed concern over the effects our petroleum exploration program might have on the wildlife habitat. We share your concern and appreciate your offer of assistance in evaluating specific plans.

We presently have no plans calling for use of the beds of any of the streams mentioned in your letter. It is planned that any freight movements will be made during winter months when the surface of all bodies of water are safely frozen.

It would be appreciated if you will send a complete listing of the "specified" rivers in Naval Petroleum Reserve No. 4 listed in your official Anadromous Fish Stream Catalog, or a copy of the catalog itself.

Sincerely,

R. V. Shafer, P. E.
LCDR, CEC, USN
Officer in Charge

Copy to:
DIRNAVPETRES, Wash DC (w/cy of Commissioner Brooks' letter)

HABITAT
RECEIVED
MAR 5 1975
HEADQUARTERS
JUNEAU

OFFICE
OFFICE
RECEIVED
MAR 3 1975
DEPARTMENT OF FISH AND GAME

STATE OF ALASKA
DEPARTMENT OF FISH AND GAME
OFFICE OF THE COMMISSIONER
SUBPORT BUILDING
JUNEAU 99801
JAY S. HAMMOND, Governor

February 8, 1975

General Andrew Rollins
Authorized Officer
Alaska Pipeline Office
808 "E" Street
Anchorage, Alaska 99501.

Dear General Rollins:

I am concerned about your apparent decision not to include permits and stipulations under AS 16.05.870 as parts of your Notices to Proceed, when Alyeska projects involve designated anadromous fish streams. The agreement between Secretary Morton and Governor Egan regarding cooperative consideration of fish and wildlife during pipeline monitoring seems to direct us to administer jointly all State and Federal regulations where fish and wildlife are concerned.

I would appreciate your early reply explaining why AS 16.05.870 provisions might be excluded from your Notices to Proceed.

Sincerely,

James W. Brooks
Commissioner

cc: Chuck Champion

STATE
of ALASKA

MEMORANDUM

TO: Commissioner James Brooks
Department of Fish and Game

DATE: February 26, 1975

FILE NO:

FROM: C. A. Champion
State Pipeline Coordinator

SUBJECT: Meeting Notes

Attached, for your information, is a memo by Jay Bergstrand of notes he took during a recent meeting regarding General Rollins' problems with Alaska Statute 16.

CAC/pb

attachment

STATE OF ALASKA

MEMORANDUM

TO: C. A. Champion

DATE: February 21, 1975

FILE NO:

FROM: J. L. Bergstrand

SUBJECT:

Alyeska Pipeline office?

A meeting was called by Andy Rollins at 3:00 p.m. February 20. In attendance were Jim Hemming, Al Carson and myself.

Gen. Rollins was concerned about the letter written by Commissioner Jim Brooks on February 10, and received today. Rollins apparently had never seen the Hydraulics Specification Addendum, which the JFWAT had been sending to APO along with their advices on fish and game concerns.

He did say that he wanted to go along with ADF&G statutory needs and that the HCA would be included if the wording on the cover letter made it clear that it was ADF&G action. He did point out that he was concerned over the State attempting to extend its jurisdiction over areas which it did not have authority. Federal Solicitors would be meeting with State A. G. people within 48 hours to clarify the Federal position on this and other similar matters. He also pointed out the recent decision by the State to drop its appeal of a recent court decision which was favorable to the Forest Service (This action in southeast was ADF&G concern over logging practices on salmon streams.) Rollins asked me how the SPCO was handling the HSA and I explained how we included it within the NTP package but not over the Coordinators signature.

Rollins pointed out that his decision to include the HSA in the NTP would not be setting any precedence for accepting State Authority on the Federal lands involved.

State Pipeline Coordinators Office

Notice to Proceed

Hydraulic Specification Addendum

02-001

STATE OF ALASKA
DEPARTMENT OF FISH AND GAME
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

SUBPORT BUILDING
JUNEAU 99801

February 8, 1975

Mr. Charles Yates
Regional Forester
US Forest Service
709 West 9th Street
Juneau, Alaska 99801

Dear Mr. Yates:

We have a memorandum to "Files" from a US Forest Service Resource Management Assistant that says in part:

> "ADF&G feels that we must obtain permits for any activity that affects salmon streams. However, until they win their appeal in the Starrigavan case, the Forest Service does not feel that permits are required. The decision in the Starrigavan case recognizes the supremacy of Federal law and the Forest Service's direction from Congress and the Secretary of Agriculture over State law."

If this is Forest Service policy, it is important that we know it so we might act accordingly. I would appreciate your early reply regarding Forest Service policy on the applicability of AS 16 on Forest Service lands.

Sincerely,

James W. Brooks
Commissioner

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

1560
2600

Mr. James W. Brooks, Commissioner
Alaska Department of Fish and Game
Subport Building
Juneau, Alaska 99801

Dear Jim:

This will acknowledge your letter of February 10, signed by Mr. Rosier, which refers to a memorandum to the files from one of our Resource Management Assistants. We have not seen the letter you refer to, do not know who wrote it, nor in what context it was written.

We presume the letter refers to a permit or license which would be obtained from the Department of Health and Welfare under AS 16.10.010 (3) before rendering water inaccessible or uninhabitable for salmon spawning or propagation purposes.

As you know, Jim, the Forest Service has never considered the need for permits for activities involving non-navigable streams on National Forest lands. To my knowledge we have not been asked to obtain such permits in the past. For one thing, we do not believe our activities are rendering waters "inaccessible or uninhabitable" since the precautions, developed in consultation with your staff, which we take are specifically designed to prevent that from happening.

We recognize, partially as a result of the Leo Nelson case, that our agencies do have differences in interpreting applicability of AS 16, and particularly AS 16.10 010. We hope most strongly that those differences will disappear through development of a mutual understanding and respect for each agency's goals and objectives in resource management. We intend that the requirements of our timber sales and other contracts provide the control necessary for the protection of the fishery values and water quality under the concept of multiple use management. We think that our proper enforcement of those requirements will accomplish the same objectives we believe AS 16 is intended to do.

We believe our best chance of establishing strong working relations between us will be through our professional people responsible for

managing the resources. It would be most unfortunate for both our agencies if we had to resolve our differences through legal disputes.

Some of our people will already have met, when you receive this letter, for the purpose of clarifying problem areas and recommending solutions. We will be most disappointed if they do not identify many opportunities for promoting understanding and developing management practices that better recognize the needs of all the resources. If they cannot do that, our troubles are more serious than we presently believe.

This letter skirts a direct confrontation over your question regarding AS 16. That was intentional and I hope my expressed thoughts explain why. We have not issued any policy direction to our field people that they will or will not obtain permits. We do not contemplate issuing such direction and certainly hope the approach of working together to provide the needed protection will be found to be the desirable way to go.

Sincerely,

Charley

C. A. YATES
Regional Forester

...SIONER'S OFFICE
...CEIVED
DEC 3 1975
... OF FISH AND GAME

02-001B (REV. 06-73)

MEMORANDUM State of Alaska

TO: Bob LeResche
Chief - Habitat Protection
Department of Fish and Game
Juneau

DATE: January 29, 1975

FILE NO:

TELEPHONE NO:

FROM: J. Scott Grundy
Regional Habitat Supervisor
Habitat Protection Section
Fairbanks

SUBJECT: Petroleum Reserve No. Four

As discussed, I am extremely disturbed about the lack of cooperation (total) we have received from Commander Shaefer who is the officer in charge of Pet. Four. Attached is a copy of the carbon of the letter sent to Shaefer last September. I did not receive a response. Prior to that occasion, I spoke with him at least once regarding the hovercraft operation and discussed our authority and concerns. He termed the events ridiculous.

Tom Trent recently informed me that approximately 150 miles of seismic line have been shot within Pet Four this winter and I know of at least two exploratory gas wells also being drilled this winter. GSI will soon shoot three programs in the area: one 70 to 75 miles south of Barrow near the Meade River; another, twenty miles southeast of Barrow down the western side of Admiralty Bay; and the third, about 15 miles southwest of Teshepuk Lake.

In my contacts with state and federal agencies all appear frustrated by the situation yet I believe none are really forcing the issue. Since this is occurring in my "kingdom" I believe I must know whether we do or do not have Title 16 authority in Pet Four. Unfortunately, we are limited because there are relatively few anadromous streams in Pet Four. I needn't explain the value of the area to fish and wildlife resources to you but since the area is nearly the size of the state of Indiana I don't see how we can overlook the situation.

Please advise Jim and I suggest we obtain an opinion from Attorney General Gross at the earliest possible date.

If in fact, we do have authority, I would prefer to see a unified state-federal pressure directed to the Washington level.

I see this as a priority item and would very much appreciate your earliest attention to this frustrating situation.

Enclosure

cc: G. Van Wyhe - SF Fairbanks
R. Regnart - CF Anchorage
R. Hinman - Game Fairbanks
P. Cizmich - Habitat Anchorage

HABITAT
RECEIVED
JAN 31 1975

HEADQUARTERS
JUNEAU

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSF OF POOR QUALITY OF THE ORIGINAL..

1300 College Road

September 3, 1974

Lt. Commander Schaefer
Officer in Charge
Naval Petroleum Reserve No. 4
Barrow, Alaska

Dear Lt. Commander Schaefer:

As agreed in our conversation of August 28, 1974 attached is a copy of pertinent portions of Alaska Statutes Title 16 which explain the authority of the Commissioner of the Department of Fish and Game over the fish and wildlife resources in Alaska. There are several drainages within Petroleum Reserve No. 4 classified as anadromous such as the Colville, Nugrua, Kungok, Ivisaruk, Kuk, Avak, etc. A new printing of the anadromous stream catalog will be available in the near future and I will be certain you receive a copy.

I am sorry for the confusion that has developed regarding the use of the air cushion vehicle in the Umiat area, but I do not believe the confusion was the fault of this department.

I am by way of a copy of this letter alerting the supervisors within this region of our department of your request that you be notified prior to our conducting any business within the boundaries of the Petroleum Reserve.

I am looking forward to meeting you in the near future and suggest we develop a memorandum of understanding to assure proper coordination and cooperation.

Sincerely,

J. Scott Grundy
Regional Habitat Supervisor

Enclosure

cc: R. Hinman - Game Fairbanks
G. Van Wyhe - Sport Fish Fairbanks
R. Regnart - Commercial Fish Anchorage
M. Smith - Habitat Juneau

JSG:tj

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

KA

T16

REPLY TO 2430 Commercial Timber Sales

January 16, 1975

SUBJECT: Communications with ADF&G

TO: Files

We apparently have a bad communications problem with ADF&G. Maybe the scheduled meeting with ADF&G will help.

In my original memo of 9/26/74, I asked for recommendations on protective requirements necessary to prevent logging damage to Exchange Creek and outlined the manner in which we were planning to log the unit at that time. On October 23, we received a letter from ADF&G opposing this unit for fisheries reasons. The specific comments were made without visiting the stream and unit, and were unrealistic, solvable, or based on misconceptions. In an October 23 memo, Dennis Blankenbeckler recommended that the Exchange Creek unit and unit 17-6 not be logged because they violate the wildlife guidelines.

On November 6, Dennis Blankenbeckler, Fred Harnisch, Dave Loggy, Bradley Brahy from ADF&G and I visited the Exchange Creek unit. Brahy recommended; 1) no YUM yarding, 2) remove trees felled into the creek immediately after cutting, 3) grass seed any stream bank damage, 4) flag natural windfalls to be removed, 5) cut the unit in June. These recommendations are realistic and would have been followed.

When we were at Exchange Creek, Don Koenig suggested that we also look at three proposed bridge crossings, which we did. Brahy recommended that long stringers be used on one stream and that all bridges be built in June if possible. The June construction date for all bridges would be impossible to meet, but the recommendations were realistic.

In two November 8 memos, Don Siedelman and Bob Wood made recommendations concerning the Exchange Creek unit. Siedelman recommended that trees be lined away from the creek, falling and yarding take place between May 1 and May 15, and that if windthrow need to be pulled from the creek, it be done between the above dates. These recommendations were also realistic, although the time period is a little short to complete yarding. Bob Wood recommended that the Exchange Creek unit not be logged on the Cove side of the road, since this area is especially critical

for wildlife. I was prepared to accept this recommendation, however, when I discovered that I was mistaken on the exact location of the road and it was just barely inside the upper end of the appraised unit, I decided to defer this unit, and it will not be logged during this operating period.

The recommendations of individual ADF&G staff specialists are realistic, however, when we get composite recommendations, unrealistic and impractical stipulations are received. In a December 10 ADF&G letter, they stipulated, regarding the Exchange Creek unit, that a leave strip be left to prevent disturbance of the erosive stream banks and that there be no YUM yarding. Dave Loggy did not feel that the stream banks were especially erosive and they are still confusing YUM yarding with stream cleanup. Brahy, the only ADF&G man who has recently visited Exchange Creek, felt that some stream cleanup would be beneficial and suggested that the natural windthrow to be removed be flagged. Regarding the bridge crossings, they recommended that construction occur only in June and that no encroachment occur upon the stream or flood channels. The June timing is impossible unless the bridges were built in two separate construction season. The no encroachment stipulation would require 200-foot bridge stringers on one crossing.

In a December 30 memo, Dennis Blankenbeckler attempted to clarify the situation. He also stated that he did not believe that the adverse effects would be any more severein April or May than in June.

ADF&G's January 8 response to Dennis Blankenbeckler's memo confuses the situation even more. Here they stated that their December 10 letter referred only to the Exchange Creek unit and the Exchange Creek bridge crossing. They said that "since we have been informed through other sources that this crossing has already been built", they considered it a mute point to continue discussing the Exchange Creek crossing. The Exchange Creek bridge was built last spring, and Bradley Brahy visited it on November 6. Fred Harnisch informs me that the Exchange Creek crossing was visited by Roger Lanse, our fisheries biologist at that time, and that he coordinated with ADF&G concerning the crossing. Regarding the three bridge crossings, ADF&G stipulated: 1) construction in July only, 2) No equipment in the stream at any time, 3) no encroachment upon the stream or flood channel, and 4) stringers long enough on crossing #1 to avoid encroaching upon the stream bank. It is impossible to build these bridges under these stipulations. Equipment must cross the stream to build the abutment on the other side. All bridges cannot be built in July or any other month. There are approximately 50 road crossings a year on fish streams in the Ketchikan Area and the construction

dates cannot be realistically contained between specific dates, except under certain circumstances.

As stated earlier, the Exchange Creek unit 17-16 will be deferred. The restrictions on these bridge crossings will be 1) Regulation 71 will be followed, 2) the bridge at crossing #1, Nahanni Creek, Station 102+50, will have a minimum of 70-foot stringers, 3) construction will occur between April 1 and July 31, and 4) the bridge abutments will not constrict the stream channel on any of the fish streams.

ADF&G feels that we must obtain permits for any activity that affects salmon streams. However, until they win their appeal in the Starrigaven case, the Forest Service does not feel that permits are required. The decision in the Starrigaven case recognizes the supremacy of Federal law and the Forest Service's direction from Congress and the Secretary of Agriculture over State law. Recognizing the volume of correspondence, ADF&G's concern over these creeks, and the fact that my release does not follow their permit, we may expect that Owens Drilling will be cited by the State under Title 16 when they build these bridges.

REX BAUMBACK
Resource Management Assistant

Attachments

cc: Harnisch
Chelstad
Wilson
Blankenbeckler
Baumback
Kocmick
Ehernberger

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

January 20, 1976

1560

Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

At the January 15 hearings on House Bills 278 and 313, when asked if there were any comments from the floor, Bob Tracy from my office pointed out that we previously had been asked for comment on these two bills and had replied by letter dated April 28, 1975.

Our position as stated at that time remains unchanged. We are certain that other avenues open to us for cooperative effort with State government are far preferable in achieving protection of streams on National Forest lands.

Bob Tracy also indicated our support for a strong Forest Practices Act to provide protection of streams on State and private lands. We think this is extremely important.

In the event our correspondence sent to you last spring is not readily available, I'm taking the liberty of enclosing copies.

We appreciate the interest you and your committee continue to show for the wise use of natural resources in Alaska. We are anxious to provide any assistance possible in your deliberations.

Sincerely,

C. A. Yates

C. A. YATES
Regional Forester

Enclosures

cc: House Resources Committee Members

RV

file

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P. O. Box 1628, Juneau, Alaska 99802

1560

APR 28 1975

Honorable Nels A. Anderson, Jr.
House Resources Committee
Alaska Legislature
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Mr. Anderson:

During Resource Committee hearings on State of Alaska House Bill 313, you requested Bob Tracy to comment for the Forest Service. Although he was prepared to do so, he did not testify due to the tabling of the bill. You also asked that he testify when hearings were held on H. B. 278. Those have not yet been rescheduled.

Because Forest Service management of National Forests was a major topic during the hearing, we are anxious that you and the Resources Committee members understand our view regarding both House Bills 313 and 278. Also we want to respond to some of the points that came up in discussing the bill. We hope this is helpful to you in deliberating these or other bills that may have a bearing on National Forest management. We have enclosed a copy of the letter we had expected to use as testimony at the H. B. 313 hearing.

The following speaks to points of discussion brought up during the hearing of H. B. 313.

Commissioner Brooks indicated that H. B. 313 was aimed at water pollution prevention since it was thought that the Federal Government would be required to comply with pollution prevention laws. Through the Federal Water Pollution Control Act and Presidential Executive Order 11752, we are required to meet State water quality standards developed in conformance with Environmental Protection Agency guidelines. Alaska's water quality standards are embodied in Title 18, Chapter 70 and do conform to EPA guidelines. The State standards are incorporated into our Forest Service Manual as direction to our field people. Executive Order 11752 clearly indicates that we are to comply with the standards but we are not to be bound by State administrative procedures, which H. B. 313 would attempt to do.

Commissioner Brooks was misinformed in stating to you that timber industry people laid out the boundaries of cutting units on National Forest lands subject to Forest Service approval. This was more or less true at one time on our long-term sales, but has never been true on the short-term sale program. This was always done entirely by the Forest Service. We now do the entire job on the Ketchikan Pulp Company long-term sale and are rapidly

acquiring the entire job on the Alaska Lumber and Pulp Company sale. Even on that sale, Company work is merely in accordance with what the Forest Service prescribes. The Committee should also know that Commissioner Brooks on March 20, 1975, before the Forest Practices Committee of the Alaska Loggers Association, stated that logging was not the cause of the depletion in the salmon runs, it was over-fishing.

The Commissioner made reference to having seen a Forest Service letter from someone other than the Regional Forester regarding Forest Service jurisdictional attitude. He stated a copy could be made available to your committee. We do not know what letter he means but believe it may be the same as one the Department inquired about recently. On the chance that it may be, we are enclosing a copy of the ADF&G inquiry and our reply. We have heard nothing further on it. We hope you will find our response positive and in a spirit of cooperation. We are not defiant of State authority but when it seriously conflicts with Federal authorities we simply cannot abrogate our management responsibilities.

One of the reasons given in support of H. B. 313 was that control over mining activity was needed. We point out that new Mining Regulations applicable to National Forest lands were adopted by the Secretary of Agriculture and have been in effect since last September. Among other things, these regulations require submission of an operating plan and approval by the Forest Service for any mining operation which will cause significant surface disturbance. We believe we have adequate control.

One last point is with regard to considerable criticism of National Forest logging activity. We acknowledge a number of past violations. In fact we can compile quite a list of them. However, we do not believe this should be allowed to obscure the many good practices and good results there have been over the years. We also think it important to recognize recent changes made in cutting policies and administrative capabilities which we have developed to give added protection to other resource values. It will take a few years before these are very noticeable but they are in effect right now. Our staffing has increased greatly in the last year, specifically to enable us to do a better job of managing the resource activities, particularly timber harvest. We have taken strong steps to correct mistakes. Our timber sale contracts have teeth with which we can and intend to enforce good practices

We believe the wise use and protection of our natural resources is the aim of the State of Alaska, just as it is the aim of the Forest Service. We think a spirit of close cooperation and trust must be fostered between the two levels of government if the citizens of Alaska and the nation are to be properly represented. It is our desire to develop such an atmosphere of cooperation and trust.

We thank you for the opportunity to comment on these bills.

Sincerely,

C. A. YATES
Regional Forester

c

RV

P.O. Box 1628, Juneau, Alaska 99802

1560
2600

February 28, 1975

Mr. James W. Brooks, Commissioner
Alaska Department of Fish and Game
Subport Building
Juneau, Alaska 99801

Dear Jim:

This will acknowledge your letter of February 10, signed by Mr. Rosier, which refers to a memorandum to the files from one of our Resource Management Assistants. We have not seen the letter you refer to, do not know who wrote it, nor in what context it was written.

We presume the letter refers to a permit or license which would be obtained from the Department of Health and Welfare under AS 16.10.010 (3) before rendering water inaccessible or uninhabitable for salmon spawning or propagation purposes.

As you know, Jim, the Forest Service has never considered the need for permits for activities involving non-navigable streams on National Forest lands. To my knowledge we have not been asked to obtain such permits in the past. For one thing, we do not believe our activities are rendering waters "inaccessible or uninhabitable" since the precautions, developed in consultation with your staff, which we take are specifically designed to prevent that from happening.

We recognize, partially as a result of the Leo Nelson case, that our agencies do have differences in interpreting applicability of AS 16, and particularly AS 16.10.010. We hope most strongly that those differences will disappear through development of a mutual understanding and respect for each agency's goals and objectives in resource management. We intend that the requirements of our timber sales and other contracts provide the control necessary for the protection of the fishery values and water quality under the concept of multiple use management. We think that our proper enforcement of those requirements will accomplish the same objectives we believe AS 16 is intended to do.

We believe our best chance of establishing strong working relations between us will be through our professional people responsible for

managing the resources. It would be most unfortunate for both our agencies if we had to resolve our differences through legal disputes.

Some of our people will already have met, when you receive this letter, for the purpose of clarifying problem areas and recommending solutions. We will be most disappointed if they do not identify many opportunities for promoting understanding and developing management practices that better recognize the needs of all the resources. If they can not do that, our troubles are more serious than we presently believe.

This letter skirts a direct confrontation over your question regarding AS 16. That was intentional and I hope my expressed thoughts explain why. We have not issued any policy direction to our field people that they will or will not obtain permits. We do not contemplate issuing such direction and certainly hope the approach of working together to provide the needed protection will be found to be the desirable way to go.

Sincerely,

C. A. YATES

C. A. YATES
Regional Forester

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

SUBPORT BUILDING
JUNEAU 99801

February 10, 1975

Mr. Charles Yates
Regional Forester
US Forest Service
709 West 9th Street
Juneau, Alaska 99801

Dear Mr. Yates:

We have a memorandum to "Files" from a US Forest Service Resource Management Assistant that says in part:

> "ADF&G feels that we must obtain permits for any activity that affects salmon streams. However, until they win their appeal in the Starrigavan case, the Forest Service does not feel that permits are required. The decision in the Starrigavan case recognizes the supremacy of Federal law and the Forest Service's direction from Congress and the Secretary of Agriculture over State law."

If this is Forest Service policy, it is important that we know it so we might act accordingly. I would appreciate your early reply regarding Forest Service policy on the applicability of AS 16 on Forest Service lands.

Sincerely,

James W. Brooks
Commissioner

STATE OF ALASKA

Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100

DEPARTMENT House

ATTENTION Resources

☐ Approval	☐ Note & Return
☐ Signature	☐ Initial & Return
☐ Comment	☐ Return As Requested
☐ Contact Me	☐ Return For Approval
☐ Prepare Reply	☐ Necessary Action
☐ For Your File	☐ Your Information

Remarks:

FROM:
MAIL STATION NUMBER 1100

DEPARTMENT Fish and Game

BY J. Morrison DATE 1-15-76

02-002 (REV.10/73)

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. House Bill No. 278
Title: An Act Requiring Fishery Protection Reports
Requested by: Guy VanDoren Date: 1-14-76
Return Date Requested: 1-14-76
Agency: Fish and Game Program: N.R.M. & E.C.

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Habitat Protection

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		65.5	23.2	23.2	23.2	23.2
200	TRAVEL		4.0	1.5	1.5	1.5	1.5
300	CONTRACTUAL		7.0	1.2	1.2	1.2	1.2
400	COMMODITIES		1.5	.5	.5	.5	.5
500	EQUIPMENT		.9				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		78.9	26.4	26.4	26.4	26.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		78.9	26.4	26.4	26.4	26.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1/ 3	1/	1 /	1/	1 /
MAN MONTHS (P./T.)	/	12/27	12/	12 /	12/	12 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY 77: Reflects one permanent bioligist II position plus 24 months of biologist I temporary time and three months of key punch operator time.

Contractual services are mainly publication cost.

Following years reflect one permanent biologist II position to maintain program.

IV. ATTACHMENTS

V. DATE: 1-15-76 PREPARED BY: John Palmes

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

TESTIMONY OF R. W. ALLINGTON FOR SEALASKA CORPORATION
CONCERNING H.B. 278 AND H.B. 313

Mr. Chairman and members of the House Resources Committee:

I am here today to testify at the request of John Borbridge, President of Sealaska Corporation, with respect to H.B. 278 and H.B. 313. These bills were introduced in the first session of the 9th legislature as a means of providing additional protection for our Alaska fisheries resource.

Sealaska Corporation, as you are aware, is the Native Regional Corporation for Southeast Alaska formed under the provisions of the Alaska Native Claims Settlement Act. As such we count many fishermen among our 15,000 plus shareowners. A number of these fishermen-shareowners also sit on the Board of Directors of the Corporation. Consequently, the Corporation is aware of, and sympethetic to, the problems presently facing the fishermen and the efforts of the State of Alaska in trying to protect this valuable natural resource.

The Corporation is quite sympathetic to the issues addressed in the subject legislation (H.B. 278 and H.B. 313). However, we feel that these bills are a "piece-meal" approach to the complex, involved problem insofar as forest lands are concerned, and as such is inconsistent with Governor Hammond's position as set forth in his State

of the State message which addressed the need for an integrated rather than piece-meal approach to resource legislation.

Sealaska Corporation as the prospective owner of 200,000 acres of private timber land, anticipates timber harvest operations on its lands which would be subject to the provisions of H.B. 278 and H.B. 313. Additionally, Sealaska Corporation will be subject to the provisions of the State Forest Practices Act which has been proposed by the Administration. As stated previously, the Corporation endorses the concept of fisheries protection, and also endorses the concept of a Forest Practices Act to ensure best current management practices insofar as forest resources are concerned. However, we are somewhat concerned at the prospect of multiple permit procedures which could result from a piece-meal approach to resource protection. Further, portions of the proposed Forest Practices Act as well as Section 208 of the Federal Water Pollution Control Act, address either directly, or indirectly through authority to promulgate regulations, most if not all of the resource protection issues addressed in H.B. 278 and H.B. 313. We believe that enactment of a "good" Forest Practices Act should among other things, establish insofar as possible, a "one-stop" notification and, if necessary, permit system so that timber operators and/or owners can minimize the governmental paper work required to conduct business. Sealaska

Corporation and other timber related companies should not be required to "bob and weave" through a maze of Departmental notification and permits in order to do business. Such a maze develops unintentionally when a piece-meal approach is taken as appears to be the case with H.B. 278 and H.B. 313. An integrated approach to resource protection can best be achieved through a comprehensive Forest Practices Act which, hopefully, would require only one contact with the State Forester for a timber operator and/or owner to manage his private timber lands in accordance with appropriate statutes and regulations.

Therefore, it appears to this timber related corporation that H.B. 278 and H.B. 313 should be tabled by the House Resources Committee until the proposed Forest Practices Act has been acted upon and we would urge this Committee to so act.

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

OUCH V
NEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
BETH O'DONNELL

PHONE: 465-3715
465-3781

House Resource Committee

HB 278

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

April 4, 1975

Commissioner Jim Brooks
Dept. of Fish and Game
Subport Building
Juneau,Alaska 99801

Dear Commissioner Brooks:

The House Resources Committee respectfully requests that documents and communication alluded to in testimony by Commissioner Brooks of the Dept. of Fish and Game, regarding the lack of authority of the State to require the Federal Government to adhere to Title 16 Alaska State Statutes. The communications specifically mentioned are from the Navel Officer in charge of Pet 4, General Rollins regarding Federal land within the pipeline corridor and communications from members of the U.S. Forest Service.

The committee feels that if these documents and communications are not forth-coming within the next seventy-two hours, the committee will be forced to take subpoena action.

Sincerely,

Nels A. Anderson, Jr.
Chairman-House Resource
Committee

NAA/bd

HB
297

"An Act relating to the oil and gas reserves ad valorem tax and its relationship to other oil and gas taxation; and providing for an effective date."

COMMITTEE REPORT

4/17/75 HOUSE FINANCE

Mr. Speaker: Date 4-21-75

The Committee on RESOURCES has had SSHB 297 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR SSHB 297 AND THAT CS FOR SSHB 297 ~~DO PASS~~ DO NOT PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AGO 547333

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S — JUNEAU 99801

April 10, 1975

The Honorable Richard I. Eliason
Alaska State Legislature
State Capitol
Juneau, Alaska

Dear Mr. Eliason:

During our presentation on Senate Bill 276 yesterday we distributed copies of a memorandum and fiscal note which I prepared on March 18, 1975. One of the attachments to that memorandum is a table indicating an example of how the credit provisions of the bill would work. You expressed interest in the far right-hand column titled "Cumulative Credit Balance." This column represents the amount of cumulative Ad Valorem Tax paid which has not been credited against severance taxes at the end of each fiscal year.

You asked that I calculate what the accumulated interest cost on this balance might be if it were borrowed at 8%. This would reflect the viewpoint of a taxpayer if he had to borrow the money to pay the tax. We should bear in mind, however, that the taxpayer would get a deduction on his Federal Income Tax Return for both the property tax and any interest expense. In effect, this means that the Federal government will actually pay part of the cost of both tax and interest. That proportion depends on the effective tax rate of the taxpayer. Since this varies from year to year and taxpayer to taxpayer, I have not attempted to calculate the net economic effect on the taxpayer of the tax and any interest expense he might incur in connection with it. I have, instead, calculated the gross interest based on the balances shown for each year on the attachment to my March 18 memo.

I have assumed that the balances would be drawn down from 1978 forward on a straight line basis so that the average between two year-end amounts is the amount on which interest would be paid. While this is not entirely accurate, it is quicker to calculate and does not materially distort the total interest figure. Total interest at 8% per year on the Cumulative Credit Balance for the years 1976 through 1981 would be about $150 million. I should emphasize that this is the gross amount before any Federal Income Tax benefits derived from the payment of the property tax or the interest.

ADD 547319

These benefits could amount to as much as $280 million in reduced Federal taxes.

Best regards,

Frederick P. Boetsch

Frederick P. Boetsch, C.P.A.
Deputy Commissioner, Taxation

FPB:eh

oil
gas

File

Koniag, Inc.

REGIONAL NATIVE CORPORATION

Cherrier-King & Cherrier Bldg.
Post Office Box 746
KODIAK, ALASKA 99615
Telephones 486-4147/4148/4149
Area Code 907

OFFICERS
JACOB WICK,PRES.
HARRY CARTER,V.P.
KARL ARMSTRONG,SEC.
PERRY EATON,TREAS.

DIRECTORS
NANCY ANDERSON
ALLEN HEITMAN
NICHOLAS PESTRIKOFF
NEIL SARGENT
FRAN WAMSER
IVER MALUTIN
ALLEN PANAMAROFF
SVEN HAAKANSON
WALTER SIMEONOFF

LEGAL COUNSEL

ROY H. MADSEN — KODIAK
EDWARD WEINBERG — WASH.D.C.

April 3, 1975

Representative Nels A. Anderson
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Nels:

I wish to inform you that I am in complete agreement with your views on taxing oil and gas in place as stated in your letter to Representative Mike Bradner, March 29, 1975. I believe that the Regional Corporations would suffer irreparable damage if this concept were adopted. Those regions who have signed exploratory agreements would face immediate bankruptcy if this tax were imposed on their known reserves.

The concept of taxing oil and gas in place would possibly enhance the State of Alaska's financial picture but at the same time retard the development of our hydrocarbon energy potential.

Also, as Harvy stated in his February 19th letter to you, once reserves are proven. Oil Companies will be forced to extract such reserves as quickly as possible.

Koniag, under such circumstances could not afford to find oil or gas reserves!

I would hope that the wisdom of our legislature address itself to resolving the financial crisis of the State in a manner that is fair and equitable to all.

Sincerly,

KONIAG, INC.

Jack Wick

Jack Wick
President

JW:com

cc: Kay Poland

AGO 547321

John Colberg, Jr.
Chairman of the Board

Ralph A. Johnson
President

COOK INLET

CIRI

REGION, INC.

Rec'd 4/14/75 2:00 P.M. VLC

April 11, 1975

Mr. Nels A. Anderson, Jr.
Chairman - House Resource Committee
Pouch V
Juneau, Alaska 99811

Dear Nels:

Cook Inlet Region, Inc. takes the position that the land and subsurface resources of all Native Regions has been specifically given a non-taxable status until either development takes place, or January 1, 1992, whichever comes first and cannot be taxed.

There is no question, however, as to the State's need for tax revenue and since the need is primarily due to the delay caused by the environmental impact of the Alyeska Pipeline, an equitable method of advance payment of taxes (advalorem, severance, etc.) or royalties should be proposed. However, there are other industries in Alaska and equity might require some contribution by them.

Since the largest forseeable source of revenue is from subsurface resources, fisheries and timber, ultimate payment will have to come from the consumers of the products sold by those industries.

Cook Inlet Region would like to hear the views and proposals of these industries before making a recommendation.

Sincerely,

COOK INLET REGION, INC.

By _____
President

RAJ:bf

1211 W. 27th • ANCHORAGE, ALASKA • 99503 • PHONE 274-8638 AGO 547322+

These benefits could amount to as much as $280 million in reduced Federal taxes.

Best regards,

Frederick P. Boetsch, C.P.A.
Deputy Commissioner, Taxation

FPB:eh

AGO 547323

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S — JUNEAU 99801

April 10, 1975

The Honorable Richard I. Eliason
Alaska State Legislature
State Capitol
Juneau, Alaska

Dear Mr. Eliason:

During our presentation on Senate Bill 276 yesterday we distributed copies of a memorandum and fiscal note which I prepared on March 18, 1975. One of the attachments to that memorandum is a table indicating an example of how the credit provisions of the bill would work. You expressed interest in the far right-hand column titled "Cumulative Credit Balance." This column represents the amount of cumulative Ad Valorem Tax paid which has not been credited against severance taxes at the end of each fiscal year.

You asked that I calculate what the accumulated interest cost on this balance might be if it were borrowed at 8%. This would reflect the viewpoint of a taxpayer if he had to borrow the money to pay the tax. We should bear in mind, however, that the taxpayer would get a deduction on his Federal Income Tax Return for both the property tax and any interest expense. In effect, this means that the Federal government will actually pay part of the cost of both tax and interest. That proportion depends on the effective tax rate of the taxpayer. Since this varies from year to year and taxpayer to taxpayer, I have not attempted to calculate the net economic effect on the taxpayer of the tax and any interest expense he might incur in connection with it. I have, instead, calculated the gross interest based on the balances shown for each year on the attachment to my March 18 memo.

I have assumed that the balances would be drawn down from 1978 forward on a straight line basis so that the average between two year-end amounts is the amount on which interest would be paid. While this is not entirely accurate, it is quicker to calculate and does not materially distort the total interest figure. Total interest at 8% per year on the Cumulative Credit Balance for the years 1976 through 1981 would be about $150 million. I should emphasize that this is the gross amount before any Federal Income Tax benefits derived from the payment of the property tax or the interest.

AGO 547324 +

I hope that these comments are useful in putting the role of ad valorem taxation into perspective.

Sincerely,

Robert H. Paschall

Robert H. Paschall
Consulting Valuation Geologist
and Engineer

cc Senator Chancy Croft
Senator John Huber
Representative Steven Cowper

File

460 Lovella Way
Sacramento CA 95819
14 April 1975

The Honorable Nels Anderson
Chairman, House Resources Committee
Alaska State Legislature
Juneau Alaska 99811

Dear Mr. Anderson:

It may be useful to you if I expand on something that we talked about at lunch in Senator Croft's office. It is my impression, looking back on my week in Alaska, that undue emphasis has been placed on the economic impact of ad valorem taxation. I readily grant your legislature's right and obligation to make its own decision on the alternatives now before you, At the same time, I would regret seeing even the right decision made for the wrong reasons. As a result, I would like to list the main elements that go into oil industry decision-making in regard to new leases. I contend that these elements are listed in the industry's order of priority.

1. Political Climate

The political climate is now very bad in the Mid East, North Africa, and Venezuela, only fair in Canada, and good in the United States, including Alaska.

2. Promising Geological Structures

No one will bid unless the geology is promising. If it is promising, it is hard to beat people off with a stick, as the money laid out for the 24th lease sale showed.

3. Availability of Money to Bid

Availability of money depends on the financial status of individual companies and on the money market, that is, on the amount of funds on hand for lending and the interest rate charged for those funds.

4. Availability of Pipeline or of Tanker Transportation

This problem is a familiar one to Alaskans, and needs no comment.

5. Availability of Drilling Rigs

The high costs of preparing rigs for Alaska operations a[illegible] of shipping them makes rig availability especially important in your state.

6. Future Expenses

These expenses fall into three major categories: drilling and other development costs, oil and gas production costs, and royalty and taxes.

AGO 547326

01 1 93 5

TELEGRAM

RCA ALASKA COMMUNICATIONS
PHONE: 586-6440
JUNEAU, ALASKA 99801

Ø2042 NL ANCHORAGE AK 57 Ø4-11 1212P ADT

PMS REP NELS ANDERSON

JUN" 1053

SEVERANCE AND RESERVES TAXES PROPOSED ARE INEFFECTIVE AS REVENUE PROLUCERS IN LONG RUN BECAUSE THEY INHIBIT DEVELOPMENT. IF REVENUE IS AIM, SUGGEST FAIR TAXES BASED ON NET MINING INDUSTRY COULD HAVE SUBSTANTIAL BENEFITS IN PROVIDING INDUSTRIAL BASE AND BUSH EMPLOYMENT IF ALLOWED TO DEVELOP. PLEASE CONTACI IF DESIRE FORMAL TESTIMONY

C C HAWLEY CHAIRMAN AMA ANCHORAGE BRANCH STAR ROUTE A BOX 78D ANCHORAGE 99507

AGO 547327 +

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

81-625

#

02051 ANCHORAGE AK 75 04-14 318A ADT 1975 APR 14 PM 6 34

PMS NELS A ANDERSON CHAIRMAN

HOUSE RESOURCES COMMITTEE 1298

JUN

REFERENCE HB102, HB297.

CALISTA CORPORATION GOES ON RECORD IN SUPPORT OF TEXTIMONY GIVEN ON THESE BILLS BY OTHER NATIVE REGIONAL CORPORATIONS. WE ARE ADAMANTLY OPPOSED TO THIS TYPE OF TAXATION AND THE RAMIFICATIONS OF SUCH TAXATION ON LAND HOLDINGS SOON TO BE CONVEYED TO NATIVE REGIONAL CORPORATIONS. WE FEEL THIS TYPE OF TAXATION IS ILL ADVISED AND RECOMMEND THAT THE STATE SEEK REVENUES FROM THE SALE OF ANTICIPATION NOTES AND BONDS

RAY C CHRISTANSEN CHAIRMAN OF THE BOARD

CALISTA CORPORATION

AGO 547328 +

TELEGRAM

GCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

FILE
Oil
Gas

NV

1975 APR 24 PM 1 46

18004 NL NOME ALASKA 59 04-24 930A BDT

PMS NELS ANDERSON

2442

HOUSE RESOURCES COMMITTEE

POUCH V

JUNEAU

WE STRONGLY OPPOSE AD VELOREM TAXATION ON OIL AND GAS BECAUSE OF THE ANTI CONSERVATION AND ANTI ENVIRONMENT NATURE OF SUCH TAX. IT IS INEQUITABLE BECAAUSE FULL AND TRUE VALUE CANNOT ACTUALLY BE DEFINED. SUCH TAXATION PRECLUDES ORDERLY DEVELOPMENT. IT IS DAMAGING TO INDIVIDUALS, PRIVATE AND PUBLIC SECTOR, AND ULTIMATELY IS DETRIMENTAL TO STATE INTERESTS.

JEROME TRIGG PRESIDENT BERING STRAITS NATIVE CORPORATION

AGO 547329 +

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#CJ

1975 APR 30 PM 12 17

04004 POM TDA EAGLE RIVER 15 04-30 730A ADT

PMS REP NELS ANDERSON JR

3137

JUN

35 YEAR RESIDENT AGAINST HB297 HB294 REVERSING

AFFECT OIL AND MINING INDUSTRY

GARY CORTNEY BOX 648 EAGLE RIVER 99577

AGO 547331 +

STATES INTERIM FUNDING NEEDS, THAN YOU ARE MISREPRESENTING

FACTS TO THE PEOPLE THAT YOU REPRESENT

ROGER LANG PRESIDENT AFN

AGO 547332 +

HB 297

Alaska State Legislature

SENATOR CHANCY CROFT
PRESIDENT OF THE SENATE

POUCH V
JUNEAU, ALASKA 99811
PHONE 907-465-3755

425 G STREET
ANCHORAGE, ALASKA 99501

May 31, 1975

The Honorable Chancy Croft
President of the Senate

The Honorable Mike Bradner
Speaker of the House of Representatives

Gentlemen and Members of the
Senate and House:

The members of the Free Conference Committee that considered Free Conference Committee Substitute for Senate Committee Substitute for Committee Substitute for Sponsor Substitute for House Bill 297 (oil and gas reserves ad valorem tax) are directing this letter of intent to accompany the Committee report of the bill to fully explain our intent with respect to certain provisions of the bill.

Section 43.58.020(3) provides an exemption for oil and gas properties until the earlier of any three conditions are met by certain persons with regard to transmission facilities to transport oil and gas that may be produced from the lease or property. It is our intent that the words "owner or operator" as used in these paragraphs includes any affiliate or subsidiary of such owner or operator.

With regard to A.S. 43.58.070 in the bill relating to appeals, it is our intent that the scope of review of an appeal to the superior court involving a tax assessment should be in accordance with the Administrative Procedure Act (A.S. 44.62).

Sen. Chancy Croft, Chairman

Rep. Willard Bowman, Chairman

Senator Patrick Rodey

Rep. Nels Anderson

Senator John Sackett

Rep. Steve Cowper

AGO 547334

LAW OFFICES

DAWSON, NAGEL, SHERMAN & HOWARD

2900 FIRST OF DENVER PLAZA

633 SEVENTEENTH STREET

DENVER, COLORADO 80202

(303) 893-2900

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SAMUEL S. SHERMAN, JR.
WINSTON S. HOWARD
ROBERT M. JOHNSON
ARTHUR K. UNDERWOOD, JR.
JOHN W. LOW
WILLIAM F. VOELKER
THOMAS B. FAXON
HUGH A. BURNS
RAYMOND J. TURNER
GARTH C. GRISSOM
WILLIAM P. CANTWELL
DONALD W. ROE
MICHAEL D. GROSHEK
WILLIAM F. SCHOEBERLEIN
MICHAEL A. WILLIAMS
ARTHUR J. SEIFERT

JAMES B. DALEY
LARRY M. BAKER
CHARLES EDWARD PALMER
JAMES E. HAUTZINGER
DON H. SHERWOOD
HOWARD B. SWEIG
CHARLES R. FREDERICKSON
W. DAVID PANTLE
JAMES L. CUNNINGHAM
WILLIAM S. HERSHBERGER
DOUGLAS M. [illegible]AIN
DUANE F. WURZER
DAVID R. JOHNSON
GARY L. GREER
STEPHEN M. BRETT
CONSTANCE L. HAUVER
CHAPMAN B. COX

E. [illegible]DALE
CH[illegible]PHER LANE
CRAIG A. CHRISTENSEN
PAUL J. SCHLAUCH
KURT A. KAUFMANN
R. MICHAEL SANCHEZ
[illegible]ODORE E. WORCESTER
ANDREW L. BLAIR, JR.
RODNEY D. KNUTSON
STEPHEN P. KREOSTEIN
EDWARD W. NOTTINGHAM
[illegible]AL B. TUDOR
JACK M. MERRITTS
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PAMELA A. RAY
JERRY A. FOWLER
WILLIAM R. MARSH
DUNCAN A. CAMPBELL
KATHRYN P. REIMER
CHARLES W. NEWCOM
SUSAN O. PROCTOR
LARRY C. JOHNSON
LARRY R. MARTINEZ
WILLIAM C. WALTERS, III
MARK L. FULFORD
JAMES F. WOOD

FRITZ A. NAGEL
COUNSEL

JAMES H. PERSHING (1863-1948)
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TWX 910-931-0812

May 28, 1975

Hon. Nels A. Anderson, Jr.
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801

Dear Nels:

Assuming that the oil and gas proven reserves tax bill was adopted at the end of the Legislative Session, I would very much appreciate it if you would have Mr. Van Doren send me a copy of the bill as it was finally enacted for my files and for a final review. I imagine that it would be useful for me to prepare a brief analysis of the potential effect of the bill, as finally enacted, upon the corporation.

Very truly yours,

Don H. Sherwood

DHS:vb

Sent 6/2/75
bet

AGO 547335

STATEMENT OF JACOB ADAMS, VICE-PRESIDENT-
LANDS, ARCTIC SLOPE REGIONAL CORPORATION
ON H.B. 102, 297 SB 103, 276

My name is Jacob Adams. I am appearing before the Committee on behalf of the Arctic Slope Regional Corporation in my capacity as Vice-President in charge of Land Selection and Conveyance.

ASRC is strongly opposed to legislation which would impose a tax on proven oil and gas reserves. The proposed legislation would constitute an extremely damaging burden to ASRC and could very well bankrupt the corporation.

ASRC recognizes and appreciates the Legislature's concern over imminent near-term deficits in the State Treasury arising out of predictable imbalance between revenues and expenditures. Expenditures in recent years including revenue sharing with local governments has been a mainstay of supporting their local budget requirements especially in education.

While the Inupiat people of the Arctic Slope have benefited to some degree by State financial support, it has not been to the same extent that more urban areas have benefited.

At the present time, the present cash reserves and future anticipated revenues arising from the Alaska Native Claim Settlement Act, as well as programmed receipts

under various exploration and development agreements with major oil companies, have been heavily committed to produce a viable economy in the Arctic based on a profit motivated, free enterprise system. ASRC, without special assistance or subsidy from the State, is underwriting many commercial business ventures, which will ultimately provide revenues to the State in the form of income and business taxes. If prevented from developing on its own initiative because of a new tax burden on proven reserves, which ASRC shall shortly inherit under its mineral in-lieu selection entitlement, the economic future of the Arctic will be seriously impaired.

A tax on reserves is a regressive tax in that it is not gauged on the ability to pay. True, large oil companies can accommodate such taxes by passing on to consumers those costs, but not every corporation, organization or individual can pay. Contrary to the bulk of public opinion there are others in the State of Alaska, in addition to large oil companies, that have a stake in ownership of oil and gas reserves. This other category includes individual lessees, royalty owners, and independent companies.

As you are also aware, at least six native regional corporations have entered into oil and gas exploration agreements which, in addition to base royalties as a land owner, provide for other benefits including net profits provisions,

joint ventures or participations, carried working interests, or a combination of all three.

Although we are not here to argue the legal interpretation of Section 21(d) of the Alaskan Native Claim Settlement Act whereby a twenty year tax exemption applies to certain property interests of native corporations and individuals, there are those who believe that native interests in leases in the form of participations as well as royalty interests would be subject to a property tax in the same manner and to the same degree as oil company lessees.

We submit that the property tax being considered would depress the value of unleased native corporation lands as well as those that are presently leased or that shall be leased in the near future. The time of payout in order to receive benefits under a net profits interest would be much delayed. From the regional corporations' standpoint, paying taxes today with the uncertainties of developing a market and unknown future wellhead value of crude oil and natural gas, could create financial havoc if not bring upon the economic demise of the corporations.

A specific example will serve to illustrate our concern. ASRC previously filed in-lieu selections on approximately 18,000 acres within the boundary of the known geologic structure of the Kemik Unit. The Kemik Unit has one completed and shut-in gas well. A second exploratory well is currently drilling and a permit for a third exploratory well is pending. No development wells have been drilled;

however, the U.S. Geological Survey has indicated that the discovery probably is commercial based on the KGS classification. The Survey and the original operator, Forest Oil Company, indicates a probable produceable volume of 475 bcf of gas. This is certainly no "barn burner" or as we call it "igloo melter" in terms of North Slope operations.

ASRC filed selections within the Kemik Unit because it has over 1.2 million acres of in-lieu subsurface entitlement and the Board of Directors believes such selections should be made first in proven areas of production where fee ownership is not important in order to maximize the spread of its overall land ownership throughout the Arctic Slope.

ASRC's interest in the Kemik Unit upon transfer of the subsurface estate from the Department of the Interior ranges from 12-1/2% royalty under existing Federal leases to 100% mineral interest under unleased lands within the unit boundary.

Based on the reserves attributable to ASRC's interests derived from the operators volumetric calculations, the volume of produceable gas is 213 bcf. Assuming an arbitrary value at the time production commences of $.50/MCF, the value of so-called proven reserves owned by ASRC is $106MM. A 20 mil property tax levy would amount to $2.1MM annually until production commenced.

AGO 547339

Since ASRC will probably lease its 100% mineral interest lands reserving a 16-2/3% royalty thereby decreasing its royalty reserves to 64 bcf, the amount of ad valorem taxes paid in the first few years after the tax is imposed may never be recouped as a credit against production taxes. This would be true unless ASRC receives title to the subsurface estate and leases its interest prior to the effective date of the tax law. Actions which force ASRC to land management decisions in haste due to factors (the new tax) beyond its control are unreasonable and patently unfair.

Another problem that we consider likely to develop that would be harmful to ASRC relates to the contract provisions of our several oil and gas exploration agreements. The agreements provide for, among other things, a reasonable continuous drilling provision in the event of discovery on a lease. It is almost a certainty that we would have to waive the continuous drilling provision until the law expires (if ever) thereby extending the period of field development for many years which would not only affect our cash flow projections but deprive the State of production taxes from ASRC lands.

Although reserves could be assessed under a single discovery well, you would obviously be inviting litigation.

We believe that the Legislature should carefully explore all alternatives to raising sufficient revenues to offset near-term deficits and compare the impact against the obvious detrimental effects of the tax on reserves.

Several alternatives that have been advanced in recent weeks that should be thoroughly considered include the following:

1. Indirect borrowing against future oil and gas royalties through an "ABC" type transaction. Selling only a specified quantity of royalty reserves commits only that amount necessary to repay the loan. Royalty production thereafter is free from encumbrances. While further investigation of the applicability of "ABC" financing is needed, we believe it would avoid the question of constitutionality raised by opponents to funding through borrowing. Arlon Tussing, noted University of Alaska economist, has compared the cost effect of taxing reserves against borrowing at low interest rates and concluded that if the State wants to maximize the value of its oil revenues it would be far better off to issue revenue bonds rather than tax reserves in the ground.

2. Another alternative that should be considered is advance payment of severance taxes. Since the producers will be paying severance taxes based on gross wellhead price of oil or gas on a predictable declining basis, payment of advance severance taxes on production with a recapture provision after royalty revenues close the gap between receipts and expenditures should encourage

operators to produce a property beyond what would otherwise be its economic limit. The time of abandonment of marginal properties should be extended for a number of years which would benefit the State and promote good conservation practices.

3. A third alternative that should be considered is a purchase option on State royalty gas with the actual value to be determined at the time of transfer. An option of this nature could be made attractive to large gas utility companies who may be able to accommodate the option payment in their rate base. In any event, the State would not be committing its gas reserves at a fixed price in advance of what the actual value may be at the time production commences. It appears to ASRC that this alternative may be superior to all others.

4. Additional competitive lease sales should be programmed to coincide with calendar year budgets of major oil companies to maximize revenues. If the majority of the potential participants in a sale adopt a budget as of the first of a calendar year then it is unwise to schedule a sale for the fourth quarter of a year.

5. Another alternative that has been suggested is advance sale of royalty oil. This appears the least advisable at this time since the value would be heavily discounted by prospective purchasers. However, as an alternative it should be considered.

We wish to thank you for the opportunity to present our viewpoint on the proposed property tax on reserves. Although such a tax may be relatively easy to administer, it has gross inequities and applications. Therefore, if there are other means to raise revenues without inequities, they should be thoroughly investigated and only as a last resort should serious consideration of a tax on reserves be implemented.

One factor that begins to worry ASRC is that the anticipated revenues from Prudoe Bay may not cover rapidly escalating costs of State government at the time production begins. If this occurs, we believe that the tax on reserves will not be phased out as provided for in the various bills with the result that exploration and development on native lands will be further impaired.

AGO 547343

COLORADO SEMINARY
UNIVERSITY OF DENVER
200 W. 14TH AVENUE • DENVER, COLORADO 80204

COLLEGE OF LAW

21 April 1975

Hon. Nels Andersen, Jr., Chairman
Committee on Resources
House of Representatives, State of Alaska
Juneau, Alaska

Dear Mr. Chairman:

I have given additional consideration to the questions which were asked in your hearings of April 15th on the matter of the power of the legislature to exempt lands held by native corporations from an ad valorem tax. I expressed the opinion that I thought the legislature had plenary authority to adopt reasonable classification with respect to the application of a tax, and that the authorities seemed to support the reasonableness of exemption for Indians.

Although I said that I was giving top-of-the-head opinions, I failed to recall the obvious fact that the Alaska Native Claims Settlement Act as an expression of Congressional intent may be pre-emptive in effect, and thus preclude the application of the general rule stated by Dean Griswold and affirmed by me in my answer to questions. Certainly the Congressional language concerning the village and regional corporations contemplates Alaska-chartered corporate persons who would not have the status of individual Indian persons, notwithstanding the requirement that the members (stockholders) be qualified as natives.

Thus, in summary, I would not want anything I said to be construed as a conclusion that native and regional corporations under the Alaska Native Claims Settlement Act would have the status of "native" for the purpose of determining the reasonableness of an exemption in favor of such corporations in a taxing law.

Sincerely,

John A. Carver, Jr.
Professor of Law

AGO 547344 +

ARCTIC SLOPE REGIONAL CORPORATION

PRESIDENT
JOSEPH UPICKSOUN
1ST VICE PRESIDENT
JOHN OKTALIK
2ND VICE PRESIDENT
EDWARD E. HOPSON, SR.
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SECRETARY
NELSON AHVAKANA
TREASURER
OLIVER LEAVITT
LAND SELECTION CHIEF
JACOB ADAMS
EXECUTIVE VICE PRESIDENT
LAWRENCE A. DINNEEN

March 13, 1975

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch V State Capitol Building
Juneau, Alaska 99811

Re: H.B. 102, 297 and S.B. 103

Dear Representative Anderson:

The captioned bills are of major concern to the Arctic Slope Regional Corporation and we believe to virtually all eleven other regions. It is our opinion that the language of the bills, as drafted, is extremely harmful to the interests of the native corporations and could bankrupt ASRC if enacted.

We are confident that you will remain open-minded on the issue of taxing oil and gas reserves at least until you have had the opportunity to hear our views presented. We would like to offer testimony before the House Resource Committee next week at the time to be scheduled by Chairman Anderson.

Sincerely,

ARCTIC SLOPE REGIONAL
CORPORATION

By Oliver Leavitt
Oliver Leavitt
Treasurer

AGO 547345 +

Public access by eas[illegible], except at periodic points, and coast zoning are not compatible. I have not yet determined in which case the State is serious. And I am certainly becoming tired of those that live in rural Alaska being treated differently than those that reside in the more populated areas. It is time that those who govern realize, that we can, and do plan for land and coastal uses, that we are years ahead of the State and Federal Governments in knowing what the people who reside in villages want and need for the use of their lands, including beaches, and - finally, that we quit serving in an "advisory capacity" a long time ago. We are a part of Alaska, too, and demand no other treatment than that afforded other citizens of this State.

The Governor, the legislature, and every sworn official of this State are charged with the administration of Government according to provisions and the law of the Constitution of Alaska. I would ask those that want to own us before we receive our lands, to look very carefully into Section 12, Article 12 of that Constitution. We are getting to a point where this State is becoming a worse threat to our continued existence than the federal bureaucracies ever were, and it is pitiful.

Thanking each of you for your individual services, and for your contributions in the past, I am,

Sincerely,

Roger Lang

Roger Lang
President

cc: AFN, Inc. Board of Directors

ALASKA FEDERATION OF NATIVES, INC.

1675 C STREET
ANCHORAGE, ALASKA 99501
PHONE (907) 274-3611

Integrity, Pride in Heritage, Progress

EXECUTIVE OFFICES

April 17, 1975

Nels A. Anderson, Jr.
House of Representatives
State of Alaska
Pouch V
Juneau, Alaska 99801

Kay Poland
State Senate
State of Alaska
Pouch V
Juneau, Alaska 99801

Dear Nels:

I am concerned and wish to enter into the official record our opposition to the proposed legislation which directly affects the people that I represent.

Item: Taxation of Oil and Gas Reserves in Place. I think that the basic concept of taxation, especially this ad valorem tax, is one which will require a large administration: certainly the addition of persons competent in this field, not now in government. And, until production is started is so fraught with variables that the prospects of litigation is great. This is certainly not the method for insuring the continuation of government in the period between time the State goes broke and oil starts flowing. I particularly fear this tax, since history proves that none have ever been removed from the books once written. I also fear that a specific exemption for Native interests will not be sustained in the courts, and that in spite of the good intentions of the legislature we will be taxed, prior to any development or cash from the resources.

Item: The State of Alaska submitted a disastrous bill in its initial concept of Coastal Zoning. I find much fault with it, and fear that absentee planning will also take place in substitute provisions that I have seen. No one ought to provide plans for private lands, save the owners. I speak of more than an "advisory" capacity. The State of Alaska has not demonstrated a willingness to assume this responsibility, although it has been authorized the planning capability for years. I am also mystified as to the rationale of the State as it relates to Native lands, not only do they wish to plan for us, but they insist to the Department of Interior that they must reserve a right to a twenty-five foot easement on potential Native lands found on the ocean beaches. They speak with a forked tongue, on the one hand to you - they want and are capable of planning, and on the other hand - to Interior, saying in effect that no planning for Native beaches is necessary, since we want an easement there for the public.

AGO 547347

A major House leadership bill on oil and gas was introduced into the House of Representatives this morning. The bill, which would provide a tax of oil and gas in place, carried 18 sponsors. It would provide a major share of revenues required by the state to fill projected budget deficits which would otherwise result from delays in construction of the trans-Alaska pipeline.

The bill was developed by State Rep. Steve Cowper, D-Fairbanks, at the request of the House Finance Committee and House leadership, and was introduced carrying Cowper as the prime sponsor.

The bill included as sponsors all of those who had introduced HB102, an earlier bill on the subject developed by Rep. Fred Brown, D-Fairbanks. Cowper noted that the sponsors of the new bill include nearly all House committee chairmen, as well as House Speaker Mike Bradner and House Majority Leader Mike Miller.

The bill went to the House Resources and Finance Committees. It is expected to be among major oil and gas bills to be considered by the Resources Committee starting on March 19.

Cowper's bill would levy a 20-mill ad valorem tax on oil and gas reserves still in the ground, and is designed to draw taxes primarily from the Prudhoe Bay reserves. The bill also carries an automatic repealer that would remove the law from the books at the end of 1981.

The bill would draw hundreds of millions of dollars out of Prudhoe Bay but would give the industry a credit against future severance taxes. In other words, the companies could deduct their reserves-in-place tax from their severance taxes that would otherwise be paid on Prudhoe oil flow after the field begins pumping. The companies would be allowed to take a credit of up to 50% in any one year.

Under Cowper's bill, the tax would actually come into effect only when the state's general fund dips below $ 200,000,000.

Rep Brown - Sources of Revenue for the state
what options other than taxing oil &
gas reserves in place -

Distinguish between three sources of Revenue
(1) Voluntary contribute to State
Bonuses - Royalties
must be at least 12½ under law

(2) Tax on current operations of the industry
independent of profit
gross production tax
minimum per barrel
property on equipment & pipe.
taxing on basis as long
value of oil at the well-head is
the market price and is the same
for any well.

Our severance law % of production
cost.
value of Alaskan oil is determined
outside of Alaska at the market place

Severance tax

~~Tax~~

* Reserve oil in place -
Bad tax - impossible to administer equitably
How do current at a figure for the value
of the oil - What are the reserves (estimate)
How much - What is the value oil - The
longer its produced the less the value. What is
the price of the oil. Policy -?

AGO 547349 +

How do you determine between one field and another.

If tax passes - Tax payments are to be used as pre payment on their future severance tax bill - "Interest-free" payment -

* Severance tax will be reviewed - Appropriate severance tax - Legislative history of development of oil taxes. Severance tax is not frozen.

Emergency tax for short term or long term concept of taking increasing total tax to be used for state

→ Dead Rentals } could be raised.
Anticipatory tax }

all taxes should relate to profit of the companies.

Sale of Royalty oil in advance of production prior sale of royalties - people who buy this would not be the producers in the state, but other companies outside the state who would be interested in buying our oil for their use - They are not obligated financially -

But value could go up - Uncertainty as to what the future price will be, plus the corporate discount

Do not know how much oil you will have to sell. Could go either way -

~~Severance~~ It is not the time to sell because since we are broke (drought) the companies could lower their price offer

AGO 547350

The oil & gas Commission can only regulate intra-state tariffs.
The State should have the right to control its own gas and oil.

There is ~~alt~~ already a reserve of oil in the world. There could be surplus oil on the market which could drive our price down.

If the price on the world-market goes down, will it go so low ~~that~~ the U.S. cannot afford to explore?

The margin of profitability is uncertain.

annual reports of the oil companies get copies

Leasing - a fire sale. NO production capacity - Prudhoe probably could/ could produce 2 million gals per day.

Largest amount of budget of companies for exploration & drilling.

HB 102
Sec 15

All leases Should be ~~Checkerboard~~ competitive
State Should follow a
widespread Exploration plan, to
broaden out throughout the state.
The companies need to have quite a
bit to draw from. put enough up to
make it attractive for bids.
Principle of Checkerboard leasing is NOT
bad, but literal translation is NOT nec
good. Should be on a geological basis. NOT
a geographical basis. State should be
Selective - What is NOT leased can be
leased later if it is a valid field.
This gives the companies who come in
first have an advantage. This concept
could prove attractive to the companies.
SELECTIVE leasing & holding.
→ No limit to Commissioner on a geographic
basis. HB60 is too restrictive - Could
be amended.
If too restrictive on the Commissioner. He
MAY need to MAKE an administrative judgement
which he should - Not by Legislative
Mandate.
→ Those forms of taxation which reflect on
the profits of the companies.
ALASKA could go slower since if is unknown.
One of the best Severance tax on any state books.
Alert to the changing oil + gas situation in the state
Even the companies expect changes.

AGO 547352

High prices are reflections of political entities of governments.

→ Louisiana has gone to 12⅓% Severance.

Circumstances dictate that Severance tax be looked at.

Federal Govt.

Present price: from Act of Congress expiring Aug/

Fed authority to set maximum Amount.

old oil - produced from

every barrel of new oil producer can sell new oil not price controlled.

production from stripper wells - free from price control

Cook Inlet - old oil - new oil is free

Bill before Congress: Remove control on oil produced from inhanced recovery - If passed all oil would be free from price control

② prospased. What he can do without Congress Exec order.

Trade agreement extension tuts - Import is Nat. security. Threatening

impose quotas - Impose fees and tariffs.

Feb 1 - Import lic. fee 1.00 pr. barrel

MAR 1 2.00 Barrell APR. 1 3.00

Now 10.50 pr. barrell - 1.50 to transport in US. 11.50 - 12.00 pr. barrell in U.S. oil is around 11:50 - 12:00. If you put tariff on goes to 13.00 - So U.S. oil will go up to That

April 1 - Pres said he will remove all price control on oil - Old oil would go up that high

proposed to Congress Import fee on foreign oil 2.00 he will roll back to that.

He feels this will lead to windfall profit tax take away most of their profit at first - New oil producers would go down in their profits.

House has passed a 60 day moritorium

check type →

Subtract from 12.00 The State Severance tax 7% of 12.00
4.84 taken off from Windfall tax
90% will be paid to the Fed govt. will be paying More to the state if the state rate were higher than 7% — Relationship between State & Fed & Producer.
All states will be receiving their Severance.
a state which has a below the average Severance tax Should take a hard look at their tax —
Consumer: Admin feels that coast of living will be 2 - 4% - Purpose is to raise cost so that less energy will be used.
Import 6 1/2 million barrels per day 4-4 1/2 is crude oil — fuel oil from Caribbean more & more being processed from M. Idle East Oil
→ What will this do to our own N.S. oil?
Slope oil would probably yield less profit, thus less monies to the state.
Anything which raises the cost lowers the profit
Oil & gas Exploration Should be protected. Most new sources of gas & oil are going to be in Alaska or hard to get places. Should hope for a good Fed policy to reward companies for exploration

How much gas CAN be produced how quickly

Senate Tax & Rev. 1:30
Leg Comm. — 4:00
Finance comittee 7:00 P.M.
Tri Senate Resources 1:30 P.M.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

HB 297

Neither the Governor's Bill Nor the Settlement Act Exempts Native Interests in Lands Under Lease or Development

The Governor's bill proposing an ad valorem tax on oil and gas reserves provides a narrow exemption for native-owned lands. The bill would institute a tax of 20 mills upon the full value of proven oil and gas reserves, subject to certain exemptions. Section 43.58.020(2) provides the relevant exemption:

> "any interest exempted from taxation by sec. 21 of the Alaska Native Claims Settlement Act (P.L. 92-203; 43 U.S.C. sec. 1620) [shall be exempt]."

Thus native interests in oil and gas lands would be benefited by whatever exemption is provided by the federal law, but no more.

The Settlement Act exempts certain native-owned lands from State property taxation, but not lands that are under lease or development. Section 21(d) provides in relevant part:

> "Real property interests conveyed, pursuant to this Act, to a . . . Regional Corporation which are not developed or leased to third parties, shall be exempt from State and local real property taxes for a period of twenty years . . . ."

43 U.S.C. § 1620(d). Thus, under the plain words of the Act, only real property interests owned by a regional corporation that are not developed or leased are free from property taxation. See also S. Rep. No. 92-405, 92d Cong., 1st Sess. 179

(1971) (only "undeveloped and unleased" lands are exempt from property taxation). Lands which are leased or developed are fully taxable. */

Tax exemptions are interpreted strictly against the assertions of the entity claiming the exemption and in favor of the taxing power. 3 Sutherland, Statutes and Statutory Construction § 66.09 (1974). In the words of one court:

> "Exemptions from taxation claimed under legislative acts should be rigidly construed and established beyond reasonable doubt. It is only where a deliberate purpose of the Legislature to grant an exemption is expressed in clear and unequivocal terms that a claim to an exemption can be maintained."

Clarke v. Union Trust Co., 192 Md. 127, 63 A.2d 635, 638 (1949). The same rule of narrowly construing exemptions from taxation is followed by the Supreme Court of the United States. See Singlar v. Johnson, 394 U.S. 741, 751-2 (1969), citing Commissioner v. Jacobson, 336 U. [illegible], 48-49 (1949), and Helvering v. Northwest Steel Rolling Mills, Inc., 311 U.S. 46, 49 (1940). **/

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*/ Section 21(d) also provides that third-party interests in any native lands are taxable. The issue here, however, is whether the regional corporation's interest is taxable, and, under the provision quoted in the text, clearly no exemption exists for leased or developed land.

**/ Under the weight of authority, this rule of strict construction is applicable even where the would-be taxpayer is a charitable organization. Sutherland, supra, § 66.09, at 209, 210 n. 5. The regional corporations, in any event, are all business corporations operating "for profit." 43 U.S.C. § 1606(d).

This rule should apply with particular force in construing exemptions for native groups under the Settlement Act. A basic policy of that Act was to avoid "adding to the categories of property and institutions enjoying special tax privileges" (43 U.S.C. § 1601(b)), and Congress indicated that the exemptions granted were "limited" and only those necessary to effectuate a settlement . . . ." S. Rep. No. 92-405, 92d Cong., 1st Sess. 105-09 (1971). Congress also recognized the troublesome problems created by the granting of special tax relief to "racially defined institutions."

Accordingly, neither the Governor's bill nor the Settlement Act can be construed as exempting native lands under lease or development from operation of the ad valorem property tax. Both the regional corporations' and lessees' interests in such lands would be subject to the same tax as the corresponding interests of non-natives and their lessees.

COVINGTON & BURLING

The Proposed Exemptions Would Violate
The Policy of the Settlement Act

It is clear from the language and legislative history of the Alaska Native Claims Settlement Act that native regional corporations were not intended to enjoy any special tax privileges beyond those explicitly provided for in that Act. Obviously the Settlement Act would not be violated by virtue of a State statutory exemption which merely incorporated those exemptions required under federal law. But any State exemptions beyond those given in the Settlement Act cannot be justified by virtue of that legislation, and would be inconsistent with the goals and policies of that Act.

The Settlement Act was clear in stating that its provisions, including those establishing regional corporations, should be implemented

> "without creating a reservation system or lengthy wardship or trusteeship, and without adding to the categories of property and institutions enjoying special tax privileges. . . ."

43 U.S.C. § 1601(b). */ As explained in the Senate Report:

> "There is no intention under this Act to add to the categories of personal or real

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*/ Similarly, the Act also provides -- with one exception not applicable here -- that the lands granted to the natives under the Act were not to be considered "reservations" or lands held "in trust." 43 U.S.C. § 1601(g). That provision, Congress directed, was to be strictly construed. H.R. Rep. No. 92-746, 92d Cong., 1st Sess. 40 (1971) (Conference Report). Thus such lands were not to be subject to ordinary tax exemptions applicable to reservation and trust lands.

> property enjoying perpetual tax privileges or to create any permanent racially defined institutions. Other provisions in the bill do, of necessity, make racial distinctions and do grant special tax relief for limited periods of time. These provisions are of limited duration and are necessary to effectuate a settlement which, because of its nature, is based on ethnic considerations."

S. Rep. No. 92-405, 92d Cong., 1st Sess. 108-09 (1971). See also, H.R. Rep. No. 92-523, 92d Cong. 1st Sess. 6 (1971).

Section 21 of the Act creates the limited tax exemptions for native groups and individuals authorized by the Act, 43 U.S.C. § 20. It provides that the receipt of the properties and funds granted under the Act is not to be treated as a taxable event, this exemption being granted because of "the general principle that the [granted] resources . . . represent compensation for the extinguishment of Native land claims by the operation of this Act, and that in accordance with general principles of taxation such compensation does not represent taxable income." S. Rep. No. 92-405, 92 Cong. 1st Sess. 175-76 (1971). The section further provides that real property interests conveyed under the Act, "which are not developed or leased to third parties," are to be exempt from State property taxes for 20 years. Various third-party interests in Native lands "may be taxed in accordance with State or local law." Further:

> "All rents, royalties, profits, and other revenues or proceeds derived from such property interests shall be taxable to the same extent as such revenues or proceeds are taxable when received by a non-Native individual or corporation."

43 U.S.C. § 20(d) (emphasis added).

Congress thus found that certain limited exemptions -- limited both in time and nature -- were "necessary to effectuate a settlement" and "of necessity" had to be based on racial distinctions. S. Rep. No. 92-405, supra, at 109. The receipt by the natives of their compensation under the Act was not to be taxable, and for 20 years there was to be no taxation of lands not yet proven valuable by reason of development or leasing. Beyond those exemptions, taxation of native interests was to be the same as for non-natives, and "categories of property and institutions enjoying special tax privileges" were not to be created. 43 U.S.C. § 1601(b). Further, the Settlement Act required that the native regional corporations be incorporated under Alaskan law "to conduct business for profit." 43 U.S.C. § 1691(d) (emphasis added). These were not to be charitable institutions.

It also is significant that the limitation on native tax exemptions was expressly requested by the State government. In his statement to the Congressional committee, Governor Egan stated that the State opposed "[t]he establishment of tax exemptions applicable to developed lands or improvements" owned by native groups.

> "Though the mere transfer and possession of the cash appropriation and rights in land should not be taxable, land which is used for

> development purposes and income and assets purchased from the investment and utilization of the money settlement should be taxable to the same extent as other commercial interests."

This policy would be in accord with the State's desire to "allow the steady and regulated development of oil lands preferably as one cooperative unit . . . ." Hearings on H.R. 3100, H.R. 7039, and H.R. 7432 before the Subcomm. on Indian Affairs of the House Com. on Interior and Insular Affairs, 92d Cong., 1st Sess. 128, 129, 131 (1971) (emphasis added). It would be ironic if the State legislature were now to consider precisely the same sort of preferential tax privilege that the State opposed before the United States Congress.

The Settlement Act was a joint effort of the United States, the State of Alaska, the natives of the State, and numerous private parties to resolve a divisive and long-standing legal dispute arising out of the native land claims. That legislation, and the institutions established pursuant to it, should not now be the source of new and divisive disputes. By attempting to grant new tax privileges to native corporations -- privileges which are unprecedented in the revenue laws of this State -- the legislature would be undermining the policies of the Settlement Act, and would be inviting a new series of disputes between native and non-native

interests in the State. At a minimum, it is clear that any such discriminatory privileges cannot be justified by reference to the Settlement Act.

COVINGTON & BURLING

Counter Authority

During Senate hearings on the Settlement Act, the following colloquy occurred:

"SENATOR MURDICK. Getting back to this

[redacted]

I guess we are dealing here with a State issue, and obviously if this land remains in the Federal domain, it would remain as it is, but if it is the part of the land that is given to them in fee, the tax character of that would be governed by the State of Alaska.

"SENATOR BURDICK. That's what I thought. In other words, this isn't going to be in the frame of ordinary reservation. This will be straight fee ownership. There will be no trustee arrangement, or anything of that nature.

"SECRETARY MORTON. The land?

"SENATOR BURDICK. Of the fee land.

"SECRETARY MORTON. That is correct, yes."

Hearings on S. 35 and S. 835 before the Senate Comm. on Interior and Insular Affairs, 92d. Cong., 1st Sess. 281 (1971). Although not entirely clear, this conversation may suggest that the question of taxation or exemption of native lands was left to the State.

Blacked out above: see land for a minute, what is the tax character of it? What will it be?

"Secretary Morton. Well, it's tax character, (next above)

An Exemption for the Lessees of Regional Corporations Would Serve No Rational Purpose

Even assuming that it would be constitutional for the State legislature to exempt native regional corporations from the proposed ad valorem reserve tax, no such exemption could rationally extend to the lessees of regional corporations. Such an exemption would be an unjustified and unconstitutionally discriminatory provision, serving no plausible State interest.

It is clear, first, that such an exemption with respect to present lessees would be wholly irrational. The regional corporations are, of course, entitled to succeed to the lessor's interests in State and Federal oil and gas leases with respect to certain lands selected by these corporations under the Settlement Act. 43 U.S.C. § 1613(g). The lessees under such leases could not have anticipated any windfall tax benefit at the time they bid for their leases from the State and Federal governments, and thus certain lessees would receive an unjustifiable windfall compared to lessees of State and Federal lands. Nor would exemption of existing lessees of native-selected lands yield any conceivable benefit to their new lessors, the regional corporations, since the terms of those leases are already fixed.

With respect to future leases, a lessee exemption is

still irrational. It has been a general policy of the tax laws not to extend tax exemptions of exempt lessors to their lessees. Although such taxation would presumably reduce royalty rentals which the exempt lessors might otherwise be able to obtain, the courts hold that such an effect was "too remote and indirect" to be given legislative weight. E.g., Oklahoma Tax Comm'n v. Texas Co., 336 U.S. 342, 353 (1949); Thomas v. Gay, 169 U.S. 264, 273 (1898); U.S. Dept. of the Interior, Federal Indian Law 851-52 (1958). It has heretofore been the policy of this State not to extend exemptions to profit-making lessees. E.g., 1950 Op. Alaska Att'y Gen., No. 25; 1950 Op. Alaska Att'y Gen., No. 14.

We may assume, however, that contrary to prior policy and precedents, the State legislature could conclude that exemption of future lessees of regional corporations was of sufficient benefit to the regional corporations (because exemption would make native leases relatively more attractive to bidders) to rationalize a new tax privilege. But if the legislature were correct in that judgment, two independent and serious constitutional questions are raised.

First, the justification for the exemption would be the desire to benefit the stockholders of the regional corporations -- all of whom by law are natives of Alaska -- at the expense of the entire citizenry of the State who would

share in the proceeds from an otherwise applicable tax. State legislation which so explicitly is intended to benefit members of particular racial groups is highly suspect under the Federal and State constitutions.

Second, as to leases hereafter issued, the exemption would be designed to produce higher values for native leases than for comparable leases granted by the state and federal governments. The adverse effect would be visited upon the federal government without its consent. Indeed, although the federal government has under Section 32 of the Mineral Leasing Act consented to state taxation of its lessees, 30 U.S.C. § 189, such state taxation must not discriminate against Federal lessees. See Phillips Chemical Co. v. Dumas Ind. School District, 361 U.S. 376 (1959); Georgia Pacific Corp. v. County of Mendocino, 340 F. Supp. 1051 (N.D. Calif. 1972). The proposed exemption for regional corporation lessees would constitute precisely such a discrimination against the Federal Government.

Accordingly, any exemption for lessees of the regional corporations would in all likelihood be unconstitutional. No such legislation could be deemed justified if its only effect were to grant a preference to certain commercial lessees to the detriment of others. And if the anticipated effect were to benefit indirectly the native lessors, the law would both incorporate an unconstitutional

racial classification and would improperly discriminate against the lesser interest of the Federal government. Thus no sustainable justification for the exemption can be advanced.

COVINGTON & BURLING

An Unconstitutional Exemption Could Be Ineffective In Protecting Regional Corporations From Taxation

Under a variety of procedural avenues, an unconstitutional exemption for the regional corporations could be challenged, with the effect that the exemption would be stricken and the natives subjected to taxation.

One route to that result would be purely administrative. The Attorney General of the State could issue a ruling that an exemption for regional corporations was unconstitutional, and he could then direct the taxing authorities to proceed to collect the tax from regional corporations along with other property holders. In that event, the regional corporations could seek by judicial action to compel the state authorities to recognize the statutory exemption, but such an action would result in no relief if the Attorney General's opinion on the exemption's constitutionality were sustained. E.g., Moon Lake Elec Ass'n v. Utah State Tax Comm'n, 9 Utah 2d 384, 345 P.2d 612 (1959). There the court upheld the state tax commission's refusal, upon advice of the Attorney General, to recognize two unconstitutional limitations on an ad valorem tax.

Alternatively, an Alaskan taxpayer might challenge the exemption for native corporations, seeking a declaratory judgment that the exemption was unconstitutional.

For example, in Behrend v. Alaska State Development Corp., 376 P.2d 717 (Alaska 1962), a group of taxpayers sought a declaratory judgment regarding, inter alia, the constitutionality under Article IX, Section 4 of the State constitution of a tax exemption. (While unsuccessful on the merits of their claim, the standing of the plaintiffs was not questioned.) Or a taxpayer might seek an injunction or mandamus to compel the collection of the taxes from the regional corporations. Thus in Vale v. Tax Comm'n, 397 U.S. 664 (1970), a property owner sought an injunction to prevent the New York City Tax Commission from granting various arguably unconstitutional property tax exemptions to religious organizations. While unsuccessful on the merits, the plaintiff's standing was not challenged. In Green v. Kennedy, 309 F. Supp. 1127 (D.D.C. 1970), a three-judge court, on a showing of the plaintiffs' substantial probability of success, granted a preliminary injunction against the granting of a tax exemption to allegedly racially discriminatory private schools. A further example is Kellems v. Brown, 313 A.2d 53, 61-62 (Conn. 1972), appeal dismissed, 409 U.S. 1009 (1973). There the Connecticut Supreme Court struck down on sex discrimination grounds a widow's exemption from taxation of dividend income.

In this regard, the apparent importance of the proposed tax measure to the State suggests that a court

would, if finding the exemption unconstitutional, be strongly inclined to enforce the tax against all taxpayers, without regard to the exemption. E.g., Utah Power & Light Co. v. Pfost, 286 U.S. 165, 185 (1932):

> "We find no warrant for concluding that the legislature would have been content to sacrifice an important revenue statute in the event that relief from its burdens in respect of particular individuals should become ineffective."

Finally, a taxpayer excluded from an exempted class has standing to challenge the constitutionality of the statute's exemption. This could be done in an action by the taxpayer to recover the taxes paid under protest. E.g., Allied Stores, Inc. v. Bowers, 358 U.S. 522, 525-26 (1959). If such a challenge were successful, the statute would be declared unenforceable so long as the exemption remained in effect. Presumably the result would then be either a decision by the Attorney General that the exemption should be ignored (see above), or reenactment of the tax provision without the challenged exemption.

COVINGTON & BURLING

An Exemption from Property Taxation for the Interest of Native Regional Corporations Raises Most Serious Constitutional Questions

The Alaska legislature is considering passage of an ad valorem property tax on proven reserves of oil and gas in place. The tax bill as introduced by the Governor would exempt interests of the United States or the State of Alaska, and also any interests exempted from taxation by Section 21 of the Alaska Native Claims Settlement Act (43 U.S.C. § 1620). The Settlement Act prohibits, for a 20-year period, the imposition of State property taxes on undeveloped or unleased lands of native regional corporations, but provides no exemption for developed or leased lands under such ownership. 43 U.S.C. § 1620(d). Thus where regional corporation lands are under lease or development and contain proven reserves of oil and gas, the Governor's bill as introduced would provide no exemption.

Amendments to the Governor's bill are being considered which would operate to expand the presently proposed exemption for native corporations. Rather than limiting the exemption to that required by federal law, the effect would be to remove from taxation the property interests of native regional corporations, whether or not leased or under development. The State would, in effect, be granting a special tax privilege to the otherwise

taxable property of specifically designated racial or ethnic groups. Any such effort would raise very serious legal questions under the United States and Alaskan Constitutions.

A. The Present Exemptions in the Governor's Bill Provide No Justification or Precedent for a Broader Exemption

As a preliminary point, it must be recognized that an exemption for all regional corporation lands would, as a constitutional matter, stand entirely apart from the exemptions included in the original Governor's bill. For example, the present exemption of federal interests in oil and gas reserves stands on a totally different footing, and is maintainable (if not compelled) by inter-governmental immunity doctrines under federal constitutional law. It cannot be seriously argued that native corporations must be accorded the same legal status as the State and federal governments. Further, the benefit of exemptions for State and federal interests accrues to the entire citizenry of those governments, regardless of race. Those exemptions thus provide no justification for an exemption of native interests, confined to specific races.

Neither can a provision incorporating the exemptions of the Settlement Act lend any legitimacy to a broader native exemption. Assuming for present purposes the validity of all exemptions granted by the Settlement Act (a question not yet litigated), they rest on a

constitutional basis that would be wholly inapplicable to a broader State-granted exemption. The United States government's plenary power over Indian affairs extends to matters of taxation, and as trustee of Indians the United States may exempt Indian land from State taxation. See McClanahan v. Arizona Tax Comm'n, 411 U.S. 164 (1973); U.S. Dept. of the Interior, Federal Indian Law 848 (1958). It is by virtue of the federal government's "unique" obligation toward Indians that Congress may enact "reasonable and rationally designed" preferential legislation. Morton v. Mancari, 417 U.S. 535, 555 (1974). The Settlement Act "by necessity" established "racially defined institutions," and granted those institutions the limited tax exemptions "necessary to effectuate a settlement."*/ Congress provided that otherwise the Act should be implemented to avoid "adding to the categories of property and institutions enjoying special tax privileges . . . ." 43 U.S.C. § 1601(b). The particular constitutional justification for the Settlement Act's exemptions thus in no way supports the legitimacy of the State legislature's granting special tax privileges to racially defined institutions.

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*/ S. Rep. No. 92-405, 92nd Cong., 1st Sess. 108-09 (1971).

D. The Proposed Amendment Would Establish A Racial Classification That Would Be Highly Suspect Under the Federal and State Constitutions

The proposed amendment to exempt native interests from the ad valorem tax would clearly adopt a "racially defined" classification. S. Rep. No. 92-405, supra, at 109. The regional corporations established under the Settlement Act are wholly-owned by persons enrolled as natives under the Act (43 U.S.C. § 1606(g)), a privilege limited to persons of one-fourth Indian, Eskimo or Aleut blood. § 1602(b). It is also clear under the Settlement Act that the beneficiary-stockholders of the regional corporations will remain wholly native until 1991. § 1606(h)(1).

The proposed exemption thus raises the question of the propriety of granting a tax privilege to groups of a particular racial makeup. It is settled, of course, that "the States, in the exercise of their taxing power, are subject to the requirements of the Equal Protection Clause of the Fourteenth Amendment." Allied Stores, Inc. v. Bowers, 358 U.S. 522, 526 (1959). Ordinarily, the equal protection clause "does not mean that a State may not draw lines that treat one class of individuals or entities differently from the others . . . . [T]he States have large leeway in making classifications and drawing lines which in their judgment

produce reasonable systems of taxation." Lehnhausen v. Lake Shore Auto Parts Co., 410 U.S. 356, 359 (1973) (holding that a State may subject corporations, but not individuals, to ad valorem taxes on personalty).

The proposed tax exemption, however, does not raise ordinary equal protection issues. It is [illegible] that any racial classification emanating from "official state sources" (Loving v. Virginia, 388 U.S. 1, 10 (1967)), carries the heaviest possible presumption of unconstitutionality.

> "At the very least, the Equal Protection Clause demands that racial classifications . . . be subjected to the 'most rigid scrutiny.' Korematsu v. United States, 323 U.S. 214, 216 (1944), and, if they are ever to be upheld, they must be shown to be necessary to the accomplishment of some permissible state objective . . . ."

Loving v. Virginia, supra, 388 U.S. at 11. See also Bunker v. Erickson, 393 U.S. 385 (1969); McLaughlin v. Florida, 379 U.S. 184 (1964); Farrell v. Woods, 378 U.S. 19 (1964); Anderson v. Martin, 375 U.S. 399 (1964).

The constitutionality of a racial classification does not turn on whether a legislature objectively regards the classification as invidious. The constitutionality turns on whether the classification works to the benefit of a particular race or races and, thereby, the deprivation of others, and on whether it is justified by a compelling interest, by "some overriding statutory purpose." McLaughlin v. Florida, supra, 379 U.S. at 192. "Without

such justification the racial classification . . . is reduced to an invidious discrimination forbidden by the Equal Protection Clause." Id. at 192-93. Thus, if supported by a compelling State interest, a classification may be deemed to be not invidious and hence constitutional. If not so supported, it is invidious as a matter of law and unconstitutional, regardless of the intent behind it.

The degree of concern with which courts scrutinize racial classifications is illustrated by the recent Indian preference case. Morton v. Mancari, 417 U.S. 535 (1974). There the United States Supreme Court addressed the validity of a federal statutory hiring preference given to members of recognized Indian tribes for employment in the Bureau of Indian Affairs. Although upholding the preference, the Court's analysis nonetheless casts considerable doubt on the validity of the sort of classification proposed for the Alaska tax bill.

The Court noted first that the statutory preference

> "is not directed towards a 'racial' group consisting of Indians; instead, it applies only to members of 'federally recognized' tribes. . . . In this sense, the preference is political rather than racial in nature."

417 U.S. at 553 n. 24. Here, by contrast, the Alaska exemptions

would be incorporating the blood standards of the Settlement Act. "There can be no question but that [the proposed exemption] rest solely upon distinctions drawn according to race." Loving v. Virginia, supra, 388 U.S. at 11.

Second, the Court emphasized the "unique" relationship between the federal government and the preferred quasi-sovereign tribal entities, and the fact that no "blanket exemption" from hiring standards was granted. 417 U.S. at 554-55. In each of these respects, the proposed Alaska tax exemption compares unfavorably. The State of Alaska has no constitutionally recognized obligation with respect to natives, let alone with respect to regional corporations. Further, the entities established pursuant to the Settlement Act are business corporations incorporated under State law and in no sense enjoy the privileges of quasi-sovereign tribes. Finally, as discussed in more detail below, the regional corporations are quite closely resolving a "blanket exemption."

Third, despite the factors already mentioned in support of the federal preference legislation, the Court in Mancari nevertheless undertook to determine whether the preference was "reasonably and directly related to a legitimate, nonracially based goal." 417 U.S. at 554. That is a standard somewhat more lenient than is normally applied for

preferential classifications, and properly so in light of the special factors mentioned in the Court's opinion. There can be no doubt by virtue of the Hunsanz decision that the proposed State exemption would have to undergo a very much higher standard of scrutiny.

C. Even If Not Racially Based, the Classification Must Be Rationally Justifiable

As discussed above, any special tax exemption for regional corporations is necessarily one based upon a racial classification. But it is worth observing that a tax classification, however phrased, must comport with the equal protection clause. That clause protects one

> "from state action which selects him out for discriminatory treatment by subjecting him to taxes not imposed on others of the same class. The right is the right to equal treatment."

Hillsborough v. Cromwell, 326 U.S. 620, 623 (1946). While the equal protection clause does not impose rigid requirements upon a State with respect to non-racial classifications, "there is a point beyond which the State cannot go without violating the Equal Protection Clause." Allied Stores, Inc. v. Bowers, 358 U.S. 522, 527 (1959).

Thus, any "ground of difference" in a taxing measure must have a "fair and substantial" basis. Id. */ A State has a constitutional obligation to tax similar entities in a similar manner. In striking down an Alabama statute that imposed an additional tax on foreign corporations as compared with a domestic corporation engaged in the same activity, the United States Supreme Court stated that differential treatment under the tax laws "must be based upon some real and substantial distinction, bearing a reasonable and just relation to the things in respect to which such classification is imposed; and classification cannot be arbitrarily made without any substantial basis." Southern Railway Co. v. Greene, 216 U.S. 400, 417 (1910). **/

An added factor bearing on the proposed exemption for the properties of regional corporations is the obvious resident/non-resident distinction drawn by that exemption. The native regional corporations are all Alaskan corporations (see 43 U.S.C. § 1605(d)) and their shareholders represent a substantial block of voting citizens in the State. These

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*/ Under State law; see e.g., Twentieth Century Invest. Co. v. City of Juneau, 359 P.2d 782, 786 (Alaska 1961) (different tax burdens must be "founded upon substantial and reasonable differences between the objects taxed").

**/ Other cases striking down tax statutes on equal protection grounds include WMT, Inc. v. Cavanaugh, 383 U.S. 117 (1966); Wheeling Steel Corp. v. Glander, 337 U.S. 562 (1949); Raymond

Footnote Continued.

who are to be taxed, by contrast, would essentially be a few out-of-state corporations and their non-resident stockholders -- stockholders who "are not represented in the taxing State's legislative halls . . . ." Austin v. New Hampshire, 43 L.W. 4600, 4602 (U.S.S.C. May 19, 1975).*/ One must question the legitimacy of the State's imposing this new and onerous tax on the properties of non-residents, while exempting the same properties when owned by a politically influential resident group. And such action would violate at least the spirit of the State's constitutional prohibition on taxation of non-residents' property at a rate higher than residents' property. Art. IX, § 2.**/

Footnote Continued.
v. Chicago Union Traction Co., 207 U.S. 20 (1907); Falkenstein v. Oregon Dept. of Revenue, 350 F.Supp. 887 (D. Ore. 1973), appeal dismissed, 409 U.S. 1059 (1972); Moeller v. Commissioner, 469 F.2d 665 (10th Cir. 1972).

*/ Austin involved a tax on non-resident individuals, which was declared unconstitutional under the privileges and immunities clause of the Fourteenth Amendment. Although that clause is not applicable to corporations (Paul v. Virginia, 75 U.S. (8 Wall.) 168 (1869)), discrimination by a State one against non-residents raises serious equal protection questions. E.g., Ward, Inc. v. Glassboro, 393 U.S. 117 (1950); Wheeling Steel Corp. v. Glander, 337 U.S. 562 (1949); Southern Railway Co. v. Green, 216 U.S. 400 (1910); see Hellerstein, "Some Reflections on the State Taxation of a Nonresident's Personal Income," 72 Mich. L. Rev. 1393, 1413-33 (1974).

**/ That section provides:

> "Nondiscrimination. The lands and other property belonging to citizens of the United States residing without the State shall never be taxed at a higher rate than the lands and other property belonging to the residents of the State."

Hence even if the proposed exemption for regional corporations were not (contrary to fact) based on a racial classification, any asserted justification for the exemption would require careful examination.

D. No Rational Justification, Let Alone a Compelling One, Exists for an Exemption of the Regional Corporations

As the above analysis demonstrates, the proposed exemption of regional corporations from the ad valorem tax must rest on a legitimate and substantial basis. It cannot be justified by virtue of the political strength of the natives, or by the convenience of focusing a tax on a few major oil companies. All this would be true even if the exemption did not rest on the racial affiliations of the exempted entities. Given the fact that the exemption is racially based, the State's justification must be a compelling one.

No national justification, let alone a compelling one, exists for the exemption. It is shown above that no justification can be asserted to exist by reason of the Settlement Act. Congress carefully weighed in that legislation the issue of what tax exemptions were and were not necessary to effectuate the settlement. Freedom from property taxation of leased or developed lands was found not to be necessary, and Congress rejected that finding in the

Act. 43 U.S.C. § 1620(d). The Act also stated a general policy that the native institutions being established should not enjoy special tax advantages (43 U.S.C. § 1601(b)), a view that the State government had strenuously asserted. */ Thus the language and history of the Settlement Act weighs heavily against, rather than for, the proposed exemption.

Presumably the tax exemption would be defended on the theory that the exempted entities were newly-established companies without either substantial present earnings or an established credit base. The theory would be that the regional corporations, owned by a class of generally under-privileged members of the State, needed some period of years before they could bear the burden of a substantial property tax. But this justification, however plausible as an initial notion, on analysis proven to offer no rational justification for exemption from the proposed tax.

It is important for these purposes to focus on the nature of the tax in question. It is, of course, not an ordinary property tax. It is a tax on proven reserves of oil

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*/ Hearings on H.R. 3100, H.R. 7039, and H.R. 7432 Before the Subcomm. on Indian Affairs of the House Comm. on Interior and Insular Affairs, 92d Cong., 1st Sess. 120-31 (1971) (statement of Governor Ryan).

and gas. Moreover, by virtue of the exemption for oil and gas interests during the first five years of leasing or development under contract (§ 43.56.020(3)), the tax as a practical matter is applicable only where proven reserves have been available for development for a substantial period. And because the ad valorem tax may be credited against production taxes for the same property (§ 43.56.030), the ad valorem tax is in effect waived once the property is brought under production. Finally, by virtue of section 21(d) of the settlement act (43 U.S.C. § 1620(d)), the tax is not applicable to native lands -- whether or not having known oil and gas reserves -- that are not yet under development or lease.

Once these characteristics of the tax are taken into account, any claim of indigency as a basis for the exemption is shown to be trivial. Without special exemption, the tax would be applicable to a regional corporation only where the corporation possessed known reserves of oil and gas that had been under lease or development for five years, but where significant production had not yet been reached. In short, the tax attaches only where the regional corporation owns known reserves which have been under lease for more than five years but are not yet in production. Why a taxpayer in this situation should be spared taxation only because of his racial identity is difficult to understand.

Where the regional corporation acquires the lessor's interest in an existing lease under the Settlement Act's selection provisions, presumably the argument would be that the native corporation should not be taxed by virtue of the slow development of the lease, a factor over which the natives had no control. But such an argument is equally valid for all private holders of oil and gas interests on the Arctic Slope, the area of principal if not exclusive relevance. As is well known, development of the Slope has been delayed for reasons wholly outside the control of the State and its lessees, and thus those delays mitigate in favor of a temporary exemption for all -- rather than just native -- interest holders. There is no justifiable basis for sparing only those interests owned by a specific race or races.

Similarly, an exemption with respect to prior leases cannot be justified by reason of an immediate cash-flow problem faced by regional corporations. One difficulty with such a justification is the questionable validity of the factual premise. The regional corporations are now receiving substantial payments from the Alaska Native Fund (see 43 U.S.C. § 1605), and the natives' recently publicized offer to make major loans to the State indicates that the regional corporations could pay their fair share of the tax burden. Here again, the special nature of the ad valorem tax must be kept

in mind, since the tax is limited to interests in known oil and gas reserves under development for a five-year period, the tax is not being asserted against anyone who has no prospects for substantial revenues in the near future.

A second difficulty of the cash-flow justification is that the availability of the proposed exemption would not turn on the presence or absence of cash flow; rather, it would turn upon the racial affiliation of the taxable entity. Surely there is no compelling or even substantial justification for limiting the exemption to particular racial classes.

Further, the cash-flow problem -- if there is one -- can be cured by exemptions more properly limited to that problem. The proposed exemption apparently is not limited to the period prior to the receipt of cash royalties, but would extend beyond the time production becomes feasible and would last through the applicable period of the tax. A cash-flow difficulty could justify at most a temporary exemption or, more properly, a mere deferral of the payment date for the tax.

A blanket exemption for regional corporations has even less plausibility with respect to lands hereafter leased or placed under development. With respect to such oil and gas reserves, the present impediments to production will presumably not exist. (Of course, if the impediments continue,

they would justify an exemption for all interest holders.) Yet the exemption would permit regional corporations to voluntarily hold out of production any reserves upon their lands. And since production taxes are to be credited against the ad valorem taxes, the exemption would permit them to avoid both taxes, free from any incentive to develop the property. There is no plausible justification for a legislative judgment that regional corporations should be granted such a privilege.

B. The Exemption Would Create A Dangerous Precedent

The proposed exemption for regional corporations is the first, but presumably not the last, effort to inject into the State's tax laws a distinction based upon race. If an exemption were to be given to Indians, Eskimos, and Aleuts in this tax, similar exemptions would presumably also be permissible in the production tax, the State corporate income tax, other property taxes on corporate assets, and individual income taxes. Thus the legislature would be establishing a precedent for setting race against race in its deliberations, a precedent which surely would contravene the intent and purposes of the Fourteenth Amendment. Such a precedent would also contravene the policies underlying the Settlement Act,

in mind; since the tax is limited to interests in known oil and gas reserves under development for a five-year period, the tax is not being asserted against anyone who has no prospects for substantial revenues in the near future.

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A blanket exemption for regional corporations has even less plausibility with respect to lands hereafter leased or placed under development. With respect to such oil and gas reserves, the present impediments to production will presumably not exist. (Of course, if the impediments continue,

a major effort by Congress to eliminate divisive legal disputes between native and non-native interests in the State. The possibility of new decades of litigation and increased antagonisms by virtue of special tax privileges for native organizations would be reason enough for the courts to strike down a racially preferential tax privilege, regardless of the asserted justifications in this particular instance.

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

HB
313

TESTIMONY OF R. W. ALLINGTON FOR SEALASKA CORPORATION
CONCERNING H.B. 278 AND H.B. 313

Mr. Chairman and members of the House Resources Committee:

I am here today to testify at the request of John Borbridge, President of Sealaska Corporation, with respect to H.B. 278 and H.B. 313. These bills were introduced in the first session of the 9th legislature as a means of providing additional protection for our Alaska fisheries resource.

Sealaska Corporation, as you are aware, is the Native Regional Corporation for Southeast Alaska formed under th provisions of the Alaska Native Claims Settlement Act. As such we count many fishermen among our 15,000 plus shareowners. A number of these fishermen-shareowners also sit on the Board of Directors of the Corporation. Consequently, the Corporati is aware of, and sympethetic to, the problems presently facing the fishermen and the efforts of the State of Alaska in trying to protect this valuable natural resource.

The Corporation is quite sympathetic to the issues addressed in the subject legislation (H.B. 278 and H.B. 313). However, we feel that these bills are a "piece-meal" approach to the complex, involved problem insofar as forest lands are concerned, and as such is inconsistent with Governor Hammond's position as set forth in his State

of the State message which addressed the need for an integrated rather than piece-meal approach to resource legislation.

Sealaska Corporation as the prospective owner of 200,000 acres of private timber land, anticipates timber harvest operations on its lands which would be subject to the provisions of H.B. 278 and H.B. 313. Additionally, Sealaska Corporation will be subject to the provisions of the State Forest Practices Act which has been proposed by the Administration. As stated previously, the Corporation endorses the concept of fisheries protection, and also endorses the concept of a Forest Practices Act to ensure best current management practices insofar as forest resources are concerned. However, we are somewhat concerned at the prospect of multiple permit procedures which could result from a piece-meal approach to resource protection. Further, portions of the proposed Forest Practices Act as well as Section 208 of the Federal Water Pollution Control Act, address either directly, or indirectly through authority to promulgate regulations, most if not all of the resource protection issues addressed in H.B. 278 and H.B. 313. We believe that enactment of a "good" Forest Practices Act should among other things, establish insofar as possible, a "one-stop" notification and, if necessary, permit system so that timber operators and/or owners can minimize the governmental paper work required to conduct business. Sealaska

Corporation and other timber related companies should not be required to "bob and weave" through a maze of Departmental notification and permits in order to do business. Such a maze develops unintentionally when a piece-meal approach is taken as appears to be the case with H.B. 278 and H.B. 313. An integrated approach to resource protection can best be achieved through a comprehensive Forest Practices Act which, hopefully, would require only one contact with the State Forester for a timber operator and/or owner to manage his private timber lands in accordance with appropriate statutes and regulations.

Therefore, it appears to this timber related corporation that H.B. 278 and H.B. 313 should be tabled by the House Resources Committee until the proposed Forest Practices Act has been acted upon and we would urge this Committee to so act.

Ernst. W. Mueller
Dept. of Env. Conservation

Comments on HB 313

"An Act relating to interference with or pollution of water inhabited by fish or shellfish."

Mr. Chairman, members of the Committee: Thank you for this opportunity to share the view of the Department of Environmental Conservation concerning House Bill 313, introduced by request of the Governor on March 19, 1975. This bill is conceptually a logical extension and amplification of Alaska Statutes, Article 1, Chapter 10, Title 16, "Interference with Streams and Waters." The bill accomplishes this task through the following:

1. First, the bill expands the coverage from purely salmonid propagation waters to include habitat waters for all species of fish and shellfish. This expansion recognizes that Alaska's commercial fishing industry has diversified from its traditional reliance largely on salmonids to its present base on a large number of fish and shellfish species, the protection of their habitat thus becomes at least as important as the protection of salmonid habitat. Also, this action recognizes the inherent value of all fishes and shellfishes, whether they are of commercial, recreational, aesthetic, or purely ecological significance.

2. This bill recognizes, as does the Governor's message transmitting it, that destruction of the habitat of wild creatures as a result of rapid development of other natural resources can, most often, result in diminution of species

populations far in excess of that occurring from increases in species harvest. Alaska's diverse natural resources are being exploited at an increasingly rapid rate. To avoid sacrifice of our renewable resources, particularly our fish and wildlife, to extract our non-renewable resources, we must have an adequate base of resource protection law and policy. HB 313, if enacted, would be an important part of that law and policy.

3. HB 313, like the initial legislation, recognizes the technical difficulty of proving that an act of interference with or pollution of water actually damages fish populations. Our experience with water pollution law, in general, is extensive enough for us to believe that the concept of pollution illegality, regardless of provable damage, is the only reasonable and effective one to face. In fact, to prove that an act is a violation, such as a water quality standard violation, is oftentimes extremely difficult in itself, without having to prove damage. Our orientation should be, therefore, to err on the conservation side, to provide a level of protection that we are certain is effective, and to compromise that orientation by exception.

4. To manage those exceptions, HB 313 continues and broadens the permit program of AS 16.10.020. Whereas the existing statute speaks only of granting permits in the cases of structures designed to obtain water or to provide power, HB 313 expands the permissable actions to any which, upon determination, constitute an activity whose benefits outweigh the risks of

damage to the fish or habitat, and the human interests dependent upon them. In addition, the permit process in HB 313 enables us to include permit conditions which mitigate damage, not simply structural modifications as are presently in AS 16.10.020. Thus, we would be able to specify, within the permit, critical times when certain actions should not take place, methods to minimize damage (such as siltation control systems, etc.).

5. HB 313 also increases penalties for violations so that they are more in line with current environmental law. To be effective, environmental laws must include penalty mechanisms rigorous enough to preclude large, prosperous, industrial operations from wilfully violating, and when convicted, paying a token fine. HB 313 remedies this, by significantly increasing the penalty provisions. Also, by applying AS 46.03.780 to these violations, the violators can become liable for full cost of restoration of the damaged environment.

6. HB 313 also repeals AS 16.10.50:

> "Sections 10-50 of this chapter do not affect the vested rights or privileges granted by federal statute to any person."

This section essentially removed State control over federal projects, or many private projects on federal lands. As many such projects, particularly water resources projects, forestry projects, mining, etc., are conducted on federal lands, the State must, in order to protect its resource interest, exercise control over the habitat disruption that results.

This bill, by placing implementation in the Department of Environmental Conservation, and by becoming a water pollution control statute, establishes our jurisdiction over federal projects and actions, as required by 33 U.S.C. 1323 under the Federal Water Pollution Control Act Amendments of 1972. The fish and Wildlife Coordination Act of 1934 does require consultation between State and Fish and Wildlife agencies and federal agencies, however 16 U.S.C. 662(h) of the Act states:

> "The provisions of Sections 661-666c (essentially the entire Act) of this title shall not be applicable ...to activities for or in connection with programs primarily for land management and use carried out by federal agencies with respect to federal lands under their jurisdiction."

Thus, in a very real sense, projects thus specified on federal lands are not subject to review by State Fish and Wildlife agencies, but are subject to regulation by the State's water pollution control agency. By placing the permitting authority with our Department, and by requiring close coordination with the Department of Fish and Game, HB 313 accomplishes the dual purpose of allowing regulation of the quality of fisheries habitat on a holistic basis, and of extending jurisdiction to federal activities, not as a "guest," but as a co-equal regulatory authority.

Finally, I would like to remark that we have discussed, at some length, the mechanics of the permit program with appropriate

Fish and Game personnel. In all probability, the program would constitute an amplification of the existing review process under AS 16.05.870-900, which refers to structures in and modifications to designated anadromous fish streams and lakes. As a result of these discussions, we feel there will be no significant difficulties in implementing the permit program within our two agencies.

Thank you for this opportunity to comment, and if there are any questions, I would be happy to attempt to answer them.

* * * * *

Producers of DISSOLVING PULP

KETCHIKAN PULP COMPANY

KETCHIKAN, ALASKA U.S.A.

#310 Prospector Hotel, 340 Whittier St., Juneau, Alaska

EDWARD W. BORGEN, Sr.
Legislative Representative

April 3, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
State Capitol Building
Juneau, Alaska

Dear Representative Anderson: Re: HB 313

This bill proposes to make some rather drastic changes in AS 16.10, and are so broad that they constitute a definite peril to the survival of the logging and milling segments of the timber industry.

Where the present statute deals with salmon spawning streams, and being seasonal can be observed,-although with some disruption to the logging program. The new measure would be year-around in scope, and by adding other fish and shellfish, make observance of the law impossible - if the logger wished to try to stay in business and fulfill his contract with the U. S. Forest Service.

Under present laws and regulations, it appears that adequate protection is being given to fish and to wildlife in the National Forests and on State lands. Before the logger can cut the first tree, he must have contracts, licenses, leases and agreements with over 30 State and Federal agencies, all acting to protect the best interests of the departments they represent. Adding further regulations appears to defeat the purpose of utilization of the timber, much of it over-aged, and the added restrictions only tend to stifle industry, one badly needed in the economy of Southeastern Alaska in particular, and the State in general.

The fact that the State does not have to even demonstrate actual damage, or the likelihood of damage, in order to prosecute, and this with the rather large increase in the maximum fine, being raised from $500 to a proposed $25,000, coupled with each day of violation being considered a separate offense, in our opinion, constitutes a threat of destruction, and certainly is excessive.

We do not feel that the need to change the present statute has been sufficiently demonstrated. If there has been an infraction of the law, perhaps by only a few, this does not require such drastic action that those who are honest and law abiding must face possible ruin.

Since there also may be an area of conflict between Federal and State laws and jurisdictions in this bill, we feel that the role of the State of Alaska should be carefully checked. We ask, therefore, that you give serious consideration to retaining the present statute.

cc Committee Members
House Resources

Senator Robert H. Ziegler, Sr.
Rep. Oral Freeman
Rep. Terry Gardiner

Respectfully,
Ketchikan Pulp Co.

Edward W. Borgen, Sr.
Legislative Advisor

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P. O. Box 1628, Juneau, Alaska 99802

1560
APR 23 1975

Honorable Nels A. Anderson, Jr.
House Resources Committee
Alaska Legislature
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Mr. Anderson:

During Resource Committee hearings on State of Alaska House Bill 313, you requested Bob Tracy to comment for the Forest Service. Although he was prepared to do so, he did not testify due to the tabling of the bill. You also asked that he testify when hearings were held on H. B. 278. Those have not yet been rescheduled.

Because Forest Service management of National Forests was a major topic during the hearing, we are anxious that you and the Resources Committee members understand our view regarding both House Bills 313 and 278. Also we want to respond to some of the points that came up in discussing the bill. We hope this is helpful to you in deliberating these or other bills that may have a bearing on National Forest management. We have enclosed a copy of the letter we had expected to use as testimony at the H. B. 313 hearing.

The following speaks to points of discussion brought up during the hearing of H. B. 313.

Commissioner Brooks indicated that H. B. 313 was aimed at water pollution prevention since it was thought that the Federal Government would be required to comply with pollution prevention laws. Through the Federal Water Pollution Control Act and Presidential Executive Order 11752, we are required to meet State water quality standards developed in conformance with Environmental Protection Agency guidelines. Alaska's water quality standards are embodied in Title 18, Chapter 70 and do conform to EPA guidelines. The State standards are incorporated into our Forest Service Manual as direction to our field people. Executive Order 11752 clearly indicates that we are to comply with the standards, but we are not to be bound by State administrative procedures, which is what H. B. 313 would attempt to do.

Commissioner Brooks was misinformed in stating to you that timber industry people laid out the boundaries of cutting units on National Forest lands subject to Forest Service approval. This was more or less true at one time on our long-term sales, but has never been true on the short-term sale program. This was always done entirely by the Forest Service. We now do the entire job on the Ketchikan Pulp Company long-term sale and are rapidly

acquiring the entire job on the Alaska Lumber and Pulp Company sale. Even on that sale, Company work is merely in accordance with what the Forest Service prescribes. The Committee should also know that Commissioner Brooks on March 20, 1975, before the Forest Practices Committee of the Alaska Loggers Association, stated that logging was not the cause of the depletion in the salmon runs, it was over-fishing.

The Commissioner made reference to having seen a Forest Service letter from someone other than the Regional Forester regarding Forest Service jurisdictional attitude. He stated a copy could be made available to your committee. We do not know what letter he means but believe it may be the same as one the Department inquired about recently. On the chance that it may be, we are enclosing a copy of the ADF&G inquiry and our reply. We have heard nothing further on it. We hope you will find our response positive and in a spirit of cooperation. We are not defiant of State authority but when it seriously conflicts with Federal authorities we simply cannot abrogate our management responsibilities.

One of the reasons given in support of H. B. 313 was that control over mining activity was needed. We point out that new Mining Regulations applicable to National Forest lands were adopted by the Secretary of Agriculture and have been in effect since last September. Among other things, these regulations require submission of an operating plan and approval by the Forest Service for any mining operation which will cause significant surface disturbance. We believe we have adequate control.

One last point is with regard to considerable criticism of National Forest logging activity. We acknowledge a number of past violations. In fact we can compile quite a list of them. However, we do not believe this should be allowed to obscure the many good practices and good results there have been over the years. We also think it important to recognize recent changes made in cutting policies and administrative capabilities which we have developed to give added protection to other resource values. It will take a few years before these are very noticeable but they are in effect right now. Our staffing has increased greatly in the last year, specifically to enable us to do a better job of managing the resource activities, particularly timber harvest. We have taken strong steps to correct mistakes. Our timber sale contracts have teeth with which we can and intend to enforce good practices

We believe the wise use and protection of our natural resources is the aim of the State of Alaska, just as it is the aim of the Forest Service. We think a spirit of close cooperation and trust must be fostered between the two levels of government if the citizens of Alaska and the nation are to be properly represented. It is our desire to develop such an atmosphere of cooperation and trust.

We thank you for the opportunity to comment on these bills.

Sincerely,

C. A. Yates

C. A. YATES
Regional Forester

Enclosures
cc: Resource Committee members
Repr. Haugen

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
Box 1628, Juneau, Alaska 99802

1560

April 3, 1975

(Date mailed)

Honorable Nels A. Anderson, Jr.
House Resources Committee
Alaska Legislature
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Mr. Anderson:

We have reviewed State of Alaska House Bill No. 278, entitled "An Act requiring fishery water protection reports," and House Bill No. 313, entitled "An Act relating to interference with or pollution of water inhabited by fish or shellfish." Of course, we are fully supportive of the need to provide ample protection to the fish waters of our State. Federal laws, regulations, and policies which direct the management of National Forest lands are specific in recognizing Forest Service responsibilities for protection and management of all the National Forest resources. In commenting on these bills, we hope this support of the objective of providing protection is recognized.

In a number of places throughout proposed H. B. 278, the wording ". . .person or governmental agency. . ." is used. While proposed H. B. 313 makes no mention of "governmental agency," neither does it clearly exclude governmental agencies. It is our recommendation that this wording be revised, or some definition inserted, which would clarify that the Federal Government is not included under the terms of the bills.

The authorities under which National Forests are managed assure a high degree of protection including requirements to give full consideration of various alternative actions, to select the most desirable alternatives, and to provide for minimizing adverse effects.

We want to point out the opportunity for close State-Federal coordination through procedures established by Office of Management and Budget Circular A-95. We are pleased to have entered into a cooperative Memorandum of Understanding with the State of Alaska to implement the direction of the Circular. We believe this is an efficient way for the Forest Service to keep the State informed of our activities and to solicit comment from State agencies regarding those activities.

We believe the clarification we have requested is important in understanding the separation of authorities that exist between State and

Federal governments on Federally administered lands. It would not be possible for the Forest Service to relinquish its jurisdictional responsibilities on National Forests to the State.

We thank you for the opportunity to comment on these bills.

Sincerely,

C. A. YATES
Regional Forester

P.O. Box 1628, Juneau, Alaska 99802

1560
2600

February 28, 1975

Mr. James W. Brooks, Commissioner
Alaska Department of Fish and Game
Subport Building
Juneau, Alaska 99801

Dear Jim:

This will acknowledge your letter of February 10, signed by Mr. Rosier, which refers to a memorandum to the files from one of our Resource Management Assistants. We have not seen the letter you refer to, do not know who wrote it, nor in what context it was written.

We presume the letter refers to a permit or license which would be obtained from the Department of Health and Welfare under AS 16.10.010 (3) before rendering water inaccessible or uninhabitable for salmon spawning or propagation purposes.

As you know, Jim, the Forest Service has never considered the need for permits for activities involving non-navigable streams on National Forest lands. To my knowledge we have not been asked to obtain such permits in the past. For one thing, we do not believe our activities are rendering waters "inaccessible or uninhabitable" since the precautions, developed in consultation with your staff, which we take are specifically designed to prevent that from happening.

We recognize, partially as a result of the Leo Nelson case, that our agencies do have differences in interpreting applicability of AS 16, and particularly AS T6.10.010. We hope most strongly that those differences will disappear through development of a mutual understanding and respect for each agency's goals and objectives in resource management. We intend that the requirements of our timber sales and other contracts provide the control necessary for the protection of the fishery values and water quality under the concept of multiple use management. We think that our proper enforcement of those requirements will accomplish the same objectives we believe AS 16 is intended to do.

We believe our best chance of establishing strong working relations between us will be through our professional people responsible for

managing the resources. It would be most unfortunate for both our agencies if we had to resolve our differences through legal disputes.

Some of our people will already have met, when you receive this letter, for the purpose of clarifying problem areas and recommending solutions. We will be most disappointed if they do not identify many opportunities for promoting understanding and developing management practices that better recognize the needs of all the resources. If they can not do that, our troubles are more serious than we presently believe.

This letter skirts a direct confrontation over your question regarding AS 16. That was intentional and I hope my expressed thoughts explain why. We have not issued any policy direction to our field people that they will or will not obtain permits. We do not contemplate issuing such direction and certainly hope the approach of working together to provide the needed protection will be found to be the desirable way to go.

Sincerely,

C. A. YATES
Regional Forester

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

SUBPORT BUILDING
JUNEAU 99801

February 10, 1975

Mr. Charles Yates
Regional Forester
US Forest Service
709 West 9th Street
Juneau, Alaska 99801

Dear Mr. Yates:

We have a memorandum to "Files" from a US Forest Service Resource Management Assistant that says in part:

> "ADF&G feels that we must obtain permits for any activity that affects salmon streams. However, until they win their appeal in the Starrigavan case, the Forest Service does not feel that permits are required. The decision in the Starrigavan case recognizes the supremacy of Federal law and the Forest Service's direction from Congress and the Secretary of Agriculture over State law."

f this is Forest Service policy, it is important that we know it so we ight act accordingly. I would appreciate your early reply regarding Forest ervice policy on the applicability of AS 16 on Forest Service lands.

incerely,

ames W. Brooks
ommissioner

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill Number 313

Title: Pollution of Water Constituting Fish or Shellfish Habitat

Requested by: House Finance Committee Date: April 2, 1975

Return Date Requested: April 9, 1975

Agency: Fish and Game Program: Natural Resources Management and Environmental Conservation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Habitat Protection

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

As per AS 16.05.870 and other permit review processes (Corps of Engineers, discharge permits, highway design review, etc.) the Department of Fish and Game is presently engaged in permitting and review of such activities as are regulated by this act. Therefore, administration of the Act will require no significant expenditure of funds in addition to those already budgeted for these functions.

IV. ATTACHMENTS

V. DATE: April 7, 1975 PREPARED BY: John T. Stewart

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

File
313

February 6, 1975

Mr. Rodger Peguez
Attorney General's Office
Pouch "K"
Juneau, Alaska 99801

Dear Rod:

Re: Problems Surrounding Present Timber Sales

On behalf of the Alaska Loggers Association I invite you to our offices to commence conversations designed to identify problems surrounding proposed timber sales and to narrow the issues which presently may be contributing to misunderstanding. The further objective of such meetings would be to identify items which might be worthy of inclusion on an agenda for a meeting between State, Federal and Industry policy makers. It is likely that a series of discussions will have to be held to achieve the goals set forth herein. Accordingly, it would seem wise to begin at the earliest possible moment.

Please advise whether or not the State, through your office, would be amenable to such discussions. As I envision it, it would be appropriate at this time that the only participants be the lawyers representing the various interests involved. In addition, it would be most helpful to keep the meeting small so that conversations can move rapidly. Therefore, the Alaska Loggers Association will be represented by Bill Royce, from Ketchikan, and myself. I intend, also, to invite Al Gaskill from the Forest Service. If it would be possible to limit your delegation to two or three persons it would expedite our conversations. Naturally, more persons should be included in these meetings as the discussions develop.

I am looking forward to hearing from you on this matter.

Yours very truly,

James F. Clark

c.c. Mr. Al Gaskill
Mr. Robert Jernberg
Mr. Clarence Kramer
Mr. Jim Rynearson
JFC:k

HB

351

"An Act relating to the issuance of commercial fishing entry permits."

COMMITTEE REPORT

3/27/75 HOUSE JUDICIARY

Mr. Speaker: Date 4-1-75

The Committee on RESOURCES has had HB 351 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it Bt REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "Other"

Members signing the Majority report:

Vic A. Anderson, Jr.

Members NOT concurring in the Majority report:

_____ recommends: H. Rec.

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Vic A. Anderson, Jr. Chairman

Committee Report.

It is the intent of the House Resources Committee in reporting out House Bill 351 to allow ~~hardship~~ a ~~Case~~ person who can demonstrate "undue hardship" to receive a permit.

The committee's intent is not to undermine the present limited entry law, but to help persons who have demonstrated active participation in, and intend to continue in the fisheries and who are not ~~eligible~~ eligible to fish under the present law

Testimony presented to the House Resources Committee by the the CFEC indicates that ~~950~~

HB
353

To: Ted Smith

ALASKA GEOLOGICAL SOCIETY, INC.
P. O. Box 1288, Anchorage, Alaska 99510

April 7, 1975

The Honorable Mike Bradner
House of Representatives
Juneau, Alaska

Dear Mr. Bradner:

The Alaska Geological Society is very interested in your House Bill No. 353, "An Act Transferring Geological and Geophysical Surveys to the University of Alaska."

We would appreciate some background information on your bill. Specifically, we would like to know

1. Why was this bill submitted?

2. The reason why you feel the University can handle the surveys better than the Department of Natural Resources?

3. In what way would this bill be more beneficial to the State of Alaska than the present one on this subject?

4. Would you consider alternatives, if necessary, to this bill?

5. How would the chain of responsibility be handled?

6. What costs are involved?

The Alaska Geological Society has 280 paid members. Most of the geologists in the state are members. They represent mining, oil and gas, environmental, engineering and the teaching and research professions.

— see next page —

Mr. Thomas Wilson, our President for this year, recently requested that I find out all I could about this Bill.

Thank you for your cooperation.

Sincerely,

Alex Sisson

Alexander Sisson
Chairman, Legislative Affairs
Alaska Geological Society

4-9-75

Ted:

Since you are on the Resource Committee, I thought you would be interested to know that I am very much interested in HB 353. I am a geologist for Union Oil and Chairman of AGS Legislative Affairs Committee.

Our input into the original creation of the Geological & Geophysical Survey was tremendous - but to little avail because Chuck Hurlbut put it into the realm of politics.

We are interested in getting this survey out of politics. One should not mix professionalism with the day-by-day political way of getting things done. The U.S.G.S. is a "clean" agency of the Federal Government. This is the way the State Div. of Geol. & Geophysics should be set up.

As soon as I hear from Mr. Bradner, I'd like to express our thoughts further with you. Please do not do anything on this bill unless you at least get some ideas & data from me or other Geological Society officers.

Sincerely

Alex

HB

360

"An Act relating to the regulation of entry into commercial fisheries; and providing for an effective date."

COMMITTEE REPORT

3/28/75 HOUSE JUDICIARY

Mr. Speaker: Date 4-8-75

The Committee on RESOURCES has had HB 360 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

From Dept. of Fish & Game — Year 1974

Li Gear Number	No. of residents	No. of non-residents
1 - purse-seine	949	378
2 - beach seine	70	5
		879
3 - drift gillnett	3,205	~~8,079~~
4 - set gillnet	2,663	138
5 - hand troll	1,924	204
P5 - power troll	695	172
6 - long line	1,239	119
11 - herring seine	23	5
	10,758	1910

1974 figures

figures taken from license applications — not completly accurate.

ball-park figures

HB

361

"An Act making a special appropriation to the Department of Fish and Game to purchase real property known as the Rabbit Creek rifle range within Potter Point State Game Refuge; and providing for an effective date."

COMMITTEE REPORT

3/28/75 HOUSE FINANCE

Mr. Speaker: Date January

The Committee on RESOURCES has had HB 361

under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob O. Porterfield, Al Hohlberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob O. Porterfield Chairman

AMENDMENT

OFFERED IN THE SENATE: BY: House Resources Committee

To: _____ SENATE BILL No. _____

HOUSE BILL No. _____

PAGE: 1 LINE: 20

Change effective date to July 1, 1976

PUBLIC SHOOTING RANGES

WHEREAS there is a recognized absence of organized, controlled public shooting ranges in most Alaska communities, the safe use of firearms in the vicinity of villages and cities depends upon the presence of such facilities and the availability of Federal funding for shooting facilities has been increasing and is presently available through Alaska Department of Fish and Game,

THEREFORE be it resolved that the Council support the construction, operation and maintenance of Public Shooting Ranges in all Alaska communities.

Adopted by the Alaska Wildlife Federation and Sportsmen's Council, November 1, 1975, Juneau, Alaska

NON-RESIDENT TAG FEES

HEREAS the Department of Fish and Game
tional funding is necessary
sportsmen is eligible for
it resolved that th
east a 25% in
ntinal i
cens

SRA BOX 1940-B
ANCHORAGE, AK.

MAY 4, 1975

HON. CLARK GRUENING
HOUSE OF REPRESENTATIVES
STATE OF ALASKA
JUNEAU AK.

SUBJECT: ~~SENATE~~ BILL 361

SIR:

PLEASE GIVE THIS BILL YOUR ENDORSEMENT AND ACTIVE SUPPORT.

SINCERELY YOURS,

GENE A. CARLEY





Dear Sir

Re HB 361

It has been brought to my attention that the Fish and Game Dept supports HB 361 for the purchase of the Rabbit Creek Rifle Range. I endorse this purchase and will check your voting record to make certain that you do too. The Range is quite necessary to Anchorage Community. Also, there is no alternate site within reasonable distance of anchorage for such a facility. I know I have looked. Also, I suggest that some language be put in the bill requiring the use of the land only as a shooting range,

Sincerely
John D Fletcher

Sen. Bob Bradley -

due to the rapid growth of Anchorage facilities for sportsmen are becoming more and more limited.

I would appreciate your support of house bill 361 for the continued operation of the Rabbit Creek Rifle Range. Such support would be appreciated by thousands of shooting enthusiasts in the Anchorage area.

Sincerely
K. E. Bob Rubin
7216 Michelson Pl
Anchorage 99502

J E Gunn
PO Drawer 8829
ANCH AK 99508

Dear Senator Bradley,

Due to the limited shooting facilities in the anchorage area, the Rabbit Creek range is a very important sportsman's function. Rather than force the sportsman to sight in his guns in the Woods, I hope you will use some small effort to keep the Rabbit creek open.

Sincerely
J.E. Gunn

Senator BRADLEY

Now are aware of the No. of Shooting Facilities in the Anch. Area.

Hope fully you will support House Bill 361. To continue operation in The RABBIT CREEK RANGE.

Thank you
Mike Jamison
1002-W 30th
ANCHORAGE, AK
99503

Dear Senator Bradley

Please add my endorsement to bill 361 to your list. I am a concerned sportsmen and feel there is a need for such an area. I think Rabbit Creek area is the only appropriate place at this time

Allen T. Sawyer
2825 Kronbeck St.
Anchorage AK.

Sam Fejes Jr.
BOX 6403 ANNEX
Anch, ALASKA
99502

MR CHANCY CROFT

MAY 3 1975

The Rabbit Creek shooting Range.
is the only place I know were to
shoot here in Anchorage. I would
like to see this range be improved
and be able to use it. I would
like you to support Bill 361
so that we may have a place
to shoot in the future.

Thank You
Joseph J. Kryn
455 Canuck DR.
Anchorage. ALASKA

A ALASKAN FOR ALASKA

Mike Bradner,

Dear Representative

We badly need shooting areas
in the Anchorage area for the
targeting sportsman. At present,
Rabit Creek is the only one available.
Lets retain & improve this please!
I do strongly support bill #361.

Sincerely,

Donald L. Green
7325 Madelynne.

Mike Bradner

Dear Sir,

As an interested sportsman and avid target shooter, I realize we do not have any shooting facilities in the Anchorage Area besides the one at Rabbit Creek Rifle Range. I would like to strongly request the passage of Bill #361 to keep this range open and improved.

Sincerely

Douglas A. Ebling
2537 N. Tahiti
Loop, Anchorage
99507

Dear Senate Cedar,

Please add my endorsement of bill 361 to your list. I am a concerned sportsman and feel there is a need for a range in the anchorage area. Since Rabbit Creek is the only local range, I think we should provide for its continuation.

Robert M. Zook
4001 Seward Hwy
Anch. 99503

SENATOR MILLER

SIR:

THE STATE OF ALASKA HAS MANY FORMS OF HUNTING OPEN TO THE SPORTSMAN. BUT WITH A LIMITED NUMBER OF RANGES. WITHOUT A PROPER PLACE FOR SIGHTING IN A FIREARM THE CHANCES OF INJURYING WILDLIFE GIVING THEM A SLOW PAINFUL DEATH IS MUCH HIGHER. WE DO NOT NEED TO WASTE ANIMALS THIS WAY.

A RANGE ALSO TELL THE HUNTER HIS OWN CAPABILITIES AS A MARKSMAN. THIS KNOWLEDGE MAY BE SPREAD TO HIS FRIENDS SO THEY WILL FOLLOW THE EXAMPLE.

THERE IS ALSO A GREAT AMOUNT OF ENJOYMENT IN STRICTLY TARGET SHOOTING.

THESE ARE ONLY A FEW OF THE REASONS WHY I AM SUPPORTING THIS SENATE BILL NO. 361.

SINCERELY

David E. Hansen

ANCHORAGE, ALASKA

Sen. Clooney Croft
Juneau Alaska

Dear Clooney

I would like to urge you to support Senate Bill 361 which will enable the development of a more adequate shooting facility in Anchorage.

At the present time the range has almost every shooting station bolted and some people left who have wanted to shoot.

I would be happy to support this bill in any way that you might require

Sincerely

Jim Hotchkiss
2256 St Elias Dr
Anchorage.





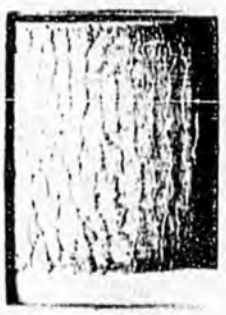
Dear Sir. Bill # 361

Our City is Growing Larger by the Month. And we need to Expand all of our Services Accordly But As of yet we dont have A Suitable Public Rifle / Pistol / Shot Gun Range At which To Practice At. I believe That This bill which is being Drafted would solve A Considerable Problem, As To Where To Go (Instead of Grade Pits etc which cause Hazards To the Non Shooting Public I Sincerly hope we can Pass A bill of This Nature.

P.S. Gun Control is the first Step Hitler took in his Take over of Germany.

Sincerly





Bill # 361 H.B.

Sir:

Being a sometime hunter and having been a purchaser of shooting licenses for 21 years my interest in a place to go in hunting rifles in the Anchorage area is of some current concern.

Spending as is by your study there in Juneau has been astoundingly over zeloous for so many poorly thought out and ill advised set projects. It is time to pass an appropriation for some real benefit to the taxpayers. Can't we off

SIR:

JUST WANT TO DROP YOU A SHORT NOTE TO LET YOU KNOW I AM STRONGLY IN FAVOR OF KEEPING THE POTTER MARSH FIRING RANGE OPEN.

...IN FACT, I WOULD LIKE TO SEE THE AREA HAVE SOME MINOR IMPROVEMENTS & KEEP THE PLACE OPEN 7 DAYS A WEEK.

I BELIEVE THIS AREA IS A VALUABLE ASSET TO ANCHORAGE.

IF MONEY IS A PROBLEM, I DON'T THINK ANYONE WOULD MIND PAYING AN ENTRANCE FEE TO HELP MAINTAIN THE AREA.

THANK-YOU FOR TAKING THE TIME TO LISTEN TO MY VIEWS.

BRAD MEYERS
1024 E 12 #3
ANCHORAGE

Michael J Davis
USMR Box 9436
Elmendorf AFB 99501
3 May 1975

William Parker
337 E. 10th ave.
Anchorage Alc 99501

Dear Sir, I know that you are well aware of the limited shooting range facilities here in anchorage. The Rabbit creek range has been the only range open to the general shooting Public. I would like to see it stay open and its facilities imp improve. I am sure that the shooters of anchorage would like to see you support Bill 361 in the House for the improvement of the Rabbit creek range.

Your Truly
Mike Davis

21-336 B LEMOW
Elmendorf AFB, AK.
3 May 75

Dear Senator Bradley:

I am sure you are aware of the limited number of shooting facilities in The Anchorage Area. I am, therefore, hopeful that you will support House Bill #361 and any other measures to continue operation of the Rabbit Creek Range.

Very truly yours,

Ronald A Davis
Major, USAF

5/5/75

Dear Assem - Representative

Shooting areas in Anchorage have become limited. At present the Rabbit Creek Rifle range is the only area where public shooting is condoned.

I [illegible] matters on the passage of [illegible] 361 especially [illegible] Rabbit Creek Range [illegible] Rabbit Creek range.

Sincerely,

[illegible]

Anchorage, Alaska 99504

J.E. Snyder
2907 Park Place
Anch 99503

Dear Mr. Hershberger,

I am writing in reference to the Rabbit Creek Rifle Range and House Bill 361. I enjoy recreational shooting and strongly believe we need the Rabbit Creek range and others like it. Such public ranges will perhaps lessen the amount of indiscriminate shooting at signs and lights. I am a police officer for the Dept of Commerce and I urge the passage of HB 361

Sincerely
JE Snyder

Michael J. Davis
Unit Box 9436
Elmendorf AFB 99501
3 May 1975

William Parker
337 E. 10th Ave.
Anchorage, Alaska 99501

Dear Sir, I know that you are well aware of the limited shooting range facilities here in Anchorage. The Rabbit Creek range has been the only range open to the general shooting public. I would like to see it remain open and its facilities improve. I am sure that the shooters of Anchorage would like to see you support Bill 361 in the House for the improvement of the Rabbit Creek Range.

Yours truly,
Mike Davis

5/3/75

Dear Senator - Representative

Shooting areas in the Anchorage bowl are limited. At present the Fatirbl Creek Rifle range is the only area where public shooting is condoned.

I like [illegible] the mountains in the Anchorage area [illegible] the average of [illegible] 361 apparently [illegible] Fatirbl Creek [illegible] [illegible] the Fatirbl Creek range.

Sincerely,

[illegible]

[illegible]

Anchorage, Alaska 99504

Rep. Bob Bradley -

Due to the rapid growth of Anchorage facilities for sportsmen are becoming more and more limited.

I would appreciate your support of house bill 361 for the continued operation of the Rabbit Creek Rifle Range. Such support would be appreciated by thousands of shooting enthusiasts in the Anchorage area.

Sincerely

S. E. Bob Rubin

7216 Michelson Pl

Anchorage 99502

MAY 3 1975

MR CHANCY CROFT

The Rabbit Creek shooting Range.
is the only place I know were to
shoot here in Anchorage. I would
like to see this Range be improved
and be able to use it. I would
like you to support Bill 361
so that we may have a place
to shoot in the future,

Thank You
Joseph J Kuyz
455 Canuck DR.
Anchorage. ALASKA

A ALASKAN FOR ALASKA

Dear Sir, Mike Bradner

As an interested sportsman and avid target shooter, I realize we do not have any shooting facilities in the Anchorage Area besides the one at Rabbit Creek Rifle Range. I would like to strongly request the passage of Bill #361 to keep this range open and improved.

Sincerely

Douglas A. Ellig
2537 N. Tahiti
Loop, Anchorage
99507

Senator BRADLEY

Now are aware of the No. of Shooting Facilities in the Anch. Area.

Hope fully you will support House Bill 361. To continue operation in The RABBIT CREEK RANGE.

Thank you

Mike Jamison

1002-W 30th

ANCHORAGE, AK

99503

21-336 B LEMON
Elmendorf AFB, AK.
3 May 75

Dear Senator Bradley:

I am sure you are aware of the limited number of shooting facilities in The Anchorage Area. I am, therefore, hopeful that you will support House Bill #361 and any other measures to continue operation of the Rabbit Creek Range.

Very truly yours,

Ronald A. Lemon
Major, USAF

J.E. Snyder
2907 Park Place
Anch 99503

Dear Mr. Hershberger,

I am writing in reference to the Rabbit Creek Rifle Range and House Bill 361. I enjoy recreational shooting and strongly believe we need the Rabbit Creek range and others like it. Such public ranges will perhaps lessen the amount of indiscriminate shooting at signs and lights. I am a police officer for the Dept of Commerce and I urge the passage of HB 361

Sincerely
JE Snyder

J.E. Sims
PO Drawer 89229
ANCH AK 99508

Dear Senator Bradley,

Due to the limited shooting facilities in the anchorage area, the Rabbit Creek range is a very important sportsman's function. Rather than force the sportsman to sight in his guns in the Woods, I hope you will use some small effort to keep the Rabbit Creek open..

Sincerely

J.E. Sims

Mike Bradner,

Dear Representative

We badly need shooting areas in the Anchorage area for the targeting sportsman. At present Robit Creek is the only one available. Lets retain & improve this please! I do strongly support bill #361.

Sincerely,

Donald L. Green
7325 Maddigone.

Dear Senate Radar,

Please add my endorsement of bill 361 to your list. I am a concerned sportsman and feel there is a need for a range in the anchorage area. Since Rabbit Creek is the only local range, I think we should provide for its continuation.

Robert M. Zark
4001 Seward Hwy
Anch. 99503

Dear Senator Bradner

Please add my endorsement to bill 361 to your list. I am a concerned sportsman and feel this is a need for such an area. I think Rabbit Creek area is the only appropriate place at this time.

Allen L. Sawyer
2825 Kennerside St.
Anchorage, Ak.

Sam Fejes Jr.
BOX 6403 ANNEX
Anch, ALASKA
99502

Sen. Clarence Croft
Juneau, Alaska

Dear Clancy

I would like to urge you to support Senate Bill 361 which will enable the development of a more adequate shooting facility in Anchorage.

At the present time the range has almost every shooting station bulled and some people left who have wanted to shoot.

I would be happy to support this bill in any way that you might require

Sincerely

Jim Hotchkiss
2256 St Elias Dr
Anchorage.

Bill # 361 H.B.

Sir:

Being a sometime hunter and having been a purchaser of shooting licenses for 21 years my interest in a place to go in hunting rifles in the Anchorage area is of some current concern.

Speaking as a citizen by your study there in Juneau has been astoundingly over zeal for so many goals throughout and all ordered set projects. It is time to pass an opportunity for some real benefit to the taxpayers. Can't we

Dear Sir. Bill # 361

Our City is Growing Larger by the Month. And we need To Expand All of our Services Accordly But As of yet we dont have A Suitable Public Rifle / Pistol / Shot Gun Range At which To Practice At. I believe That This bill which is being Drafted would set A Considerable Problem, As To Where To Go (Instead of Gravel Pits etc. which cause Hazards To the Non Shooting Public I Sincerely hope we can Pass A bill of This Nature.

P.S. Gun Control is the first Step Hitler took in his Take over of Germany.

Sincerly

Dear Sir

Re HB 361

It has been brought to my attention that the Fish and Game Dept supports HB 361 for the purchase of the Rabbit Creek Rifle Range. I endorse this purchase and will check your voting record to make certain that you do too. The Range is quite necessary to Municipality of Anchorage Community. Also there is no alternate site within reasonable distance of anchorage for such a facility. I know, I have looked. Also, I suggest that some language be put in the bill requiring the use of the land only as a shooting range,

Sincerely
John Fletcher

~~SENATOR~~ SENATOR MILLER

SIR:

THE STATE OF ALASKA HAS MANY FORMS OF HUNTING OPEN TO THE SPORTSMAN. BUT WITH A LIMITED NUMBER OF RANGES. WITHOUT A PROPER PLACE FOR SIGHTING IN A FIREARM THE CHANCES OF INJURYING WILDLIFE GIVING THEM A SLOW PAINFUL DEATH IS MUCH HIGHER. WE DO NOT NEED TO WASTE ANIMALS THIS WAY.

A RANGE ALSO TELL THE HUNTER HIS OWN CAPABILITIES AS A MARKSMAN. THIS KNOWLEDGE ~~SHALL~~ MAY BE SPREAD TO HIS FRIENDS SO THEY WILL FOLLOW THE EXAMPLE.

THERE IS ALSO A GREAT AMOUNT OF ENJOYMENT IN STRICTLY TARGET SHOOTING. ~~ETC~~

THESE ARE ONLY A FEW OF THE REASONS WHY I AM SUPPORTING THIS SENATE BILL NO. 361.

SINCERELY

David E. Hussey

ANCHORAGE, ALASKA

SRA BOX 1940-B
ANCHORAGE, AK.
MAY 4, 1975

HON. CLARK GRUENING
HOUSE OF REPRESENTATIVES
STATE OF ALASKA
JUNEAU AK.

SUBJECT: ~~SENATE~~ BILL 361

SIR:

PLEASE GIVE THIS BILL YOUR ENDORSEMENT AND ACTIVE SUPPORT.

SINCERELY YOURS,

GENE A. CARLEY

SIR:

JUST WANT TO DROP YOU A SHORT NOTE TO LET YOU KNOW I AM STRONGLY IN FAVOR OF KEEPING THE POTTER MARSH FIRING RANGE OPEN.

...IN FACT, I WOULD LIKE TO SEE THE AREA HAVE SOME MINOR IMPROVEMENTS & KEEP THE PLACE OPEN 7 DAYS A WEEK.

I BELIEVE THIS AREA IS A VALUABLE ASSET TO ANCHORAGE.

IF MONEY IS A PROBLEM, I DON'T THINK ANYONE WOULD MIND PAYING AN ENTRANCE FEE TO HELP MAINTAIN THE AREA.

THANK-YOU FOR TAKING THE TIME TO LISTEN TO MY VIEWS.

BRAD MEYERS
1024 E 12 #3
ANCHORAGE

HB
374

"An Act making a special appropriation to the Department of Natural Resources, division of parks; and providing for an effective date."

COMMITTEE REPORT

4/3/75 HOUSE FINANCE

Mr. Speaker: Date 4-28-75

The Committee on RESOURCES has had HB 374 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Pete Anderson, Ethel Hershberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Pete Anderson, Chairman

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 374
Title: Special appropriation to Dept. of Natural Resources, division of Parks
Requested by: House Finance Committee Date: April 9, 1975
Return Date Requested:
Agency: Division of Parks Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

-0-

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.		60.				
	TOTAL	.	60.				

B. FUNDING: (Thousands of dollars)

GENERAL FUND	.	60.				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (F./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There are no expenses anticipated within the Division of Parks to administer the Act.

See attachments for further information.

IV. ATTACHMENTS

V. DATE: April 9, 1975 PREPARED BY: Kathy Jacobson for
William A. Sacheck, Director
Division of Parks

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

FISCAL NOTE NARRATIVE

HB 374

Fish Creek

The Spenard Service area is very densely populated, particularly in the vicinity of Fish Creek. Housing approximately 19 percent of the total population of the Greater Anchorage Area Borough, Spenard is the third largest community in Alaska, ranking only behind cities of Anchorage and Fairbanks. Yet Spenard residents suffer from neglect by their local and state governments in regard to the provision of community programs and improvements in their area. An example of this neglect lies in the field of open space and recreational needs. According to the Spenard Service area plan of the Greater Anchorage Area Borough Parks and Recreation Department, Spenard is far lacking in the amount of parkland needed for the population that exists. Efforts are being made to correct this deficiency, but in a highly developed area as Spenard, land costs are high and therefore land acquisition is slow.

Fish creek is the only body of water flowing through Spenard. It is overgrown and polluted from both garbage and leaking sewer pipes which run parallel to its banks. Although pollution exists and it is no longer an anadromous stream, wildlife still exist in it's waters. Beaver, muskrat, and ducks reside in Fish Creek. Since it serves as a recreational area, of which the Borough has acquired 12 1/2 acres and has plans to acquire 7 1/2 more, the creek desperately needs restoration. The water is currently not a health hazard, but deep stagnant pools and steep banks are physical hazards which exist and threaten the small children who use the area. The creek bed and waters need cleaning and the channel needs to be improved to eliminate stagnant pools. The banks must be grated to avoid steep areas and some grating must be done to improve the areas where sewer anholes are found.

There are currently no development funds for Fish Creek from the Borough. Acquisition is their top priority now, and development will proceed when acquisition is complete. The Greater Anchorage Area Borough Parks and Recreation Department has a proposed development plan which includes bike and ski trails, picnic areas, play fields, tennis courts, footbridges, and a walkway to open up a passageway for school children to their neighborhood school. The Public Works Department of the Borough will be charged with the responsibility of maintaining this recreational area, but there are currently no funds available to restore it.

The amount requested in the Fiscal note is the best cost estimate available from the G.A.A.B. Department of Parks and Recreation. It is proposed that these monies will clean the creek for approximately 1 3/4 miles from tidewater. The proposed project is not just a matter of aesthetics, but one of improving a current recreation area so it

will be free from physical hazards, resulting in a safe play area for the children of Spenard.

It is the hope of Spenard residents that the Fish Creek Linear Park, as proposed by the Borough, will one day be expanded to include the area north to the inlet and south to Spenard Road. Attempts now to restore Fish Creek and it's environs and make it a safe recreational area are important so that Fish Creek can be better utilized by the residents and the needs for expansion can be better assessed.

CONCUR: James W. Brooks

James W. Brooks, Commissioner
Department of Fish and Game

HB
378

"An Act making a special appropriation to the Department of Public Safety for additional wildlife protection staff; and providing for an effective date."

COMMITTEE REPORT

4/3/75 HOUSE FINANCE

Mr. Speaker: Date 4-8-75

The Committee on RESOURCES has had HB 378 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF FISH AND WILDLIFE PROTECTION

March 26, 1975

The Honorable James H. Huntington
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska. 99801

Dear Representative Huntington:

Re: Additional Protection Staff
Bethel, Galena, Bettle, Ft.
Yukon, Aniak

In reply to your request for staffing needs for these locations, I have found the total cost will be:

Bethel	$150,250.
Galena	150,150.
Bettles	49,400.
Ft. Yukon	140,550.
Aniak	139,550.
	$629,900

The wildl. e resources of the State have come under increasing and additional pressure and future predictions are that the trend will continue. This forecast is based upon the information of increased license sales and from observation of field officers of the hunter, fishermen and sportsman engaged in the activity.

Continued inflation and the upward spiral in the cost of living leads to the erroneous conclusion that it is economically feasible for the urban hunter to take to the field to secure the family's winter meat. The population increase resulting from the pipeline often times is reflected in hunting pressure, and blatant violations, when employment is not secured and the

persons lack financial security to see him through the period of time or to return to his place of origin.

Recreational sport fishing and hunting have followed the same increasing trend, with areas of the State now being utilized that heretofore have not been bothered. Considering our limited personnel and the time frame involved to adequately select, train, and field a competent Wildlife Officer, the State will continue to be in the position of trying to "catch up" with the demand in these areas of service.

Game populations throughout many areas of the State and fishery resources are at a point of critical concern. Smaller remote communities are experiencing dramatic increases in effort and competition for resources available. Subsistence economy is in jeopardy in many areas where wildlife resources are unable to withstand the increased effort and unlawful activity.

The only available means to combat the intense hunting effort and its effect when unlawful methods and means are used, is to place additional personnel and equipment in the smaller communities to secure adherance to fish and game regulation.

The placement of personnel to secure and protect a resource now at a diminished level includes the following priorities:

BETHEL- 1 Trooper needed. Equipment necessary includes a house trailer and vehicle. Area of responsibility includes approximately 25 villages of significant size including KWINHAGAK, MEKORYUK, NAPAKIAK, TOKSOOK BAY, TANUNAK, KWETHLUK, AKIACHAK, AKIAK, KIPNUK, EEK, and KWIGILLINGOK.

Aircraft

GALENA- 1 Trooper needed. Equipment necessary includes a house trailer, vehicle and aircraft. Area of responsibility includes nine major communities of significant size including ALLAKAKET, GALENA, HUGHES, HUSLIA, KALTAG, KOYUKUK, NULATO, RUBY, and RAMPART.

ETTLES-Trooper available. Equipment only necessary including a trailer and vehicle suitable for use on the pipeline road. Area includes primarily the southern slopes of the Brooks Range, Artic Village, Anaktuvuk plus numerous mining locations.

FORT YUKON – 1 Trooper needed. Equipment necessary includes a trailer for housing and an aircraft. The area includes approximately 6 major communities including BEAVER, CHALKYITSIK, CIRCLE, STEVENS VILLAGE and VENETIE.

ANIAK – 1 Trooper needed. Equipment necessary includes a housing unit and an aircraft. The area includes CHEVAK, EMANGUK, HOOPER BAY, ST. MARYS, SCAMMON BAY, PILOT STATION, RUSSIAN MISSION, KOTLIK, MOUNTAIN VILLAGE, plus several small localities.

If I can be of further assistance to you, please do not hesitate to call on me.

Sincerely yours,

RICHARD L. BURTON
COMMISSIONER

[illegible] and equipment in the [illegible]

By:Fred Woldstad, Deputy Director
Fish & Wildlife Protection

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 378

Title: - Appn. to Public Safety for Additional Wildlife Protection Staff

Requested by: Huntington and Guy Date: 4/3/75

Return Date Requested: 4/8/75

Agency: Public Safety Program: Fish and Game Resources

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Protection Detachments 04.41.05.01.01

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES		73.4	77.1	80.9	84.9	89.2
200	TRAVEL		1.4	1.5	1.5	1.6	1.7
300	CONTRACTUAL		20.6	22.7	24.9	27.4	30.2
400	COMMODITIES		14.0	13.6	15.0	16.5	18.1
500	EQUIPMENT		191.0	5.0	5.0	5.0	5.0
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		300.4	119.9	127.3	135.4	144.2

B. FUNDING: (Thousands of dollars)

GENERAL FUND		300.4	119.9	127.3	135.4	144.2
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	2 /	2 /	2 /	2 /
MAN MONTHS (P./T.)	/	24 /	24 /	24 /	24 /	24 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Officer for Galena--The position would provide a permanent wildlife officer for an area of over 5,000 residents primarily dependent upon wildlife resources for subsistence and well-being of the local economy. Equipped with an aircraft and a vehicle the officer would provide enforcement surveillance of the subsistence fishing within the river systems.

Officer for Bethel--The position would provide a permanent Wildlife Officer for an area of over 8,000 population encompassing the lower Yukon and Kuskakwim river systems; monitoring the commercial fishing activity of these river systems and securing the compliance necessary for management of these river systems. The officer supported with an aircraft would provide enforcement for fall and winter hunting of the up-river areas and close the existing void between present stations of Dillingham and Nome.

IV. ATTACHMENTS

V. DATE: 3/8/75 PREPARED BY: Vona L. Hall
Fiscal Officer

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB
408

"An Act relating to acquisition and other development of outdoor recreational, open space, and historic properties; and providing for an effective date."

COMMITTEE REPORT

4/11/75

FINANCE

HOUSE

Mr. Speaker: Date 4-28-75

The Committee on RESOURCES has had HB 408 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob Anderson

Wm. Hershberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob Anderson Chairman

First Session - Ninth Legislature corrected

I. REQUEST

Bill No. HB 408 and HB 409

Title: ...Acquisition and other Development...Outdoor Recreational...

Requested by: T. G. Smith Date: 4/21/75

Return Date Requested: None

Agency: Division of Parks Program: Parks and Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks and Recreation

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL		23.0	23.0	23.0	23.0	23.0
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.		4000.0	4000.0	4000.0	4000.0	4000.0
	TOTAL		4023.0	4023.0	4023.0	4023.0	4023.00

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS		2000	2000	2000	2000	2000
OTHER (local gov. or organization shares)		2023.0	2023.0	2023.0	2023.0	2023.0

C. POSITIONS:

PERMANENT/TEMPORARY	/	0/0	0/0	0/0	0/0	0/0
MAN MONTHS (P./T.)	/	0/0	0/0	0/0	0/0	0/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions: (1) Council would meet four times a year for fund review; (2) existing ~~tants~~ staff would absorb a part of the work, but required additional work, per Section 080, may require re-evaulation of work load as program evolves; (3) assumption is two million dollar program including 1.8 million LWCF and .2 historic preservation grants; (4) we recommend omission of travel and per diem for inter-agency committee and show travel and per diem as follows:

Council and Staff: 6.0
Inter-agency Committee: 15.0
Technical Assistance Travel: 2.0

IV. ATTACHMENTS

V. DATE: April 25, 1975 PREPARED BY: [signature]

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB

410

"An Act relating to the sale of oil or gas obtained by the state as a royalty."

COMMITTEE REPORT

4/11/75 HOUSE FINANCE

Mr. Speaker: Date 4-24-75

The Committee on RESOURCES has had HB 410 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends: Do not Pass unless effective date 7/1/75

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

HB
346

A 3% of Int 300

B 5% 700

C 6% 1500

D 8% > 2,500

AGO 513804

"An Act relating to the oil and gas properties production tax; and providing for an effective date."

COMMITTEE REPORT

3/26/75 HOUSE FINANCE

Mr. Speaker: Date 4-14-76

The Committee on RESOURCES has had HB 346 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 346 AND THAT CS FOR HB 346 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AGO 513805

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S—JUNEAU 99801

April 28, 1975

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99811

Dear Mr. Anderson:

re House Bill No. 346

House Bill No. 346, an Act relating to the oil and gas properties production tax was introduced in the House on April 26, 1975 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum dated April 2 1975 from O. K. Gilbreth, Jr., Director, Oil and Gas Division, Department of Natural Resources, Anchorage, Alaska concerning effect on Treasury, administrative problems and indicating that there would be no additional costs of administration.

Very truly yours,

R. D. Stevenson

R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Hugh Malone
Chairman
House Finance Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Mr. O. K. Gilbreth, Jr.
Director, Oil and Gas Division
Department of Natural Resources
3001 Porcupine Drive
Anchorage, Alaska 99504
(Phone: 279-1433)

AGO 513806

MEMORANDUM State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

TO: R. D. Stevenson
Special Assistant
Dept. of Revenue

DATE: April 24, 1975

FILE NO:

TELEPHONE NO:

FROM: O. K. Gilbreth, Jr.
Director

SUBJECT: HB #346

We have examined the subject bill and have discussed in detail some of the ramifications of the bill with Mr. John Messenger, Tom Williams and Will Condon of the Attorney General's office. We pointed out to these attorneys that the proposed bill provides that the tax will be levied on "the gross value at the point of production of the gas and liquids produced each month". The present tax is levied on oil and gas sold during the month and this volume is considerably different from the volume produced each month. The oil and gas conservation regulations require reporting of the volume produced. All production may not be sold and some may be retained in storage at the end of the month. When a sale is made the quality of the oil and gas is determined and run tickets are prepared and values paid on the basis of the quality of the oil sold. If the proposed change in the law could be interpreted to be levied on oil produced there is no way to determine the value of the oil produced. The attorneys, however, have advised me that for purposes of this particular law, "the gross value at the point of production" is in reality the point of sale and even though the law says oil produced it really means oil sold. All three attorneys have advised that this is the case and such being the case I see no objections to it. I should point out, however, that common usage in oil field terminology throughout the remainder of the United States provides that oil and gas produced means just that and oil and gas sold means that. Our law, I think, will be confusing if the proposed wording is adopted.

As you know, the tax is levied on the basis of individual wells and the amount of oil sold. Only on the oil sold can we determine the quality. I have talked with John Messenger and suggested that the law be changed to permit the value to be determined on a lease basis and alotted back to the individual wells based on routine well tests. This as a practical matter, is being done now, because there is no way to audit production records and production values according to the present law. If the proposal were changed to permit determining value on the basis of the lease runs then we would have a law that provides a legal means for auditing. John Messenger advised me that this could be done and he would so recommend it to Representative Cowper. I certainly recommend the change in order to comply with the law.

From the standpoint of fiscal effects of the bill, most oil being sold [illegible] the state at the present time has a value such that the cents [illegible] barrel tax applies. Hence HB #346 would have no effect on [illegible] of the state since the cents per barrel law is effective. However, should crude oil prices increase and the Department of Labor

AGO 513807

cost index increase at a lower rate to the extent that the tax would be collected on percent of value, then there would be an increase in wellhead value of approximately 5 cents per barrel on each barrel of oil produced in the Cook Inlet area. As a maximum on one hundred ninety thousand barrels per day of production, this would amount to additional taxes of one hundred ninety two thousand dollars per year. Thus this law could have a fiscal effect of increasing tax receipts anywhere from zero to one hundred ninety two thousand dollars per year depending on the method of calculating the taxes.

I see no additional administrative costs associated with changing the law as the additional auditing burden would be minimal.

cc: Guy R. Martin, Commissioner

Bristol Bay Native Corporation
445 E. 5TH STREET / ANCHORAGE / ALASKA 99501 / PH. (907) 277-9511

April 9, 1976

The Honorable Nels A. Anderson, Jr., Chairman
House Resource Committee
Pouch "V"
Juneau, AK 99801

Dear Mr. Anderson:

I respectfully request this letter be made part of the record when your committee holds hearings on HB 346 next week.

In the past Bristol Bay Native Corporation representatives have testified and have written several letters for the record explaining that we will be a producing oil company once commercial production is established on our lands.

The amendments in HB 346 are penalties to the producer who historically has used oil or gas on the lease or property to clean and treat the oil or gas to pipeline quality and shipment. This is a provision in both State and Federal lease forms, however taxing that portion of the royalty oil or gas is not a part of the lease forms. There are many variables and it is difficult to determine the amount of revenue this might produce, although it would be minor. Regardless, this bill would require additional metering, records, accounting and reporting which is punitive and would be costly to our Corporation. Therefore BBNC is opposed to the provisions of the entire bill.

Very truly yours,

BRISTOL BAY NATIVE CORPORATION

W. C. Bishop

W.C. Bishop
Petroleum Consultant

cc: Directors
Regions
AFN

Rec'd 4/12

Bristol Bay Native Corporation
445 E. 5TH STREET / ANCHORAGE / ALASKA 99501 / PH. (907) 277-9511

April 9, 1976

The Honorable Nels A. Anderson, Jr., Chairman
House Resource Committee
Pouch "V"
Juneau, AK 99801

Dear Mr. Anderson:

I respectfully request this letter be made a part of the record when your committee holds hearings on the Second SS for HB 803 next week.

Bristol Bay Native Corporation is an Alaska Corporation subject to normal corporate income taxes, however this bill, if passed, will require seperate accounting and would appear to be an accounting department nightmare.

Without a final copy of the bill, BBNC's objections will be limited general statements and not specific paragraphs as follows:

1) General administrative costs should not be tied to a cents per barrel.
2) No deductions paid for services used or provided outside Alaska could and probably would be an exceptionally high burden on our Corporation.
3) Limiting deductions of exploration costs incurred in any calendar year to 20% could be prohibitive and contrary to normal accounting procedures.
4) By not allowing engineering or design costs incurred outside Alaska as a deduction, would again be an excessive burden on our Corporation. For example, with established production, BBNC will build and own 100% of a topping plant to supply fuel for our joint operations. The engineering and major construction would be performed outside Alaska.
5) Limiting interest to 9% per annum on funds used during construction of facilities used and useful in the production of a field may be capitalized, certainly ignores the financial facts that interests rates vary over a rather wide range. It may also be considered as an attempt to regulate similar to utility regulations.

Overall this bill would penalize our Corporation by requiring additional accounting, limiting normal deductions, reduce our income and thusly increasing

our Corporate taxes over the present corporate income taxes. Therefore BBNC is opposed to this bill in its entirety. We expect to be good corporate citizens and pay our fair share of taxes without being penalized as an Alaskan corporation.

Very truly yours,

BRISTOL BAY NATIVE CORPORATION

W. C. Bishop

W.C. Bishop
Petroleum Consultant

cc: Directors
Regions
AFN

AREAS OF CONTINUING CONCERN

Wellhead value litigation was first instituted in March of 1970. No judgment has been issued and the Petroleum Revenue Auditor is still unable to verify or take issue with wellhead values used by oil and gas producers to determine royalty and tax obligations.

Recently the Deputy Attorney General received permission from the present Administration to pursue individual settlements with as many of the 13 oil producers involved as possible.

Because of the extensive time already taken to approach an acceptable resolution we support individual settlements as long as there is no legal precedent being set to effect North Slope production.

There should be a joint effort by the Departments of Law and Natural Resources to insure that full guidelines and regulations are in force when North Slope production begins.

Legislative efforts are also being proposed to address this same problem. There is a current effort to change the point of taxation from a per well basis to the point of transfer to a common carrier. This approach would solve problems of per well production allocation as well as fluctuating transportation deductions effecting wellhead value. For this reason, we encourage any constructive activity in this area.

The Federal Department of the Interior continues to make semi-annual payments to the State for 90% of the royalty revenue received from oil and gas produced on federal lands within Alaska. This revenue continues to be inadequately supported and as yet the Petroleum Revenue Auditor has been unable to verify the reasonableness of any of the payments.

Only recently has the Petroleum Revenue Auditor established a line of communication with United States Geological Survey personnel in an effort to independently compute the semi-annual receivables. As yet, it is too early to determine if this effort will be fruitful. For this reason we continue to recommend that the State require oil and gas producers to file a copy of their federal royalty return along with the State production tax return. The oil produced on federally-owned land is subject to production tax and the federal royalty is a deduction on the State tax return.

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3. Analyze calculated taxes and royalty vs. actual receipts.

4. Analyze actual receipts vs. forecast fees."

We encourage further development of the automated system for auditing Production Tax and Royalty returns. The automated audit procedures should include cross checking returns to valid supporting documents and comparing information reported in tax and royalty returns to production information required to be submitted directly to the Division of Oil and Gas by the producers.

5. There is a need for guidelines in determining "wellhead value" of oil for royalty and tax purposes.

On July 3, 1969, a directive was issued by the Commissioner of the Department of Natural Resources which was intended to define the value of State royalty oil.

A suit was filed against the State and the State filed suit in connection with the question of the value of the oil. Since the matter was referred to the courts, the Petroleum Revenue Auditor has been unable to verify the reasonableness of "wellhead value" used by oil and gas producers to determine royalty and tax due.

When the definition of wellhead value for royalty and tax purposes is legally determined:

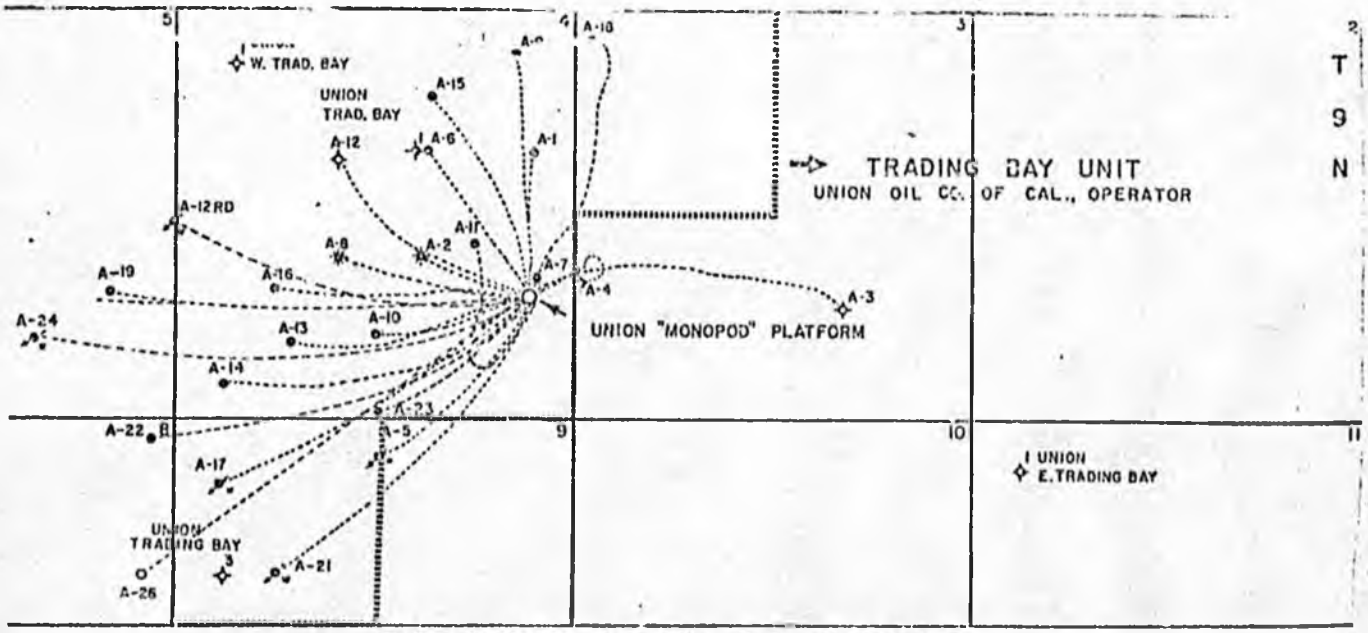
A. The State should assess all deficiencies due;
B. Specific guidelines for any deductible items should be established by regulation (if such guidelines are not established by the court) and added to the oil lease form; and
C. Periodic audits of oil company records should be conducted to determine that deductions being taken are proper.

AGO 513813

6. There is a need for more definitive and complete "per well" production figures for off-shore facilities.

Production tax calculations are based on average daily production for each well. However, it is standard practice in the oil industry not to meter the production of each well at offshore facilities. Instead, the production of each well is tested periodically to determine what portion of total production of the facility is represented by that well. Actual daily production of the facility for the month is allocated to each well based on the results of the periodic tests.

There are several of these offshore facilities in the Cook Inlet from which more than one well was drilled. A typical example is the Trading Bay Unit as illustrated in the below drawing taken from a statistical report issued by the Division of Oil and Gas.



STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS
ANCHORAGE, ALASKA

TRADING BAY FIELD

SCALE: 1320' 0 1320' 2640' 3960'

May 1, 1972

The Division of Oil and Gas determines whether production on a "per well" basis appears reasonable by comparing current production to past history. In addition to the reasonableness test, periodic well tests conducted by oil producers are occasionally observed by Oil and Gas personnel. The well tests, however, are affected by many variable factors and average daily per well production cannot be certified by the Division of Oil and Gas as a result of observation of the tests.

The problem of pinpointing individual well production is a technical one. We have not addressed ourselves to this problem because of its technical nature. The Division of Oil and Gas should be encouraged to develop ideas regarding more effective observation and auditing tests or changing reporting requirements to obtain more definitive "per well" production figures.

7. Documents received in support of Production Tax and Royalty returns should be improved.

Oil is transported from offshore platforms in the Cook Inlet to onshore treating facilities and storage tanks by the producers. Pipeline companies such as Cook Inlet Pipeline Company and Kenai Pipeline Company receive the oil after it runs through a custody meter which measures the quantity. The only source document that the State receives in support of tax and royalty returns are meter tickets which report the amount of oil that passed through the custody meters during the month.

The meter tickets are supposed to be prepared and witnessed by a representative of the pipeline company and a representative of the oil producer. Employees of the State Division of Oil and Gas sign the meter ticket as a third witness when they are present to observe preparation of the ticket.

Out of 400 meter run tickets received in support of 1972 royalty returns, approximately 70 were printed by an automatic printing device at the meter station. The printing on about half of the above mentioned 70 tickets was illegible and hand written over. All other tickets were hand written. Only six of the 400 meter tickets were witnessed by a State employee.

2d SSHB 803 –
Smith Moved that the bill be passed out of Committee – Motion failed on Voice Vote.

(HB 346)

pg 1 Line 18½ old language

Tom Williams - Dire of Petroleum Revenue, Dept of Rev.
Question of where the valuation pt. of oil + gas should be.
After removal of water globules and dissolved gasses oil is metered Now - In other states production tax has been derived from the oil after clensing.
Bill attemps to place value of oil at the metering pt.
State doesn't believe it should absorb the gathering costs – cleaning + dehydration (Heater Treater) costs.

---

pg 1 line 18

CSSB 295: Average daily per well production. X out for each well for the calendar Month in barrels,

pg 2 line 2 daily per well production - delete ["for each well for the calendar Month"]

pg 4: (15) "Average daily per well production" means arithmetic average of all wells Contributeing to a Meter point or $ADP \frac{P_T}{W \times D}$ when P_T = total production in barrels at the production point for a Calender Month. W = Number of wells feeding the production point, and D = Number of days each well produces in a Calender Month.

---

present rates This bill would lower states income somewhat.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER / POUCH M — JUNEAU 99801

April 25, 1975

Honorable Nels Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Senator Anderson:

Subject: HB 410 Amending AS 38.06.070(b)

You have requested information on the effect of HB 410 on future actions of the Alaska Royalty Oil and Gas Development Advisory Board relative to various possibilities of gaining revenue to offset the budget deficit.

Under the existing law, the Board has some latitude in exploring possible financial options to ascertain which proposals would be in the best interests of the State. As you know, AS 38.06.055 provides that actions of the Board require approval of the legislature by a concurrent resolution. This section ensures that Board decisions will reflect the desire of the legislature and should supply sufficient legislative control without additional legislation such as HB 410.

The requirement of refining or processing royalty oil or gas in the State as a condition of sale would eliminate many if not all the prospective bidders on options for future gas sales. Those that remain would have a negotiation advantage. At this time, no one knows which gas pipeline route will prevail. Under present law, a prospective bidder would be bidding on a specific volume or a specific percentage of the State's royalty gas relying on one route or the other supplying the transport to his market. The processing requirement would be economically impossible for the bidder to fulfill in the event that Arctic Gas Pipeline's route prevails thereby eliminating the majority of potential bidders.

Dry gas from the dry gas fields in Alaska does not require processing as it is ready for sale and use when it leaves the lease. If the term "processing of gas" means manufacture of petrochemicals, this would not be practical or economical in all cases.

Casinghead gas must be stripped of its liquid components before it is capable of being transported over long distances to prevent

the liquids from dropping out in the pipelines. Would this liquid extraction process satisfy the term "processing" or would further processing be required?

About four years ago, the Tyonek Indians lost their gas source for generating electricity for the Tyonek village. Unfortunately, there was no gas available close enough to be economical, and they had to convert to diesel fuel. If under similar circumstances in the future there should be some royalty gas available and the proposed legislation is in effect, they would have to agree to process it before we could sell it to them.

At this time, the only advance gas payments of any magnitude (at least 50 to 100 million dollars) that can be made are through interstate sales which probably would not require processing. A processing requirement as proposed would diminish the value of the gas.

The requirement to refine royalty oil will severely limit the number of competitive bidders which would serve to defeat the purpose of compeititve bidding and may not result in highest values being realized. The bill could result in "distress oil sales" by requiring refining in state when the closest refinery may be hundreds of miles away or when the volume of royalty oil is small.

For example, if the present or proposed future refineries are running at capacity, they would be unable to accommodate an additional amount from a new discovery. The additional amount might well be too small to justify another refinery or the field location may not be a satisfactory refinery site. Would the State then be required to build and operate a money-losing refinery to satisfy the terms of the proposed legislation?

Refineries are designed to handle specific crude oils. A new discovery may produce oil which no Alaskan refinery could refine, such as a high sulfur crude. In that event, the State could not sell the royalty oil unless someone was willing to construct a refinery to handle that type of crude. Unless the amount of this royalty oil could economically justify construction of such a refinery, the State would be prevented from selling the oil.

Due to the magnitude of Prudhoe Bay oil and gas volumes, inclusion of a mandatory "refining or processing" requirement may cost the State many tens or hundreds of millions of dollars. There would be no way of knowing what the magnitude of these differences would be unless the Board has the authority to evaluate all possibilities and then present those that are most beneficial to the State.

A fiscal note requested by your Committee is enclosed.

Very truly yours,

William C. Fackler

William C. Fackler
Deputy Commissioner

Enclosure

OIL REFINERY	PETROCHEMICAL FEEDSTOCK REFINERY	CRUDE OIL PURCHASE	PETROCHEMICAL FEEDSTOCK FROM GAS LIQUIDS	REFINERY PRODUCTS PURCHASE
Tesoro	Koch	Cities Service	Dow	Research Fuels Incorporated (Cahoon)
Koch	Ashland	Dow		
Ashland	Dow	Coastal States		
Dow	Coastal States	Phillips		
Coastal States	Tesoro (possibly)			
McMillan (?)				
Energy Company of Alaska (20,000-30,000 BOD)				

4/23/75

OIL REFINERY	PETROCHEMICAL FEEDSTOCK REFINERY	CRUDE OIL PURCHASE	PETROCHEMICAL FEEDSTOCK FROM GAS LIQUIDS	REFINERY PRODUCTS PURCHASE
Tesoro	Koch	Cities Service	Dow	Research Fuels Incorporated (Cahoon)
Koch	Ashland	Dow		
Ashland	Dow	Coastal States		
Dow	Coastal States	Phillips		
Coastal States	Tesoro (possibly)			
McMillan (?)				
Energy Company of Alaska (20,000-30,000 BOD)				

4/23/75

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 410 by Swanson

Title: .Sale of Oil and Gas Obtained by State as Royalty

Requested by: House Resources Committee - Date: April 24, 1975

Return Date Requested: April 25, 1975

Agency: Department of Natural Resources Program: Royalty Advisory Board

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II. FISCAL DETAIL

Budget Request Unit(s) Affected: Alaska Royalty Oil & Gas Development Advisory Board

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES	0	59.0	62.0	78.0	69.0	73.0
200	TRAVEL	0	4.0	4.0	5.0	5.0	5.0
300	CONTRACTUAL	0	20.0	21.0	22.0	23.0	24.0
400	COMMODITIES	0	1.0	1.0	1.0	1.0	1.0
500	EQUIPMENT	0	2.0	0	1.0	0	1.0
600	LAND & STRUCTURES	0	0	0	0	0	0
700	GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
	TOTAL	0	86.0	88.0	94.0	98.0	104.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	86.0	88.0	94.0	98.0	104.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 / 1	1 / 1	1 / 1	1 / 1	1 / 1
MAN MONTHS (P./T.)	/	12 / 3	12 / 4	12 / 6	12 / 4	12 / 5

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

We believe adoption of this bill will require the additional services of one person experienced in Oil & Gas refining and processing in the Department for preparation and evaluation of bids and the time of a contract attorney for bid and contract preparation. May also be necessary to employ consultant specialists to interpret and advise on petrochemicals and special products.

IV. ATTACHMENTS

V. DATE: April 24, 1975 PREPARED BY: O.K. Gilbreth, Jr. by WCF

O.K. Gilbreth, Jr.
Director, Division of Oil and Gas

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 410 by Swanson
Title: Sale of Oil and Gas Obtained by State as Royalty
Requested by: House Resources Committee Date: April 24, 1975
Return Date Requested: April 25, 1975
Agency: Department of Natural Resources Program: Royalty Advisory Board

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Alaska Royalty Oil & Gas Development Advisory Board

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES	0	59.0	62.0	78.0	69.0	73.0
200	TRAVEL	0	4.0	4.0	5.0	5.0	5.0
300	CONTRACTUAL	0	20.0	21.0	22.0	23.0	24.0
400	COMMODITIES	0	1.0	1.0	1.0	1.0	1.0
500	EQUIPMENT	0	2.0	0	1.0	0	1.0
600	LAND & STRUCTURES	0	0	0	0	0	0
700	GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
	TOTAL	0	86.0	88.0	94.0	98.0	104.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	86.0	88.0	94.0	98.0	104.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 / 1	1 / 1	1 / 1	1 / 1	1 / 1
MAN MONTHS (P./T.)	/	12 / 3	12 / 4	12 / 6	12 / 4	12 / 5

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

We believe adoption of this bill will require the additional services of one person experienced in Oil & Gas refining and processing in the Department for preparation and evaluation of bids and the time of a contract attorney for bid and contract preparation. May also be necessary to employ consultant specialists to interpret and advise on petrochemicals and special products.

IV. ATTACHMENTS

V. DATE: April 24, 1975 PREPARED BY: O.K. Gilbreth by WSF

O.K. Gilbreth, Jr.
Director, Division of Oil and Gas

Original: Legislative Finance
cc. Budget and Management
Prime Sponsor (First Legislator Named)

HB
438

"An Act relating to the leasing of state lends."

COMMITTEE REPORT

4/10/75 HOUSE FINANCE

Mr. Speaker: Date 5-5-75

The Committee on RESOURCES has had HB 438 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

(, recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 438 AND THAT CS FOR HB 438 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob A. Anderson, Jr. [illegible]

[illegible] [illegible]

[illegible] [illegible]

Mike Hershberger [illegible]

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob A. Anderson, Jr. Chairman

AGO 935626

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 438

Title: An act relating to the leasing of State lands

Requested by: House Finance Date: May 15, 1975

Return Date Requested:

Agency: Lands- Natural Resources Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

- 0 -

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	0	0				

B. FUNDING: (Thousands of dollars)

- 0 -

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

- 0 -

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work load will be absorbed into present staff and budget. May have to rely on accounting help in analyzing financial statements occassionally, but the increased cost of leases would tend to reduce the amount of leases. Generally the bill would have a positive fiscal impact rather than negative.

Present lease income per annum = $ 851,173 (FY 74)
Less Open to Entry Income -135,460
Fixed at $40 per year

$ 715,713 at 6%
357,857 at 3%
$1,073,570 at 9%

IV. ATTACHMENTS: 50% increase in Lease Rentals

V. DATE: May 15, 1975 PREPARED BY: Kenneth H.Hallback
Kathy Jacobson for

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

AGO 935595

DEPARTMENT OF NATURAL RESOURCES — DIVISION OF LANDS

DATE: March 26, 1975

James N. Reeves
Assistant Attorney General
Department of Law

FILE NO:

TELEPHONE NO:

M: Dale P. Tubbs
Deputy Director
Division of Lands

SUBJECT: AS 38.05.315

The Anchorage Hockey Association has applied for a non-profit lease as provided in AS 38.05.315 as a non-profit association to lease 80 acres of State mental health lands on which they propose to build a sports center and hotel. It appears the structure would be a multi-million dollar investment of which just the sports facility presently would exceed $10 million. The hotel project has an estimated construction cost exceeding $12 million. In viewing the request on the surface, I do not think we have a problem in that the Anchorage Hockey Association at this time would qualify as a non-profit corporation for the promotion of social welfare. In light of the recent overtures made in regard to the lease made to the Teamsters as a non-profit corporation, we now question to what limits does AS 38.05.315(b thru d) extend. If the Teamster's lease is to be left intact and have operating within their building, commercial interprises such as banks, restaurants, bars, barber shops, etc., then can the Anchorage Hockey Association also construct a building or facility that we know will house business opportunities that will not be run directly by the Anchorage Hockey Association. Prior to making a final determination as to whether or not the Anchorage Hockey Association's project is in fact within the limits of this statute, we request a review of that statute and give us your opinion on the limits that are allowed.

I am willing to meet with you and discuss past leases that have been entered into in regard to this statute and to the extent of uses that have been employed within them.

cc Ken Hallback
Ed Barber
L. T. Main
Mike Smith

AGO 935596

ALASKA PUBLIC INTEREST RESEARCH GROUP

P. O. BOX 1093
ANCHORAGE, ALASKA 99510

PHONE 274-8755

May 1, 1975

The following is the first installment in a study of state Division of Land policies. Section 1 pertains to right-of-way compensation across state leases. The second section refers to rental rates on state land leases. Lastly the report refers to the ADL policy toward interest rates on contracts for purchase of state lands. Further information on ADL policies and practices will be forthcoming over the next six months.

The Alaska Public Interest Group is a non-profit citizens group, formed to provide information to policy makers and the public on a wide range of public concerns, particularly insofar as those concerns affect Alaskan consumers and taxpayers. This report was prepared by APIRG employees James Love and Cathy Allen.

AGO 935597

RIGHT-OF-WAY COMPENSATION ACROSS STATE LEASES

In 1974, CSHB 559 am S was passed by the legislature and allowed to become law without the governor's signature. The effective date of the bill was August 15, 1974. The act was passed in order to pre-emp, retroactively, provisions in State leases reserving the State's right to grant easements and exercise rights-of-way on land leases by the State. This provision, a standard section in every State land lease, is commonly known as paragraph six. Paragraph six states:

> 6. The Lessor (the State) expressly reserves the right to grant easements or right-of-way across the land herein leased if it is determined by the Director to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of the utilization of such easement or right-of-way.

HB 559 (AS 38.05.076) changed this provision, by providing leaseholders with the following interests in their leases:

> Sec. 38.05.076 COMPENSATION RELATING TO EASEMENTS OR RIGHT-OF-WAY ACROSS STATE LEASES. (a) Provisions in State land leases to the contrary nonwithstanding... the lessee shall be entitled to compensation for the

value of the easement granted or right-of-way exercised and for the reduction in value of the leasehold resulting from the granting of the easement or exercise of the right-of-way...

Prior to the passage of this bill, leaseholders were not compensated for easements granted, or rights-of-way exercised by the state across state lands, except for improvements on the property, such as land fill, buildings, etc. The state had, since statehood, reserved this interest in its leases. The importance of paragraph six in state leases cannot be overemphasized. With the provision in the lease, the state reserved the right to reclaim land needed for Highway expansion, utility easements, and for other public purposes. Under HB 559 the state will have to pay compensation to leaseholders in order to cross its own lands.

Richard P. Kerns, Assistant Attorney General for Highways, in a May 1, 1974 memo to then Attorney General Gorsuch, wrote that: "I believe the impetus behind this bill is a few leaseholders holding State leases on school land situated near the intersection of Minnesota By-Pass and International Airport Road at Anchorage."

Prior to the passage of the bill, two law suits had been filed against the State asking for a judgment that paragraph six of the lease forms could not be exercised by the State in rights-of-way proceedings against leaseholders in this area. The right-of-way in this area was for the expansion of the Minnesota By-Pass to International Airport Road. The first suit was filed by Rail-Air in 1971. The second suit was

filed on behalf of Wesway Steel, sublessor from Rail-Air. The suit was filed by Wesway Steel counsel, Bob Hartig, in August 1973. Neither suit was actively pursued by the leaseholders until after the passage of HB 559. Kerns, in his May 1974 memo, attributes this lack of aggressiveness to the following:

> "It would appear, I should think, to anyone familiar with the above facts, that the reason no aggressive action has been taken in the two actions now pending in court is that CS 559 am S was anticipated, and that the bill is intended to apply to all existing leases whether past or future..."

Just how much compensation will be due leaseholders is unclear. Language spelling out what interest the leaseholder is due for a right-of-way is interpreted differently by different parties.

> "The lessee shall be entitled to compensation for the value of the easement granted or right-of-way exercised and for the reduction in value of the leasehold resulting from the granting of the easement or exercise of the right-of-way...Values shall be determined by applicable eminent domain statutes..."

One interpretation of this is that the leaseholder would be entitled to compensation for the fair market value of the land taken for rights-of-way or easements, as though the leaseholder owned the land, even though the leaseholder is obligated to pay annual rent for the term of the lease.

The other interpretation is that leaseholders are entitled to compensation for the interest they hold in the lease, insofar as the lease has a fair market value in its own right. Generally speaking, the more favorable the terms of a lease, the more valuable the lease becomes, on the market.

Kerns referred to this situation, and its possible effect, in his May 1974 memo to the Attorney General:

> "In my opinion, CS 559 am S creates a windfall for the leaseholders because the contract rent charged by the State is below market. What the leaseholders are seeking is for the state to pay them the market value of the advantage they hold because the State is not charging what the market indicates the rent should be. To me, this is a double travesty of justice..."

Leaseholders in the International Way Subdivision have extremely favorable rental rates. According to an appraisal conducted by Walter Potts on July 28, 1974, the following leaseholders pay the stated amounts of rent:

Leaseholder	Land Value	Annual Rent
The Three Baers	479,290 S.F. @ $0.91/S.F. = $436,000	$2,380
Mizer & Sowash	169,884 S.F. @ $1.76/S.F. = $299,000	$2,610
D. L. Fahrny	55,565 S.F. @ $1.60/S.F. = $ 88,904	$ 840
Russ Meekins & James O'Malley	256,709 S.F. @ $1.01/S.F. = $259,000	$1,980 $4205.00

Potts' appraisal was conducted on behalf of the State, and it can be expected that the leaseholders will obtain appraisals which place the value of the land they lease somewhat

higher. In discussions with AkPIRG staff, one leaseholder, Russ Meekins Sr. claimed that the land he leases was worth close to $4.00 per square foot, fee simple. This being the case, the value of the land he leases for $1,980 per year would be worth close to a million dollars. In any event, it is clear that many leaseholders are paying the State substantially below the market 10% of the Fair Market Value rent. This rent advantage makes their leaseholds more valuable, and increases the likelihood of rather large compensations to the leaseholders from the State. Compensation due to leaseholders in this area may well exceed one million dollars, and, in any event, far exceeds total payments made on affected leaseholdings, as a result of HB 559. According to the 1974 ADL Annual Report, the school trust fund has received a total of $6,253,701 in payment for rentals and right-of-way compensation on school lands since statehood.

In at least two areas, HB 559 has legal problems:

1) There is a constitutional prohibition against public appropriations except for a public purpose:

> Article IX, Section 6. Public Purpose
> No tax shall be levied, or appropriation of public money made, or public property transferred, nor shall the public credit be used, except for a public purpose.

CSHB 559 am S gave leaseholders an interest in public lands they never owned in the first place. That interest may result

in public compensation if rights-of-way are exercised on State leases. The act was a windfall for leaseholders, and, in any event, compensation might not be construed as for a public purpose.

2) The U.S. Supreme Court, in Larsen v. Arizona, 87 S.Ct. 584 (1967) ruled that the State of Arizona had no power to grant a compensable property right to a private party, who had leased school trust lands, since that was contrary to the terms under which the State of Arizona had obtained the school trust lands. School lands were acquired by the State of Alaska through a grant to the State by the United States of America under Sec. 6(k) of the Alaska Statehood Act for the purposes for which they were reserved under Section 1 of the Act of March 4, 1915, (38) Stat. 1214; 48 U.S.C., Sec. 353), as amended. A portion of the act reads:

> "That the entire proceeds or income derived from said reserved lands, are set apart as separate and permanent funds...to be invested and the income from which shall be expended only for the exclusive use and benefit of the public schools of Alaska..."

This may preclude the holder of any lease from sharing in the compensation paid for right-of-way or easements taken from school lands.

LEGISLATIVE HISTORY

HB 559 was originally introduced by Speaker of the House, Tom Fink, on February 5, 1974. The bill passed the House on April 17, and the Senate four days later on April 21. Legislators contacted by AkPIRG researchers indicated that the prime mover of the legislation was Russ Meekins Sr., a leaseholder in the International Way Subdivision who had received notice that approximately 6 acres of his land would be taken for a highway right-of-way. In addition to Meekins, Representative Bob Hartig lobbied legislators for the passage of the bill and testified before the House Finance Committee on the measure. Hartig, at the time, represented two leaseholders in the International Airport area who were also involved in right-of-way proceedings with the Highway Department.

Russ Meekins Sr. had experienced previous problems with the State exercising their right-of-way option. In 1960 Meekins leased approximately 34 acres of mental health lands in the Potter Marsh area. Subsequent to his leasing of the land, the State exercised its right-of-way and extended the Seward Highway through his leasehold. Meekins attempted unsuccessfully to get compensation for this. At one point, Keenan, Director of the Division of Lands, wrote to Bob Hartig, who was then working in the Attorney General's office, representing the Division of Lands, and asked if

the State could trade lands with Meekins to make up for the right-of-way taken from his leasehold. It appears that this was not followed through.

Shortly after his unsuccessful experiences in the Potter Marsh area, Meekins was informed that 5.933 acres of land, between International Airport Road and Minnesota Drive would be condemned by the State for the contraction of a new expansion of the Minnesota Bypass. Meekins had been leasing this land in partnership with the late James O'Malley. The property was valuable and Meekins had a favorable lease from the State. Since 1960, Meekins and O'Malley had paid something less than $35,000.00 in rental payments on the land which had never been improved. Payment on the land as of 1974 was less than in 1960 when the leases were originally entered into.

Meekins lobbied aggressively for the passage of HB 559. The minutes of committee's meetings frequently refer to Meeking's comments including occasional references to amendments and committee substitutes that were being prepared for the bill. At one point, according to the minutes of the House Finance Committee, Russ Meekins Sr. was included in a subcommittee formed to iron out possible objections the Division of Lands might have with the legislation. The March 7, 1974, Finance Committee minutes state that a subcommittee meeting was held between Mr. Meekins Sr., Rep. Russ Meekins Jr. (appointed to the Finance Committee by the

Speaker months earlier to fill the vacancy created by Representative Hillstrand's death) and Deputy Commissioner William Fackler from the Department of Natural Resources. The minutes indicate that the purpose of the meeting was to place Fackler on the record as stating that he had no problems with the bill.

After HB 559 was passed into law, Mr. Meekins' situation at International Airport was substantially altered. Instead of receiving no compensation for land he had paid rent and taxes on in excess of $50,000, Meekins stands to receive between $250,000 and $400,000 from the Courts if HB 559 is found to be constitutional. In addition to the payments Meekins may receive for this parcel, he currently holds in his name, or in the names of members of his immediate family, twelve other leases.

Representative Hartig represents clients who stand to benefit by this legislation as much as Meekins. Hartig became familiar with the problems in the right-of-way clause on State leases while representing the Division of Lands during his tenure as an Assistant Attorney General. After leaving the AG's office and entering private practice, Hartig represented clients who were having difficulties with the State regarding rights-of-way in state leases. On April 16, 1973, Bob Hartig wrote to the State, on behalf of Wesway Steel Company, rejecting an offer of $15,000 for compensation of a leasehold being condemned for right-of-way

AGO 935606

leased lands as a result of HB 559.

Legislators contacted by AkPIRG indicate that Hartig lobbied others for passage of HB 559. In addition, legislative records indicate that Representative Hartig testified on the bill during House Finance Committee hearings.

On March 28, 1974, the minutes of the House Finance Committee recorded Hartig's testimony on HB 559. According to the minutes, Hartig indicated that "He was speaking based on information obtained in the Attorney General's office in Anchorage...Under the lease forms that the Department (ADL) uses...the State in granting the lease reserves right-of-way across the land...the State is doing a disservice by forcing people to make leases under those circumstances. The State loses money because of that requirement being in the lease..." In addition to the above comments, the minutes of the meeting state that "Mr. Hartig said that his testimony was in no way self-serving."

AGO 935607

RENTAL RATES ON STATE LAND LEASES

Rental rates on state land are initially determined either by competitive bid, or if through negotiation, a percentage of the appraised Fair Market Value of the land. All land leases, except those specifically exempted under 11 AAC 58.520 (Adjustment of Rental), have their rental rate readjusted every five years. The authority for these provisions are:

> 38.05.075 Leasing Procedure
>
> "The leasing (of state lands) shall be made at public auction to the highest qualified bidder..."
>
> 38.05.105 Periodic Rental Adjustments
>
> "Each lease shall stipulate that the annual rental payment is subject to adjustment at five-year intervals and changes or adjustment shall be based primarily on a reappraised annual rental value..."

In practice, the Division of Lands has set rental rates at 6% of an appraised value of the land being leased. There are no statutory or regulatory provisions which establish this percentage, nor do leases issued by the Division mention any specific formula as to how rental readjustment will be established. Discussions with ADL officials reveal a general lack of knowledge as to why this system is used. The state is not charging what the market indicates rent should be. Leases on the private market are readjusted at

around 10% of the market value of the land.

ADL practices had been extremely favorable to the leaseholders. In many cases, land was leased through auction at a fairly competitive rate and after five years, using the formula of readjusting rent at 6% of the land's appraised value, rents on lands were reduced by the Division. In reviewing the leasing of school and mental health lands in the Anchorage area, AkPIRG researchers discovered that many leaseholders are paying less rent now than 15 years ago on choice parcels of land.

The State's policy of establishing rental rates substantially below market values results in lost revenue for the State and encourages speculation by leaseholders.

AS 38.05.105 entitled Periodic Rental Adjustments states that readjustments will be "based primarily on a reappraised annual rental value..." This is the most specific language available indicating how rental rates will be adjusted. For the purposes of protecting the interests of the State, this could be amended to read as follows:

> "Based primarily on a reappraised annual rental value <u>which is the fair market value of the leasehold and in no event less than 9% of the appraise fair market value of the land, excluding improvements</u>."

On the other hand, it appears that the division could accomplish this administratively without the need for new

legislation. This second course of action is favored by ADL officials who want more time to analyze the problem.

Based upon our discussions with ADL officials, we feel that further study of the problem is reasonable. We are satisfied that ADL officials are concerned about the situation and have confidence in their renewed efforts to deal with this issue.

INTEREST ON CONTRACTS FOR PURCHASE OF LANDS

When land is offered for sale by the State, a successful bidder may purchase the land on contract.

11 AAC 54.300 Maximum Term

"Persons purchasing State land may do so under contract...in annual installments of not less than 10 percent of the original principal... excluding interest..."

On contracts for sale, the interest on the unpaid principal is established by regulation.

11 AAC 54.310 Interest

Interest shall be charged on all contracts of purchase at the rate of six percent per annum on unpaid balances.

AS 38.05.065 Terms of contract for sale

"...interest at the rate of not less than five percent a year..."

The statutory minimum for interest was established in 1959 at 5%. In 1969, the regulation establishing the interest rate was amended to provide that all interest payments would be six percent. The six percent rate is currently in effect. ADL officials are currently preparing for the June 7, 1975 sale of 206,000 acres of land in the Kenai Peninsula area. (North Kenai Area Auction #225)

Discussions with ADL officials indicate that current market conditions justify an interest rate of more than 8-1/2% on the sale. The 8-1/2% figure is based on an April 15, 1975 study by ADL appraiser Bruce Atkinson of 35 1974 land sales in the Kenai Peninsula Area.

The regulation setting the interest rate will not allow this, since it does not provide a minimum. The regulation just states that interest rates will be a flat 6%. The regulation could be changed, but not before the Kenai land sale takes place. The legislature could remedy this by amending the enabling statute for the regulation, providing that interest rates shall be a minimum of 8 percent.

> Sec. 38.05.065 Terms of contract sale
> "...interest at the rate of not less than
> eight (FIVE) percent a year..."

STATE
of ALASKA

MEMORANDUM

TO: Norman C. Gorsuch
Attorney General
Juneau AGO

Attention: Donna Pegues
Assistant Attorney General

DATE May 1, 1974

FROM: Richard P. Kerns, AAG
Highway Section
Anchorage AGO

SUBJECT:
CSHB 559 ams

I welcome this opportunity to pass on some comments in connection with the above referenced bill for consideration by the Attorney General while reviewing this bill for the Governor. I believe the impetus behind this bill is a few lease-holders holding State leases on school-land situated near the intersection of Minnesota By-Pass and International Airport Road at Anchorage.

The history (as it is known to me) of grants of right-of-way to the highway department by the division of lands over State lease lands begins with a lease dated September 15, 1959, granted to a now defunct corporation called Territory Supply Company, the name of which was later changed to Warehouse Terminal Park, Inc. This lease covered the area shown in cross-hatch on Exhibit "A" attached and contains in pertinent part the provision that:

> (a) "IT IS HEREBY COVENANTED AND AGREED by both parties hereto that this lease is issued subject to all of the provisions and requirements thereto, which are found in the Alaska Land Act of 1959, and the regulations issued thereunder,....,the same as though they were set forth in full over the signature of the contracting parties hereto."

Regulations issued under the authority of the Alaska Land Act of 1959 provides in pertinent part that:

> The lessor expressly reserves the right to grant easements or rights of way across leased land if it is determined in the best interest of Alaska to do so. The lessee whose lands such easements or rights of way shall cross shall be entitled to damages for all improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only and loss shall be determined by fair market value.

A portion of this original lease (depicted in cross-hatch on Exhibit "B") through a series of eight assignments, came into the hands of Rail Air Industrial Park, Inc.

Warehouse Terminal Park, Inc. defaulted on the balance of the original lease and a new lease was granted by the Division of Lands under date of July 27, 1961 to Jet Terminals, Inc. This new lease contains the express provision that:

> "The Lessor expressly reserves the right to grant easements or rights-of-way across the land herein leased if it is determined to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way."

The portion covered by this new lease is shown in cross-hatch on Exhibit "C". This lease remained in Jet Terminals Inc. until July 31, 1968 when it was assigned to Rail-Air Industrial Park Inc., subject, however, to a small portion shown blocked in on Exhibit "D" which Jet Terminals had sub-leased to Robert L. Hartwig. (Not to be confused with attorney for Wesway Steel and State Representative Robert L. Hartig).

At this status of ownership of the property thus far mentioned, the Division of Lands granted a right-of-way to the department of highways by Inter-departmental Land Management Transfer No. 41850 dated January 23, 1969. This grant covered the property shown in cross-hatch on Exhibit "E". The purpose of this right-of-way was to extend the Minnesota By-pass from Northern Lights Blvd. to International Airport Road, which project has, of course, been completed and in use for some time.

Following procedures outlined in a memorandum opinion dated July 31, 1962, by Michael M. Holmes, then Assistant Attorney General, (Exhibit "F") the State paid a total of $5400.00 for improvements pursuant to the terms of the lease agreements and $29,850.00 to the school trust fund as the sum representing the full value of the land granted. This latter payment to the trust fund for full land value follows (so I have been told by previous assistants to the attorney general for lands and highways), the reasoning set forth in the U. S. Supreme Court decision in Larsen v. Arizona, 87 S.Ct. 584 (1967) a copy which is attached for your convenience as Exhibit "G". After considerable discourse between attorneys for the State and H. Russell Holland, attorney for Rail-Air, as to whether the terms of the lease really meant what was said therein, action was commenced on April 13, 1971, against the State by Holland on behalf of Rail-Air. Answer was filed by the State setting forth among other things the defense of the terms of the lease. Nothing further has happened in the case.

by the Highway Department. Wesway Steel had purchased the sublease from Rail-Air in January 1971. According to memoranda in the Attorney General's office regarding this transaction, Wesway Steel entered into the sublease after Rail-Air was notified that the State would be exercising the right-of-way.

On August 14, 1973, Hartig, on behalf of Wesway Steel, commenced an action against the State for a judgment declaring that the State does not have the right to exercise "paragraph 6" of the lease without paying market value for this leasehold interest in addition to the value of the improvements. The action was answered by the State and not pursued aggressively by Hartig until the passage of HB 559. Dick Kearns, Assistant Attorney General representing the Highway Department, in a memo dated May 1, 1974, to then Attorney General Gorsuch, attributes this lack of aggressive action to the fact that Hartig and his clients anticipated the passage of HB 559. Prior to the passage of HB 559, Hartig's client would have received $15,000 in compensation for improvements on the leasehold. If HB 559 remains intact, Wesway Steel may receive between $233,000 and $315,000 in compensation.

In addition to Wesway Steel, Hartig represents R. D. Mizer and Bob Sowash in right-of-way litigation. Mizer and Sowash lease school lands in the same general area. Their compensation may be in excess of $300,000 for 3.9 acres of

Subsequent to the granting of this right-of-way but prior to initiating action against the State, to wit, January 26, 1971, Rail-Air assigned the portion of its lease shown in cross-hatch on Exhibit "H" to Wesway Steel Company, Inc. Rumor has it that, in spite of the knowledge that Rail-Air had that the State was exercising the terms of the lease and the plain language in the lease itself, Wesway paid a considerable sum to Rail-Air for this sub-lease.

During this state of ownership, Lands in January, 1973 issued another group of transfers granting right-of-way over the portion shown in cross-hatch on Exhibit "I" to highways. This latest transfer involved the following:

Parcel No. 1 (Exhibit "J" total lease area heavy line. Portion for R/W in cross-hatch)

LESSEE:	Pacific Seal Co. of Alaska
Mortgagee:	Small Business Administration
Mortgage:	Matanuska Valley Bank

Parcel No. 2 (Exhibit "K")

LESSEE:	Rail-Air

Parcel No. 3 (Exhibit "L")

LESSEE:	Wesway Steel

For these parcels 1, 2 and 3 the department of highways paid or tendered

School Trust Fund	$585,700
Sublessee Hartwig for warehouse	$ 99,900
Tendered Wesway Steel for landfill	35,000
Tendered Rail-Air for landfill	$ 20,000
Trailer park and utility hookups	$ 3,300

In response to this latest exercise of paragraph 6 of the lease agreements, the State received letters from attorneys for Rail-Air (Exhibit "M") and Mat Valley Bank (Exhibit "N"). Wesway Steel, on August 14, 1973, through its attorney Robert L. Hartig, commenced action for judgment declaring that the State does not have the right to exercise paragraph 6 without paying market value for the leasehold interest in addition to the value of the improvements. Answer was made by the State and, again, nothing further has happened in this action.

It would appear, I should think, to anyone familiar with the above facts, that the reason no aggressive action has been taken in the two actions now pending in court is that CS 559 ams was anticipated, and that the bill is intended to apply to all existing leases whether past or future. In my opinion CS 559 ams creates a windfall for the leaseholders because the contract rent charged by the State is below market. What the leaseholders are seeking here is for the State to pay them the market value of the advantage they hold because

the State is not charging what the market indicates the rent should be. To me this is a double travisty of justice. For a succinct explaination of this principle of contract vs. economic rent see The Appraisal of Real Estate, American Institute of Real Estate Appraisers, (Sixth Edition 1973). A copy of a portion of the text is attached as Exhibit "O". In other words, if the leases required market rent, there would be no particular market value in the leasehold interests. Surely the object of the State in leasing this land is for a purpose other than merely trafficing in their speculative value. And in those instances where a leaseholder has obtained a lease and actually made improvements, why is he not made whole by paying him for the value of those improvements and by making an appropriate adjustment in the lease payments? All of which is done under the present law.

Common sense and basic fairness alone should compel a provision be included before approval to at least require an election by the leaseholder to the effect that if he elects to have the State pay market value, he agrees to pay market rent to the State on the remainder of the leasehold. For the State to pay him market value, but condone his continuing to pay the State for less than market value, is, in my opinion, unconscionable.

In addition to what is, in my view, a windfall to the leaseholders under CS 559 ams, it is very possible that the department of highways will still have to make payment to the trust fund for the full value of the land. In the ordinary case of privately leased lands where the contract rent is below market the lessors interest has a minimal market value. But how can the school trust fund be penalized because the trustees are not charging market rent?

There is also the possibility that the Bureau of Public Roads may not participate in this additional payment to the leaseholders, but the question of this possibility is better addressed to the highway department right-of-way section at Juneau

Finally, there is attached as Exhibit "P", an AMATS map of the Greater Anchorage area showing the extent of State administered property which is either leased or available for leasing under the same terms as the property which I believe gave rise to this bill.

In conclusion, I can only say that I see no merit in a bill which would compensate a few people for the fact alone that they have had the good fortune to hold a lease from the State with below market rental rates, in addition to compensating them for the value of the improvements they may have placed on the property.

RPK/smk
Enclosures (Exhibits "A" to "P" and AMATS map

HOUSE FINANCE COMMITTEE
March 7, 1974
3:55 P.M.

PRESENT — This was a Sub-committee Meeting between Representative Meekins, and Mr. Meekins Sr. and Mr. Fackler regarding HB 559.

HB 559 — Rep. Meekins asked Mr. Fackler for his comments on HOUSE BILL NO. 559 (An Act relating to compensation for the taking of rights-of-way leases).

Mr. Fackler said they really had no particular problems with it. He understood it was a bill to take care of some conditions that have come up where they have given a lease to a person who takes it and does something with another part effecting the right-of-way which turns out to be bigger than anyone thought it would be.

Mr. Fackler said that Mr. Hogan had asked about a fiscal note on the bill, but he said they didn't see that it would result in additional cost except for what the settlement might be.

Rep. Meekins said he had just wanted to make sure Mr. Fackler didn't have any problems with the Bill, and Mr. Fackler reiterated that there weren't any.

3/7/74

AGO 935618

(Compensation for taking of rights-of-way across state leases).

Mr. Hartig and Mr. Meekins Sr. were present to testify.

Mr. Meekins Sr. said there was going to have to be a Committee Substitute for the bill. They had discovered that the language had accidently been taken from the portion of the statutes dealing with oil leases instead of the right one.

Mr. Hartig said that his testimony was in no way self-serving. He was speaking based on information obtained in the Attorney General's Office in Anchorage. Under the lease forms that the Department uses and, in particular, Natural Resources, there is a Section 6 which provides that the State in granting the lease reserves right-of-way across the land. The section does not refer to any specific amount. If they take the right-of-way, the only compensation they have to make is reduction of the lease cost for the amount of land actually taken plus the actual value of improvements. The State is doing a disservice by forcing peopl to make leases under those circumstances. The State loses money because of that requirement being in the lease, since it effects the way the lessee bids.

Mr, Hartig said that when he was in the Attorney General's Office, he came up against this many times. If a person owns a lease, it is usually worth money, but not in Alaska. The problem has never been litigated because it is usually settled out of court.

Mr. Hartig said that the federal government has a right-of-way clause in its leases too, but it is more specific. It doesn't leave it open the way the State does. He thought that by having the clause in the lease, it was a way for the Department of Highways to obtain land without paying anything. This means leasehold interests aren't worth anything. He didn't know of any other lease that is that way.

Mr. Hartig thought the Committee Substitute would be more in line with what the law really was.

There was some general discussion on the matter.

Chairman Freeman thought they were spending too much time on what was really a legal matter. It was moved that the Committee report it back to the Judiciary Committee for further work. There was no objection, it was so ordered.

RECESS Meeting recessed at 3:20 P.M.

AGO 935619

ALASKA PUBLIC INTEREST RESEARCH GROUP

P. O. BOX 1093
ANCHORAGE, ALASKA 99510

PHONE 274-6765

May 14, 1975

Representative Neils Anderson
Pouch V
Juneau, Alaska 99801

Dear Mr. Anderson;

I would like to thank you for your interest and concern demonstrated towards problems concerning the leasing of state lands and, particularly, your prompt and timely consideration of HB 438. I felt a little awkward, during and after the hearings on the bill, but I meant to express my appreciation of your efforts. Thanks again.

Sincerely,

James Love, Director
Alaska Public Interest Research Group

JL/tk

AGO 935620

#438

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

04087 POM ANCHORAGE ALASKA 15 05-19 212P ADT

PMS REP NELS ANDERSON 2247

JUN

I OPPOSE 438. SUGGEST ANCHORAGE HEARING. ADDITIONAL INFORMATION WILL BE PROVIDED

PAUL J NANGLE 705 WEST 6 AVE 99501

AGO 935621

TELEGRAM

ACA ALASKA COMMUNICATIONS
PHONE: 586-6440
JUNEAU, ALASKA 99801

04087 POM ANCHORAGE ALASKA 15 05-19 212P ADT

PMS REP NELS ANDERSON

JUN 2303

I OPPOSE 438. SUGGEST ANCHORAGE HEARING. ADDITIONAL

INFORMATION WILL BE PROVIDED

PAUL J NANGLE 705 WEST 6 AVE 99501

AGO 935622

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
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04045 POM ANCHORAGE ALASKA 15 05-19 1200P ADT

1975 MAY 19 PM 10 36

PMS REP NELS ANDERSON

2336

JUN

NEED HEARING. PLEASE VOTE NO HB438, WOULD DESTROY VALUE OUR

HONE ONE STATE LEASE LAND

DOUGLAS ELIZABETH RICHARD JOHN BETTY FLORENCE HOTES 1900

WEST HOTECO AVE ANCHORAGE 99502

AGO 935623

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6140
JUNEAU, ALASKA 99801

04167 POM ANCHORAGE ALASKA 15 05-19 600P ADT

PMS REP NELS ANDERSON

JUN 2451

LOAN ON STATE LEASE REFUSED BECAUSE DISPUTE OVER SECTION 6

VOTE AGAINST HB438

WILLIAM H JACKSON TALKEETNA CARE H AND H GROCERY

AGO 935624

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

02026 POM ANCHORAGE ALASKA 15 05-19 600P ADT

PMS REP NELS ANDERSON
2452
JUN

HR438 COMPLETELY CHANGES CONCEPT OF LEASES NEED MORE WORK
SCHEDULE HEARINGS

BOB MAGNISR BOX 4-2141 SPENARD

AGO 935625

HB
480

"An Act making a special appropriation to the Office of the Governor; and providing for an effective date."

COMMITTEE REPORT

5/5/75 HOUSE FINANCE

Mr. Speaker: Date 5-8-75

The Committee on RESOURCES has had HB 480 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 480 AND THAT CS FOR HB 480 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Nels O. Anderson Jr. Leon Tikalsky

Mike Cain Tom Rose

Dale Lanjanen

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Nels O Anderson Jr. Chairman

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 480

Title: An Act making a special appropriation to the Office of the Governor

Requested by: House Resources Committee Date: May 8, 1975

Return Date Requested: May 8, 1975

Agency: Office of the Governor Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Office of the Governor

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL		10.0				
300	CONTRACTUAL		15.0				
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		25.0*	-0-	-0-	-0-	-0-

*estimated

B. FUNDING: (Thousands of dollars)

GENERAL FUND		25.0*	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

*estimated

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The nine-member Bristol Bay Regional Development Council was created (ch. 4, SLA 1974, SSS) to prepare a "proposed long term economic and social development program for the (Bristol Bay) region." The Council's activities were funded by an FY 1975 appropriation of $175,000 to the Office of the Governor. The Council has submitted an interim report and has made contractual arrangements to fulfill its mandate before convening of the Second Session. Requested funds are to extend the legal existence and activities of the Bristol Bay Regional Development Council to the completion of their program. An estimated $25,000 in uncommitted funds from the FY 1975 appropriation will be available at the close of FY 1975 and it is the intent of the Legislature that actual expenditures by the Council during FY 1976 not exceed the unexpended balance of the FY 1975 appropriation.

V. DATE: May 8, 1975 PREPARED BY: Kevin Waring, Director
Division of Community Planning
Department of Community and Regional Affairs

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HOUSE RESOURCES COMMITTEE REPORT

ON HB 479 AND HB 480

IN REPORTING OUT THESE TWO BILLS, THE COMMITTEE RECOGNIZES THAT THE CONDITIONS WHICH EXISTED WHEN THE BRISTOL BAY AREA WAS DECLARED A DISASTER AREA AND THE BRISTOL BAY REGIONAL DEVELOPMENT COUNCIL WAS FORMED, STILL EXIST. THE REASON FOR THE EXTENSION IS TO CONTINUE THE PROGRAMS ALREADY IN PROGRESS TO ALLEVIATE THE PROBLEMS OF THE AREA.

THE FUNDS PROVIDED FOR IN CSHB 480, BASICALLY REFLECT THE AMOUNT OF MONIES WHICH WILL BE UNEXPENDED ON THE ORIGINAL EXPIRATION DATE OF JUNE 30, 1975, AND SHOULD COVER THE EXPENSES FOR THE EXTENDED LIFE OF THE COUNCIL.

Nels A. Anderson Jr.

NELS A. ANDERSON, JR.
CHAIRMAN- HOUSE RESOURCE COMMITTEE
MAY 8, 1975

HB
518

"An Act relating to the Department of Environmental Conservation; and providing for an effective date."

COMMITTEE REPORT

5/21/75

HOUSE

Mr. Speaker: Date May 22, 1975

The Committee on RESOURCES has had HB 518 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 518 AND THAT CS FOR HB 518 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Hebe A. Anderson Jr. | Alvin Ott | _____

_____ | Mike Hershberger | _____

_____ | _____ | _____

Quinn Huntington | _____ | _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Hebe A. Anderson Jr. Chairman

Nels Anderson

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K — STATE CAPITOL
JUNEAU 99801

May 23, 1975

Honorable Willard Bowman
Chairman
House Rules Committee
Pouch V
State Capitol Building
Juneau, Alaska 99811

Re: CS HB No. 518

Dear Representative Bowman:

I have reviewed CS HB 518 with Commissioner Mueller and the bill, in our view, has the following problems:

1. There should be added on page 2, line 17, after the word "inspection", the following additional language:

> "and the 30 day period for public comment under subsection (b) has expired"

This language makes it clear that the Commissioner may not waive the balance of the 60 day period, unless the public has had the full 30 day time period to comment.

2. Section 3, adding a new subsection (e) should be deleted in full. The provision allows waiver of the public notice provisions of subsection (b) where there is not a substantial alteration in the waste disposal system "which materially changes the general character of the system". Biologically it is the character and flow of the discharge which is important, not the change in the "system" which is the hardware. But even using a change in the flow and character of the discharge as the criteria would create problems. For example, an increase in flow or discharge which is small in volume may be substantial if the receiving waters are small (like a small stream). On the other hand, a large increase in discharge may be insubstantial if the receiving waters are a large body of water.

The ambiguity of the term "substantial" and our inability to come up with a single definition which would cover all biologically safe expansions leads to the conclusion that the suggested amendment would be impossible to apply in any uniform way.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By:
Sanford Sagalkin
Assistant Attorney General

SS:jeh

cc: Commissioner Mueller
Guy Van Doren

HB 518 3:00 p.m.

An act relating to the Department of Env. Cons. and providing for an effective date.

Alyeska has currently filed applications for permits to expand the sewage treatment facilities at four temporary construction camps, namely, Atigun, Chandalar, Delta and Isobel. These temporary construction camps consist of communities of several hundred men which provide a residence center for these men while working on various phases of construction of the pipeline project within the general geographic area of each camp. These are temporary residence camps and are not intended to be a permanent and continuing part of the ultimate pipeline project. These temporary camps do not discharge any chemicals or other industrial wastes. The sewage discharge from the camps consists of water carried human, kitchen or animal wastes from residences and buildings.

Under the provisions of AS 46.03.100 (a), a waste water disposal permit from the Department of Environmental Conservation is required to be obtained by a commercial or industrial enterprise that will discharge waste materials into the waters of the State. Under the provisions of AS 46.03.100 (b) a waste disposal permit does not have to be procured from the Department of Environmental Conservation before disposing of the waste material if the person is discharging only domestic sewage into a sewerage system. However, Sec. 46.03.720 provides that no person may construct, extend, install or operate a sewage system or treatment works or any part thereof until its plans have been reviewed by the Department and the Department issues a written permit. Under Sec. 46.03.720 the Department may waive the requirement that plans be submitted to it. Sec. 46.03.100 sets forth the procedure for the issuance of waste disposal permits. This statute specifically states that the application for the permit must be made at least 60 days before commencement of any proposed discharge of waste material into the waters of the State. In addition, that statute provides a minimum of 30 days public notice whic should be published in a newspaper of general circulation within the general area in which the disposal of waste material is proposed. Also, a copy of the application must be sent to the Commissioners of Fish & Game, Natural Resources, Economic Development and Health & Social Services.

The current applications pending before the Department of Environmental Conservation request the approval of plans for the installation in parallel of treatment facilities which have already been approved by the Department in other applications. The field inspection and review of the plans have been completed. There is no question that the facilities under discussion meet the definitions contained in the statute for treatment works and sewage systems.

Applications for these expanded treatment facilities were filed on April 22, 1975. The Department of Environmental Conservation did not start the public notice period until this week. Under the statutes, a minimum of 30 days must pass prior to the termination of the public notice period. In addition, under AS 46.03.110, the earliest date of discharge for these expanded facilities will be June 22, 1975. This is because the provisions of that section of the statutes state that the application for the permit must be made at least 60 days before commencement of any proposed discharge of waste material into the waters of the State. The Commissioner of Environmental Conservation has no authority to waive or modify this statutorally mandated time frame. Alyeska is unable to increase the camp population at Atigun specifically and at the other camps because of its inability to use these installed expanded treatment facilities which have already been reviewed and approved by the Department. It must bus workers 20 miles each way to the camp site for purposes of commencing the jobs designated for them at an additional labor cost of $4,000.00 per day. This will add approximately $240,000.00 to the cost of the pipeline project.

The following points should be emphasized:

1. This bill does not compel the Department of Environmental Conservation to waive these procedural requirements. The bill clearly states that the Department may waive these procedural requirements in the public interest.
2. This bill does not eliminate any requirements for Alyeska to obtain permits and satisfy the substantive criteria designated by Department personnel.
3. This bill does not compel the Department to waive its review of any plans for such sewage treatment facilities. The Department still has the authority to review the plans to compel modifications which it deems necessary to protect the environment and to attach appropriate stipulations to any permits granted under the waste disposal permit sections of the statute.
4. This bill does permit the Department to carefully consider and balance the additional costs of the pipeline project against the procedural delays built into the statutes and regulations it administers.
5. The Department does not oppose the bill, nor does it specifically endorse the bill. The Commissioner will abide by the will of the legislature in this matter.
6. The legislature can review the situations in which these waivers are granted, if indeed they will be granted by the Department, to determine whether or not the Department is acting in an appropriate manner in protecting the public interest and, if the legislature does not believe it is doing so, it can either repeal this legislation or set specific criteria next year.
7. This bill has a specific statutory cut-off date of January 1, 1978. Therefore, this bill is not a

grant of this authority in perpetuity, but only during the duration of the construction of the trans-Alaska pipeline.

Under current construction scheduling procedures, it is very difficult for Alyeska to predict its manpower needs at these various camps and its construction requirements for a period much beyond 60 days. The reason for this is because of changes dictated through factors not necessarily within Alyeska's control, such as, the late delivery of materials, the need for field engineering redesign of various aspects of the project, and the results of current testing programs of various components of the pipeline which may dictate further engineering changes, as well as other similar factors which are always present in major construction projects.

In discussing this bill with the Department, the Department has indicated quite clearly that it will not readily grant such waivers, but the granting of any waivers will depend upon its satisfaction that Alyeska has exhausted other alternatives and finds itself in a situation which compels the need for this waiver in order to prevent the incurring of unnecessary or unpredicted costs.

Examples of situations in which such a waiver might be granted are as follows:

1. Assume that Alyeska, because of a delay in the receipt of materials ordered in advance, is unable to start or complete a particular phase of pipeline construction in one of the pipeline areas. Therefore, in order not to delay the project and waste labor costs, it will shift camp populations to other areas on the project in order to undertake other aspects of the project which can now be undertaken without the need for the particular materials. To do anything else would be negligent and would vastly increase the cost of the pipeline. However, because such circumstances beyond its control, it cannot shift the camp populations without causing great additional expense as a result of the specific time frames mandated. Under these circumstances, a waiver may be considered by the Department.
2. Assume that an existing sewage treatment plant, which has already been appropriately permitted, suddenly breaks down, and Alyeska can install a substitute unit or a supplemental unit in parallel to take over the sewage treatment operation in a shorter time than it will take to repair the broken unit. Nevertheless, that particular unit in substitution or parallel would still be required to wait 60 days until it could begin processing sewage. Again, it seems unreasonable to penalize Alyeska for such mechanical breakdowns if they cannot be fixed within the appropriate time frame.

Again, Alyeska would be faced with this busing situation at greatly increased labor costs.

3. Assume that the Department of Environmental Conservation, through bureaucratic mistakes, does not promptly start public notice publication. Should Alyeska be penalized for this inaction or delay which was not caused by its own negligence or its own lack of advance planning? This again would seem to be a situation which would compel the Commissioner to seriously consider granting a waiver from the procedural requirements.

Alyeska anticipates similar problems such as those described being experienced with air quality and solid waste disposal site permits. Some flexibility must be built into the procedural process specified in the permit issuance procedures to facilitate pipeline construction. This flexibility quite properly belongs in the Commissioner of the Department responsible for regulating this phase of pipeline environmental protection activities. That is all this bill does. If the legislature wishes, it can closely follow the situations in which these waivers are granted and take appropriate action at the next session if it believes this discretion being delegated to the Commissioner by the legislature has been abused.

It should be remembered that any unnecessary costs incurred in the construction of this project, particularly those caused by the need to comply with State procedural requirements, will inevitably be capitalized into the rate base for tariff making purposes. These unnecessary costs will be reflected in the wellhead price of North Slope oil. Therefore, the people of this State have a stake in minimizing unnecessary pipeline construction expense. This bill serves that interest also.

TO NELS A. ANDERSON
CHAIRMAN, HOUSE RESOURCES COMMITTEE

FROM: GUY A. VAN DOREN
STAFF ASSISTANT, HOUSE RESOURCES COMMITTEE

SUBJECT: HB 518

THE DEPARTMENT OF ENVIORMENTAL CONSERVATION, THROUGH JERRY RIENWAND, HAS INDICATED THAT THEIR POSITION ON HB 518 IS NEUTRAL AT THIS TIME. WHILE THEY SUPPORT THE IDEA OF MORE FLEXIBILITY, THEY HAVE TO ANSWER TO THE ENVIORMENTALISTS REGARDING THIS MATTER. THERE IS SOME DISTRESS WITHIN THE DEPARTMENT THAT THIS LEGISLATION FAVORS ONE PARTICULAR INDUSTRY AND NOT OTHERS, BUT SEE THE NECESSITY FOR THE LEGISLATION.

THEY HAVE INDICATED THAT THEY ARE NOT GOING TO TESTIFY AT THIS HEARING AND THAT THEY HAVE ALREADY MADE THEIR STAND CLEAR TO WILLARD BOWMAN.

HB

521

"An Act creating the Mendenhall Flats State Game Refuge; and providing for an effective date."

COMMITTEE REPORT

1/15/76

HOUSE

Mr. Speaker: Date 2-11-76

The Committee on RESOURCES has had SSHB 521 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR SSHB 521 AND THAT CS FOR SSHB 521 DO PASS with attached amendment.

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Vic Kohring

Mike Hershberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Vic Kohring Chairman

AMENDMENT

OFFERED IN THE SENATE: HOUSE By: HOUSE RESOURCE COMMITTEE

To: AMEND SENATE BILL No. _____

HOUSE BILL No. CSSSHB521

PAGE: 3 After LINE: 17 , Before Sec. 2

ADD A NEW SECTION

(f) Leases, permits and applications existing as of the effective date of this Act, shall be unaffected by this Act. Any renewals of leases or permits shall be subject to the restrictions of this chapter.

Virginia E. Kline

MAYOR OF JUNEAU

R.R. 5 BOX 5916. JUNEAU, ALASKA 99803

House Resource Committee:

copy of testimony presented at 1/30/76 hearing

The present City & Borough Assembly has not taken a stand on this bill, but 2 years ago we did go on record in favor of public ownership of the Mendenhall wetlands. HB 521, creating the Mendenhall Flats State Game Refuge, appears to be a step in the direction of achieving that goal, although this bill speaks just to State lands. Creamers Dairy and Potters Marsh are two examples of areas where the State purchased private land using both fish & game fund and general fund monies to match Pittman-Robertson monies. The State might want to continue this practice of acquisition in the Juneau area. The City has already allocated open space funds, some of which could be used in such a project.

We do, however, have a couple of hesitations about this bill, most of which appear to be covered in the proposed committee substitute. The concerns are airport expansion, a site for a second bridge crossing of the Channel, and possible Channel dredging sometime in the future. The last concern is some kind of port/harbor facility at the end of Mendenhall Peninsula. Because there are no wetlands in that area, the northwest corner easily could be moved slightly eastward to exclude the potential harbor area.

Virginia Kline

JUNEAU MENDENHALL TIDELANDS

WHEREAS Juneau Mendenhall tidelands are an estuarine nursery that enhances fisheries in the area and a source of abundant foods attractive to waterfowl, thus are an important recreational and economic resources of the community; and dredging, filling, dumping and other destructive land use practices continue to degrade the tidelands; and the need for protection of the Mendenhall tideland was recognized in 1966 when the Council first urged protection of the area by resolution; and the Alaska Department of Fish and Game prepared in 1967 professionally competent management plan for these tidelands; and the University of Alaska's Institute of Social, Economic and Government Research endorsed the ADF&G plan in 1971 after a study of social, biological and economic factors involved: and the Spokane, Wash. consulting firm, Environmental Concern, Inc. in a 1972 Borough financed study reiterated the need for protection and preservation of these tidelands; and the Assembly of the City and Borough of Juneau recommended and urged the acquisition and management of much of the Juneau tidelands by State Agencies in 1974; and the National Marine Fisheries Service, the U. S. Fish and Wildlife Service, the Alaska Department of Fish & Game, other qualified agencies and professionals have repeatedly reiterated the value of preserving these tidelands for the record of public hearings in Juneau; and tideland destruction continues in spite of massive public concern and in spite of the previously mentioned diverse professional opinion;

BE IT RESOLVED the Council urges that the Governor and the State Legislature in view of the overwhelming public and professional opinion take all appropriate action to end further destruction of this valuable resource.

Adopted by the Alaska Wildlife Federation and Sportsmen's Council, November 1, 1975, Juneau, Alaska

From: Rosemary Gute
Box 2, Juneau
Alaska, 99802

January 29, 1976

To: Representative Mike Miller
House of Representatives
State Legislature, Juneau, Ak.

Dear Mike,

This is a letter of support for Bill No. 521 "An Act Creating the Mendenhall Flats State Game Refuge and providing for an effective date".

As you know, many people have been involved on and off for the last ten years in an effort to preserve what remains of the wetland area in Juneau.

A group of about forty people, which I represent, was instrumental in preventing development of a gas and oil storage facility; and a gravel dredging operation within the boundaries outlined by the bill.

The land in question is a rich estuarine area and supports an abundant supply of migratory waterfowl and young marine life. It is heavily used by the local populace for recreation and for educational purposes. One of its most unique aspects, and perhaps the easiest to overlook, is its ease of access by all who live in the area. I t thus adds significantly to the advantages of living in Juneau. I urge passage of this bill.

Sincerely,

Rosemary Gute

BARBARA D. KALEN
Box 317
Skagway, Alaska 99840

Feb. 6, 1976

Rep. Mike Miller

Alaska State Legislature
Juneau, Alaska
Dear Mike:

Thank you for introducing the bill to make the Juneau Wetlands a game refuge. I think this is a much needed piece of legislation, and I sincerely hope you can get it through without having all the real protection amended out of it. It is a pity that so many people genuinely can not see the value of keeping natural pieces of our land and water--it helps preserve us as well as the wildlife, if they only knew.

Sincerely,

Barbara D. Kalen

Barbara D. Kalen

Virginia E. Kline
MAYOR OF JUNEAU
R.R. 5 Box 5916, JUNEAU, ALASKA 99803

House Resource Committee:

copy of testimony presented at 1/30/76 hearing

The present City & Borough Assembly has not taken a stand on this bill, but 2 years ago we did go on record in favor of public ownership of the Mendenhall wetlands. HB 521, creating the Mendenhall Flats State Game Refuge, appears to be a step in the direction of achieving that goal, although this bill speaks just to State lands. Creamers Dairy and Potters Marsh are two examples of areas where the State purchased private land using both fish & game fund and general fund monies to match Pittman-Robertson monies. The State might want to continue this practice of acquisition in the Juneau area. The City has already allocated open space funds, some of which could be used in such a project.

We do, however, have a couple of hesitations about this bill, most of which appear to be covered in the proposed committee substitute. The concerns are airport expansion, a site for a second bridge crossing of the Channel, and possible Channel dredging sometime in the future. The last concern is some kind of port/harbor facility at the end of Mendenhall Peninsula. Because there are no wetlands in that area, the northwest corner easily could be moved slightly eastward to exclude the potential harbor area.

Ginny

Virginia Kline

THE CITY AND BOROUGH OF JUNEAU
CAPITAL OF ALASKA
155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

DATE: February 6, 1976

FILE NO.

SUBJECT: CS for Sponsor Substitute for House Bill No. 521

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

I appreciate the opportunity to appear before the Committee in order to make a statement on behalf of the Assembly of the City and Borough of Juneau regarding CSSSHB 521. The Assembly wishes to assure you that it supports the concept of a game refuge in the general area described in the Bill. Nevertheless, the Assembly does have concerns about transportation corridors, airport expansion, Channel dredging, and dock and port development which might conflict with the planned use. Along this line, the Assembly appreciates the Committee's demonstrated willingness to modify the language of the Bill to speak to these and other expressed needs of the citizens of the City-Borough.

Specifically, the Assembly and the Planning Commission really have had very little opportunity to review the specific language in the Committee Substitute. Further, the Assembly is not sure that all problems have yet been identified and dealt with. As a result, the Assembly would appreciate the Committee's deferring further action on the Bill until February 20 or as soon thereafter as is possible. This will be subsequent to the next regular Assembly meeting. In the interim, the Assembly intends to thoroughly review the Committee Substitute Bill and then will be in a position to make considered recommendations to you.

Thank you for your consideration of this request.

Respectfully submitted,

M. B. Winegar
City/Borough Manager

MBW/kh

FORM NO. CBJ 7

ALASKA CONSERVATION SOCIETY
Box 80192
College, Alaska 99701

Honorable Nels Anderson
Chairman, House Resources Committee
Alaska State House of Representatives
Juneau, Alaska

Chairman Anderson:

For a number of years the Alaska Conservation Society has followed with interest the problem of the management of the wetlands of the Mendenhall Estuary. As early as 1966, the Department of Fish and Game prepared an assessment of the significant scenic, recreational, and habitat features and requested consideration of the potential values of this area to the community and the state.

This issue organized conservationists to launch a campaign to avert destruction by the proposed outer route of the Egan Expressway. The rise of the local "Stellar" society brought together persons of like concerns towards the campaign to protect this area. Attached you will find an original memo which initiated a ten year effort to obtain these lands in order to protect their values.

Objections to the outer route of the highway which would completely destroy the estuarine habitat could not be disputed by the highway department and consequently, the inner route was selected. Fill material was needed from this area for the highway which altered the character of these lands.

In spite of these alterations, it continues to be a major recreational area for the youth of Juneau drawing hundreds of duck hunters and bird watchers yearly. These developments have not yet altered the migratory and nesting habits of the various species of waterfowl. Hundreds of school children annually proceed across these lands each spring during "Sea Week" to experience these species first hand.

Ponds adjacent to the airport provide marvelous opportunities for pilots to delight their passengers with remarks such as "to the left you will see a pair of whistling swans."

Alaskans all should be proud to set aside such an outstanding segment of State Lands for purposes of a Refuge. We urge your favorable consideration of House Bill 521.

Sincerely,

Sharon Lobaugh

Sharon Lobaugh, agent for
Alaska Conservation Society

Senate Bill 521

As property owners living on land adjacent to the Mendenhall Wetlands (1/2 miles Mendenhall Peninsula Road), we are in favor of passage of Senate Bill 521. Many hours of unequaled recreation in the form of skiing, snow-shoeing, walking & bird-watching, mountain gazing have been had by our family. Our children are young and the wetlands provides an excellent place for a young family to enjoy this beautiful land. The future of this area is vital to us and the preservation of the wetlands insures that Juneau will remains a special place to live and raise a family.

Thank you,

Kathleen Hanna
Thomas R. Hanna
Feb 3, 1976

From: Rosemary Gute
Box 2, Juneau, Ak.

February 10, 1976

To: Nels Anderson, Chairman
House Resources Committee

Re: House Bill 521

Dear Mr. Anderson,

I attended the hearing on HB 521 on 2/3/76, but am unable to attend on 2/11/76, so would appreciate your entering this letter as testimony.

Having attended both the recent borough assembly and planning commission meetings and spoken with others in the community, it would appear that the majority are in favor of the concept of the bill, as am I.

The Department of Fish and Game seems to be the logical agency to handle the Wetlands as they have personnel trained and experienced in the area of waterfowl management.

HB 521 with its amendments appears to be an intelligent management solution for the Wetland area and I urge its passage.

Respectfully submitted,

Rosemary Gute

Preliminary Plan for Wildlife Management on the Mendenhall Wetlands

Introduction

For the last 30 years there has been a growing concern by Juneau residents for the destiny of the Mendenhall Wetlands. The concern has been the motivating factor for at least two lengthy reports dealing with management schemes. The reports are: A Preliminary Land Management Proposed for the Mendenhall River Wetlands, 1967 by Peter K. Shepard and Ronald J. Somerville, Alaska Department of Fish and Game; and Gastineau Channel Wetlands - Reconnaissance and Recommendation report for the City and Borough of Juneau, Alaska, 1972 by Environmental Concern, Inc. Both reports give detailed and ample documentation of the importance of the wetlands to the Juneau recreation scene. The focal point of both reports was that to achieve a desirable management scheme to preserve the remaining wetlands. Unfortunately wetland preservation is no closer to reality than it was in 1967. In fact both current and future development options for recreation has been greatly decreased by landfill, highway and dredging projects.

Wetland preservation was discussed during several public meetings with Borough officials. In various correspondence with State agencies it has been asked what type of management the Alaska Department of Fish and Game would initiate on the wetlands if they were to be preserved.

The purpose of this paper is to describe some of the wildlife management options which ADF&G would propose to initiate if the wetland integrity were assured. Hopefully the proposed plan will add impetus for wetland preservation while management options still exist.

Management

If the Mendenhall Wetlands was classified as a state wildlife refuge, the primary management emphasis will be placed on wildlife oriented recreation, both consumptive and nonconsumptive.

Waterfowl hunting on the wetlands has traditionally been a major use of the area. It is calculated (ADF&G Reports) that hunters harvest between two and four thousand ducks and seventy-five to one hundred and fifty geese annually, making the Mendenhall Wetlands one of the important hunting areas in the state. The Mendenahll Wetlands usually ranks one or two in the state total hunting effort. It was estimated in 1967 that duck and goose usage of the area exceeded 1,000,000 use days annually. However, since 1967 waterfowl usage and thus hunting success in the area has decreased due to habitat destruction by commercial developement and increasing hunter pressure on the reduced hunting areas. Interviews with hunters in recent years indicate that most harvest occurs during the very early days of the waterfowl season. Apparently hunting pressure is so great that many of the birds are forced out of the area. Other birds migrating through find less habitat to utilize and constant hunter harrassment which is not condusive to prolonged bird use.

Management of the Mendenhall Wetlands for better waterfowl hunting and viewing could consist of the following:

1. Increasing the attractiveness of the area to waterfowl, thereby providing more waterfowl for both hunters and non-hunters. As mentioned earlier a large reduction in habitat due to commercial development has occurred on the wetlands. To

rectify this situation the waterfowl carrying capacity of the remaining wetlands will be improved. However, attracting more ducks to the wetlands must be done in such a manner so that they are discouraged from utilizing areas immediately adjacent to the airport, which could increase incidents of bird-aircraft collisions.

Establishment of shallow water impoundments in Fish Creek, Switzer Creek and the south Gastineau Channel area would improve the wetlands capacity for waterfowl. Impoundments would be established by either blasting or bulldozer-dragline work.

Possibilities for increasing goose use such as controlled burning would be investigated and intiated if deemed appropriate.

2. Redistributing hunting pressure by establishing open and closed areas. It has become apparent that hunting pressure on the wetlands has grown to such proportions that hunting management isneeded to improve both quality and success of the hunt. It has been observed that the numbers of ducks and geese utilizing the wetlands decline rapidly after the season opens September 1. The main reason for the decline is a lack of adquate feeding-resting areas where birds can remain unmolested from hunting pressure. In conjunction with habitat management listed above it is proposed that all of the wetlands be closed to hunting during a portion of each week during the hunting season. Another proposal could be the closure of half the area for 3-4 day periods while the other half is open with weekly alternating openings and closures. It is believed that by

eliminating hunting pressure in certain areas for varying periods more waterfowl will be encouraged to stay in the area for longer periods. Also, with a weekly opening to hunting "opening day success" will continue throughout much of the waterfowl season.

Other possibilities for management do exist: It has been noted, from past hunter field checks, that 30 percent of the waterfowl hunters on the wetlands are under 16 years of age. Possibly a management proposal should incorporate special provisions for the young hunter such as one day of hunting for kids only. Another possibility would be construction of permanent duck blinds for hunting and general observation purposes. Decisions on what management techniques ADF&G should use would be made after a series of public hearings had been held.

Potential management options for "nonconsumptive" use of wildlife on the wetlands are numerous and actual decisions can be made following public input. Two proposals for consideration are:

1. Observation and parking areas - The new Egan Highway has one road pulloff in the Switzer Creek area. Another small road pulloff should be constructed between the airport and Sunny Point. Both areas are adjacent to both spring and fall waterfowl resting areas and these would be obvious sites for observation areas. Both areas should have signs erected describing the importance of the wetlands and listing species of birds which can readily be observed.

2. Interpretive trail system -- An interpretive self guiding trail system should be established on the wetlands. Possibly the area adjacent to the airport could be the starting point for a trail which would guide school children and interested visitors through the various wetland habitat types. At appropriate spots along the trail, signs could be erected which would explain items of interest and the importance of the wetlands.

   Other "nonconsumptive uses" can be accommodated. Public meetings will gauge the local interest and desires for such activities.

Summary

Several management options for the Mendenhall Wetlands are available. However, all are based on the requirement that the wetland system suffer no further reductions from commercial developement. Once this is assured management of this valuable area can begin.

Warren Ballard
Game Biologist
Division of Game

HB
564

Filed

Rep Anderson
Chairman, Resources

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S – JUNEAU 99811

January 26, 1976

HB 564

The Honorable Charles H. Parr
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Parr:

I appreciate what you are trying to accomplish in your bill providing for permits and fees for the construction of shore facilities associated with off-shore natural resource extraction. If industry is not going to pay its way, it is only right for them to equalize the cost. However, I do not feel it should be credited against future taxes. Governments have to live in the long run as well as the short run. The administration does not favor that portion of the bill.

We do like the concept of the bill but feel that portion should be changed.

Sincerely,

Sterling Gallagher

Sterling Gallagher
Commissioner

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S – JUNEAU 99811

bruary 4, 1976

Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99811

Re: House Bill No. 564

Dear Mr. Anderson:

House Bill No. 564, an Act providing for permits and fees for the construction of shore facilities associated with off-shore natural resources extraction was introduced in the House on January 14, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum dated January 26, 1976 from Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage relating to problems of administration of the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Williams in Anchorage for further information.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

The Honorable Charles Parr
Prime Sponsor - HB 564

Thomas K. Williams
Director
Petroleum Revenue Division
Department of Revenue
Anchorage, Alaska

MEMORANDUM State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue
Juneau

DATE: January 26, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams TKW
Director
Petroleum Revenue Division
Department of Revenue

SUBJECT: House Bill No. 564

Offered in response to your request are the following observations on HB 564:

1. The primary effect on Treasury would be a pre-payment into the General Fund of State tax revenues from the extraction of offshore natural resources.

2. The bill invites litigation between impacted local governments and the State over the local government's uncompensated service expenses.

3. The bill fails to specify whether interest earned on the fee for the permit would be credited against State or local taxes.

4. The bill fails to consider what happens if a Permanent Fund is established and if some monies going into that Fund were from State taxes (e.g., AS 43.56) against which the fee for the permit could be credited: would part of the permit fee go into that Fund when paid, or would it go in as the credit was taken against those State taxes?

TKW:lgh

R63072

HB

566

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Nels:
These changes in the critical habitat bills are a result of public comments received by the Dept of Fish & Game.
If and when the committee prepares committee substitutes for these bills, please consider incorporating these changes. Most are quite important as they represent boundary corrections.
Thank you.

Jan Ulmer

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

SUBPORT BUILDING
JUNEAU 99801

April 15, 1976

The Honorable Kay Poland
Chairman; Senate Resources Committee
State Capitol Building
Pouch V
Juneau, Alaska 99811

Dear Mrs. Poland:

At the request of the Senate Resources Committee, the Alaska Department of Fish and Game held a public hearing on February 24, 1976 at 7:30p.m. at the Homer High School to consider HB566 "An Act Creating the Kamishak Bay -Chinitna Bay Critical Habitat Area."

At least one hundred and eight persons attended, of whom eight made statements at the hearing. Five persons spoke in favor of the designation while three questioned its necessity and were opposed. Petroleum industry representatives present at the meeting made no comment.

While we would agree with those who voiced opposition to critical Habitat designation, that this will not give the State of Alaska any more authority over the lands in question, we feel it very appropriate that the policy directions for managing these highly productive lands be established through the legislative (i.e. public) process. Further we feel it appropriate that a significant measure of management authority in such areas reside with the Alaska Department of Fish and Game.

In the process of review of HB 566 for the Senate Resources Committee we have discovered several errors and ommissions in the present bill. These will be incorporated in a substitute bill which will be submitted through the Governors' office in the near future.

We thank you for your interest in this legislation. The public hearings requested by your committee have been a valuable aid in refining the Department's Critical Habitat nominations.

Sincerely,

Robert E. LeResche
Chief
Habitat Protection Section

cc: Chancy Croft
Fran Ulmer
Nels Anderson

HB
567

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

File HB 567

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER / SUBPORT BUILDING
JUNEAU 99801

March 31, 1976

The Honorable Nels Anderson
Chairman, House Resources Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Mr. Anderson:

Following our discussion at your committee, I have drafted the attached resolution, which your committee may wish to consider for protection of the calving grounds of the Arctic caribou herd. As we discussed, because the land in question is part of Naval Petroleum Reserve Number 4, this resolution might carry as much weight as offical designation of the area as Critical Habitat. I am sure we all agree that it is extremely important to protect the most critical area used annually by the Arctic caribou herd, and I hope this resolution provides the cleanest, most efficient way to do this.

I would be happy to discuss this with you at your convenience.

Sincerely,

Robert E. LeResche
Chief
Habitat Protection Section

cc: J. Brooks

ALASKA STATE LEGISLATURE

RESOLUTION URGING FEDERAL AGENCIES TO TAKE SPECIAL CARE OF THE ARCTIC CARIBOU HERD CALVING GROUNDS.

WHEREAS, the Western Arctic Caribou Herd is the largest caribou herd in Alaska;

WHEREAS, this caribou herd is an extremely important resource to the people of Alaska for subsistance and other purposes;

WHEREAS, the calving grounds of a caribou herd are the most important and irreplaceable habitat used by the herd, and are essential to the herds existance;

WHEREAS, increased exploration of Naval Petroleum Reserve number 4 presents a potential threat to this critical habitat, if full cognizance is not taken of the needs of the caribou and their habitat;

NOW, THEREFORE, BE IT RESOLVED, that the Alaska State Legislature urges the Department of Defense and the Department of Interior to take special care to assure that lands comprising the calving grounds of the Arctic caribou herd are properly protected during any exploration or development of NPR 4 and, further, that these federal agencies assure that any operations occuring in this calving ground area are fully reviewed by and coordinated with the Alaska Department of Fish and Game, and any concerned local governments.

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETH O'DONNELL~~
Ruth I. Allington

PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

February 20, 1976

HB 567

Terrence J. Woods
LCDR, JAGC, USN
Naval Petroleum Reserve #4
Suite 600
3201 C St.
Anchorage, Ak. 99503

Dear Sir:

I appreciate your kind offer to appear before the committee to share your experienc and knowledge of the area. Should we decide to pursue hearings on the issue we will certainly keep your offer to testify in mind.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra

DEPARTMENT OF THE NAVY
OFFICER IN CHARGE
NAVAL PETROLEUM RESERVE NO. 4
SUITE 600
THE CALAIS OFFICE CENTER
3201 "C" STREET
ANCHORAGE, ALASKA 99503

NPR-4-B:k
6240.10
Ser: 226
13 Feb 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee
State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

This office recently has become aware of House Bill No. 567, which would designate approximately 6300 square miles, or about 17.0 percent, of Naval Petroleum Reserve No. 4 as a "critical habitat" area for the protection of caribou.

The Navy is very much interested in this Bill and in the welfare of the Western Arctic caribou herd that frequents the referenced area on NPR-4 for several weeks each year, using it as one of their main calving grounds. The Navy also has had considerable experience in that particular area, having drilled several wells there during the earlier oil exploration program from 1944 to 1953. During that period, there are no known incidents of the caribou having been disturbed by the exploratory program.

It is believed that no one is better able to discuss the Navy's proposed oil exploration/inventorying program on NPR-4 than the Navy. Thus, if it would be of assistance to the Natural Resources Committee, we would be most appreciative of the opportunity to appear before the Committee, at your convenience, to discuss the Navy's program, to share with you the experience that we have gained in the area, and to answer any questions that the Committee may wish to direct.

Dr. Max C. Brewer is the Chief Scientist and Environmental Consultant for the Navy in regard to operations on NPR-4. Although not a biologist by training, he has obtained considerable information regarding the caribou populations on the North Slope during his 21 years in residence there; first as a scientist and later as Director of the Naval Arctic Research Laboratory. He also has indicated that he wished to present testimony concerning House Bill 567.

Under separate cover I am forwarding a copy of the Final Environmental Impact Statement for Zone "A" of NPR-4. Caribou are discussed on pp. 133-138 of the Statement and in Appendix "A", pp. A-31/32, of the Statement. A draft environmental impact statement, covering the exploratory/ inventory program proposed for the entire area of NPR-4, is now in preparation and should be completed by October 1976. It will contain a much more detailed discussion of the caribou populations on the North Slope.

I believe that you will find that the Navy is quite knowledgeable concerning the caribou population, and those of other species of wildlife, on the North Slope. I think that you also will find that the Navy is approaching its exploratory program on NPR-4 in a very responsible manner.

Respectfully yours,

Terrence J. Woods

Terrence J. Woods
LCDR, JAGC, USN
Officer in Charge

R. R. #4, Box 4980
Juneau, Alaska 99803
12 February 1976

Honorable Nels A. Anderson, Jr., Chairman
Natural Resources Committee
State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

While in Anchorage recently I became aware of House Bill No. 567, which would designate approximately 6300 square miles, or just over four million acres, of Naval Petroleum Reserve No. 4 as a "critical habitat" for the protection of caribou during the calving season.

I do not believe this Bill to be in the best interests of the State of Alaska, or of the Native residents in northwestern Alaska, or to be in the best interests of the caribou-wolf relationship in northern Alaska. It certainly would do nothing to advance what we might hope would someday evolve into an enlightened national energy policy.

Instead of fostering a program of good game management in the referenced area, the Bill appears to be a "cop-out" on the part of management, and the first step in an effort to officially set up another vast wilderness block of land. It also overlooks the fact that the caribou, wolves and the Natives co-existed in harmony when the Navy drilled several wells in the proposed "critical habitat" area in the early 1950's. Another flaw in the Bill is that it is attuned more to political boundaries, i.e., PET-4 rather than to the areas used by the caribou. This approach would seem to do violence to the concept of "habitat protection".

It was only in the late 1950's, when the Fish and Wildlife Service predator control program slaughtered many of the wolves in that area, that we started to run into trouble. The caribou population jumped rapidly, the incidence of brucellosis zoomed to a reported 18 percent in one study, and the caribou began to overgraze some of their range. This apparently caused the recent report about a drop in the caribou population and the suggestion for another program to either eliminate wolves, or to cut subsistence hunting in the area; again upsetting the natural balance of nature.

I think that H. B. 567 needs to undergo some very close and detailed scrutiny, particularly since it offers some very close parallels with the problems encountered with management on Nunivak Island. Should you believe that my observations over the years on the North Slope could be helpful, I would be most happy to testify and to provide the Committee with the information that I have been able to collect.

Sincerely yours,

Max C. Brewer

Max C. Brewer

Alaska State Legislature

House of Representatives

BRENDA T. ITTA
BARROW, ALASKA 99723

POUCH V
JUNEAU, ALASKA 99811

Phone: 465-4923

DISTRICT 21

AMBLER
ANAKTUVUK PASS
ATKASOOK
BARROW
BARTER ISLAND
BORNITE-KOBUK
BROWERVILLE
KIANA
KIVALINA
KOTZEBUE
NOATAK
NOORVIK
NUIQSUT
POINT HOPE
POINT LAY
SHUNGNAK
WAINWRIGHT

January 21, 1976

Mayor Eben Hobson
North Slope Borough
Barrow, Alaska 99723

Dear Eben:

Enclosed is a copy of House Bill 567 introduced by the Rules Committee by request of the Governor, referred to House Resources and Finance, creating the Arctic Caribou Herd Calving Grounds. Also attached is Governor Hammond's transmittal letter on this bill.

I hereby solicit your comments and look forward to hearing from you.

Sincerely,

Brenda T. Itta

Enclosures:

cc: Mr. Jacob Adams with enclosures

BTI:rh

MAYOR'S OFFICE
PH. 852-4865
ADMINISTRATION & FINANCE
PH. 852-6690
PUBLIC WORKS DEPARTMENT
PH. 852-4845
PLANNING DEPARTMENT
PH. 852-6250
ACCOUNTING
PH. 852-5800

NORTH SLOPE BOROUGH
P. O. BOX 546
BARROW, ALASKA 99723

ASSESSING
PH. 852-5030
TREASURY
PH. 852-6310
HOUSING AGENCY
PH. 852-5375
HEALTH AGENCY
PH. 852-7635

January 30, 1976

Representative Brenda T. Itta
House of Representatives
Pouch V
Juneau, Alaska 99811

Re: House Bill No. 567

Dear Brenda:

Thank you for making available to me the referenced proposed legislation.

After considerable review of AS Title 16, Article 5 Fish & Game Critical Habitat Areas, I find that, in the interest of the citizens of both the North Slope and particularly the State, I must oppose the proposed legislation at this time.

I would like to make it explicitly clear that I am not averse to preserving habitat areas crucial to the perpetuation of fish and wildlife: as you well know (and I trust you will convey this to the House Resources and Finance Committee), continued occupation of the Arctic has been based on the harvest of renewable resources. It has, therefore, been in our best interests to insure the perpetuation of such resources.

The North Slope Borough, primarily in response to impending developments within its boundaries and off its coasts, will be increasingly engaged in the assessment of its natural resources to determine which protective measures should be taken.

My specific objection to the proposed amendment is that it would give the State Board under Sec. 16.20.240 the authority to promulgate regulations governing the taking of fish and game - in this instance, caribou - within the cited areas. In my estimation, it would be premature to assume that the Department of Fish and Game can, at this time, realistically impose regulations without an adequate basis of knowledge of the distribution, migration paths, current usage or magnitude of the Arctic caribou herds. Although there have been studies in the past, it is well known that additional research is necessary to properly delineate contemporary caribou population and their current utilization. This necessary research is especially evident after the aborted caribou migration through Anaktuvuk Pass this past fall and early winter. The residents of Anaktuvuk Pass attribute this to the numerous sports hunters who flew into Anaktuvuk whose activities at the northern end of the pass diverted the migration. Also, there is evidence to suggest that the pipeline corridor was an easier migration route for the caribou to follow. It would be interesting, too, to know why (if,

/2.

in fact, the intent of the amendment is solely to protect caribou calving grounds) the Porcupine calving grounds are not mentioned.

These are considerations which must be determined before any regulations are implemented.

It has not been demonstrated that establishment of the proposed areas in HB 567 as "critical habitat" areas is warranted or will accomplish the purported objectives of preserving the viability of the Arctic caribou herds.

I am quite certain that the Legislature and Governor will agree that laws cannot be indiscriminately applied without the recognition of the necessity of such legislation or an adequate basis of knowledge.

The North Slope Borough would be most anxious to discuss with State Fish and Game our mutual concerns. I do not believe the proposed amendment will serve our interests.

Sincerely,

EBEN HOPSON, MAYOR

c.c. Jacob Adams

NANA REGIONAL CORPORATION, INC.

POST OFFICE BOX 49 / KOTZEBUE, ALASKA 99752 / TELEPHONE (907) 442-3261

NANA
76-008

January 19, 1976

Mr. James W. Brooks
Dept. of Fish & Game
Subport Bldg.
Juneau, AK 99811

Dear Sir:

The Department of Fish & Game has released figures which indicate that the Arctic Caribou Herd has decreased to a count of 100,000 from a 1971 estimated high of 241,000. We do not believe that this latest estimate is accurate as our people report that there are more caribou now than ever before.

Unfortunately, the staff of DF&G released information to the news media and magazine writers which placed the blame for the decrease on the Native Subsistance Hunter. This effort to discredit our people will receive the support of non-hunters across the United States which will cause political pressure to be placed on your board.

In an effort to assist you in arriving at reasonable regulations are opposed to reacting to outside pressures, we have held a series of meetings in each of the NANA Region Villages where caribou hunting regulations were discussed. Total agreement between all villages was not obtained on all proposed regulations. Following are the proposed regulations:

1. Impose a daily bag limit of five caribou per hunter. This will insure that all caribou caught will be removed from the range leaving nothing for preservationists to photograph and complain about. All villages agreed to this limit.

2. Impose a annual limit of twenty-five caribou per hunter. This should be sufficient for the larger familits in villages that depend almost entirely on caribou for food. Two of our eleven villages disagreed with this limit and felt that no limit should be placed at this time.



3. Authorize aerial wolf hunting. The wolf population has increased tremendously since this was stopped. Packs of 30 or more have been sighted. Last spring three wolves killed thirty fawns in one evening. Two villages disagreed with this provision.

4. Stop Sports Hunting. As subsistance hunting is the most important use of the caribou and we are proposing that it be limited, the least important use should be stopped.

5. Commercial Hunting should be limited or stopped if necessary. Barter should continue to be allowed as it is the only way people who cannot hunt receive their meat supply.

We feel that the regulations proposed are stringent enough to protect the Arctic Caribou Herd while efforts are made by DF&G to gather more meaningful data on the herd than they have so far. Unfounded allegations against the Native Subsistance Hunter only causes hard feelings and widens the rift between the hunter and the game manager who should be working together.

I hope that you will give serious consideration to our proposal. It was developed through discussions in public meetings by many people. It also cost us about $5,000 in staff time and aircraft charters. We hope that we can continue to provide this bond between your Board and our subsistance hunters in the future to ensure that those of us who are vitally concerned with the sustained growth of Alaska's game resources can continue to work together.

Sincerely yours,

NANA REGIONAL CORPORATION, INC.

John W. Schaeffer
President

JWS/dcs

cc: NANA Board
Governor Hammond
Commissioner Brooks
Senator Ferguson
Rep. Itta
Carl Gravogal, DF&G
Bob Hinman, DF&G, Fairbanks

HB

571

"An Act relating to the commercial fishing revolving loan fund; and providing for an effective date."

COMMITTEE REPORT

1/15/76 HOUSE FINANCE

Mr. Speaker: Date 1-30-76

The Committee on RESOURCES has had HB 571 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 571 AND THAT CS FOR HB 571 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Neb A. Anderson Jr. Bob Ceccon

Mike Hershberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Neb A. Anderson Jr. Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB-571
Title: An Act relating to the Commercial Fishing Revolving Loan Fund
Requested by: Date: January 20, 1976
Return Date Requested:
Agency: Commerce & Ec. Development Program: Development

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Division of Business Loans
A. EXPENDITURES: (Thousands of dollars)

NONE

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL						

B. FUNDING: (Thousands of dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS: NONE

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fund has $150,000 in uncommitted funds. With passage of this legislation we can continue making commercial fishing loans with our present staff. If this legislation does not pass, and we do not receive additional funding to make loans, the present staff could be reduced by two positions.

IV. ATTACHMENTS

V. DATE: 1-20-76 PREPARED BY: Pete Stone, Director
Reviewed: Jim Cook

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

HB

573

"An Act ~~providing~~ extending the term of the Bristol Bay Regional Development Council; e.d."

COMMITTEE REPORT

HOUSE

2/20/76

Mr. Speaker: Date 3-5-76

The Committee on RESOURCES has had HB 573 under consideration, a second time. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Hebb A. Anderson, Chairman

Members NOT concurring in the Majority report:

Tom Hershberger recommends: No Recommendation

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Hebb A. Anderson, Chairman

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

March 12, 1976

Mr. Hjalmar E. Olsen, Executive Director
Bristol Bay Native Association
P.O. Box 179
Dillingham, Alaska 99576

Dear Hjalmar;

There has been some mix-up in signals on the extension of the Bristol Bay Regional Development Council. I'll recount what has happened to date.

HB 479 -- Passed last Session

HB 573 -- Extending date to June of 1976, passed out of House Resources with a unanimous Do Pass--- on Feb. 5, 1976.

No action taken by House before February 19, 1976

Committee requested House to send bill back to Committee for additional action

Bill received back in Committee--again passed out with a Do Pass recommendation on March 5, 1976

As of the March 5 date, no official request had come to the Resource Committee for the additional date of June, 1977, with additional funds asked. On February 20, 1976, the Development Council made a presentation to the House Resources Committee--and mention was made of a desire for an additional year, and additional funds. This was AFTER the committee had passed the bill the first time.

CSHB573 now resides in House Rules--it has not been calendared yet.

I hope this will help--

Nels A. Anderson, Jr.
NAA/ra

RESOLUTION 76-1

WHEREAS: the State of Alaska enacted Legislation to create the Bristol Bay Regional Development Council in 1974 to report to the Legislature to resolve the economic distress of the Bristol Bay Fisheries due to depleted salmon returns; and

WHEREAS: the Bristol Bay Regional Development Council has completed a Legislative report which makes recommendations for program development to alleviate the effects of the salmon fishery; and

WHEREAS: the Bristol Bay Fishery still remains in a disastrous situation, and that the Bristol Bay Regional Planning Council will dissolve on June 30, 1976, and

WHEREAS: the Bristol Bay Native Association, Inc. recommends that the continuation of the BBRDC is essential for the development of viable programs in Bristol Bay.

NOW, THEREFORE, BE IT RESOLVED by the Bristol Bay Native Association Inc., Board of Directors that the State of Alaska pass Legislation to continue the existance of the BBRDC for another year and to be the prime coordinators of fishery development in the Bristol Bay region.

/s/ Boris Kosbruk
President

ATTEST:

/s/ Paul Matsuno
Secretary

February 4, 1976
DATE

HB
579

JAN 15 1976

HB 579

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to establish an environmental enhancement program to aid local governments and citizen groups in undertaking local be autification efforts, litter and debris disposal efforts, protection and enhancement of cultural and historic sites, etc.

The bill creates a special account in the general fund into which shall be deposited the proceeds of all civil and criminal fines and out-of-court settlements received by the Department of Environmental Conservation in enforcing our State's pollution laws, along with other money granted or donated for the purposes of the bill. This account will then be used to aid local governments and citizen groups in their environmental enhancement efforts. Many local governments in the State lack the financial capabilities to perform such simple tasks as solid waste and litter removal, road and park beautification, and historic site preservation. This bill would allow the Department of Environmental Conservation to fund up to 90 per cent of the cost of such an activity through the use of the account.

The legislation is well within the spirit and intent of Title 46, Alaska Statutes. To take funds received as a result of pollution incidents and apply them to enhancement and beautification efforts allows the State, in the long run, to recoup some of the losses which pollution law violations inevitably cause.

Sincerely,

Jay S. Hammond
Governor

I. REQUEST

Bill No. _____

Title: Environmental Enhancement Program and Appropriation

Requested by: Governor Date: N/A

Return Date Requested: ASAP

Agency: Environmental Conservation Program: NRM&EC

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Environmental Conservation

A. EXPENDITURES: (Thousands of dollars)

No inflation rate assumed

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES	4.9	3.5	3.5	3.5		
200	TRAVEL	1.5	.3	.3	.3		
300	CONTRACTUAL	1.0	.2	.2	.2		
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	7.4	4.0	4.0	4.0		

B. FUNDING: (Thousands of dollars)

GENERAL FUND	7.4					
FEDERAL FUNDS						
OTHER		4.0	4.0	4.0		

C. POSITIONS:

No additional positions required

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached

IV. ATTACHMENTS

Analysis

V. DATE: December 10,1975 PREPARED BY: A.L.Eagle, Director, Mngt. Scvs.

HB

580

"An Act Establishing the Talkeetna Mountains State Park."

COMMITTEE REPORT

1/15/76 HOUSE FINANCE

Mr. Speaker: Date 3-8-76

The Committee on RESOURCES has had HB 580 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

(X) "other" With Individual Recommendations

Members signing the Majority report:

Do NOT Pass

Members NOT concurring in the Majority report:

_____ recommends: Do Pass

_____ recommends: Do Pass

Tim Hamberger recommends: Do Pass

_____ recommends: " "

_____ recommends: Do Pass.

_____ Chairman

#M

12022 FAIRBANKS ALASKA 15 02-12 1200P AST

PMS NELS ANDERSON CHAIRMAN HOUSE RESOURCES COMMITTEE

ALASKA STATE LEGISLATURE

JUN

1976 FEB 12 PM 2 12

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

THE ALASKA CONSERVATION SOCIETY SUPPORTS WHOLEHEARTEDLY

HOUSE BILL 580 ESTABLISHING TALKEETNA MOUNTAINS STATE

PARK

CELIA HUNTER PRES ALASKA CONSERVATION SOCIETY

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

323 E. FOURTH AVENUE—ANCHORAGE 99501

TESTIMONY: PROPOSED TALKEETNA MOUNTAIN STATE PARK; HB 580*

Chairwoman Poland, Chairman Anderson, members of the House and Senate Resources Committees. I am Russ Cahill, Director of the Alaska Division of Parks, and I wish to present some comments on both the proposed Talkeetna Mountains State Park, HB 580, and the Talkeetna Mountains State Agricultural Reserve, HB 664.

The history of the proposed Talkeetna Mountains State Park is one of evolution of boundary, purpose and management criteria. Past legislative sessions have seen a potpourri of bills introduced. Even the titles of the various pieces of proposed legislation have varied widely. Last year alone there were the Hatcher Pass Recreation Area, Garret Heinie Snider Recreation Area, as well as the Talkeetna Mountains State Park. Support and opposition to the various bills has been heated and emotional. I am sure most persons here realize that this is not the first such legislative hearing on the concept of either park or recreation classification for a portion of the southwestern Talkeetna Mountains.

*Presented to a joint hearing committee of the Alaska State Senate and House Resources Committees in Palmer on 7 February 1976.

The State has not been inactive on the various proposals. In 1970 a contract was negotiated with a private firm which led to a document titled "Hatcher Pass Study Area". This booklet proposed the creation of a new state recreation area. All of these various activities have been augmented by active participation by various citizens groups. The result of the total concern focused upon the Hatcher Pass-Talkeetna Mountains Area has led to the State's drafting of proposed legislation which would create a new state park.

The bill we have proposed and which we support contains a departure from the traditional type of park management. The departure of which I speak is a zone within the boundary of the proposed park which would be open to restricted multiple-use management. We feel that this concession is necessary for three major reasons:

1. The mineralized Willow Creek Mining District, which contains numerous current and patented mining claims and lies within the proposed park boundary.

2. The occurrence of grazing leases.

3. The presence of numerous private land parcels, as well as lands selected by the Matanuska-Susitna Borough.

Most of these land uses occur within close proximity to the Fishhook-Willow Road, which bisects the proposed multiple use zone.

Visitation along the Fishhook-Willow Road, the main access route through the southern portion of this proposed State Park, exceeded 155,000 persons during 1975. Although some of this use can be attributed to people operating mines, prospecting, or managing livestock or leased grazing lands, it can probably be assumed that at least 90% of this number, or nearly 140,000 people visited the area seeking recreation. Recreation activities commonly occurring within the boundary of this proposed park include driving for pleasure, hiking, skiing, snowmobiling, camping, picnicking, and hang-gliding.

The proposed state park includes the upper drainages of the Kashwitna River, the Little Susitna River and Willow Creek. The size of the proposal, if you exclude mining claims, Borough selected lands and private parcels, is approximately 425,000 acres.

Let me elaborate on the concept of the multiple-use zone. Nearly all of the mining claims, private lands and grazing leases have been placed within a zone which will remain "open" to multiple-use. This zone will be the subject of a land use plan to be composed by the representatives of the Department of Highways, Fish and Game, and the Department of

Natural Resource's Divisions of Agriculture, Geological and Geophysical Survey, Lands and Parks. This land use planning team would also enlist the Planning Director of the Matanuska-Susitna Borough. The multiple-use plan would be approved by the Commissioner of Natural Resources, and updated every 5 years.

There has been concern expressed about the disposition of private properties within this proposed park. It is the intention of the Division of Parks to not purchase private lands unless they are key parcels for campground construction or other management facilities. If it becomes necessary to acquire a parcel, it would be done at fair market value, based upon appraisal.

There has also been concern expressed about hunting. The legislation has been drafted to allow the Department of Fish and Game to continue to manage fish and wildlife resources within the park, and yes, the area would be open to hunting. It may be necessary to control the use of firearms in the immediate vicinity of recreational facilities such as picnic areas, trailheads and campgrounds for reasons of visitor safety.

It should also be pointed out that the proposed Willow South capital site borders the western boundary of the proposed Talkeetna Mountains State Park. The boundary of the park has been drawn to avoid overlapping the required 100

square miles of State land. All three of the proposed capital sites, one of which will be chosen, are within approximately 40 miles of this potential park; the park would therefore provide a nearby recreation area for future capital residents.

The topography of the proposed park is generally very rugged, steep and mountainous. It is probably safe to estimate that over 80% of the park is above timberline or alpine in nature. Snowfields and glaciers are also common, particularly in the east-central portion of this proposed park.

Another commonly asked question is would the State provide rangers to patrol the area, as well as recreation facilities? Park rangers would begin patrolling the area upon the effective date of any legislation passed, although patrols would be sporadic at first. When budget allows, additional rangers would be hired, trained and assigned to this Park. Recreation development such as trails, campgrounds, picnic areas and a ranger station and visitor center would be provided over the next several years, all to be staffed by rangers and maintenance personnel. We feel this is important not only for the management of the park resources, but also for the protection of private property in the area.

It has been noted that the original Hatcher Pass Recreation

Area proposal has been expanded to include the upper watershed of the Kashwitna River. The reason this has been done is to provide a balance of road-accessible intensive use recreation area, with a large scenic park zone. There have been few intrusions into the Upper Kashwitna River area by modern man. It would therefore provide an alternative type of activity potential to the roaded lower portion of the park. Wildland types of activities in the Kashwitna River Valley would include boating on the river, backpacking, and camping in a primitive environment such as all of Alaska used to be. Such amenities will accrue in value as our population grows and development activities continue. When the capital moves, a new city will result, a city close to this park. The presence of nearby developed recreation facilities along the Hatcher Pass Road, balanced with the splendid wilderness of the Upper Kashwitna, will offer the diversity of opportunities which Alaskans value. The new capital city is projected to reach a population of 30,000 people by the year 1985. Anchorage's population will also grow, probably to more than 260,000 by 1985.

One of the considerations of the State was the possible loss of tax revenue to the Matanuska-Susitna Borough which would be caused by this park. The conclusion of State planners

was that, due to the low development potential of most of this park, (since it is for the most part, mountains, alpine tundra and glaciers) that conversion to private ownership was not desirable. It is also thought that recreation activities introduced a significant economic demand for tangibles such as snowmobiles, skiis, backpacks and campers, and therefore this park would provide a positive economic factor. The area of the Willow Creek-Little Susitna Multiple Use Zone would continue to provide its resource base to the the area's tax base.

I would now like to comment on the proposed Talkeetna Mountain State Agricultural Reserve, HB 664. This legislation is of particular interest to us since the majority of the lands contained within this bill overlap the proposed park. As part of our analysis of the proposed agricultural reserve, we consulted with data accumulated by the Federal-State Land Use Planning Commission on agricultural land suitabilities. Of particular concern were the two catagories which the Commission has mapped and made available to the public. The first catagory analyzed was "upland soils" which essentially means that 50% or more of the total area within the upland soil is arable and suitable for crops. The other catagory that we analyzed was "livestock range" lands which are suitable for the grazing of stock but generally not arable

and useful for the growing of crops. The total land area within the agricultural reserve is approximately 430,000 acres. Of this approximately 13% is classifiable as upland soil and livestock range. Thus, 87% of this agricultural reserve proposal, according to the best facts available, is not suitable for agricultural purposes. I am of the opinion that the area is better suited for a park, with the agricultural use zone managed for multiple use.

We are of the firm belief that we can handle the difficult problem of using the mineral and agricultural resources in the Willow Creek area, while enhancing and controlling the recreational use which occurs there now. There are some who have a suspicion of anything with the word "park" attached to it. Mr. Chairman, Ladies and Gentlemen, I ask that you give us a chance to show you how well a piece of land can be managed.

In conclusion, it is my recommendation that the Senate Resources and House Resources Committees act favorably upon the Park bill. If there are any questions, I would be pleased to answer them. Thank you.

Russell W. Cahill, Director
Alaska State Park System

2561 Lovejoy Drive
Anchorage, Alaska 99504
February 6, 1976

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Representative Anderson:

As you may recall, I visited Juneau last spring to testify before the Senate Resources Committee on the proposed Talkeetna Mountains State Park. While I was there, I met with you to explain the proposal. You asked whether Cook Inlet Region's interests were affected, and indicated that if they had no objections to the proposed park, you would have no objections and that it would receive timely attention by your committee.

As I am sure you are aware, lands within the proposed park that were selectable by Cook Inlet Region and several villages are part of the Cook Inlet Land Trade; these lands are to be state lands and CIRI and the villages are to receive other lands which are more desirable from their point of view. This eliminates any objections CIRI had to the proposed park.

The park proposal developed by the coalition of outdoor recreation and conservation groups which my committee represents was introduced last spring as SB 387. At the end of the 1975 session it was in the Senate Resources Committee. Over the summer Division of Parks studied the proposal throughly and determined that some changes were necessary. The administration's revised version of the Talkeetna Mountains State Park proposal has been introduced as HB 580.

Our committee has worked with the administration in developing this revision. We are not totally happy with all of the changes which have been made, primarily because we feel that the boundaries of the recreation zone now include lands which should be in the limited use zone. However, we recognize the pressures and potential problems which are the reason for the change. In spite of our reservations, we support HB 580 and urge your committee to act expeditiously and favorably on it. We would appreciate knowing your position.

I am sure you are aware of the heavy, increasing and conflicting recreational pressures on the area, and all the widespread support for the park proposal

among outdoor recreational users in the Anchorage area. There is also support among similar groups and individuals in the Matanuska Valley.

Thank you for your attention to this matter.

Sincerely,

Helen Nienhueser

Helen Nienhueser
Chairman, Ad Hoc Committee
for Talkeetna Mountains State Park

cc: Representative Ted Smith



580

Joan McGee
Box 336
Wasilla Ak

Feb 2, 1976

Rep. Nels Anderson Jr
Rm 118. Capitol
Juneau. Ak

Dear Rep. Anderson.

Please add me more check on the bodycount chart of those against a Talkeetna State Park and for an alternate solution along the lines of the Mat Su Borough Resolution # 76-7. Also while I am at it a check on the chart of those against tying up Homers coast line so they lose all chance of development - maybe even their fishing industry so they say.

Sincerely

Joan McGee

TELEGRAM

CA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 FEB 11 PM 2 41

#

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PMS REP NELS ANDERSON

JUN 99801"

WE SUPPORT THE CREATION OF TALKEETNA MOUNTAIN

STATE PARK PLEASE EXPEDITE PASSAGE FROM COMMITTEE

NATE AND LIZ JOHNSON 3540 TANGLEWOOD ANCHORAGE 99503

TELEGRAM

ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

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PMS REP NELS ANDERSON

662

JUN

CHAPTER R STRONGLY SUPPORTS HB580

VIRGINIA DALPIAZ PRESIDENT

UPPER COOK INLET CHAPTER ALASKA CONSERVATION SOCIETY

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

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PMS REP NELS ANDERSON

0632

JUN

STRONGLY SUPPORT ENACTMENT OF HB580 HAD INTENDED TO
TESTIFY PERSONALLY IN PALMER SATURDAY WORK PREVENTED
HATCHER PASS EXTREMELY IMPORTANT RECREATION AREA TO
RESIDENTS OF STATE THE STATE LEGISLATURE HAS EXCELLENT
OPPORTUNITY TO SHOW CONGRESS THAT WE KNOW HOW TO MANAGE
OUR LANDS AND RESOURCES. THIS ISSUE IS EXTREMELY IMPORTANT
IN THE D2 ISSUES THE LAND USE PLANNING COMMISSION
RECOMMENDNATIONS AND THOSE OF OTHERS TALK ABOUT KEY PARK
AREAS ADJOINED BY BUFFER TALKEETNA PARK LEGISLATION
CAN SET PRECEDENT SHOWING CONGRESS THAT ALASKANS CAN
MANAGE OUR OWN AFFAIRS

JULES PEG GLORIA ANNA NANCY TILESTON

HB

607

SANTCO SOUTHEAST ALASKA NATIVE TIMBER CORPORATION

PRESIDENT
Clarence Jackson Sr.
Box 200, Kake, Alaska 99830

SECRETARY
Marjorie Young
Box 73, Craig, Alaska 99921

March 5, 1976

Honorable Nels A. Anderson, Jr.
House of Representatives
State of Alaska
Pouch V
Juneau, Alaska 99811

Re: H.B. 607 Sponsor Rep. Miller/Beirne
S.B. 563 Sponsor by the Rules Committee by Request of the Governor. Relating to Alaska Forest Practices Act and Resources

Dear Representative Anderson:

The Southeast Alaska Native Timber Corporation (SANTCO) was formed by tne village corporations, urban corporations and regional corporation established pursuant to the Alaska Native Claims Settlement Act (ANSCA) with its sole intent to provide the natives of Southeastern Alaska a means to inventory, classify, plan, develop, harvest, reforest and manufacture timber resources on lands each is a beneficiary of under ANSCA. The shareowners, living predominantly in communities in the Tongass National Forest where these lands are located number over 16,000 persons. Although, patent to lands, pursuant to ANSCA are yet to be conveyed to the participant corporations, it is estimated that over 400,000 acres of timbered lands will be conveyed. In anticipation of this occurence, our member corporations individually and collectively, have been working to inventory, classify and plan for the use of the newly acquired properties. This process is not yet completed.

As we are all aware, the timber industry in our region is at an all time low - in harvesting, production, marketing and jobs.. Natives and non-natives alike are being affected by the negative economic impact of this occurence. On top of all this, a federal court ruling regarding the "clear cut" method of harvesting timber threatens to completely bring to a standstill, a basic industry of our State. Constant pressure by federal environmental requirements threaten to make obsolete present processing facilities in the region and prohibits construction of planned new facilities. Further, lawsuits relating to preservation of certain land areas of our State by the Sierra Club and other environmental interests promote set asides of vast land areas for special purposes and special interests thereby prohibiting a comprehensive view of the natural resources of the State remaining available for development. After careful observation, the members of SANTCO advance, based on these circumstances, that this is no time to promote restrictive legislation on a prime resource until the aforementioned problems are settled out.

At this moment in history, the only people owning, the greatest part of Alaska, private timber lands are the Native Corporations. H.B. 607 and S.B. 563 is clearly aimed at native ownership and use of lands. Members of SANTCO would like to remind this body that Alaska Natives were and are still the first conservationists in Alaska.

We are not about to destroy our remaining meager resources. The Alaska Native Claims Settlement Act requires that, at a minimum, that we manage our lands under a multiple use sustained yeild management plan no less stringent than that of the U.S. Forest Service. This plan must be filed with Congress. For the interim, it is believed that the public's interest will be considered through this process.

In discussions pertaining to the legislation before this session, concern has been raised as to the extent of the State of Alaska interests. Both bills purport to treat potentially timbered lands owned by the State of Alaska and those owned by the private sector similiarly and without distinction. Firstly, at this time, it is not clear as to what level the State of Alaska is involved with timber resources. Although the State pursuant to the Statehood Act, is allowed to select up to 400,000 acres of land within the National Forest, the State Administration has failed to do so. In this vain, as a pre-requisite to any State Forestry Practices Act, SANTCO believes it important that the State legislature provide some guidance to the Administration by providing or requesting the State's plan of selection, means for inventory and classification, committment and outline of a multiple use/sustained yeild plan, designation of land set asides for special purposes, plan for protection and preservation of other natural resources pursuant to the Constitution of the State of Alaska and lastly, a specific plan and schedule to put State lands into the flow of economics and commerce. Secondly, both bills broadly interpret the State's jurisdiction to regulate commerce related to the timber industry and to protect other natural resources and the general welfare of the people pursuant to the State Constitution with little regard to the property rights and interests of of private citizens. In the opinion of SANTCO, it is important that any legislation narrowly construct the responsibilities of the State of Alaska pursuant to its Constitution. Furthermore, the bill, as presented, prescribes an excessive regulation of timber commerce not presently included as precedence in statute for any other industry or business in the State of Alaska. Additionally, the legislation strains the level of restrictions on the civil rights of citizens and property owners, not envisioned in the State Constitution. The legislature should clearly review the possibility of separating the need for law governing forest management of State lands from that of private landholdings.

At a recent meeting of the Board of Directors of SANTCO, it was concluded upon the

advise of legal counsel and various members, that the Alaska Forestry Practices Act legislation as presented before this session of the legislature is detrimental to the interests of private landowners/timber owners. The Board voted to oppose the advancement of the H.B. 607 and S.B. 563 during this session of the legislature. It is hoped that your office could lend its support toward "shelving" or detering progress on these matters. This is not to say that the native timber interests are totally opposed to some form of legislation relating to the Alaska Forestry Practices and Resources in the future, however, it is our intent that a longer process for development of the legislation take place, possibly under the guidance of the Legislative Council. Through a committee of this forum, a series of hearings through the affected areas of the State could take place and an extensive analysis of the timber situations, legislative alternatives and other considerations be made.

Thanking you for this consideration.

Sincerely,

S.E. ALASKA NATIVE TIMBER CORPORATION
Legislative Committee

Joe Wilson
Chairman

cc: Robert W. Loescher, SANTCO Legislative Committee
Ethel Staton - SANTCO Legislative Committee
Gerald Gray - SANTCO Legislative Committee
Glenn Charles - SANTCO Legislative Committee
Warren Weathers - SANTCO Legislative Committee
Clarence Jackson - SANTCO Legislative Committee
Board of Directors - SANTCO
Central Council of the Tlingit & Haida Indians of Alaska
Executive Committee/Delegates
Alaska Native Brotherhood/Sisterhood
SEALASKA - Board of Directors
Alaska Loggers Association

RWL:JW:lg

Sealaska Position Paper

AFN Board Meeting February 23, 1976

Discussion of Pending Resource Legislation

Forest Practices Act (HB607 and SB563)

Sealaska Corporation has consistently supported the concept of a good forest practices act. We feel that there is merit in having an established set of guidelines available within one department of the State rather than be subjected to various and possibly inconsistent standards by numerous departments of State government. We have so advised the State of Alaska of this position. However, although we have indicated support for some type of forest practices act, this should not preclude either the Alaska Federation of Natives or the other regions from examining the threshold issue:should Native selections be burdened by this State legislation?

Because of our previous commitment, our remarks therefore are directed towards specific problems in the two forest practices act introduced into the Ninth Legislature.

In our opinion, neither of the bills introduced into the Ninth Legislature achieves the status of a "good" forest practices act. First, although Sealaska Corporation has had the opportunity to work with the Administration on SB563, the bills were basically formulated with little public input. More importantly, any forest practices act will be directed toward the Native corporations as the only large private timber owners and neither

Representative Miller nor the Administration attempted to gather substantial input from the majority of these affected future land owners. This absence of landowner input has created a glaring deficiency in Representative Miller's bill (HB507) in that the forestry board set up in his bill could not contain any person who has a financial interest in the timber industry. Due to the revenue sharing provisions of Section 7(i) of the Alaska Native Claims Settlement Act all Alaskan Natives have a financial interest in the timber industry and hence all are precluded from serving on the board! We do not like to believe that this was Representative Miller's intent but communication with the Native landowning corporations would have eliminated this harmful provision from his bill.

Disregarding the implications of 7(i), it is generally conceded that timber landowners and operators must be represented on forestry boards and committees for these bodies to properly and effectively execute their duties. The Oregeon State forest practices act, generally recognized as one of the best such acts, requires that two-thirds of the forest practice committee "...be private landowners, private timber owners or authorized representatives of such land owners or timber owners who regularly engage in operations." Sealaska Corporation is still evaluating the pros and cons of the use of said boards and/or committees and has not taken a position in this regard as yet. It therefore appears to us that if boards and/or committees are to be established to implement a forest practices act that such boards and/or committees must have timber landowner (i.e., Native corporation) representation.

A major deficiency in the Administration Bill (SB563) which is covered

in Representative Miller's Bill (HB607) is the status of the State Forester. The Administration Bill (SB563) assigns implementation duties to the Commissioner of Natural Resources and permits him to delegate these duties to persons or divisions within his Department. At the present, the State Forester is buried within the Division of Lands and preliminary discussions with Commissioner Martin indicate that he intends to keep the State Forester subordinate to the Director of the Division of Lands. We believe the State Forester should at least have direct access to the Commissioner. If a State Board of Forestry is formed, perhaps even a Department of Forestry is warranted in order to provide the State Forester with Cabinet Status.

One thing that appears very obvious to us, the person charged with implementing the forest practices act must be a professional forester with substantial status in the State Administration for his voice to be heeded during plicy deliberations. A State Forester buried in the Division of Lands and subordinate to the Director of the Division of Lands will not have much of a voice in State forest practice policy decisions.

House Bill 607 (Miller) contains an illconceived, impractical provision which allows and even encourages municipalities to enact forest practice ordinances more strict than the State Act. In addition to the fact that municipal ordinances would introduce uncertainties to the extent that timber operations could be virtually impossible, the lack of forestry expertise in the municipalities could result in ordinances which would work against the constitutional provision of management on a sustained yield basis. Any entrepreneur, individual or corporate, entering into a long term venture such as timber harvesting must do

everything possible to minimize uncertainties. The imposition of municipal ordinances on timber owners would create such vast uncertainties that timber operation could become economically hamstrung.

House bill 607 also contains a complex stocking formula which does not properly belong in statutory form. Generally speaking, management prescription should be implemented through regulations so as to be flexible as new management procedures come into practice. The general problem with the Forest Service Organic Act for example, is that a management prescription requiring individual tree marking was included in the statute. When clear-cutting management practices developed there was no easy way to modify the statutory management prescription.

There are many other minor problem provisions with both proposed forest practice act bills. However, rather than trying to modify these bills we believe that neither bill should be implemented and instead a forest practices act interim committee be formed, similar to that formed last year for the Coastal Zone Management. This committee would then work with concerned individuals and organizations, particularly the Native timber owning corporations, to put together a forest practices act to be introduced in the Tenth Legislature.

Coastal Zone Management (SB519)

Sealaska supports the concept of Coastal Zone Management but questions the wisdom of SB519. This bill alledgedly was introduced to show legislative support for coastal zone management. The bill, if enacted would merely direct the Governor to review existing statues relating to Coastal Zone Management and recommend to the Legislature those

additional statutes necessary to establish a coastal management program satisfactory to the federal government. (Federal approval of the State program makes the State eligible for federal Coastal Zone Management funds to implement the State program. There are no sanctions if the State fails to implement a coastal program.) The avowed hope of the bill's supporters is that passage of SB519 will quiet those who alledge no legislative support for Coastal Zone Management. However, any sword can cut two ways and one could argue that defeat of SB519 would acknowledge legislative disapproval of the whole Coastal Zone Management program!

We understand that the basic benefit to the State in implementing a coastal management program acceptable to the federal government is not the federal funds but the consistency clause in the federal Coastal Zone Management Act. That clause provides that after a State Coastal Zone Management program has been accepted by the United States Department of Commerce, all federal agencies operating in the State must conform to the State program. This would for instance, require the United States Forest Service and the Bureau of Land Management to conform with the State Program. (Incidently, if the forest practices act were identified as part of the coastal management program the United States Forest Service would be obligated to conform with the State Act). Consequently, it appears to us that if the benefits of Coastal Zone Management are primarily through State-Federal consistency then a coastal management program need only apply to State and Federal Land. Private land owners, including Native corporations, could be subjected to the coastal management program only on a voluntary basis. This position was suggested to the federal coastal management officials in January 1976 and although they had never considered such a program they could not at that time see any basic objection to such a proposal.

Sealaska therefore has no position insofar as SB519 is concerned, but feels very strongly that any coastal management program should be voluntary insofar as involvement of private lands are concerned.

HB
613

"An Act providing for the issuance of general obligation bonds in the amount of $7,000,000 for the purpose of paying the cost of capital improvements to parks and recreation areas; and providing for an effective date."

COMMITTEE REPORT

1/19/76 HOUSE FINANCE

Mr. Speaker: Date 4-6-76

The Committee on RESOURCES has had HB 613 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

To: Amend HOUSE BILL No. HB 413

SENATE BILL No. _____

PAGE: 2 LINE: 4, 10, 11

Line 4 Delete "Statewide" insert Anchorage and Fairbanks

Line 10 Change "150,000" to "250,000"

Line 11 Change "150,000" to 50,000

CHILKAT STATE PARK MEETING

The House Resources Sub-committee on Chilkat State Park met in Haines, Alaska, February 13, 1976 at 7:30 P.M. to hear concerns of the people of Haines regarding Chilkat State Park and to hear the development plans proposed by the State Division of Parks. Attending were Sub-Committee Chairman, Ted Smith, Representatives Mike Miller and Jim Duncan and staff assistant, Guy Van Doren. Fifty-five people from Haines attended.

Rep. Smith opened the hearing and the State Division of Parks made their presentation for development of the park. Mr. Carl Hienmiller presented some of the concerns of the people including the fact that the legislative intent in creating the park was not acquisition, but development. The people of the area want the park and they want the park to be developed. He stated that the Division of Parks could have started the development phase of the park and people could have been working all winter. Mr. Hienmiller also brought out that the proposed state park bond proposal includes $150,000 for development and $150,000 for acquisition. He felt that there was no reason for the acquisition and that the full amount of money should be used for park development.

Mr Russ Cahill stated that there was no money allocated for development in the park last year and that the monies in the bond bill would be used for development, but he would like to have some monies available for acquisition because

some land owners adjacent to the park have indicated willingness to sell their property to the park system. He felt that this land would be benificial to the future development of the park.

Mr. Cahill also stated that the park development plan would be whatever the people of the area wanted. The Division of Parks presented three alternatives for the people to discuss and the hearing was then open to a town forum type of meeting with questions and answers from the people and the Division of Parks.

Some people were concerned with the fact that tourists and commercial vehicles would further deteriorate the existing road and that the State Dept. of Highways should include paving of the Mud-Bay road in their plans.

People also questioned the possibility of parking facilities nearer to the beginning of the park and in the area that visitors, mainly Canadians, use at the present time. This was to be looked into.

The main concern of the people seemed to be the rapid development of facilities. Sewage, food, camping and picnicing facilities. The need was expressed for at least sixty campsites to be developed as soon as possible.

The hearing was adjourned at 10:00 P.M. with the Division of Parks stating that they would take into consideration the recommendations of the people. The sub-committee did not feel that there were any major unsolvable problems and that the Division of Parks seemed to be responding to the needs of the people in the area, and that those people seemed, for the most part to be happy with the State Park System.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER / POUCH M – JUNEAU 99811

February 4, 1976

The Honorable Nels A. Anderson
Chairman, Resources Committee
Alaska House of Representatives
Juneau, Alaska 99811

Dear Mr. Chairman:

RE: HB 613

As requested by Mr. Swanson I am providing you with more detailed information on three projects.

Dry Creek Archaeological Site

Dry Creek Archaeological Site appears to be one of the four most important sites yet located for providing information about the migration of man into the new world. Occupation of the site lasted from about 10,000 BC to the 17th Century. Located on a steep bluff in the lignite area, the site is rapidly being croded by wind. The land is State owned and presently under grazing lease.

The funds requested are for scientific investigation by the State Archaeologist, and for stabilization and protection of the site. The work will be the basis for a historic visitor information display to tell the story of the prehistory of the area as it is unfolded.

Stabilization can consist of re-vegetation, back fill of excavations, and bunkering of steep hillsides. Protection may require fencing, but this cannot be costed out until the extent of the site is known. The project is not open ended as far as funding goes. I am assured by the State Archaeologist that he can excavate, stabilize and protect the site with the funds requested in this bond issue.

Denali State Park Acquisition

Denali State Park is a major tourist destination facility. The George Parks Highway goes up one side, and the Alaska Railroad up the other. The Curry Ridge area is the best viewpoint for Mt. McKinley. The State is negotiating a contract for hotel and visitor use facilities at Byers Lake.

The bond project will allow the State to purchase, at fair market value, properties fronting on the Lake and on Byers Creek. This action will protect the integrity of the existing and proposed park facilities.

Dry Creek Campground

The State presently operates a campground on the North side of the highway adjacent to the Gulkana Airport. The site is strategically located near the intersection of the Glen and Richardson Highways, and is used heavily by highway travelers. The existing campground surrounds a native graveyard, and is in conflict with private property which was appropriated from a local resident during the second world war, and which has just been returned to him as a native allotment. The Division of Parks has closed the operation and proposes to construct 60 campsites, twenty picnic tables, and support facilities such as toilets, water supply, roads and trails on a site South of the Richardson Highway.

The roadway will consist of between 1/4 and 3/4 mile of road and parking area. As I mentioned at the hearing, all of our development positions are funded through capital bond issues. We have had none since 1970, and therefore have no park design engineer and no landscape architect to draw detailed plans. What your committee has is my best estimate of the costs associated with accomplishing this work. Without bond funds, I have neither the personnel nor the authorization to prepare site plans.

Thank you for giving me the opportunity to amplify on my testimony.

Sincerely Yours,

Russell W. Cahill
Director
Division of Parks

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
Ruth I. Allington
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465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

April 6, 1976

The report contained in this folder was a request by Rep. Ted Smith. The committee decided to send HB 613 as amended, to the Finance Committee and if the committee would like to adopt Rep. Smith's proposal, it can be done by the Finance Committee.

Guy Van Doren
Staff Assistant
House Resource Committee

HB
615

"An Act providing for the issuance of general obligation bonds in the amount of $44,455,100 for the purpose of paying the cost of capital improvements to fish and game management and development facilities; and providing for an effective date."

COMMITTEE REPORT

2/23/76 HOUSE FINANCE

Mr. Speaker: Date 4-8-76

The Committee on RESOURCES has had SSHB 615 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR SSHB 615 AND THAT CS FOR SSHB 615 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

Tillie Hirschberger recommends: Do Not Pass

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

HB 615 & PALMER

70 million salmon missing from the annual harvest yearly.
210 million dollers. average turnover of new doller is 2-4 X
can it be done- 2.1 billion fry
J. 850 mill 800 mill. B.C. ore Wash 450 million
AK 6 million -
1975 - J harvested more chums than the rest of the world
Mostly hatchery - 30 million chums 1976
B.C. 300 million program. WASH. 200 million
More opportunity AK -
Fishery Council - Kramer chair + Mayo. 12 months study.
NMFS.
SB 688 - 689 changes in Non-Profit hatchery regs - 200 million
for Non-profit.
2 schools of Thought - Legimate Hatcheries - Extraneous - Just properly
manage the fish.
Hatchery management not too good in the past. Better - Food moist pellet.
Gravel incubation. - Stream bed - high quality - Hatchery high quantity.
" " combined this.

Comparison w/ Primative Agri vs Modern Agri.
Criticism of Program - 40 million + 130 million total overall
Cost for program over the years. Cost irrelevant - must take
benifit Ratio (3-1) 400 million worth of benifit

Cowper - #6 S.E. 14 million dollers - What will dept do to spend
that money. At the time the bill was drafted No specific sites.
Final selection of proposed
Hidden Falls - Canno Creek - KARLUK Creek, Russell Creek.
Hans
Lake Aug - Bid April 1, 77 Construction during Summer 77

Naughton. Cost benifit Ration Does it include operation?
Yes - Based on Hokkodo Experience. 4% Return. C/B
based on 1½ - 2¼ Return.

PALMER : This is only a beginning total Cost will probably exceed
550 million dollers.

Gardiner : NOT REALLY EXPERIMENTAL LIKE OUR PLAN !!

page 2 HB615 hearing House Finance.

Palmer Council Charged with "getting the work done" - Will they oversea all that FRED does?

16 HATCHERIES HoKodoko 14 million eggs - 100 million eggs & Northern Hunchu.

A.Y.K. Did not originall have any plans worked out for A.Y.K. Cost-Benifit ratio not very good - A.Y.K. overall # of fish is almost as good as in the past. Decline in kings but advance increase in chums - No proven tests.

Palmer Possibly Seeding eyed eggs. Experiments at EEK tributaries.

Palmer Brought up the use of subsistence fish roe is being looked at.

Rays Wants to put a man in the Fairbanks - Do not know exactly what they are going to do up there.

Appraisement of the sport fish new includes whitefish

Item by Item review of Sponsor substitute for HB 615

(1) Hidden Skelak - 20 mil Sockeye + Coho.
25M 10M 3.89 KENAI 25M 10 C 3.89

(3) 3.5 site in Prince William Sound.

(4) Thorn River Several Sites.

Russian River Fish Passage.
If reds are delayed over 10 ten days before spawning they will not spawn. This facility would help the fish get from one lake to another.

X State development projects Statewide. 1.39 million projects would involved Sonar equip in Silted Streams

pg 3 HB 615

Gardiner: The Department is now planning for the 1st time.
29 million dollers. priority level of the Council
and The Dept.
C. I.
Prince William Sound. - Whittier
Karluk
Russell Creek - "Trout Creek."
2 major facilities S. E.
Much of the information was not available at the time
of the Resources Committee deliberated on the bill.

Roys. Interior: Sheefish, Birch lake facility - Kobuck, Area, Greyling.
Salcha - Goodpasture.

Naughton: Info & Observations on sale of Subsistence eggs.
Japan may be able to furnish their own egg market.

Roys: Opinions stated by departmental Personnel. Lets move!!!

Specking: Gardiner summed up the position that should be taken.
P. W. S. Should be one or more major facilities in the area.

Phil. Cannery creek site - Need for sport fishing facilities in Whittier.

Daniels. Speaking for the fishermen & how they feel re the fish.
Technology exists to re-coup the salmon and the State
should be involved. Gardiners proposal seems equitably
balanced. Favorably disposed to his proposal.

Naughton: Disease Control in Hatcheries?? Roys. Will not develop into a
major problem. Companies are fighting to come up w/ vacines - Alaska
strains are being tested. There will be some problems, but should not
hamper the success of the program.

Palmer: No I.H.N. in the Kenai or Skilak system.
Concluding.

ESTIMATE SUMMARY
1976 FISH AND GAME FUND
ENHANCEMENT PROJECTS

Project Name	Fry Production	Capital Cost
Tutka, Halibut Cove, Big Lake & Crooked Creek	4 million coho	$ 530,000
Hidden Skilak	20 million sockeye, 6 million coho	2,350,000
Cook Inlet (Kenai)	25 million pink/chum, 10 million coho	3,890,000
Cook Inlet (Susitna)	25 million pink/chum, 10 million coho	3,890,000
Cook Inlet Total	100 million	$10,660,000
Cannery Creek	25 million (including 1 million coho)	$ 2,670,000
Whittier	100,000 coho post-smolts	300,000
Prince William Sound	30 million (including 1 million coho)	3,530,000
Prince William Sound Total	55 million	$ 6,500,000
Karluk	20 million sockeye	$ 3,150,000
Russell Creek	50 million pink/chum	4,850,000
AP/Kodiak Total	70 million	$ 8,000,000
Hidden Falls	50 million (including 3 million coho)	$ 3,630,000
Tenakee	1 million coho post-smolts	1,300,000
Klawak Lake	50 million (including 3 million coho)	3,820,000
Thorne River	50 million (including 3 million coho)	5,250,000
	150 million	$14,000,000
Statewide	375 million	$39,160,000

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

COHO ENHANCEMENT
TUTKA/HALIBUT COVE/BIG LAKE/CROOKED CREEK*.
Rearing Tank & Feed Storage Installation
4 Million Coho

Mobili .ation & Site Preparation	-
Incubation Space _____ Sq.Ft. @ _____	-
Incubators	-
Support Space _____ Sq.Ft. @ _____	-
Feed Storage Units 4 @ 10,000	40,000
Water Supply, Distribution & Waste 4 @ 40,000	160,000
Power Generation	-
Rearing Tanks 16,000 Cu.Ft. @ $5	80,000
Rearing Pens 40,000 Cu.Ft. @ $3	120,000
Adult Holding/Egg Take Facility	-
Employee Living Space _____ Sq.Ft. @ _____	-
1975 Total	400,000
Contract Total 1977 Purchase	480,000
Engineering & Contingencies @ _____	None
Design & Administration @ 5%	24,000
Revolving Fund 5%	26,000
Total Project Cost	$530,000

*Project Description: Rearing tanks and freezers shall be provided to accommodate 4 million coho fingerling (300/pound) at the existing facilities mentioned. 200,000 shall be reared to post-smolt (10/pound) at Halibut Cove Lagoon. The remainder shall be stocked in lakes or streams.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

SOCKEYE/COHO ENHANCEMENT
HIDDEN/SKILAK PROJECT*
(Urban Const.)
20 Million Sockeye, 6 Million Coho

Mobilization & Site Preparation 100,000 + 100,000	200,000
Incubation Space 10,000 Sq.Ft. @ $50	500,000
Incubators	80,000
Support Space 3,000 Sq.Ft. @ $65	200,000
Furnishing	20,000
Water Supply, Distribution & Waste	150,000
Power Generation	50,000
Rearing Tanks 20,000 Cu.Ft. @ $5	100,000
Adult Holding/Egg Take Facility	60,000
Employee Living Space 3,200 Sq.Ft. @ $45	150,000
1975 Total	1,510,000
Contract Total 1977 Const. Cost.	2,000,000
Engineering & Contingencies @ 12%	240,000
Design & Administration @ General Fund Obligation	
Revolving Fund 5%	110,000
Total Project Cost	$2,350,000

*Project Description Facilities are provided for incubation of 25 million sockeye eggs and 7.5 million coho (or king) eggs to produce 20 million sockeye and 6 million coho fry. Sockeye shall be short term reared (approx. 1 month). Coho shall be reared in (outside) tanks to fingerling (300/pound) for lake or stream stocking. Housing for 3 employees is provided on site. This estimate is applicable for 1977 construction at any reasonable site adjacent to highway system in Cook Inlet area.

COHO/PINK/CHUM ENHANCEMENT
COOK INLET PROJECT*
(Urban Const.)
25,000,000 Pink/Chum plus 10,000,000 Coho

Mobilization & Site Preparation	200,000 + 100,000	300,000
Incubation Space	10,000 Sq.Ft. @ $50	500,000
Incubators		100,000
Support Space	4,000 Sq.Ft. @ $65	260,000
Furnishing		20,000
Water Supply, Distribution & Waste		150,000
Power Generation		50,000
Rearing Ponds	80,000 Cu.Ft. @ $5	400,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	3,200 Sq.Ft. @ $45	150,000
1975 Total		2,030,000
Contract Total	1978 Const. Cost	3,090,000
Engineering & Contingencies @	12%	370,000
Design & Administration @	8%	250,000
Revolving Fund	5%	180,000
Total Project Cost		$3,890,000

*Project Description: Facilities are provided for incubation of 31.5 million pink or chum eggs and 12.5 million coho (or king) eggs to produce 25 million pink or chum fry and 10 million coho fry. Pink or chum shall be short term reared (approx. 1 month). Coho shall be reared in (outside) ponds to fingerling (300/pound) for lake or stream stocking. This estimate is applicable for 1978 construction at any reasonable site adjacent to highway system in Cook Inlet area. Housing for three employees is provided on site.

PINK/CHUM ENHANCEMENT
CANNERY CREEK PROJECT*
(Remote Const. PWS)
30 Million Fry, Including 1 Million Coho

Mobilization & Site Preparation	160,000 + 80,000	240,000
Incubation Space	6,000 Sq.Ft. @ 70	420,000
Incubators		100,000
Support Space	2,500 Sq.Ft. @ 90	220,000
Furnishing		20,000
Water Supply, Distribution & Waste		200,000
Power Generation		70,000
Rearing Pens	100,000 Cu.Ft. @ 3.0	300,000
Adult Holding/Egg Take Facility		70,000
Employee Living Space	2,200 Sq.Ft. @ 70 2,000 @ 40	230,000
1975 Total		1,870,000
Contract Total	1977 Const. Cost	2,470,000
Engineering & Contingencies @	12%	300,000
Design & Administration @	8%	200,000
Revolving Fund	5%	150,000
Total Project Cost		$3,120,000
(5m fry) 1974 Bond Money		450,000
(25m fry) 1976 Bond Money		$2,670,000

*Project Description: Facilities are provided for incubation of 37.5 million eggs to produce 30 million fry. Pink or chum fry shall be short term reared (approx. 1 month). Space is provided to rear 1 million coho to fingerling (300/pound) for stocking nearby lakes or streams. A duplex and bunkhouse for 3 permanent employees and temporaries are provided on site. This estimate is applicable for 1977 construction at similar remote sites in Prince William Sound.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

COHO REARING
WHITTIER PROJECT*
(Estuary Const. PWS)
100,000 Coho Post Smolts

Mobilization & Site Preparation	-
Incubation Space _____ Sq.Ft. @ _____	-
Incubators	-
Support Space 500 Sq.Ft. @ 80 (Floating Lab/Work Area)	40,000
Furnishing	-
Water Supply, Distribution & Waste	-
Power Generation	-
Work Float - 10 x 110	40,000
Rearing Pens 16 Each ~~Cu.Ft.~~ @ $3125	50,000
Adult Holding/Egg Take Facility	
Employee Living Space _____ Sq.Ft. @ _____ (1 Houseboat @ 50,000)	50,000
1975 Total	180,000
Contract Total 1977 Const. Cost	238,000
Engineering & Contingencies @ 12%	29,000
Design & Administration @ 8%	19,000
Revolving Fund 5%	14,000
Total Project Cost	$300,000

*Project Description: Facilities are provided for saltwater rearing (and/or holding) of 100,000 coho (or king) smolts from 60/pound to 10/pound. Housing for one employee is provided on site. This estimate is applicable for 1977 construction at other accessible estuaries in Prince William Sound.

PINK/CHUM ENHANCEMENT
PRINCE WILLIAM SOUND PROJECT*
(Remote Const.)
30 Million Fry, Including 1 Million Coho

Mobilization & Site Preparation	150,000 + 100,000	250,000
Incubation Space	6,000 Sq.Ft. @ 70	420,000
Incubators		100,000
Support Space	2,500 Sq.Ft. @ 90	220,000
Furnishing		20,000
Water Supply, Distribution & Waste		150,000
Power Generation		70,000
Rearing Pens	100,000 Cu.Ft. @ 3.0	300,000
Adult Holding/Egg Take Facility		80,000
Employee Living Space	2,200/2,000 Sq.Ft. @ 70/40	230,000
1975 Total		1,840,000
Contract Total	1978 Const. Cost	2,800,000
Engineering & Contingencies @	12%	340,000
Design & Administration @	8%	220,000
Revolving Fund	5%	170,000
Total Project Cost		$3,530,000

*Project Description: Same as Cannery Creek Project, except this estimate is for 1978, rather than 1977, construction.

SOCKEYE ENHANCEMENT
KARLUK LAKE PROJECT*
(Remote-Kodiak)
20 Million Fry

Mobilization & Site Preparation	250,000 + 100,000	350,000
Incubation Space	4,800 Sq.Ft. @ 85	410,000
Incubators		80,000
Support Space	2,400 Sq.Ft. @ 110	260,000
Furnishing		20,000
Water Supply, Distribution & Waste		150,000
Power Generation		100,000
Rearing Pens	- Cu.Ft. @ -	-
Adult Holding/Egg Take Facility		-
Employee Living Space	2,200 Sq.Ft. @ 90 1,800 @ 50	290,000
1975 Total		1,660,000
Contract Total	1978 Const. Cost	2,500,000
Engineering & Contingencies @	12%	300,000
Design & Administration @	8%	200,000
Revolving Fund	5%	150,000
Total Project Cost		$3,150,000

*Project Description: Facilities are provided to incubate 25 million sockeye eggs to produce 20 million fry. (Pens may be added later for short term rearing.) A duplex residence and bunkhouse for 3 permanent employees and temporaries are provided on site. This estimate is applicable for 1978 construction at a reasonable site on Karluk Lake (or similar lake on Kodiak Island).

PINK/CHUM ENHANCEMENT
RUSSELL CREEK PROJECT*
(Urban Site Alaska Peninsula)
60 Million Fry

Mobilization & Site Preparation	300,000 + 100,000	400,000
Incubation Space	12,000 Sq.Ft. @ $70	840,000
Incubators		200,000
Support Space	3,000 Sq.Ft. @ $90	270,000
Furnishing		30,000
Water Supply, Distribution & Waste		250,000
Power Generation		150,000
Rearing Ponds	150,000 Cu.Ft. @ $5.50	820,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	2,400 Sq.Ft. @ $70 2,600 @ $40	270,000
	1975 Total	3,330,000
	Contract Total 1977 Const. Cost	4,400,000
	Engineering & Contingencies @ 12%	530,000
	Design & Administration @ 8%	350,000
	Revolving Fund 5%	270,000
	Total Project Cost	$5,550,000
	(10m fry) 1974 Bond Money	700,000
	(50m fry) 1976 Bond Money	$4,850,000

*Project Description: Facilities are provided for incubation of 75 million pink or chum eggs to produce 60 million fry. The fry will be reared (approx. 1 month) in ponds on shore. A duplex residence and bunkhouse for 3 permanent employees and temporaries are provided on site. This estimate is applicable for 1977 construction at a very accessible site on the Alaska Peninsula.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
HIDDEN FALLS PROJECT*
(Estuary Const.-Southeastern)
50 Million Fry, Including 3 Million Coho

Mobilization & Site Preparation	150,000 + 50,000	200,000
Incubation Space	12,000 Sq.Ft. @ $60	720,000
Incubators		160,000
Support Space	3,000 Sq.Ft. @ $80	240,000
Furnishing		20,000
Water Supply, Distribution & Waste		90,000
Power Generation		100,000
Rearing Pens	135,000 Cu.Ft. @ $3.00	400,000
Adult Holding/Egg Take Facility		90,000
Employee Living Space	Vessel Repair (Bunkhouse) $60,000 _____ Sq.Ft. @ _____ 2 Houseboats @ 50,000	160,000
	1975 Total	2,180,000
	Contract Total 1977 Const. Cost	2,880,000
	Engineering & Contingencies @ 12%	350,000
	Design & Administration @ 8%	230,000
	Revolving Fund 5%	170,000
	Total Project Cost	$3,630,000

*Project Description: Facilities are provided for incubation of 62.5 million eggs to produce 50 million fry. Pink or chum fry will be short term reared (approx. 1 month) in saltwater pens. 3 million coho will be reared in "estuarine" pens to fingerling (300/pound) for lake stocking. Two houseboats and a bunkhouse (repair of existing vessel) are provided for 3 permanent employees and temporary employees. This estimate is applicable for 1977 construction within a weather protected estuary of Southeast Alaska. (Nearly identical costs were obtained from estimates for five sites.)

COHO REARING
TENAKEE PROJECT*
(Estuary Const.-Southeastern)
1 Million Coho (Post Smolts)

Mobilization & Site Preparation 10,000	10,000
Incubation Space _____ Sq.Ft. @ _____	-
Incubators	-
Support Space Floating Lab & Office 500 Sq.Ft. @ 80	40,000
Furnishing	5,000
Water Supply, Distribution & Waste Saltwater Pumps	30,000
Power Generation	-
Rearing Pens 150,000 Cu.Ft. @ 3.0	450,000
Adult Holding/Egg Take Facility	50,000
Employee Living Space _____ Sq.Ft. @ _____ 2-Houseboats @ 50,000	100,000
1975 Total	665,000
Contract Total 1978 Const. Cost	1,040,000
Engineering & Contingencies @ 12%	120,000
Design & Administration @ 8%	80,000
Revolving Fund 5%	60,000
Total Project Cost	$1,300,000

*Project Description: Facilities are provided for saltwater rearing (or holding) of 1 million coho (or king) smolts from 60/pound to 10/pound. Housing for 2 employees is provided on site. This estimate is applicable for 1978 construction at other accessible (and protected) estuaries in Southeast Alaska.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
KLAWAK LAKE PROJECT*
(Rural Land Based-Southeastern)
60 Million Fry, Including 3 Million Coho

Mobilization & Site Preparation	220,000 + 110,000	330,000
Incubation ce	12,000 Sq.Ft. @ 60	720,000
Incubators		180,000
Support Space	3,000 Sq.Ft. @ 80	240,000
Furnishing		30,000
Water Supply, Distribution & Waste		180,000
Power Generation		120,000
Rearing Pens	160,000 Cu.Ft. @ 3.00	480,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	2,400 Sq.Ft. @ 60	140,000
1975 Total		2,520,000
Contract Total	1978 Const. Cost	3,830,000
Engineering & Contingencies @	12%	460,000
Design & Administration @	8%	300,000
Revolving Fund	5%	230,000
Total Project Cost		4,820,000
(10m fry) 1974 Bond Money		1,000,000
(50m Fry) 1976 Bond Money		3,820,000

*Project Description: Facilities are provided for incubation of 75 million eggs to produce 60 million fry. Pink or chum fry will be short term reared (approx. 1 month) in saltwater pens. 3 million coho will be reared to fingerling (300/pound) size in freshwater pens for lake stocking. One duplex residence is provided on site. This estimate is applicable for 1978 construction at other reasonable sites adjacent to the highway system in Southeastern Alaska.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
THORNE RIVER PROJECT*
(Remote Const.-Southeastern)
50 Million Fry, Including 3 Million Coho

Mobilization & Site Preparation	280,000 + 240,000	520,000
Incubation Space	10,000 Sq.Ft. @ 65	650,000
Incubators		150,000
Support Space	3,000 Sq.Ft. @ 85	250,000
Furnishing		20,000
Water Supply, Distribution & Waste		230,000
Power Generation		100,000
Rearing Pens	135,000 Cu.Ft. @ 3.00 + dock	460,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	2,400 Sq.Ft. @ 65 2,600 @ 40	260,000
1975 Total		2,740,000
Contract Total	1978 Const. Cost	4,170,000
Engineering & Contingencies @	12%	500,000
Design & Administration @	8%	330,000
Revolving Fund	5%	250,000
Total Project Cost		$5,250,000

*Project Description: Facilities are provided for incubation of 62.5 million eggs to produce 50 million fry. Pink or chum fry will be short term reared (approx. 1 month) in saltwater pens. 3 million coho will be reared to fingerling (300/pound) size in freshwater pens for lake stocking. A duplex residence and bunkhouse are provided on site for 3 permanent employees and temporary employees. This estimate is applicable for 1978 construction at other reasonably accessible remote sites in Southeastern Alaska.

Locations included in present site selection studies:

Southeastern

(9) Nine locked in to

Maybeso Creek good water source - 6-8 thousand brood stock
Kassan Bay
Klawock Creek
Sweetwater
Thorn River
George Inlet (expansion)
Traitor River
Mahoney Creek
Guilding Harbor
Warm Spring Bay
Crawfish Inlet
Totem Bay
Little Pybus Bay
Eliza Creek
Hoonah Sound
Portage Creek
Back Behm Canal
Neets Bay
Disappearance Creek
Eagle River
Naha River
McHenry Inlet
Bakewell
Herring Cove
Orchard Lake
Snettisham (26) (24)

Cook Inlet

Moose River
Lower Swanson
Funny River - Kenai
Killey River - tributary to Kenai
Anchor (Bishop Creek)
Caribou Lake
Paint River
Deep Creek
Chinapoot Creek
Rocky River
English Bay
Seldovia River & Lakes
Big Lake
Tustumena
Skilak Lake
Hidden Lake OUTLET - Russian River -
Little Susitna River
Willow Creek
Stephan Lake
Montana Creek

Cook Inlet (cont.)

South fork Eagle River
Cottonwood
Wasilla
Kenai
Susitna Basin Lakes Comm. Fish - work will continue -
(25)

Prince William Sound-Copper River

Jackpot Creek
Montague Lakes
Fish Creek
Millard Creek
Avery River
Coghill River
Esther Creek
Golden Creek
Cascade Creek
Billy's Hole
Olsen Creek
Eshamy Creek
Constantine Creek
Copper River Drainage Not involved in present Bond issue
  Paxson
  Cottonwood
  Delta Systems
  Crosswind

(18)

Kodiak

Karluk
Akalura
Spiridon Lake & River
Afognak
Frazer

(5)

Alaska Peninsula

Cold Bay Monitoring thru all winter
  Russell Creek
  West fork Russell Creek
  Trout Creek
Ivan River
Portage Bay Creek
Hook Bay Creek
Cape Kumlium Creek
North fork Yon Tarni Ocean Beach
Nakalilok River

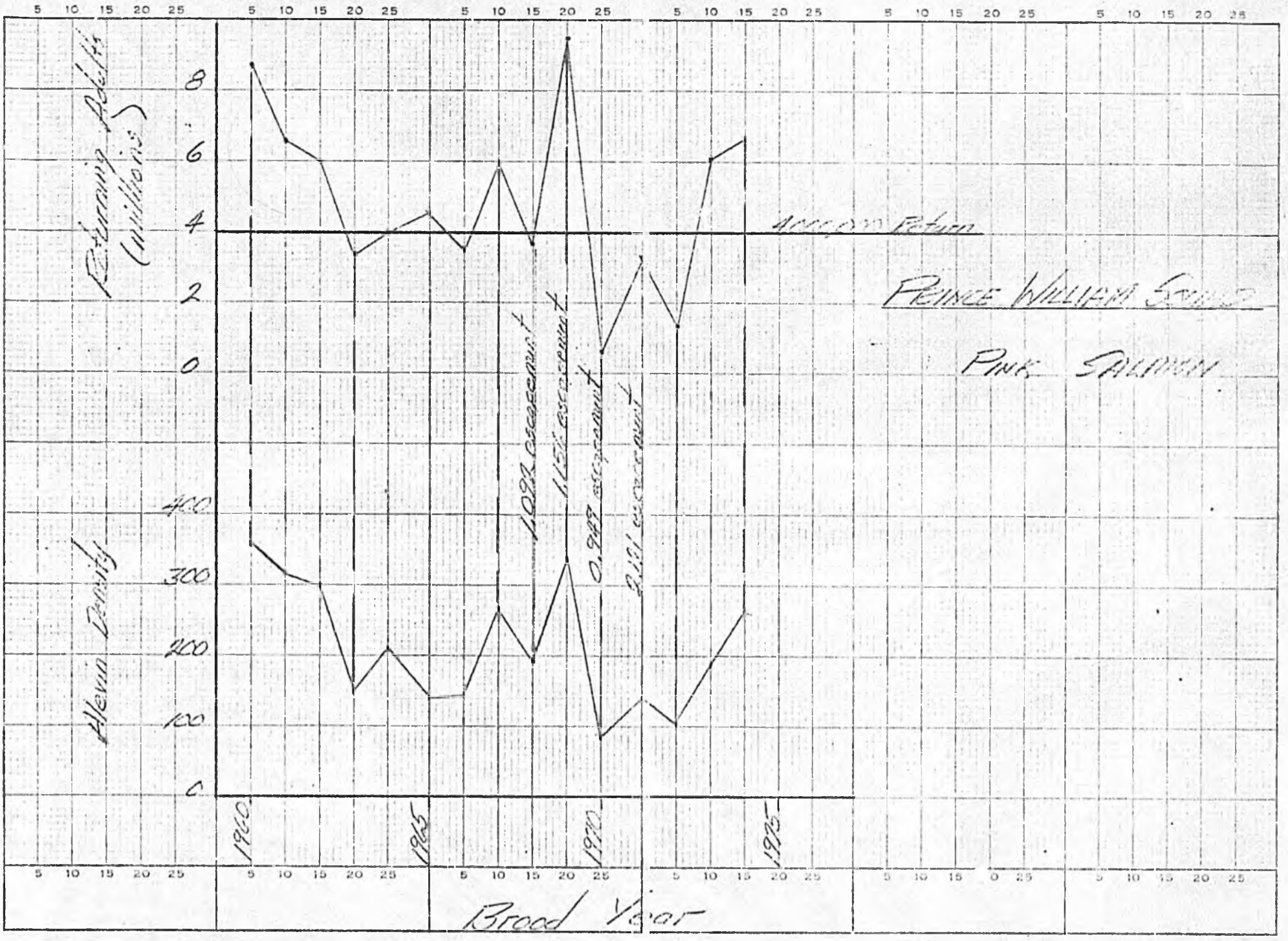
Alaska Peninsula (cont.)

Chiginagak Bay
Kilokak Rocks Creek (12)

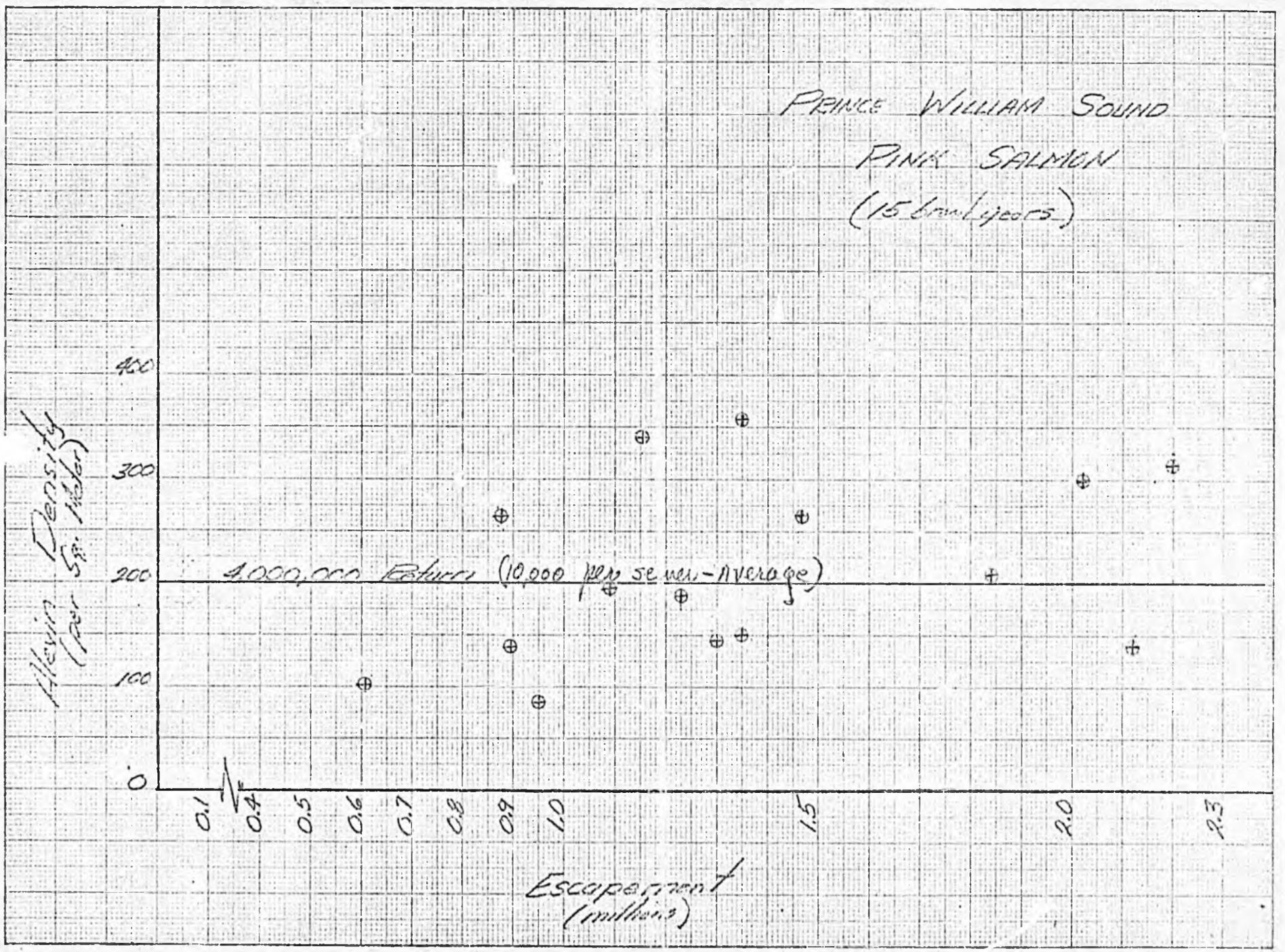
Bristol Bay

Igushik
Ugashik
Becharof
Kakhonak Falls
Wood River - char, fertilization
Lake Nunavaugaluk (6)

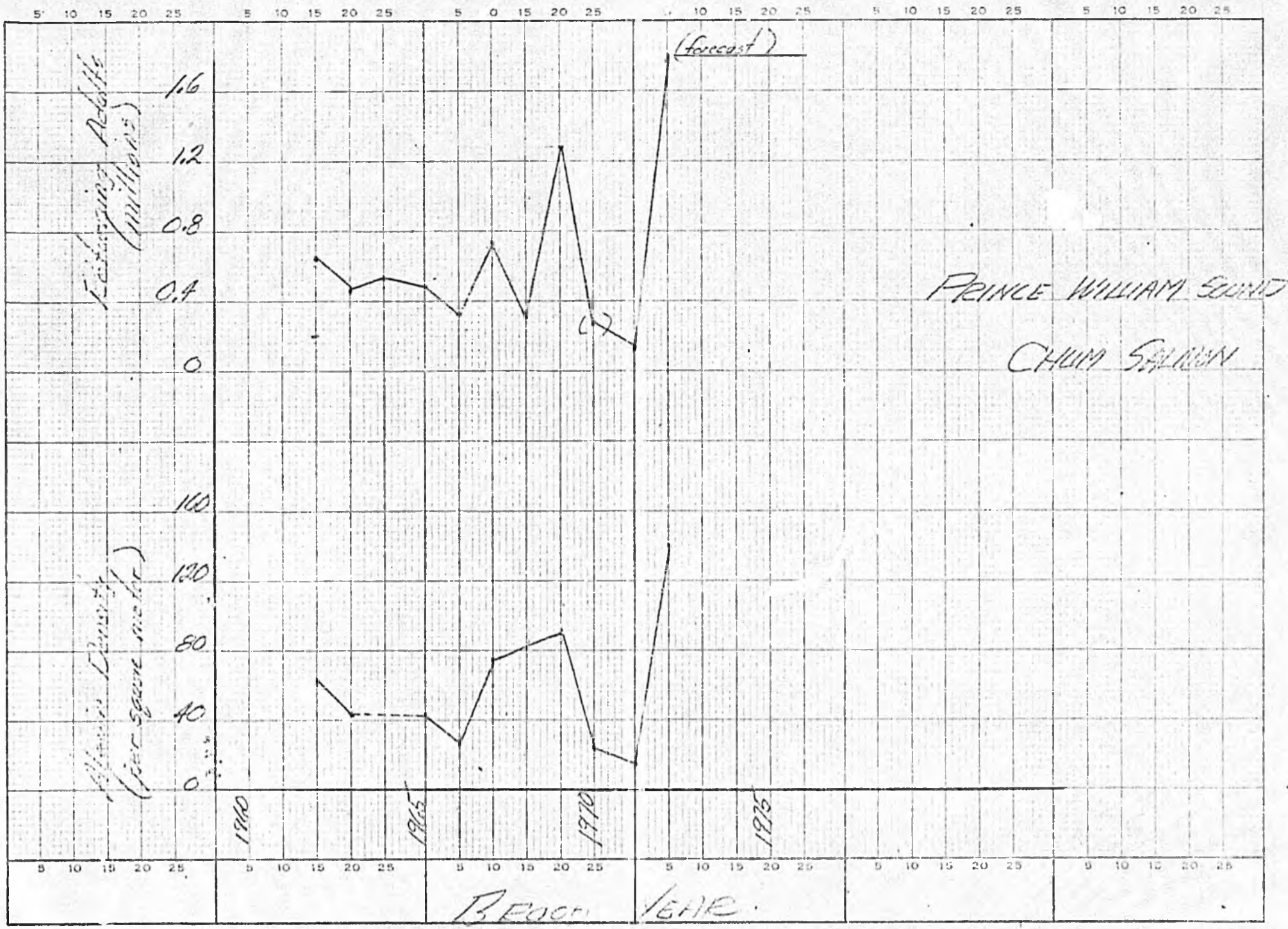
K&E 6 MONTHS BY DAYS
X 120 DIVISIONS
KEUFFEL & ESSER CO.
46 2610
MADE IN U.S.A.



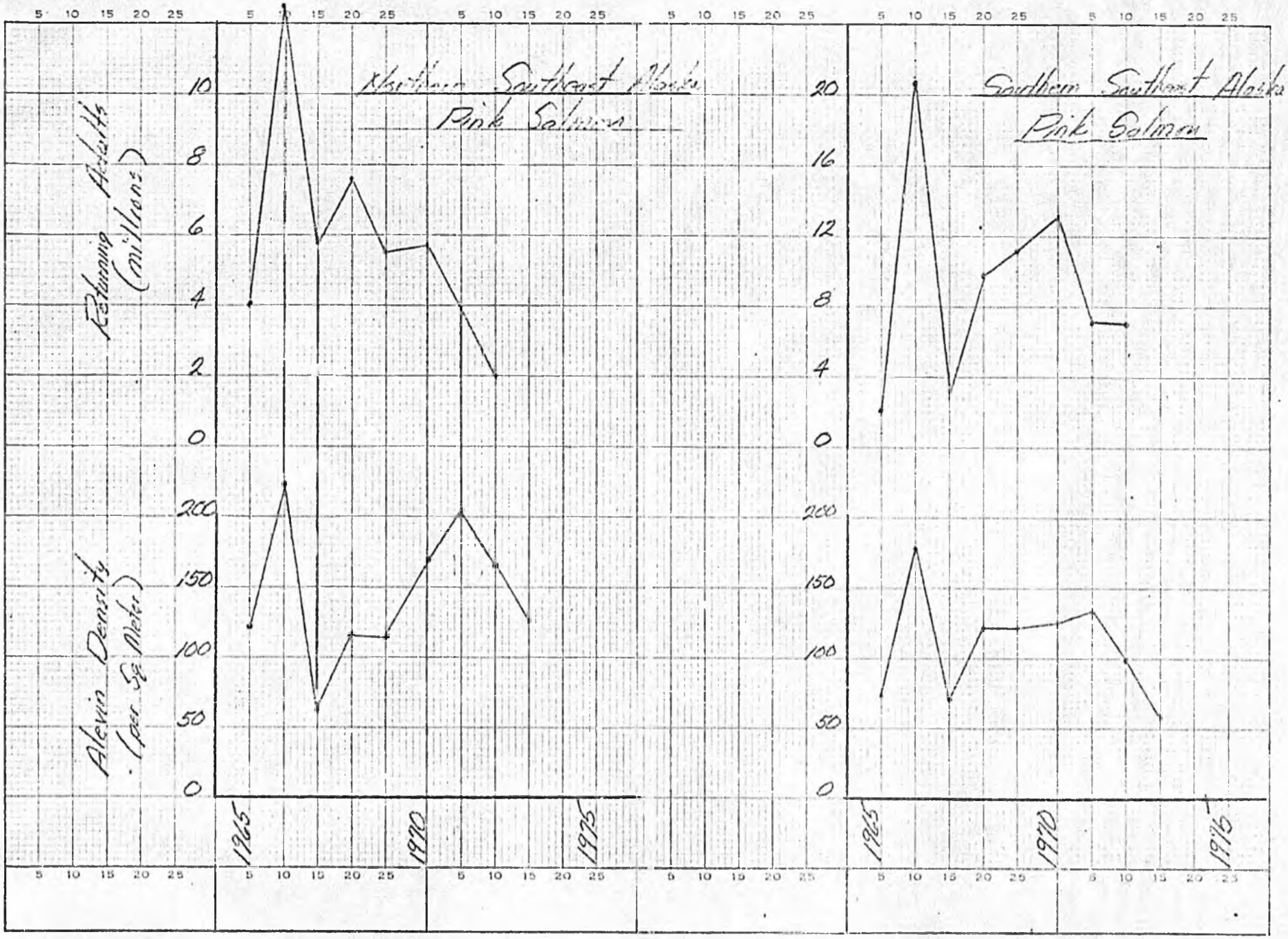
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KEUFFEL & ESSER CO.



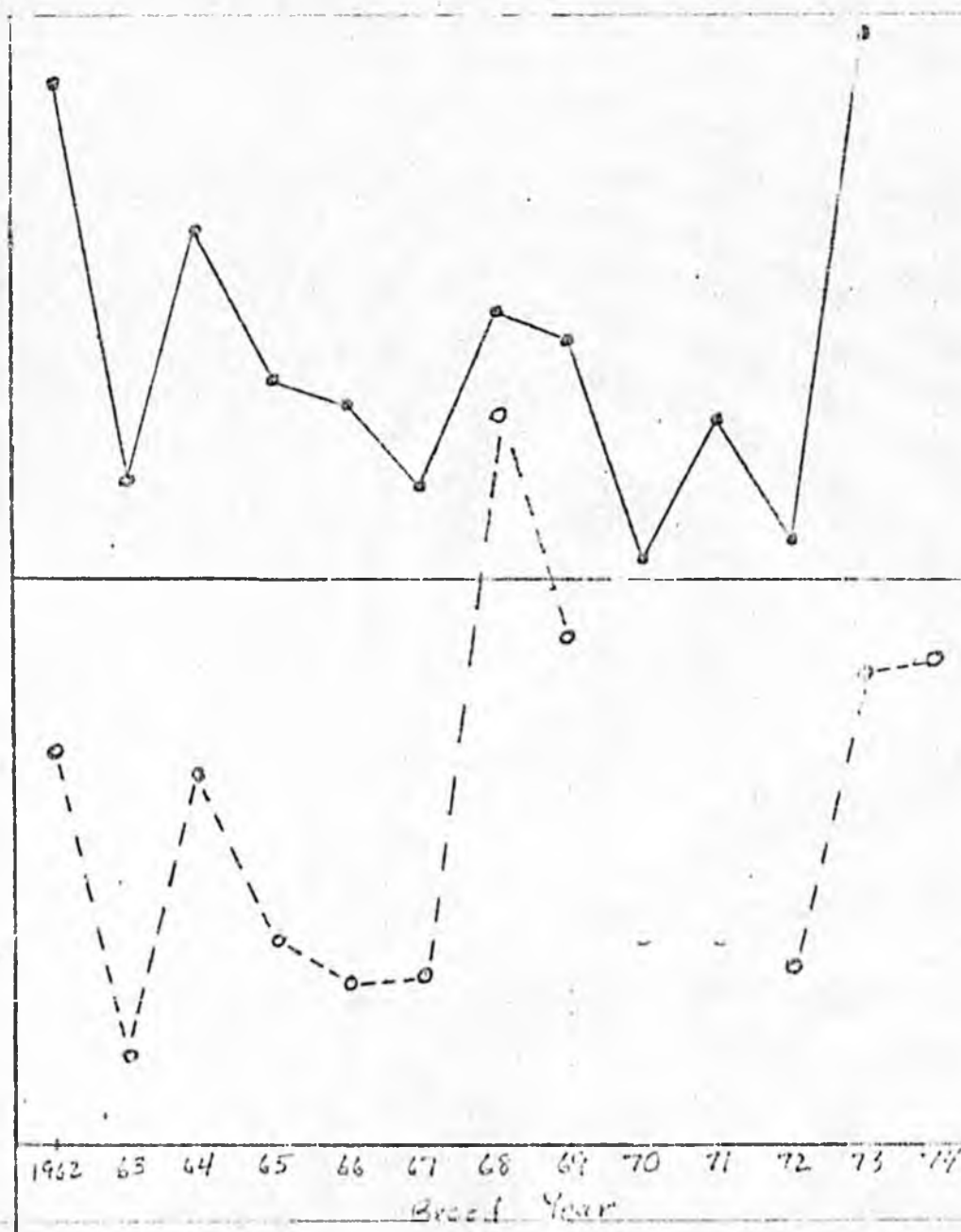
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KEUFFEL & ESSER CO.

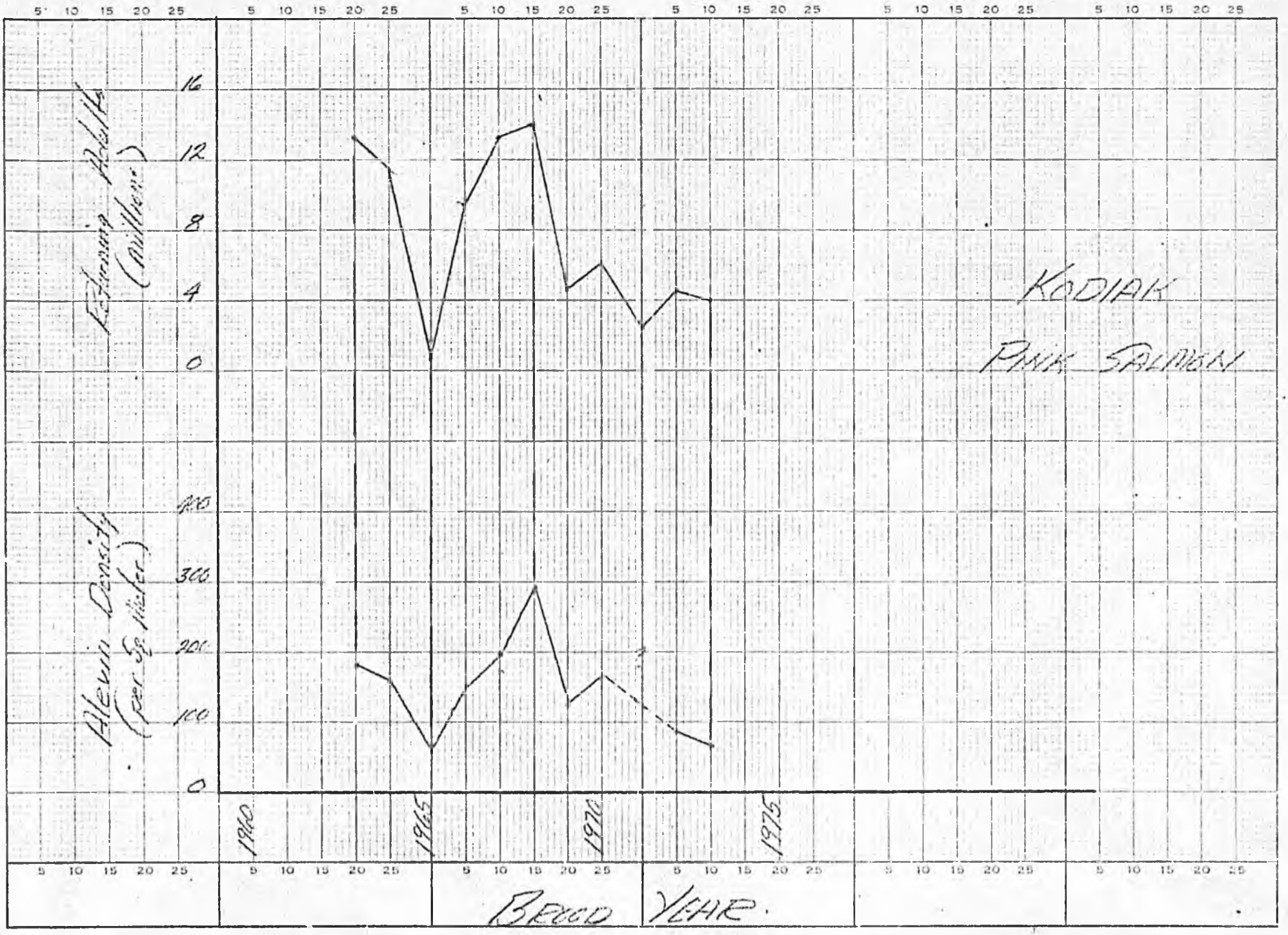


Cook Inlet Southern and Outer Districts Pink Salmon
Alevin Indices vs Adult Returns by Year



Brood Year	Average Fry / m²	(millions) Adult Return
1962	210.5	1.31
63	45.6	.26
64	198.5	.91
65	106.7	.51
66	84.4	.46
67	90.5	.24
68	365.3	.70
69	271.8	.62
70	—	[illegible]
71	—	.41
72	96.8	.10
73	349.8	1.43
74	257.5	
75		

K&E 6 MONTHS BY DAYS 46 2610
X 120 DIVISIONS MADE IN U.S.A.
KEUFFEL & ESSER CO.



SITE SELECTION

WORK COPY

A team of regional biologists and engineers is presently working in each region of the state to select and prioritize enhancement sites for salmon incubation and freshwater and estuarine rearing. They have identified a number of candidate sites and are in the process of monitoring winter water conditions which are critical to total year round operations. Each site will have a detailed analysis on user demands, stock selection, physical parameters, i.e. water supply, plus estuarine and freshwater capabilities, management applicability and construction needs.

A total of 26 sites are presently under investigation in Southeastern Alaska with from two to five sites being investigated in each of the other planning areas. Final site selection of all sites will occur this spring and early summer.

Individual site selections are based on a detailed analysis of the characteristics listed in the first paragraph. The site selection process is governed by a series of general and site specific criteria. The general criteria, listed first, form the framework that selects areas for enhancement prior to the actual site specific studies. The area determination is dependent upon:

1. User group recommendations.
2. Management recommendations that:
   a. Complete assessment of natural stock status and trends. (Consider the depressed nature of salmon stocks and the impact on the needs of the public.)
   b. Recognizes the area registration concept and sport fish needs as a major prerequisite to project planning and implementation. The objectives of the enhancement program are divided by area and species to distribute the enhanced stocks throughout the state to meet the established needs of (a) and (b).
   c. Determination of species that will best improve fishery, e.g. early chum run that would correspond with the sockeye fishery.
   d. Minimizes interception problems.

3. Efficiency of production by species. This efficiency incorporates the intention to capture spin-off opportunities from present or projected industrial development to benefit husbandry systems. For example, industrial development, although presently limited in the state, offers a viable opportunity to convert waste products, especially heat, into a usable product. Coho and king smolt production requires heat to be successful which could be provided very economically at industrial sites.

Specific site characteristics examine in detail the parameters that will ensure the control of as many variables as possible to ensure facility success.

1. Stock selection

   a. Species quality and average adult weight. Brood stocks must be of at least average weight for the species in that area unless historical evidence indicates that smaller than average genetical strains have extremely high estuarine ocean survival characteristics. This need is based on the fact that the commercial value is based upon poundage.

   b. Brood stock availability

      (1) Historic stock. Widely fluctuating stocks in the past may not be the most favorable systems to utilize.

      (2) Present stock. Brood stocks must be of sufficient magnitude to bring the facility to full production as soon as possible reducing the amount of time required to produce direct benefits to the fishermen. Recent escapement records must range between 6,000 and 12,000 pinks and 4,000 and 8,000 chums. Escapements greater that the upper limit signifies a major natural producer, but a number less than the lower limit extends the time period for full scale production.

      (3) Development of hatchery stock. Establishes breeding programs that will maintain optimumal quality of brood stocks relative to size, maturity

schedules, and survival rates. Once large scale production is instituted for enhancement genetical breeding becomes a necessary component for brood stock development. Manipulation of stocks can enhance the fishery through possible changes in maturity, timing, and survival.

c. Timing of runs.

2. Physical parameters

a. Provide water of sufficient volume and quality that will allow maximum survival of several million eggs, alevins, and fry with a minimum of treatment. If biological and sediment filters must be used, they will reduce benefit/cost ratios. Adjacent natural spawning is desirable since it may aid in maintenance of a viable gene pool.

b. Provide a water temperature regimen that permits development of eggs, alevins, and fry to coincide with productivity of lakes and estuaries and environmental prerequisites for short term freshwater, estuarine and saltwater rearing. The time of emergence is a function of temperature units, and by using appropriate natural temperature regimens expensive temperature control devises including the application of artificial heat is not required. This factor is important in maintaining high benefit/cost ratios.

c. Temperature regimen that permit fry to fingerling rearing of coho, sockeye, and rainbow trout for subsequent late summer stocking of adjacent lakes or estuarine rearing units. After pink and chum salmon fry emerge the water should be utilized for spin-off rearing.

d. Intake quality that does not require substantial treatment before delivery to incubation or rearing systems. The required levels of oxygen, absence of toxic materials, and relatively disease free water should be provided without expensive treatment facilities.

e. Gravity feed. Pumping of water requires expensive power and the resultant cost may become critical in remote areas where power is not available. Benefit/cost ratios decline when pumps are required.

f. Water qualities should be clear enough during the majority of the year to require no filtration before delivery to incubation or rearing systems. The required levels of oxygen, absence of toxic materials, and relatively disease free water should be provided without expensive treatment facilities.

g. Water quantity should be sufficient to provide 1 pgm per 10,000 eggs without recirculation.

3. Stream characteristics

   a. Streambed stability

   b. Fluctuations in stream flow

   c. Minimum flows during winter months

4. Geography

   a. Accessibility especially during winter months

   b. Availability of desired land

5. Estuary

   a. The site must take advantage of the natural estuarine rearing potentials of the state. The enhancement concept is designed to fully utilize the almost unlimited estuarine rearing potential throughout the state. These capacities and timing of plankton blooms are very important to pink and chum salmon release when they move directly from incubator to sea.

   b. Site must have moderate winter icing conditions.

   c. Must be accessible by boat to near the stream mouth.

6. Lake stocking sites

   a. The freshwater potentials for the three freshwater rearing species are very significant and offer a very economical long term rearing alternative for coho and sockeye.

   b. Lakes utilized for sockeye should have a fry rearing deficit greater than 20 million fry.

   c. Easy access from incubation facility.

d. Plankton populations and water depths must allow rapid growth and high survival of fry after transplant.

e. A low competitor and predator population and/or potential must be present.

7. Predators interactions

a. Absence of major breeding populations of marine mammals or historical feeding concentrations that are adjacent to facility.

b. Absence of major overwintering lakes for Dolly Varden trout since their outmigration may precede or coincide with outmigration schedules of chums and pinks.

c. Absence of immediately adjacent major natural or potential coho production areas. Coho smolts are known predators of pink and chum fry until they reach about 60 mm. Release of artificially produced smolts may be delayed so as not to coincide with release of pinks and chums.

d. Absence of major rookeries or avian predators.

9. Management criteria

a. Location of fisheries relative to the proposed project

b. Intensity of fisheries on considered stock

c. Predicted interaction between artificial and natural stocks

d. Bay or area of sufficient size to allow a large number of seiners or drift gillnetters to operate with a minimum of conflict. Small bays where large returns segregate will not allow equitable distribution or returns to the common property fishery. This may result in facilities having to be constructed that would not take advantage of economy of size in operation of facilities.

e. Bay or area of sufficient size and historical behavior pattern of brood stocks where segregation of "bright" harvestable fish from ripening brood stocks occurs. Brood stock ripening areas must be highly segregated from harvest areas or an unmanageable situation will exist which will contribute to a poorer quality product.

f. Bay or area where average light and water conditions permit reasonably accurate aerial and/or weir enumeration of returning adult runs. The overview of developing runs is essential to prevent a brood stock surplus. It is of particular importance that selected brood stocks ripen within the estuary.

g. Bay or area where sea conditions permit a relatively constant harvest. If harvest areas are intermittently exposed to unfishable sea conditions, surplus fish in excess of brood stock requirements could develop at the facility.

h. Prevent sale of surplus fish at the hatchery.

10. Climate

a. Precipitation

b. Winter temperatures

c. Wind conditions

11. Construction needs

a. Reasonable construction site

b. Logistics - support and operations

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

JAY S. HAMMOND, GOVERNOR

March 8, 1976

Representative Nels Anderson
Chairman, House Resources
House of Representatives
Alaska State Legislature

Dear Nels:

Enclosed is a brief pertaining to the F.R.E.D. aspects of the 1976 bond request.

This document was assembled to provide background information prior to the committee hearing on March 18 relative to (1) professional opinion on facility direction, (2) natural stock status as reflected by catch, (3) objectives by area and species for enhancement facilities, and (4) time sequence of project development.

Sincerely,

James W. Brooks
Commissioner

Enclosure

cc: Governor's Office
Robert S. Roys

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 19, 1976

SUBJECT: Evaluation of HB 846, Fisheries Impact Fund, and Recommended Changes (W.O. #2379)

TO: The Honorable Nels Anderson

FROM: James Owers J.O.
Research Analyst

Council Membership

With respect to Sec. 44.33.260, MEMBERSHIP AND VACANCIES, it should be pointed out that the Commercial Fisheries Entry Commission has a fulltime research staff devoted to analyzing economic data from the fisheries. The committee may, therefore, wish to consider adding the chairman of the Commercial Fisheries Entry Commission to the Fisheries Economic Impact Council. This would insure coordination of all those agencies with relevant data.

Definition of Base Period

In Sec. 44.33.310 "base period" is defined as "any 10 years after 1950, not necessarily continuous, during which a fishery produced at economically acceptable levels as determined by the Alaska Department of Fish and Game."

It should be pointed out that the Department of Fish and Game has no expertise to determine what is "economically acceptable." This would

appear to be more appropriately handled by the council. In any case, with rising economic expectations and a near doubling in the number of fishermen over the last 15 years, what may be "acceptable" may not be even biologically possible. Certain fisheries practically never produce at "economically acceptable" levels because many of the participants have non-economic goals, such as the hand troll fishery and certain set net fisheries. A more realistic approach would appear to be for the council to select a base period which is "reasonably representative" of economic conditions in the fishery.

There does not appear to be any need to extend the base period further back than 1960 and five years would appear adequate. This would greatly simplify data problems and, in any case, average salmon production during the 1960's exceeded the 1950's. A large number of the fisheries in the state barely existed or did not exist at all prior to 1960, such as the Arctic-Yukon-Kuskokwim salmon fisheries and many shellfish fisheries. The table attached at the end of this memo shows a base period between 1969 and 1973 for the 19 salmon fisheries which have limited entry. This appears to be reasonably representative of <u>dollars</u> produced by these fisheries. Even though production was about average, total revenues reached record and near record levels, even adjusting for inflation.

The following definition of "base period" is offered for the committee's consideration based on the above comments:

> "Base period," means any five years after 1960, not necessarily continuous, during which a fishery produced a reasonably representative total annual catch value as determined by the council."

Definition of Fisheries Failure

In the present bill a fisheries failure "means income to the participants in a fishery dropped below 50 per cent of the average annual income for the base period..." The first problem with the existing language is that it appears to be comparing total revenue produced by a fishery with individual earnings. Suppose a fishery has a base period income of 10 million dollars with 1,000 participants, or in other words an average income of $10,000 per fisherman. Does the language in the existing bill mean that if the number of fishermen increases to say 2,500 fishermen that a fishery failure has occurred, since average income to participants in the fishery will have dropped to $4,000?

It is suggested that this ambiguity be removed and that the committee adopt language that would make it clear that in all cases the total catch value of the fishery will be used, if that is in fact the committee's intent.

There is nothing in the present language that makes it clear that the council is dealing primarily with biological failures. For example, in the present bill a large price reduction could be considered a "fisheries failure." On several occasions prices in shellfish fisheries have more than dropped in half when catches have remained constant. In addition, the Board of Fisheries may well make "man made" fisheries failures by a decision to eliminate a certain type of gear in an area or reduce the catch allocation to a particular fishery. For example, it is likely that increased restrictions on the interception of Bristol Bay fish by Alaska Peninsula fishermen will be forthcoming. In 1972 the Board eliminated the Southeast set net fishery. Should this be considered a

"fisheries failure"?

There does not appear to be an adequate definition of a "fishery." Does this mean the Alaska salmon fishery or the Prince William Sound drift gill net fishery?

It is not stated that the council should adjust for inflation. With a 7% rate of inflation, fish prices could well double over the next 10 years along with operating costs and related items, yet the council would have to wait until revenues dropped to 25% of their present level before a fisheries failure could be declared.

Also, no justification has been submitted for requiring the total annual catch value to drop below 50% of the average for the base period. As the analysis at the end of this memo shows, this may not be practical. In certain fisheries where incomes are already low and where there is little alternative employment, acute problems may be felt long before this, particularly in fisheries that do not fluctuate as widely as the salmon fisheries, such as halibut. Furthermore, since the purpose of the council is to advise and recommend action to the governor, there does not appear any reason why the council should be locked into a rigid mechanical formula.

The second requirement for a fisheries failure is that "the average family income of all residents of the designated area as determined by the council is below the Federal Social Security Administration Poverty Guideline ..." There appear to be several problems with this requirement; two technical and the other more philosophical. First, there do not appear to be adequate statistics relating to family incomes. The main source of earnings information is unemployment insurance and state and local government payroll information. This information is related to

individuals, not families. Second, there are several federal agencies which publish poverty guidelines depending on the purpose of their program. Those used by the Limited Entry Commission, for example, are published by the Community Services Administration. It appears that Social Security Administration guidelines are contingent upon, among other things, bank deposits, home ownership, and other assets held by an applicant for benefits. The best approach would appear to be to leave out the specific agency who would supply poverty guideline statistics and leave this up to the council's discretion. The third problem is that, regardless of the number of families that may be above or below the poverty guideline in a certain locality, fishermen impacted by a fisheries failure may still not be able to find employment. Thus the real issue appears to be whether alternative employment is available. It would appear that one duty of the council could be to define availability or lack of alternative employment. For example, it could be a function of population, economic diversification, regional unemployment or some combination. This approach would appear to have the advantages of relying on existing data as well as dealing with the fundamental problem, which is to provide employment to fishermen who cannot find work in other fisheries or other sectors of the economy. Again, no justification or studies are submitted by the administration to show that the existing formula is practical or workable.

The following definition of a fisheries failure is offered for the committee's consideration. This definition still leaves the method of calculating inflation up to the council, and it is possible that it will still be difficult to sort out biological from economic causes of fisheries

failures. In addition, a definition of "fishery" borrowed from AS 16.-43.380 is used here since extensive data files of both the department of Fish and Game and the Limited Entry Commission are organized this way.

> "Fisheries failure" means that the total catch value in a fishery, adjusted for inflation, has, for biological reasons, dropped significantly below the base period total catch value and that few alternative employment opportunities exist for fishermen in the region.
>
> "Fishery" means the commercial taking of a specific fishery resource in a specific administrative area with a specific type of gear.

Analysis of "Acceptable" Incomes in Certain Alaskan Salmon Fisheries

In 1974 an economic survey of fishermen examined what fishermen themselves felt was a reasonable level of gross earnings. The following table shows the average response for each fishery. The response fishermen gave appears fairly realistic in view of operating costs in each fishery and a comparison with prevailing wage scales in such industries as logging and contract construction. In the second column of the table, this figure has been multiplied by the number of entry permit holders in each fishery to provide an estimate of the total revenue each fishery would have to produce so that the average earnings of fishermen would equal an "acceptable" level. This amount can then be compared to the average total earnings in each fishery over the five years between 1969 and 1973.

What is immediately apparent is the wide difference between what may be considered "acceptable" and what has actually occurred even

during a period of relative prosperity in the salmon fisheries (see graph). In fact, the average earnings of fishermen over the five year period, even adjusting for inflation, is less than half what was considered "acceptable." In many fisheries, even record high years did not produce an "acceptable" level of earnings.

JO:jm

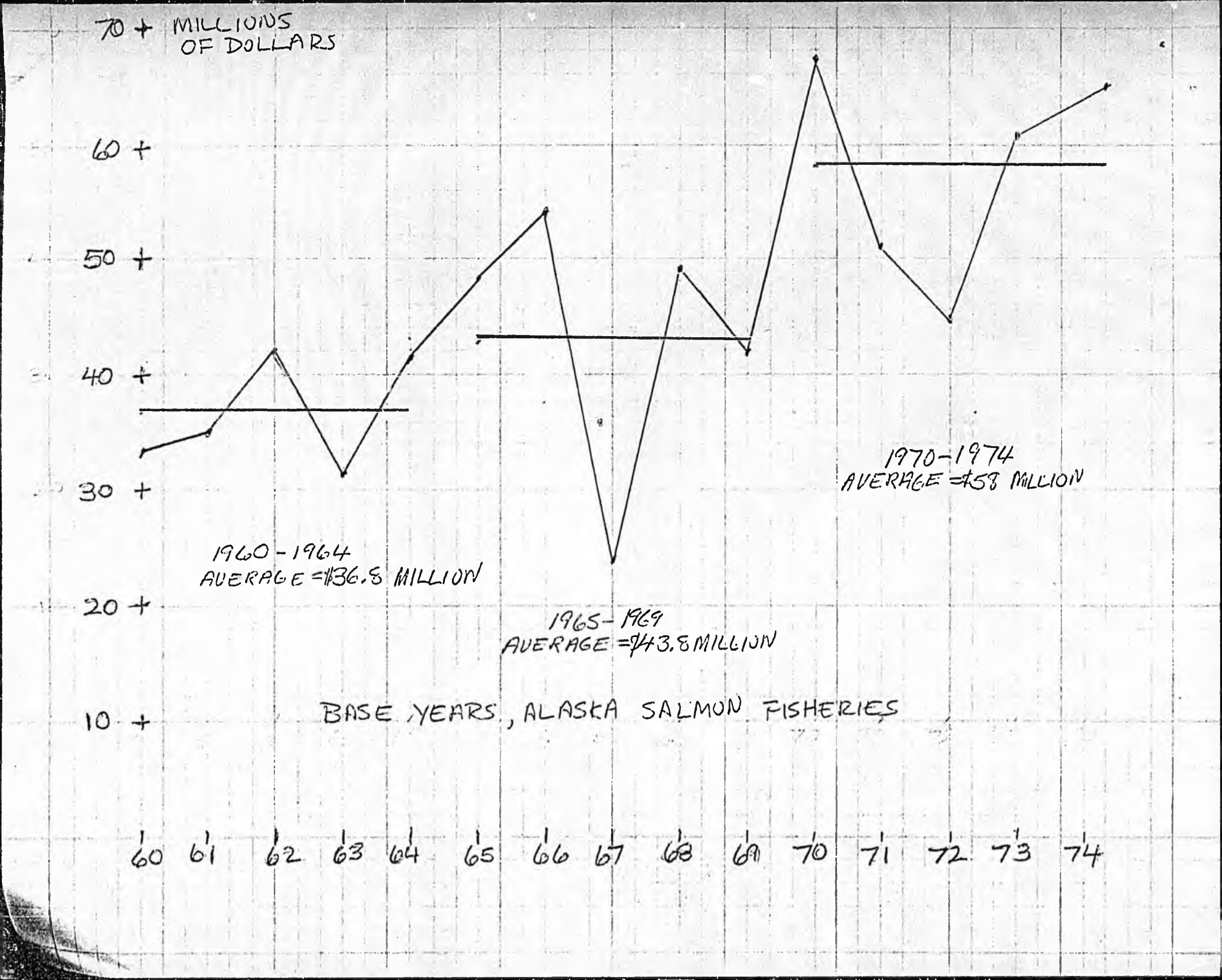

70 + MILLIONS OF DOLLARS
60 +
50 +
40 +
30 +
20 +
10 +
1960-1964
AVERAGE = $36.8 MILLION
1965-1969
AVERAGE = $43.8 MILLION
1970-1974
AVERAGE = $58 MILLION
BASE YEARS, ALASKA SALMON FISHERIES
60 61 62 63 64 65 66 67 68 69 70 71 72 73 74

TABLE 1
TOTAL REVENUE BY SALMON FISHERY
ADJUSTED BY WHOLESALE PRICE INDEX

1969-1973
(In thousands of dollars)

	1969	1970	1971	1972	1973	5 year Average
Southeast						
Purse Seine	$4,177	$9,456	$8,573	$13,168	$13,376	$9,750
Drift gill Net	2,785	3,108	3,054	5,489	7,588	4,404
Yakutat						
Set Gill Net	329	226	394	479	952	476
Prince William Sound						
Purse Seine	3,997	2,584	6,163	1/	4,796	4,385
Drift Gill Net	2,472	3,680	2,656	2,780	3,727	3,063
Set Gill Net	177	84	2/	133	83	119
Cook Inlet						
Purse Seine	204	650	500	229	752	467
Drift Gill Net	1,454	2,164	1,297	2,237	4,023	2,235
Set Gill Net	1,071	1,444	906	1,842	2,281	1,508
Kodiak						
Purse Seine	9,345	8,720	5,534	4,019	1,893	5,902
Beach Seine	25	91	57	40	13	45
Set Gill Net	611	706	464	331	186	459

TABLE 1
TOTAL REVENUE BY SALMON FISHERY
ADJUSTED BY WHOLESALE PRICE INDEX

1969-1973
(In thousands of dollars)

(Continued)

	1969	1970	1971	1972	1973	5 year Average
Chignik						
Purse Seine	$1,973	$3,962	$2,579	$1,129	$3,066	$2,541
Peninsula						
Purse Seine	1,268	3,489	1,968	789	502	1,603
Drift Gill Net	1,480	2,055	1,529	1,413	1,155	1,526
Set Gill Net	188	345	210	119	272	226
Bristol Bay						
Drift Gill Net	12,399	30,952	17,309	5,633	3,372	13,953
Set Gill Net	1,560	2,214	1,875	372	221	1,248
Statewide						
Power Troll 3/	2,772	5,490	4,536	5,332	8,047	5,235

Gross earnings have been adjusted by the wholesale price index using 1973 as a base year.

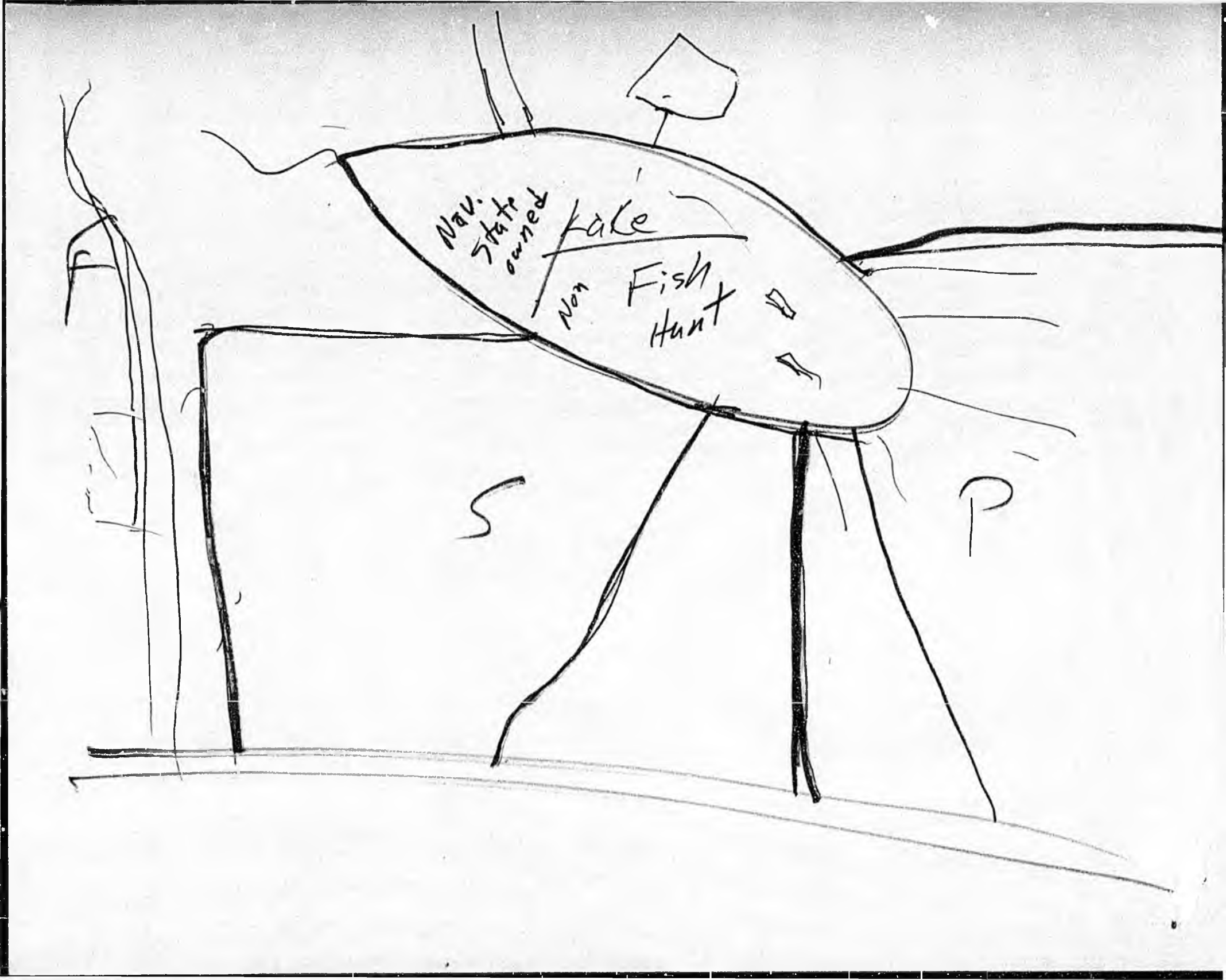
1/ closed in 1972

2/ closed in 1971

3/ estimated from total catch of both hand and power trollers

"ACCEPTABLE" EARNINGS IN ALASKA'S SALMON FISHERIES
(all figures in thousands of dollars)

	"Reasonable" Gross Earnings as Estimated by Fishermen	Total Earnings from Fishery Required to Produce Reasonable Earnings for all Operating Units	Actual Average Total Earnings 1969-1973
Southeastern			
Purse Seine	$ 31.9	$ 12,660	$ 9,750
Drift Gill Net	22.6	10,237	4,404
Yakutat			
Set Gill Net	14.9	2,235	476
Prince William Sound			
Purse Seine	26.9	6,402	4,385
Drift Gill Net	19.6	10,015	3,063
Set Gill Net	14.9	476	119
Cook Inlet			
Purse Seine	24.2	1,645	467
Drift Gill Net	14.5	7,902	2,235
Set Gill Net	14.9	10,221	1,508
Kodiak			
Purse Seine	32.8	12,070	5,902
Set Gill Net	11.1	2,031	459
Chignik			
Purse Seine	39.5	3,160	2,541
Peninsula-Aleutians			
Purse Seine	12.2	1,354	1,603
Drift Gill Net	17.9	2,774	1,526
Set Gill Net	7.8	600	226
Bristol Bay			
Drift Gill Net	16.4	27,371	13,953
Set Gill Net	12.4	9,957	1,248
Statewide			
Power Troll	15.3	13,693	5,235
TOTAL		$134,803	$53,865


Nav.
State
owned
Lake
Non
Fish
Hunt
S
P

ESTIMATE SUMMARY
1976 FISH AND GAME FUND
ENHANCEMENT PROJECTS

Project Name	Fry Production	Capital Cost
Tutka, Halibut Cove, Big Lake & Crooked Creek	4 million coho	$ 530,000
Hidden Skilak	20 million sockeye, 6 million coho	2,350,000
Cook Inlet (Kenai)	25 million pink/chum, 10 million coho	3,890,000
Cook Inlet (Susitna)	25 million pink/chum, 10 million coho	3,890,000
Cook Inlet Total	100 million	$10,660,000
Cannery Creek	25 million (including 1 million coho)	$ 2,670,000
Whittier	100,000 coho post-smolts	300,000
Prince William Sound	30 million (including 1 million coho)	3,530,000
Prince William Sound Total	55 million	$ 6,500,000
Karluk	20 million sockeye	$ 3,150,000
Russell Creek	50 million pink/chum	4,850,000
AP/Kodiak Total	70 million	$ 8,000,000
Hidden Falls	50 million (including 3 million coho)	$ 3,630,000
Tenakee	1 million coho post-smolts	1,300,000
Klawak Lake	50 million (including 3 million coho)	3,820,000
Thorne River	50 million (including 3 million coho)	5,250,000
	150 million	$14,000,000
Statewide	375 million	$39,160,000

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

COHO ENHANCEMENT
TUTKA/HALIBUT COVE/BIG LAKE/CROOKED CREEK*
Rearing Tank & Feed Storage Installation
4 Million Coho

Mobilization & Site Preparation	-
Incubation Space _____ Sq.Ft. @ _____	-
Incubators	-
Support Space _____ Sq.Ft. @ _____	-
Feed Storage Units 4 @ 10,000	40,000
Water Supply, Distribution & Waste 4 @ 40,000	160,000
Power Generation	-
Rearing Tanks 16,000 Cu.Ft. @ $5	80,000
Rearing Pens 40,000 Cu.Ft. @ $3	120,000
Adult Holding/Egg Take Facility	-
Employee Living Space _____ Sq.Ft. @ _____	-
1975 Total	400,000
Contract Total 1977 Purchase	480,000
Engineering & Contingencies @ _____	None
Design & Administration @ 5%	24,000
Revolving Fund 5%	26,000
Total Project Cost	$530,000

*Project Description: Rearing tanks and freezers shall be provided to accommodate 4 million coho fingerling (300/pound) at the existing facilities mentioned. 200,000 shall be reared to post-smolt (10/pound) at Halibut Cove Lagoon. The remainder shall be stocked in lakes or streams.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

SOCKEYE/COHO ENHANCEMENT
HIDDEN/SKILAK PROJECT*
(Urban Const.)
20 Million Sockeye, 6 Million Coho

Mobilization & Site Preparation 100,000 + 100,000	200,000
Incubation Space 10,000 Sq.Ft. @ $50	500,000
Incubators	80,000
Support Space 3,000 Sq.Ft. @ $65	200,000
Furnishing	20,000
Water Supply, Distribution & Waste	150,000
Power Generation	50,000
Rearing Tanks 20,000 Cu.Ft. @ $5	100,000
Adult Holding/Egg Take Facility	60,000
Employee Living Space 3,200 Sq.Ft. @ $45	150,000
1975 Total	1,510,000
Contract Total 1977 Const. Cost.	2,000,000
Engineering & Contingencies @ 12%	240,000
Design & Administration @ General Fund Obligation	
Revolving Fund 5%	110,000
Total Project Cost	$2,350,000

*Project Description Facilities are provided for incubation of 25 million sockeye eggs and 7.5 million coho (or king) eggs to produce 20 million sockeye and 6 million coho fry. Sockeye shall be short term reared (approx. 1 month). Coho shall be reared in (outside) tanks to fingerling (300/pound) for lake or stream stocking. Housing for 3 employees is provided on site. This estimate is applicable for 1977 construction at any reasonable site adjacent to highway system in Cook Inlet area.

COHO/PINK/CHUM ENHANCEMENT
COOK INLET PROJECT*
(Urban Const.)
25,000,000 Pink/Chum plus 10,000,000 Coho

Mobilization & Site Preparation	200,000 + 100,000	300,000
Incubation Space	10,000 Sq.Ft. @ $50	500,000
Incubators		100,000
Support Space	4,000 Sq.Ft. @ $65	260,000
Furnishing		20,000
Water Supply, Distribution & Waste		150,000
Power Generation		50,000
Rearing Ponds	80,000 Cu.Ft. @ $5	400,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	3,200 Sq.Ft. @ $45	150,000
1975 Total		2,030,000
Contract Total	1978 Const. Cost	3,090,000
Engineering & Contingencies @	12%	370,000
Design & Administration @	8%	250,000
Revolving Fund	5%	180,000
Total Project Cost		$3,890,000

*Project Description: Facilities are provided for incubation of 31.5 million pink or chum eggs and 12.5 million coho (or king) eggs to produce 25 million pink or chum fry and 10 million coho fry. Pink or chum shall be short term reared (approx. 1 month). Coho shall be reared in (outside) ponds to fingerling (300/pound) for lake or stream stocking. This estimate is applicable for 1978 construction at any reasonable site adjacent to highway system in Cook Inlet area. Housing for three employees is provided on site.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
CANNERY CREEK PROJECT*
(Remote Const. PWS)
30 Million Fry, Including 1 Million Coho

Mobilization & Site Preparation	160,000 + 80,000	240,000
Incubation Space	6,000 Sq.Ft. @ 70	420,000
Incubators		100,000
Support Space	2,500 Sq.Ft. @ 90	220,000
Furnishing		20,000
Water Supply, Distribution & Waste		200,000
Power Generation		70,000
Rearing Pens	100,000 Cu.Ft. @ 3.0	300,000
Adult Holding/Egg Take Facility		70,000
Employee Living Space	2,200 Sq.Ft. @ 70 2,000 @ 40	230,000
1975 Total		1,870,000
Contract Total	1977 Const. Cost	2,470,000
Engineering & Contingencies @	12%	300,000
Design & Administration @	8%	200,000
Revolving Fund	5%	150,000
Total Project Cost		$3,120,000
(5m fry) 1974 Bond Money		450,000
(25m fry) 1976 Bond Money		$2,670,000

*Project Description: Facilities are provided for incubation of 37.5 million eggs to produce 30 million fry. Pink or chum fry shall be short term reared (approx. 1 month). Space is provided to rear 1 million coho to fingerling (300/pound) for stocking nearby lakes or streams. A duplex and bunkhouse for 3 permanent employees and temporaries are provided on site. This estimate is applicable for 1977 construction at similar remote sites in Prince William Sound.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

COHO REARING
WHITTIER PROJECT*
(Estuary Const. PWS)
100,000 Coho Post Smolts

Mobilization & Site Preparation	-
Incubation Space _____ Sq.Ft. @ _____	-
Incubators	-
Support Space 500 Sq.Ft. @ 80 (Floating Lab/Work Area)	40,000
Furnishing	-
Water Supply, Distribution & Waste	-
Power Generation	-
Work Float - 10 x 110	40,000
Rearing Pens 16 Each ~~Cu.Ft.~~ @ $3125	50,000
Adult Holding/Egg Take Facility	
Employee Living Space _____ Sq.Ft. @ _____ (1 Houseboat @ 50,000)	50,000
1975 Total	180,000
Contract Total 1977 Const. Cost	238,000
Engineering & Contingencies @ 12%	29,000
Design & Administration @ 8%	19,000
Revolving Fund 5%	14,000
Total Project Cost	$300,000

*Project Description: Facilities are provided for saltwater rearing (and/or holding) of 100,000 coho (or king) smolts from 60/pound to 10/pound. Housing for one employee is provided on site. This estimate is applicable for 1977 construction at other accessible estuaries in Prince William Sound.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
PRINCE WILLIAM SOUND PROJECT*
(Remote Const.)
30 Million Fry, Including 1 Million Coho

Mobilization & Site Preparation	150,000 + 100,000	250,000
Incubation Space	6,000 Sq.Ft. @ 70	420,000
Incubators		100,000
Support Space	2,500 Sq.Ft. @ 90	220,000
Furnishing		20,000
Water Supply, Distribution & Waste		150,000
Power Generation		70,000
Rearing Pens	100,000 Cu.Ft. @ 3.0	300,000
Adult Holding/Egg Take Facility		80,000
Employee Living Space	2,200 / 2,000 Sq.Ft. @ 70 / 40	230,000
1975 Total		1,840,000
Contract Total	1978 Const. Cost	2,800,000
Engineering & Contingencies @	12%	340,000
Design & Administration @	8%	220,000
Revolving Fund	5%	170,000
Total Project Cost		$3,530,000

*Project Description: Same as Cannery Creek Project, except this estimate is for 1978, rather than 1977, construction.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

SOCKEYE ENHANCEMENT
KARLUK LAKE PROJECT*
(Remote-Kodiak)
20 Million Fry

Mobilization & Site Preparation	250,000 + 100,000	350,000
Incubation Space 4,800 Sq.Ft. @ 85		410,000
Incubators		80,000
Support Space 2,400 Sq.Ft. @ 110		260,000
Furnishing		20,000
Water Supply, Distribution & Waste		150,000
Power Generation		100,000
Rearing Pens - Cu.Ft. @ -		-
Adult Holding/Egg Take Facility		-
Employee Living Space 2,200 Sq.Ft. @ 90 1,800 @ 50		290,000
1975 Total		1,660,000
Contract Total 1978 Const. Cost		2,500,000
Engineering & Contingencies @ 12%		300,000
Design & Administration @ 8%		200,000
Revolving Fund 5%		150,000
Total Project Cost		$3,150,000

*Project Description: Facilities are provided to incubate 25 million sockeye eggs to produce 20 million fry. (Pens may be added later for short term rearing.) A duplex residence and bunkhouse for 3 permanent employees and temporaries are provided on site. This estimate is applicable for 1978 construction at a reasonable site on Karluk Lake (or similar lake on Kodiak Island).

PINK/CHUM ENHANCEMENT
RUSSELL CREEK PROJECT*
(Urban Site Alaska Peninsula)
60 Million Fry

Mobilization & Site Preparation	300,000 + 100,000	400,000
Incubation Space	12,000 Sq.Ft. @ $70	840,000
Incubators		200,000
Support Space	3,000 Sq.Ft. @ $90	270,000
Furnishing		30,000
Water Supply, Distribution & Waste		250,000
Power Generation		150,000
Rearing Ponds	150,000 Cu.Ft. @ $5.50	820,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	2,400 Sq.Ft. @ $70 2,600 @ $40	270,000
1975 Total		3,330,000
Contract Total	1977 Const. Cost	4,400,000
Engineering & Contingencies @	12%	530,000
Design & Administration @	8%	350,000
Revolving Fund	5%	270,000
Total Project Cost		$5,550,000
(10m fry) 1974 Bond Money		700,000
(50m fry) 1976 Bond Money		$4,850,000

*Project Description: Facilities are provided for incubation of 75 million pink or chum eggs to produce 60 million fry. The fry will be reared (approx. 1 month) in ponds on shore. A duplex residence and bunkhouse for 3 permanent employees and temporaries are provided on site. This estimate is applicable for 1977 construction at a very accessible site on the Alaska Peninsula.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
HIDDEN FALLS PROJECT*
(Estuary Const.-Southeastern)
50 Million Fry, Including 3 Million Coho

Mobilization & Site Preparation	150,000 + 50,000	200,000
Incubation Space	12,000 Sq.Ft. @ $60	720,000
Incubators		160,000
Support Space	3,000 Sq.Ft. @ $80	240,000
Furnishing		20,000
Water Supply, Distribution & Waste		90,000
Power Generation		100,000
Rearing Pens	135,000 Cu.Ft. @ $3.00	400,000
Adult Holding/Egg Take Facility		90,000
Employee Living Space	Vessel Repair (Bunkhouse) $60,000 _____ Sq.Ft. @ _____ 2 Houseboats @ 50,000	160,000
	1975 Total	2,180,000
	Contract Total 1977 Const. Cost	2,880,000
	Engineering & Contingencies @ 12%	350,000
	Design & Administration @ 8%	230,000
	Revolving Fund 5%	170,000
	Total Project Cost	$3,630,000

*Project Description: Facilities are provided for incubation of 62.5 million eggs to produce 50 million fry. Pink or chum fry will be short term reared (approx. 1 month) in saltwater pens. 3 million coho will be reared in "estuarine" pens to fingerling (300/pound) for lake stocking. Two houseboats and a bunkhouse (repair of existing vessel) are provided for 3 permanent employees and temporary employees. This estimate is applicable for 1977 construction within a weather protected estuary of Southeast Alaska. (Nearly identical costs were obtained from estimates for five sites.)

COHO REARING
TENAKEE PROJECT*
(Estuary Const.-Southeastern)
1 Million Coho (Post Smolts)

Mobilization & Site Preparation	10,000	10,000
Incubation Space ____ Sq.Ft. @ ____		-
Incubators		-
Support Space Floating Lab & Office 500 Sq.Ft. @ 80		40,000
Furnishing		5,000
Water Supply, Distribution & Waste Saltwater Pumps		30,000
Power Generation		-
Rearing Pens 150,000 Cu.Ft. @ 3.0		450,000
Adult Holding/Egg Take Facility		50,000
Employee Living Space ____ Sq.Ft. @ ____ 2-Houseboats @ 50,000		100,000
1975 Total		685,000
Contract Total 1978 Const. Cost		1,040,000
Engineering & Contingencies @ 12%		120,000
Design & Administration @ 8%		80,000
Revolving Fund 5%		60,000
Total Project Cost		$1,300,000

*Project Description: Facilities are provided for saltwater rearing (or holding) of 1 million coho (or king) smolts from 60/pound to 10/pound. Housing for 2 employees is provided on site. This estimate is applicable for 1978 construction at other accessible (and protected) estuaries in Southeast Alaska.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
KLAWAK LAKE PROJECT*
(Rural Land Based-Southeastern)
60 Million Fry, Including 3 Million Coho

Mobilization & Site Preparation	220,000 + 110,000	330,000
Incubation Space	12,000 Sq.Ft. @ 60	720,000
Incubators		180,000
Support Space	3,000 Sq.Ft. @ 80	240,000
Furnishing		30,000
Water Supply, Distribution & Waste		180,000
Power Generation		120,000
Rearing Pens	160,000 Cu.Ft. @ 3.00	480,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	2,400 Sq.Ft. @ 60	140,000
1975 Total		2,520,000
Contract Total	1978 Const. Cost	3,830,000
Engineering & Contingencies @	12%	460,000
Design & Administration @	8%	300,000
Revolving Fund	5%	230,000
Total Project Cost		$4,820,000
(10m fry) 1974 Bond Money		1,000,000
(50m Fry) 1976 Bond Money		3,820,000

*Project Description: Facilities are provided for incubation of 75 million eggs to produce 60 million fry. Pink or chum fry will be short term reared (approx. 1 month) in saltwater pens. 3 million coho will be reared to fingerling (300/pound) size in freshwater pens for lake stocking. One duplex residence is provided on site. This estimate is applicable for 1978 construction at other reasonable sites adjacent to the highway system in Southeastern Alaska.

Capital Cost Estimate Summary
F.R.E.D. 3/31/76

PINK/CHUM ENHANCEMENT
THORNE RIVER PROJECT*
(Remote Const.-Southeastern)
50 Million Fry, Including 3 Million Coho

Mobilization & Site Preparation	280,000 + 240,000	520,000
Incubation Space	10,000 Sq.Ft. @ 65	650,000
Incubators		150,000
Support Space	3,000 Sq.Ft. @ 85	250,000
Furnishing		20,000
Water Supply, Distribution & Waste		230,000
Power Generation		100,000
Rearing Pens	135,000 Cu.Ft. @ 3.00 + dock	460,000
Adult Holding/Egg Take Facility		100,000
Employee Living Space	2,400 Sq.Ft. @ 65 2,600 @ 40	260,000
1975 Total		2,740,000
Contract Total	1978 Const. Cost	4,170,000
Engineering & Contingencies @	12%	500,000
Design & Administration @	8%	330,000
Revolving Fund	5%	250,000
Total Project Cost		$5,250,000

*Project Description: Facilities are provided for incubation of 62.5 million eggs to produce 50 million fry. Pink or chum fry will be short term reared (approx. 1 month) in saltwater pens. 3 million coho will be reared to fingerling (300/pound) size in freshwater pens for lake stocking. A duplex residence and bunkhouse are provided on site for 3 permanent employees and temporary employees. This estimate is applicable for 1978 construction at other reasonably accessible remote sites in Southeastern Alaska.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

April 1, 1976

SUBJECT: HB 615 - Enhancement Facility Bond Issue (W.O. #2386)

TO: The Honorable Nels Anderson

FROM: James Owers J. Owers
Research Analyst

As you requested, we have reviewed HB 615, which would involve the state in a major long-term commitment to salmon enhancement programs. The principal amount of the bond proposal is $44.5 million, but when interest payments, maintenance and operational cost are included, it will result in a total expenditure of public funds likely to exceed $130 million over a 20 year period. It is our opinion that this legislation raises serious questions of policy and that it should be critically examined in light of the following comments.

1. Enhancement vs. Rehabilitation

As used here, enhancement means the continued reliance upon artificial means for salmon production as opposed to rehabilitation which means relying on those actions necessary to rebuild natural runs. Alaska has produced harvests of salmon nearly triple those of the present from habitat that is still, in most cases, in virtually the same natural condition. This is in marked contrast to Japan, Oregon, Washington and the Frazier River of British Columbia where artificial propagation has been used primarily to compensate for habitat losses.

Enhancement facilities in Alaska will not take maximum advantage of natural systems. In fact, their operation may result in even less utilization of natural habitat because enhancement facility fish are likely to lead in the long run to further destruction of natural runs for a variety of biological reasons. Rehabilitation, by relying on rebuilding natural runs, may prove far more cost effective.

2. Solving Present Economic Distress Through Enhancement Programs

As stated, the goal of the administration is "to get more fish in the water" to bring the salmon fisheries out of their economic distress. This is an overly simplistic view of the problem that is likely to compound biological problems in the future as discussed above and probably will not result in very substantial short-run benefits to those in the industry. First, it is likely that it will take from four to six years to bring a hatchery into full production (the time varies depending upon the species produced). There is approximately a 15 to 20 percent rate of turnover among salmon fishermen every year. Thus, many of those now suffering economic hardship will, in all likelihood, not be in the industry by the time the hatchery is producing at full capacity. Second, the projections of economic benefits submitted by the Department of Fish and Game assume that the price of salmon will remain the same with production increases. In fact, significant price declines may be necessary in order to clear the market. Third, present technology is more advanced in the area of pink and chum salmon production, yet Bristol Bay, the area which for the past four years has been most consistently depressed, depends upon red salmon.

3. Allocation of Benefits

Substantial but undetermined benefits from the Alaska salmon fisheries leave the state. If the public makes a major commitment of state funds to increased salmon production it would appear reasonable for the state to take measures to insure that these benefits are not siphoned off by non-resident corporations. In part, this would probably require the state to become more involved in marketing of salmon. In any event, the cost-benefit ratios presented by the Department of Fish and Game to the House Resources Committee do not make any distinction between those who receive the benefits and those who pay the costs.

4. Planning for the Bond Issue

In 1971 the legislature created the F.R.E.D. division in the Department of Fish and Game. AS 16.05.92 provides that the division shall:

> "develop and continually maintain a comprehensive, coordinated state plan for the orderly present and long-range rehabilitation, enhancement and development of all aspects of the state's fisheries for the perpetual use, benefit and enjoyment of all citizens and revise and update this plan annually."

Comprehensive planning began ten months ago with a contract with the engineering consulting firm of Kramer, Chin and Mayo. (For our review of this contract see our memo to you of February 13). No full scale production facilities of the type envisioned by the bond proposal have been built in Alaska. HB 615 would authorize up to seven facilities, depending on the size of each hatchery.

The following would seem to be at least a partial list of those items which both the public and the department should resolve before a

bond issue is authorized:

- exact project location
- project design and cost based on this location
- estimated production by species
- location of streams for egg takes
- operational costs
- estimated time necessary to reach full production
- construction start-up date
- management methods for segregating natural from hatchery fish

Without most of this information there is no basis for determining whether projects are feasible or desirable. Furthermore, it would appear that without actually building a fully operational hatchery it is not possible to iron out design problems and reduce other uncertainties of constructing such facilities in Alaska.

The Prince William Sound Aquaculture Corporation has published a plan for their proposed hatcheries which could serve as a good model for the type of analysis that is required.

5. Public vs. Private Non-profit Efforts

It would appear that a state's first responsibility is to insure the viability of natural runs or where natural systems have been destroyed by habitat losses, to either rebuild runs through artificial means or to see that those who suffer losses are compensated. It is questionable whether Alaska should be involved directly in enhancement programs to relieve economic distress when it is still possible to rebuild natural

runs. Enhancement could more appropriately be handled by the private sector with the state assisting their efforts through low interest loans, grants, research, and other programs similar to those in agriculture.

6. Summary

(1) Programs which have been applied elsewhere cannot be compared to Alaska which still has extensive natural habitat.

(2) Because of the time lag involved in hatchery construction and for other reasons, enhancement programs are not likely to ease the present financial condition of the fisheries.

(3) Substantial benefits from hatcheries are likely to "leak" out of Alaska unless a comprehensive approach to developing the rescurce is taken.

(4) Planning for the bond issue has not been adequate.

(5) A question must be resolved on whether enhancement-type programs could not be better pursued through aid to the private sector.

The committee would be justified in reducing the bond proposal to between $10 to $15 million for the reasons outlined above. This would provide enough funds for construction of one or two fully operational facilities. It would also be very desirable for the bond issue to provide funds for planning to reduce uncertainties for future construction.

JO:jm

Association of Village Council Presidents, Inc.
P.O. Box 219
Bethel, Alaska 99559

Resolution 76-02- 16

WHEREAS THE ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS, INC. REPRESENTS THE 57 MEMBER VILLAGES OF THE LOWER YUKON AND KUSKOKWIM RIVERS AND

WHEREAS, the King Salmon, the Chinook stocks on the Kuskokwim and Yukon Rivers have suffered a decline in number and sex ratio due to weather, improper commercial and subsistence harvest management, and distant sea fishing by the Japanese east of the 1952 Abstention Line; and

WHEREAS, the people of the Association of Village Council Presidents, Inc. Region have determined that aquaculture of King Salmon is in the best interest of its member villages,

Therefore be it RESOLVED by the Association of Village Council Presidents, Inc. that the Alaskan State Legislature and the State Department of Fish and Game allow for the harvest of King Salmon Eggs for aquaculture purposes within the permit system, which now allows only Pink and Chum egg harvest for aquaculture purposes.

APPROVED AND PASSED THIS 21st DAY OF FEBRUARY, 1976.

Edward Hoffman, Sr.
President, AVCP, Inc.

Anna L. Ivan
Secretary, AVCP, Inc.

OLD HARBOR NATIVE CORP.

P.O. Box 69
Old Harbor, Alaska 99643

HB 615
file
rec'd 4/30

Dear Rep Anderson:

We are greatly conserned about the matter to cansel the fish hatchery bill that is coming up for approval.
We strongly urge you as a representative of the Peopel of Alaska to act on this matter,as the only chance our Salmon industry has of ever regaining its strength is by fish hatcherys and limited entery.
Kodiak Island is one area that has a verry great need of fish hatcherys and the plans to do away with a bill that will be of tremindious value to the State of Alaska and its peopel seem somewhat foolish at this time.
We ask you for your holeheartidly support to keep this Bill in gear.

Sencerly.

Sven Haakanson
Pres.Old Harbor Native Corporation

ROUGH DRAFT OF COMMENTS

BY

HOUSE RESOURCES COMMITTEE STAFF

RE: HB 615

In determining the amount of the bonds, consideration was first given to the original request by the Dept. of Fish and Game, and Administration for $4,455,000. After meeting with Fish and Game the majority of the projects were agreed upon by the committee. One project was eliminated and several were reduced. One, the Bear Lake facility, was increased.

Second, consideration was given to the projects proposed under SS HB 615 which utilized natural passages i.e. Russian River fish passage and Anan Creek. . These were given priority.

Third, consideration shall be given to the overall hatchery program. The committee did not feel that enough background, research, planning, or justification was presented to allow a forty-four million bond proposal to be put before the public. Since the proposal seemed to be an experimental program to determine if the hatchery system would work. the committee felt that the FRED program could plan, utilize the research and information gathered from one hatchery in each area of the state. Hence, one hatchery in SE instead of three, one hatchery in S.C.I. instead of three, one hatchery in Kodiak as planned, and one hatchery on the Alaska Peninsula as planned. The reason Prince William Sound wasn't included was that the committee felt information and research discovered by the Prince William Sound Aquaculture Association would be used by FRED for determining further hatchery programs in that area.

It was felt that in the A.Y.K. area research should be carried on throughout the area, not just in one area.

The committee also felt that the FRED Division was not staffed or funded adequately to carry out the responsibilities of administering a 44 million dollar project without substantial increases in the Fiscal Year requests.

Finally, it was felt by the committee that as proposed the public would not accept a forty million dollar proposal. There are public factions who disagree with the hatchery concept. However, the public may be willing to accept a 19 million dollar proposal and if the beginning hatchery proves successful the public may be willing to accept more development in the future.

HB

626

"An Act relating to the establishment of marine sanctuaries; and providing for an effective date."

COMMITTEE REPORT

3/2/76

HOUSE

FINANCE

Mr. Speaker: Date 4-9-76

The Committee on RESOURCES has had SSHB 626 under consideration. A Majority of the members of the Committee report

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR SSHB 626 AND THAT CS FOR SSHB 626 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

1 of 6 8 6

4-8-76
Ed Pierson
1121 Coppet St
Fbks, AK 99701

Dear Nels,

You might not remember our seminars in Sociology with the former head of Health and Welfare George Spartz (the guy that almost passed out the first day). But I've been following your career and want to congradulate you on your many achievements and successes. And I hope you more of the same in the future. There appears to be a new breed/age group of public officials emerging on the Alaska level and now on the national level, i.e. Jerry Brown of California, who are going to shake up the establishment. I say right on! and Keep up the good work, on your part.

feel the renewable resources such as fishing and shell fish harvesting should not be threatned by oil spills. If properly managed fish can be an infinite resource, while oil will be pumped out in x number of years, if indeed there is any there.

I feel oil development will detract from the other great resource of Homer; Tourism, sport fishing, boat excursions etc. Who wants to have to view of the ~~ba~~ glaciers blocked by oil rigs?

Am enclosing a copy of a letter to the editor I wrote on Nov 7, 1966 prior to Nichols defeat of Egan. Its a little blurred but I probably feel

CITY OF KENAI

C24

RESOLUTION NO. 76-16

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI OPPOSING GOVERNOR HAMMOND'S ACTION IN REGARD TO KACHEMAK BAY OIL LEASES.

WHEREAS, areas adjacent to the City of Kenai have been involved with oil development for a number of years; and

WHEREAS, because of the foregoing, the citizens of the City of Kenai have a great deal of knowledge of the oil industry; and

WHEREAS, the City of Kenai has found in its years of experience that the oil industry has been of great benefit to the community.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kenai, Alaska, that:

It opposes the action of Governor Hammond in regard to Kachemak Bay oil leases and recommends that the existing oil leases be honored.

Dated this 7th day of April, 1976.

CITY OF KENAI, ALASKA

James A Elson

JAMES A. ELSON, MAYOR

ATTEST:

Sue C. Peter

Sue C. Peter, City Clerk

I hereby certify that a Res. 76-16 is a true and complete copy of the original thereof on file in the City of Kenai, Alaska, and is in my office.

Kenai, Alaska 7th day of April, 1976.

Sue C. Peter

City Clerk

1

626

4-8-76
Ed Pierson
1121 Coppet St
Fbks, AK 99701

Dear Nels,

You might not remember our seminars in Sociology with the former head of Health and Welfare George Spartz (the guy that almost passed out the first day). But I've been following your career and want to congradulate you on your many achievements and successes. And I hope you more of the same in the future. There appears to be a new breed/age groups of public officials emerging on the alaska level and now on the national level, i.e. Jerry Brown of California, who are going to shake up the establishment. I say right on! and Keep up the good work, on your part.

More specifical I am writing you and your House Resource committee concerning bills before the House trying to prevent the destruction of Kachemak Bay & by unwise oil exploration. I spent two summers in Homer working ask a fish and game aide or "snake in the grass", so can testify to the scenic beauty and rich marine life of the area. I also flew over cook Inlet while on the way to stake-outs and saw mile long oil slicks from drilling farther up the Inlet and from tankers emptying their ballast tanks.

I am not against development as long as all the uses of the land are considered. In the Kachemak Bay I

feel the renewable resources such as fishing and shell fish harvesting should not be threatned by oil spills. If properly managed fish can be an infinite resourse, while oil will be pumped out in x number of years, if indeed there is any there.

I feel oil development will detract from the other great resource of Homer; Tourism, sport fishing, boat excursions etc. Who wants to have to view of the ~~bo~~ glaciers blocked by oil rigs?

Am enclosing a copy of a letter to the editor I wrote on Nov 7, 1966 prior to Hickels defeat of Egan. Its a little blurred but I probably feel

just as strongly about the need to preserve some of the aesthetic wonders of nature for our children's children, no matter how great the pressure is to make a quick buck.

So, I urge your support to set aside these oil leases and make it possible for me to take my grandchildren to Homer and brag about how I spent 14 days on Humpy Creek protecting the spawning pink Salmon.

Say hello to your wife and if you happen through Fairbanks look us up in the phone book (were moving to McGrath Road soon) and come visit us.

Sincerly

Edwin M Pierson

MRS. M. J. TURKINGTON
BOX ~~302~~ 233
HOMER, ALASKA 99603

Jill 6'4

Rep. Nels Anderson
Pouch V
Juneau, Ak. 99801

Dear Mr. Anderson:

I'd like to express my sincere thanks for your patient attention in listening to our views.

I don't know if our feelings were truly conveyed, but we are grateful for the opportunity to express ourselves.

Meeting you personally is also rewarding. I can now relax, just a little, knowing there are a few statesmen in Juneau and not all politicians. I'm afraid you still are out numbered.

I appreciate your efforts. Thanks again,

Sincerely,
Norma Turkington

File 626

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER
SUBPORT BUILDING
JUNEAU 99801

March 22, 1976

The Honorable Nels Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Pouch V, State Capital
Juneau, Alaska 99811

Dear Representative Anderson:

You recently received or reviewed a copy of a document titled "Kachemak Bay, A Status Report". I am happy that you were interested enough to request a review copy, and will be very pleased to hear your comments on the document. However, I wish to make it very clear that the document you have is only a draft copy, and has not been thoroughly reviewed either by myself, Commissioner Brooks, or the Governor's office. I am aware of material in the draft that may be improperly stated, and that may be contrary to this Administration's policies. This material will, of course, be altered in the final, offical publication of the Kachemak Bay report.

Our purpose in distributing the draft at this time was to permit interested people to review the document, as our expression of a desire to cooperate with all those interested in this extremely important topic. I would be most pleased to consider any comments you might wish to convey to me before mid-April. At that time I plan to submit the final document for printing and distribution.

Thank you very much for your interest.

Sincerely,

Robert E. LeResche
Chief
Habitat Protection Section

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

1976 APR 6 PM 8 14

02995 POM TDA INDIAN ALASKA 15 04-06 418P AST

PMS REP NELS ANDERSON

1425

JUN

DUE TO CURRENTS AND SUSEPTIBILITY OF SHELL FISH PLEASE

REPORT OUT AMENDMENT 626 WITH A DO PASS IMMEDIATELY

JIM SUMNER BOX 8815 STAR ROUTE INDIAN 99540

Box 558
Homer, Alaska 99603
April 2, 1976

Representative Nels Anderson
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

The House Resource Committee is still considering HB626 or, rather, the two separate bills into which the original has been divided. The Supreme Court still has made no decision as to when it will hear the case concerning the legality of the Kachemak Bay lease sale. Now the Senate has entered the controversy, too, with its own bill, 720. We, who are affected by all this, have received the distinct impression that everyone is waiting for everyone else; no one wants to be responsible for the decision which would do away with the bay oil leases and protect those renewable resources whcih support our fishing and tourism industries.

The facts are in, enough of them, anyway, to make an informed decision. The Egan administration made a mistake, perhaps an honest one, perhaps an illegal one. It is up to our leaders today to acknowledge that mistake, in light of todday's known facts, and to act accordingly. There should be no question about the value of Kachemak Bay's fishing and recreational resources, and also no question that oil development and tanker traffic pose a serious threat. There simply is no good reason to look for oil in Kachemak Bay at this time, and every reason to create a marine sanctuary there.

I am asking you, and each other member of the Resource Committee, to please act now and pass the two bills-- passage of both is necessary since neither one by itself can be effective in gaining the needed end result-- out of committee and on to the Finance Committee and the House floor. Please do not delay any longer. A decision must be made, now.

There still seems to be some confusion concernigg the desires of the people in the bay area. Please take a close look at those few-- we call them The Eighteen-- who make up the very vocal and powerful group which is promoting oil development and port expansion. Look at what they stand to gain, or lose, by the decision. Without exception, you will find that they are large land owners and/or in businesses related to sub-dividing, surveying, warehousing, shipping, etc. Doesn't that tell you something? These people have no interest in the Homer area other than what they can get out of it in terms of money, and they intend to take that money with them when they retire elsewhere. Greed and exploitation, plain and simple. Those of us who have other reasons for living here and who are intelligently informed ask you to please consider the good of all of the people in Alaska, which can only come from protecting the resources we depend on now, and confining oil development and impact to places less critically endangered. I speak as a businessperson myself, co-owner of a struggling Homer

business which would thrive with oil development. But that's not where I place my values; if oil comes to Kachemak Bay, this is one person who will feel forced to leave, in search of a saner society.

Sincerely,

Nancy Lord

Nancy Lord

WANAMAKER AND DEVEAUX
ATTORNEYS AT LAW
750 WEST 2ND AVENUE
ANCHORAGE, ALASKA 99501

JAMES N. WANAMAKER
LEROY EUGENE DEVEAUX
RICHARD L. CRABTREE

TELEPHONE
AREA CODE 907
279-6591

HB 626

April 5, 1976

Repr. Nels A. Anderson, Jr.
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Sen. Kay Poland
Chairman
Senate Resources Committee
Pouch V
Juneau, Alaska 99811

Committee Members:

Theodore G. Smith, (V. Chmn.)
Alvin Osterback
Fred E. Brown
Richard I, "Dick" Eliason
H. M. "Mike" Hershberger
Leo Rhode
James H. Huntington
Leslie E. "Red" Swanson

H. D. "Pete" Meland, (V. Chmn.)
Chancy Croft
John L. Rader
Patrick Rodey
John Butrovich
Joseph L. Orsini

Re: SSHB 626 (Kachemak Bay Marine Sanctuary)

Dear Legislators:

I am writing on behalf of our clients South-Central Timber Development, Inc. and Western Alaska Logging Company, Inc. companies which currently employ over 55 people in the Kachemak Bay Area. These companies are operating logging and sawmill activities in the Jakalof Bay and Kasitsna Bay Areas.

These companies are concerned that their logging and sawmill activities could be curtailed or eliminated under the permit type system to be established by the Marine Sanctuary portions of this bill. They therefore strongly oppose the creation of the Kachemak Bay Marine Sanctuary as proposed in this bill. They submit that the present systems of environmental control through general law are sufficient.

SSHB626 HAS MANY SUBJECTS:

SSHB has many subjects. I would characterize these subjects as follows:

1. Amendment to Alaska Statutes Title 38 to empower The Department of Natural Resources to establish and regulate marine sancturaries.

2. To amend Alaska Statutes Title 41 to add planning and implementation for marine sancturaries to the powers of the Department of Natural Resources.

3. By a new section, 41.20.415 to declare all of Kachemak Bay and a large area of the adjoining Cook Inlet as the "Kachemak Bay State Marine Sancturary".

4. By a new Section 41.20.420 to create a new form of government for Kachemak Bay similar to the structures of the earlier proposed Coastal Zone Management Bill. Natural Resources will have primary "management responsibility" subject to seven special exceptions.

5. A new section 41.20.425 is created to provide a means to buy or condemn existing oil and gas leases.

Our principal comments relate to points numbered 3 and 4 as identified above. Our clients are strongly opposed to the passage of points 3 or 4.

THE MARINE SANCTUARY REGULATORY SCHEME:

SSHB 626 pays little attention to the fact that there are already in existence extensive mechanisms for the control of water pollution, solid waste pollution, air pollution, and any other activities which could potentially damage the environment of this area.

It attempts to establish a new layer of governmental authority to have "management responsibility" for the area.

It contains a shift in emphasis from the present concept of free movement and use of the waters and lands, provided one does not break the law, to a new concept that the land is a preserve and no use may be made of the preserve without permission.

It is readily obvious that all parties recognize the true nature of this bill as being an attempt to put Kachemak Bay under a new governmental system of permits and exceptions. This is implicit in the Governor's letter of March 2, 1976, transmitting the "sponsor substitute".

Thus in this new version seven special uses ranging from the gathering of driftwood to the development of deep water ports and the discharge of treated fish wastes are "legislatively determined not to significantly affect the environment of the areas" (AS 41.20.420(b) page 5 SSHB 626).

If this is how the system is to be structured we would request a special exemption No. 8 to read as follows:

> (8) Activities related to commercial or subsistence logging including the operation of all authorized logging gear and the building, operation and maintenance of wood products processing plants.

WHAT LANDS ARE PUT IN THE SANCTUARY?

The area of the sanctuary as delineated by proposed AS 41.20.415 is Huge. The area goes well beyond the head of Kachemak Bay and out into Cook Inlet. The sanctuary extends far beyond the area of the Kachemak Bay State Park.

In effect, all of Kachemak Bay and this portion of Cook Inlet would be put under a permit system run by the Department of Natural Resources.

LIVING WITHIN THE EXISTING LAW:

It being the case that the State of Alaska already owns the tidelands concerned, and already has an extensive system of environmental monitoring and environmental control as well as a fine system of fish and game enforcement, one wonders why it is necessary to create a new level of government.

The only addition made by parts 3 and 4 of SSHB 626 would be that it would exchange a "permit system" for the present freedom of action system.

We emphasize our clients' opposition to SSHB 626, parts 3 and 4 (as summarized at the start of this letter).

We understand that other versions of this bill are in preparation. We request copies of such new versions at the earliest opportunity.

Thank you for your attention to the concepts set forth in this letter.

Sincerely yours,

WANAMAKER and DeVEAUX

By James N. Wanamaker
James N. Wanamaker

JNW/dkl

4/8/76

recd 4/26

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 17 years.

Name (please print) BOB FLEMING

ADDRESS Box 455
CHUGIAK, AK 99567

I don't normally utilize a form letter for such matters, but these does express my feelings.

B.F.

SEWARD, ALASKA
2 APRIL, 1976

NELS ANDERSON

DEAR REPRESENTATIVE:

I AM WRITING TO YOU IN SUPPORT OF H.B. 626, TO HELP IN CREATION OF A KACHEMAK BAY STATE MARINE SANCTUARY.

IT IS LIKELY THAT WE WILL DISCOVER ENOUGH OIL IN OTHER LESS VALUABLE BODIES OF WATER TO KEEP THE NATION SUPPLIED. IF WE DO NOT FIND THE NEEDED OIL, THEN WE SHOULD SIMPLY CUT BACK ON OUR OVER-CONSUMPTIVE LIFESTYLES AS IS NECESSARY.

SINCERELY,

THOMAS TAGGART
BOX 1195
SEWARD, ALASKA
99664

#13626

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 27 years.

Name (please print) GLEN H. STARN

ADDRESS 5304 Cope Street Anchorage, Alaska 99502

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 15 years.

Name (please print) LAWTON HOUNCHELL

ADDRESS P.O. BOX 2374
ANCH. AK. 99510

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 20 years.

Name (please print) Douglas Leroy Beal

ADDRESS 1938, Ea 88Th ave
Anchorage Alaska 99507

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Roger A. Painter

I am of voting age. I have lived in Alaska 50 years.

Name (please print) ROGER A. PAINTER

ADDRESS STAR RT. BOX 8585

INDIAN, ALASKA, 99540

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 26 years.

Name (please print) Greg Corrado

ADDRESS SRA 1785-A Anchorage Alaska
99507

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 28 years.

Name (please print) WARD T. ALLEN

ADDRESS 3404 LAKESIDE DRIVE
ANCHORAGE, ALASKA 99502

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 33 years.

Name (please print) DAVID F. GIBBONS

ADDRESS 928 W 58TH AVE
Anch, AK 99502

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislacion.

Sincerely,

I am of voting age. I have lived in Alaska 27 years.

Name (please print) HAROLD OTTLEY

ADDRESS 7744 OLD HARBOR Rd.

ANCHORAGE, ALASKA 99504

Harold Ottley

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 20 years.

Name (please print) RAY Smith

ADDRESS 2451 Malib
Anch Alaska

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 36 years.

Name (please print) Louis Berry

ADDRESS Box 100-25 Klatt Rd Station
Anchorage Alaska

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 7 years.

Name (please print) Wm E. STARKWEATHER

ADDRESS Box 4-528 GREGORY RD. & RAINBOW
ANCHORAGE, ALASKA 99509

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 11 years.

Name (please print) Lee B Bates

ADDRESS P-O Box 8370 Anch 99508

Lot 28 Davis Rd

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 APR 3 PM 5 19

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PMS REP NELS ANDERSON

0333

JUN

I SUPPORT BILL TO BUY BACK LEASES AND CREATE SANCTUARY

EMIL NELSON

1113 99603

TELEGRAM

ICA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

1976 APR 3 PM 5 18

11626

02017 POM TDA HOMER ALASKA 4-3 907A AST

PMS R.P. NELS ANDERSON

S 0332

JUN

I SUPPORT BILL TO BUY BACK LEASES AND CREATE SANCTUARY

JESSIE NELSON

BOX 1113 99603

SELDOVIA NATIVE ASSOCIATION, INC.
P. O. BOX 185
SELDOVIA, ALASKA 99663
234-7625

file 626

March 22, 1976

Honorable Nels Anderson
Chairman, Natural Resources Comm.
House of Representatives
Pouch V
Juneau, AK. 99801

Dear Sir:

If any further hearings are held on the controversial Kachemak Bay oil leasing issue, and/or sanctuary bills - such as SSHB 626 - the Seldovia Native Association wishes to request that public hearings be held in Seldovia.

This corporation still supports honoring the present oil leases in Kachemak Bay, and feels that fishing and oil development are compatible.

Sincerely,

Fred H. Elvsaas

Fred H. Elvsaas, President
Seldovia Native Association, Inc.

FHE/dc

cc: Rep. Leo Rhodes
Rep. Hugh Malone
Sen. Clem Tillion

TELEGRAM

ACA ALASKA COMMUNICATIONS, I
PHONE: 586-6140
JUNEAU, ALASKA 99801

1976 MAR 24

#

19002 CORDOVA ALASKA 15 03-24 10A AST

PMS MR NILS ANDERSON CHAIRMAN HOUSE RESOURCE COMMITTEE

6952

POUCH V

JUN

WE SUPPORT SPONSOR SUBSTITUTE NUMBER 66

BOB BLACKE CHAIRMAN CDFU

#

02089 POM ANCHORAGE ALASKA 15 03-18 341P AST

PMS REP NELS ANDERSON

JUN

ENOUGH RESTRICTIONS ON ALASKAN OPPOSE HB626

JOHN N COLBERG MAYOR CITY OF SELDOVIA

TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE
1876 MAR 18 PM 9 55
99801

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

02079 NL ANCHORAGE ALASKA 50 03-24 636P AST

PMS HOUSE AND SENATE RESOURCE COMMITTEE

JUN 7030

FIRST OF ALL I AM AGAINST ANY ADDITIONAL TAXES FOR THE OIL INDUSTRY. SUCH HIGHER TAXATION IS NOT IN THE INTEREST OF ALASKA. ALSO NO REFUND FOR KACHEMAK BAY LEASES. GIVE OIL COMPANIES CHOICE OF NEW LEASES INSTEAD STATE MUCH HAVE CREDIBILITY

RUTH ADLER 630 WEST 8 AVE 99501

1976 MAR 24 PM 10 49

626

UNITED FISHERMEN OF ALASKA

MAILING ADDRESS:
P.O. BOX 1352
JUNEAU, ALASKA 99802

OFFICE:
197 S. FRANKLIN ST.
907 586-2820

March 18, 1976

Bill 626

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Bradner:

The United Fishermen of Alaska are holding their Fifth Annual Meeting of the Board of Directors this week.

In an action passed this day the Board of Directors moved unanimously to support Sponsor Substitute for House Bill 626, "An Act relating to the establishment of marine sanctuaries; and providing for an effective date." We strongly urge passage of this legislation by the Second Session of the Ninth Alaska State Legislature.

Yours truly,

Philip A. Daniel

Philip A. Daniel
Executive Secretary

cc: Representative Nels Anderson, Chairman
House Resources Committee

Representative Hugh Malone, Chairman
House Finance Committee

Senator Kay Polland, Chairman
Senate Resources Committee

Senator Bill Ray, Chairman
Senate Finance Committee

UNITED FISHERMEN OF ALASKA

MAILING ADDRESS:
P.O. BOX 1352
JUNEAU ALASKA 99802

OFFICE:
197 S. FRANKLIN ST.
907 586-2820

March 18, 1976

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Croft:

The United Fishermen of Alaska are holding their Fifth Annual Meeting of the Board of Directors this week.

In an action this day the Board of Directors moved unanimously to support Sponsor Substitute for House Bill 626, "An Act relating to the establishment of marine sanctuaries; and providing for an effective date." We strongly urge passage of this legislation by the Second Session of the Ninth Alaska State Legislature.

Yours truly,

Philip A. Daniel
Executive Secretary

cc: Representative Nels Anderson, Chairman
House Resources Committee

Representative Hugh Malone, Chairman
House Finance Committee

Senator Kay Polland, Chairman
Senate Resources Committee

Senator Bill Ray, Chairman
Senate Finance Committee

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Gerald Neumann

I am of voting age. I have lived in Alaska 25 years.

Name (please print) GERALD NEUMANN

ADDRESS 1337 VIRGINIA CRT.
ANCHORAGE, ALASKA

W. G. FEETHAM
MARINE ENTERPRISES
P.O. BOX 626

HOMER, ALASKA
99603



Feb 25, 1978

Rep. Anderson, Chairman
House Resources Committee
U.S.H.R.
Anchorage, Alaska 99511

Dear Sir:

This is to urge you to do all you can to get HR12 out of committee and on the floor for a vote as soon as possible before the recess ends.

We do not want to see it split into two bills. We will appreciate your consideration of our views.

Sincerely,

Pat Feetham

Ron Feetham

Bill Feetham

David McDonald
Red Mountain, Ak.
99603
(on Kachemak Bay across
from Homer).

March 24, 1976.

Dear Chairman Andersen,

The time has come for the people of Alaska to take a hand in the future of development. While in some places and situations oil development can be consistent with most aspects of a community Kachemak Bay is not such a place.

The threat to Kachemak Bay from oil development is high. Neither the fishing industry, tourist business nor marine life could stand this threat.

I urge you, therefore, in your capacity as chairman of the House Resources Committee to work to condemn the oil and gas leases in Kachemak. I believe this can best be done by supporting S.S.H.B. 626 establishing a marine sanctuary in the bay. I will be looking for your support in this matter.

Sincerely,

David McDonald

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Edmond A. Fondahn

I am of voting age. I have lived in Alaska 54 years.

Name (please print) Edmond A. Fondahn

ADDRESS 1964 Karluk St Apt B
Anchorage AK 99501

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely, Robert A. VanWinkle

I am of voting age. I have lived in Alaska 12 years.

Name (please print) Robert A. VAN WINKLE

ADDRESS 736 W. 15th AVE. ALASKA
ANCHORAGE, ~~Anchorage~~ 99501

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

John Francisco

I am of voting age. I have lived in Alaska 11 years.

Name (please print) John FRANCISCO

ADDRESS 7213 Rovena
Anchorage, Alaska

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Toni F. Francisco

I am of voting age. I have lived in Alaska 31 years.

Name (please print) TONI F FRANCISCO

ADDRESS 7213 ROVENA
ANCHORAGE ALASKA

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely, James R. VanVinkle

I am of voting age. I have lived in Alaska 19 years.

Name (please print) JAMES R. VANVINKLE

ADDRESS 736 W. 15th
ANCHORAGE, ALASKA 99501

S.C. Mathewes- Electrical Engineer. No Bill is Necessary- Legality left up to the Court. Creditability No marine sanctuary. Stable & viable growth. Electrical development is already a problem. 8 yr. Resident

R.C. Gardiner - Mgr. operations Sun Marine Drilling Company- Oil spills - Major oil spills - Ruptured pipelines or tanker accidents. 50 fuel transfers since Ferris came into Kachemak. State Agency influencing - Any bill opposed to.

John Crawford- Seldovia - Native Assoc.
CSHB626 - HB626 - Disastrous for lower Cook Inlet - No Marine Sanctuary -

Fred Elvsaas Seldovia Native Assoc
HB626 or any Substitutions - Stressing undue harrassment after a bill such as HB626 - No Road-blocks for developments. Nominations for lands would be hampered. Explatory drilling should be started.

Kiril Martushev. Support of HB626 and the ~~commercial~~ fishermen - To protect the resources from oil development. Feels that oil could hurt the area.

Jane Casson Homer Res 19 yrs. Teacher Businesswoman from Homer. Fishing + oil are Compatible. Poll Results- 700-~~750~~ returns. Stability - Good Economic basis - No Sanctuary - Opposition Dev. 39- 1-5 yrs. 20 - 10-20 yrs Pro Dev 2 1-5 10-20 yrs. 41
Reading for Louis Jolson- 44 yrs.
Ballast Problems- No longer a problem.

Barbara Manley - Report; that Homer didn't want development - oil companies said that they would by-pass Homer if Homer didn't want development.
342 returns 322 did not want oil leases to be purchased
10 asked for voter referendum, 10 asked the legislature to decide

HB626 - Katchemak Bay - No Bill
Norma Turkington - Taxpayer. People are the most Valuable renewable resources. - Bay should not be locked.
Richard Englena ? 30yr resident
Supermarket owner - Economic climate cannot support the residents of the area now. 8-9 lbs per crab where it used to be 15 lbs. Oil & Fish Compatable -
Ed Glotfelty: Comm fisherman - Employed by the City of Soldovia - Not Speaking for the City.
Against CSHB626 - Petro-chemical Industry would bring in needed industry - In favor of SB 720. Not in favor of State park.
John Colberg Mayor of Seldovia.

Beech - Sawmill Supervisor - Logging oper.
South Central Timber - 55 People employed.
Sanctuary Would hurt timber industry

Lottie Eddelman — Explosion ON King Salmon Platforms Areas need development - Staging areas will come into existence for off-shore development. Concerned only with the critical nature of KATCHEMAK BAY - Not opposed to development per
Recommend - Go along with SB Secl delted 1 yr. Moratorium

R. W. Armstrong ALASKA Exploration. Short Summary
1973 Siesmic Work in Kachemak Bay. Structure worthy of drilling & Exploration. 16.6 Million dollers Std oil bid - 38,100 Acres awarded to Std. oil. Company would begin drilling as soon as the Supreme Court gives its decision & permits are issued.
Tom KATE - Shell oil FRANK Hester Joe Dozier
5.4 Million 1974 Applied for and received drilling permit but lawsuit caused them to put off drilling

Shell Site 16 miles from Homer spit - Oppose any legislation which would interfere with Companies drilling rights as issued in the lease or the permit.

Joe Dozier Safety & Environment Conservation.
Shell oil out of Houston.
Safeguards-
(1) Drilling Mud - To prevent liquid from uncontrolled flow
(2) Valves to close well - Blowout preventer
(3) Trained personnel + drills
(4) Equipment + ~~Responsibility~~ available if there is a spill.
Skimmer, Booms, Absorbant, Trained personnel
~~Massive~~ Spill like tankers is not common in drilling operations.
If oil + gas is encountered drilling mud should retard uncontrolled flow
Rapid recovery of biota life.
Minimum daily costs is several thousands of dollers per day for not being used.

8 111½
111½

DR. Rice - N.M.F.S.

language of CSSB720 See 2 →

Motion to post -

Bristol Bay Native Corporation 445 E. 5TH STREET / ANCHORAGE / ALASKA 99501 / PH. (907) 277-9511

April 2, 1976

The Honorable Nels A. Anderson Jr., Chairman
House Resource Committee
Alaska State House of Representatives
Pouch "V"
Juneau, AK 99801

Dear Mr. Anderson:

I respectfully request your committee include this letter in the record of hearings on SSHB 626 or other bills dealing with Marine Sanctuaries.

Bristol Bay Native Corporation is opposed to this bill creating a Marine Sanctuary in Kachemak Bay that excludes leasing for oil or gas. If passed, such legislation will set a precedent for creating additional sanctuaries without logical studies that consider the fact that modern day drilling and development elsewhere in the world is compatable with the marine environment. Surely Alaska cannot always be the only "unique" place on the globe.

In 1972 the Legislature passed a law (AS 38.05.140) creating a Bristol Bay Fisheries Reserve of some 6,000 square miles which is entirely within our regional boundary and prohibits leasing of State offshore lands without Legislative approval. There are no plans today to even drill on State onshore lands within our region, since there are few, if any, existing leases. Our selected lands adjacent to State lands both onshore and offshore may, or may not overlay as yet undefined seismic structures. BBNC is qualified to hold State oil and gas leases and expects, in the future, to actively participate in leasing both onshore and offshore lands - State or Federal. This present Fisheries Reserve is only one step away from being designated a Marine Sanctuary if the Kachemak Sanctuary is created, therefore BBNC is opposed to this proposed legislation, however we naturally will insist on all necessary precautions to protect our fisheries and still enjoy the benefits of multiple use of Alaska's resources.

BBNC is also opposed to the companion bill that would cancel the existing State oil and gas leases in Kachemak Bay. It is a serious matter when the State can cancel contracts without cause, or court decision. Even the

possibility of the State cancelling contracts is just one more example indicating the instability of Alaska. The resulting confusion in the investment world could have far-reaching effects on the future of Alaska which also has its effects on our Corporation.

Very truly yours,

BRISTOL BAY NATIVE CORPORATION

W.C. Bishop

W.C. Bishop
Petroleum Consultant

cc: The Honorable Jay Hammond
Directors
Regions
AFN
Native Caucus

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 25, 1976

Mr. Jerry Anderson
Chairman
Homer Committee to Promote
Utilization of the Port of Homer
P. O. Box 955
Homer, Alaska 99603

Dear Mr. Anderson:

Thank you for your letter that was received in this office on March 18. Let me say initially that I appreciate the fact that you and your committee find the sponsor substitute for HB 626 "a vast improvement over the original offering." We have tried hard to incorporate some of the concerns that you and others have expressed, and I am glad that we have at least succeeded in part.

Let me say a few brief comments about the town meeting in Homer. You indicate that halfway through the meeting Ms. Cason asked for "a similar vote" on the issue of whether or not the leases should be condemned. Actually, Ms. Cason asked how many people in the audience thought that oil development and fish could be "compatible" if the oil development was strictly regulated. As you observed, a substantial number of people supported this belief. That said nothing, of course, as to their view of whether or not regulation would ever be strict enough in their view to justify development of the oil leases in Kachemak Bay. Since Lower Cook Inlet had also been discussed, I assume it is possible that a number of people were addressing themselves to oil development there as opposed to oil development specifically in Kachemak Bay. That is why Mr. Gross phrased the question to the group so specifically at the end of the meeting. And on that question--whether or not the Kachemak leases should be condemned--the response was, as you noted, overwhelming, and it was from the same people who had voted earlier on Ms. Cason's request. I do not see those votes as opposing each other, but rather the latter vote clarifying the former. Either people believe that the theory of regulation does not

work out in practice or they had no reference to Kachemak Bay in their early expression, but when they did vote on Kachemak Bay they made their feelings very clear.

Incidentally, I am interested in learning something about the poll Ms. Cason promoted following the meeting. If possible, I would like to know if you have a list of the people who completed that poll so we can determine the areas from which they came. I am, for instance, somewhat surprised to see that, while over 300 people thought enough to come to a meeting to express their desire to condemn the Kachemak leases, less than 200 of those people participated in the poll. I realize that the poll was not meant to be a random sampling, but I am still interested in the specifics of it so we might evaluate it in decision making.

So far as the new bill is concerned, no mention is made of logging or the timber industry since this was not raised as an issue in the hearing and no real concern was voiced over possible infringement of logging activity. The purpose of spelling out certain activities was to insure that regulation would not touch areas it was never intended to touch but about which people were concerned. Logging did not seem to be one of those areas of concern, since I gather most people did not sense any prospect for real conflict. If we start listing activities that are not the subject of real concern, it seems to me the list might well be endless. Suffice it to say there is no desire or intention to damage the timber industry in the area.

You object to the provision in the bill which allows the commissioner to create a separate division within the department to deal with parks and marine sanctuaries, since you claim this would "create another tentacle of the bureaucracy." I am sorry to inform you that the octopus has already grown the arm. There already is a division in the Department of Natural Resources created by statute to deal with parks. As you read the bill, remember that only the underlined sections on pages 1, 2, 3 and 4 are new. The remainder already exist in state law.

I am at something of a loss to understand the concern over creating a marine sanctuary. If these leases are to be terminated, there must be a public purpose for doing so. It does not seem to me to be unreasonable to say that state-owned lands and water areas in the Bay will be a sanctuary for the unique concentration of marine life that exists

there. This is nothing more than a way of saying that state regulatory efforts in the area will be dedicated to preserving the water environment necessary for that life to continue, for the benefit of the entire area and the state as a whole. In reality the sanctuary is nothing more than a place where oil and gas leasing will not be permitted, and, whereas the term may conjure up problems in some persons' minds, I think that the real essence of the bill is simply that a sanctuary is a place where the marine environment will be kept free of oil development.

Thank you once again for your letter. I can assure you that your wishes and the wishes of those who agree with you will not be ignored by this administration. I would hope you would agree that the modification of the bill already reflects much of the input that you and others in the Homer area have made.

Sincerely,

Jay S. Hammond
Governor

Copies to: Representative Nels Anderson
Representative Leo Rhode
Senator Kay Poland

The Real Danger

Dear Editor,

Research done by Alaska Fish and Game and the National Marine Fisheries indicate there is a good chance oil and oil related industries would be harmful to the fisheries of Kachemak Bay. All of this is on record.

However, one point has not been brought out and emphasized enough. That is the danger to Kachemak Bay from oil related water traffic. There have been many accidents or near accidents in or near Kachemak Bay in the past six years. Following are a few examples:

1. One barge lost last summer in Cook Inlet

2. At least two other barges capsized in the past 6 years

3. One barge capsized and sunk its tug behind the Homer Spit

4. One rig tender, through navigational or pilot error rammed an oil platform and sank

5. One rig tender caught fire and burned. Crew escaped using ladders and a skiff.

6. One tanker struck an uncharted object in Cook Inlet suffering damage to the hull. It was under ballast and no oil spilled, fortunately.

7. The Atlantic Engineer, a tanker, was severely damaged by explosion and fire on the way to Kachemak Bay, southeast of Kodiak.

See "Letters," page 5.

HOMER NEWS APRIL 1, 1976

...Letters

8. Tug tendering George Ferris sank.

9. George Ferris had to be blown to pieces in order to move from drill sight to its present location behind the Homer Spit.

Over the same period of time there have been more disasterious accidents around the world.

1. A tanker ran aground on an island off France on its first voyage

2. LNG Tanker exploded and burned in Tokyo

3. Several super tankers completely disappeared, presumably exploding.

4. Collision of tanker near Golden Gate Bridge causing huge oil spill

5. Huge spill from tanker in Straights of Magellan

6. Tanker hit by barge in Philadelphia area causing explosion and fire

7. Tug-tanker collision during storm near Norway.

8. Near mishap in Straights of San Juan de Fuca causing people in the Puget Sound area to have grave doubts about a tanker terminal.

In considering the above incidents, it seems to me any oil related water traffic in Kachemak Bay should be eliminated, not increased. Perhaps we're living on borrowed time already. Tanker and oil supply boat traffic in and out of Kachemak Bay should be eliminated or held to a minimum due to the additional risk of an accident causing oil spills damaging to the fisheries resource which we are trying to protect. Just banning the drilling for oil will not give adequate protection to Kachemak Bay.

To the opposition who claim marine sanctuary legislation would strangle the economy of Homer: Let's look at facts. In the past two years, Homer has had at least 26 new businesses and/or expanded businesses.

Furniture Store, Pet Store, Book Store, Four Bookkeeping tax services offices, Optometrist, Attorney, Surveyor, Real Estate Broker, Restaurant, Camper Supply, Feed Store, Concrete Redi-mix Service, Welding Supply, Aurora Seafoods, Marine Supply, Western Auto, Dentist, Veterinarian, Doctor, Expansion of Sea Shop, Expansion of Sportsman's Marina, Planned expansion of Kachemak Food Cache, new Post Office.

Homer's economy is growing without oil and oil related industries.

Dean Feetham
Homer

A VOTE FOR KACHEMAK BAY IS NEEDED!



- The Alaska Legislature is now considering a bill (H.B. 626) to buy back the offshore oil leases in Kachemak Bay. The State's most productive marine breeding and fishing grounds situated in the most scenic area of our State, that provides recreation for all Alaskans, needs YOUR SUPPORT NOW.
- H.B. 626 supports all fishing and recreation.
- More than 3500 Alaskans have joined to support Kachemak Bay.
- It is in the best interest of every Alaskan - not just those Bay residents and fishermen - to see that the threat facing these critical breeding grounds is removed.

WE ASK YOU:

NO LATER THAN APRIL 5TH

To send letters or call in "Political Opinion Messages (P.O.M.)
(- call your local RCA office)

To:

House Resource Committee Pouch V Juneau, Ak.

Reps. Nels Anderson, Chairman
Ted Smith, (Anchorage)
Mike Hershberger (Anchorage)
Fred Brown (Fairbanks)
James Huntington
Alvin Osterback
Leslie Swanson
Dick Eliason
Leo Rhode





IT'S YOUR BAY, TOO

This ad paid for by: Citizens for a Better Community
Kachemak Bay Defense Fund
North Pacific Fisheries Assoc.

HOMER NEWS APRIL 1, 1976

APRIL 2, 1976

BROTHER NELS –

IN RESPONSE TO THE UPROAR OF CONTROVERSY ABOUT OIL IN KACHEMAK BAY, I WOULD LIKE TO VOICE AN OVERWHELMING VOTE OF NO TO OIL IN THE BAY. I AM SURE THAT MY OPINION IS SHARED BY 99% OF THE RESIDENTS OF BEAR COVE AND THE HEAD OF THE BAY. "THE OTHER SIDERS" OF THE BAY DO NOT WANT OIL OR OIL RELATED INDUSTRIES HERE. I URGE YOU TO DO EVERYTHING IN YOUR POWER OF CHAIRMAN OF THE HOUSE RESOURCE COMMITTEE TO SUPPORT HOUSE BILL 626 AND BUY BACK THE LEASES SOLD TO THE OIL COMPANIES. THE MONEY IS A VERY SMALL PART OF THE TOTAL IMPACT ON HOMER AND ALL OF ALASKA. THE DELICATE NATURAL BALANCE OF THE BAY MUST BE PRESERVED AT ALL COSTS. – TAKE A CLOSE LOOK AT THE LOWER 48, IT'S TIME TO TAKE A GODDAMN STAND NOW! LET HOMER AND KACHEMAK BAY BE AN EXAMPLE TO THE REST OF ~~ALASKA~~ AND THE UNITED STATES. ALL OF THE OIL IN KACHEMAK BAY CANT EVEN MAKE ONE TINY SHRIMP! THIS BAY IS UNIQUE – KEEP IT THAT WAY!

BROTHER MIKE KENNEDY
BEAR COVE.

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Eugene W. Carlisle

I am of voting age. I have lived in Alaska 20 years.

Name (please print) EUGENE W. CARLISLE

ADDRESS 1961 WICKERSHAM DR.
ANCHORAGE, ALASKA
99507

The Honorable Nels Anderscn
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Mary A. Van Winkle

I am of voting age. I have lived in Alaska 50 years.

Name (please print) MARY A VAN WINKLE

ADDRESS 736 W 15
Anchorage, AK 99501

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

3-28-76

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

B L Bergman

I am of voting age. I have lived in Alaska 7 years.

Name (please print) B. L. BERGMAN

ADDRESS 2112 CHURCHILL DR
ANCHORAGE AK

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

3-28-76

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Durell Bergman

I am of voting age. I have lived in Alaska 20 years.

Name (please print) DURELL BERGMAN

ADDRESS 2112 CHURCHILL DR

ANCHORAGE AK

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Valerie Carlisle

I am of voting age. I have lived in Alaska 20 years.

Name (please print) VALERIE D. CARLISLE

ADDRESS 1961 WICKERSHAM
ANCHORAGE, ALASKA
99507

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Jane Cason

I am of voting age. I have lived in Alaska 19 years.

Name (please print) Jane Cason

ADDRESS Box 315
Homer, Alaska 99603

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

John E Lauderdale.

I am of voting age. I have lived in Alaska 50 years.

Name (please print) John E. Lauderdale

ADDRESS 1102 W. 7th

Anchorage, AK 99510

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Henry Fass, Jr

I am of voting age. I have lived in Alaska 10 years.

Name (please print) HENRY FASS, JR

ADDRESS 111 E. 5th Ave Anchorage Alaska

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

J R LASATER

I am of voting age. I have lived in Alaska 38 years.

Name (please print) J. R. Lasater

ADDRESS Box 2125
Anchorage, Alaska 99510

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 35 years.

Name (please print) Robbie Bartel Robbie Bartel

ADDRESS 644 W. 7th
Anchorage Alaska 99510

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

Ronald J. Sartori

I am of voting age. I have lived in Alaska 8 years.

Name (please print) RONALD SARTORI

ADDRESS 1702 BIRCHWOOD ST

ANCHORAGE, ALASKA, 99504

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

John A Gibbons

I am of voting age. I have lived in Alaska 35 years.

Name (please print) John A. Gibbons

ADDRESS 510 - W - 11 - St.
Anchorage, 99501

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 27 years.

Name (please print) MARY CARLISLE

ADDRESS Birchwood Loop Road Birchwood AK.
Mailing Address 616 E St. Anchorage AK 99501

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 27 years.

Name (please print) Gene Carlisle

ADDRESS Birchwood Loop Road Birchwood AK,
Mailing Address 616 C St. Anchorage AK 99501

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 5 years.

Name (please print) SUZANNE O'BRIEN

ADDRESS 1900 WICKERSHAM DR
ANCHORAGE, AK. 99507

The Honorable Nels Anderson
Chairman, Resource Committee
State of Alaska, House of Representatives
Pouch V
Juneau, Alaska
99802

Dear Nels:

I am opposed to making Kachemak Bay a Sanctuary (or Park)!

I am opposed to buying back the oil leases!

Please do what you can to stop this legislation.

Sincerely,

I am of voting age. I have lived in Alaska 5 years.

Name (please print) DAN O'BRIEN

ADDRESS 1900 WICKERSHAM DR.
ANCHORAGE, ALASKA 99507

ORAL STATEMENT
PRESENTED TO THE HOUSE
COMMITTEE ON NATURAL RESOURCES
JUNEAU, ALASKA
APRIL 9, 1976

I AM FRANK HESTER. MY HOME AND OFFICE ARE IN SANTA BARBARA, CALIFORNIA. I AM A MARINE BIOLOGIST BY TRAINING, AND HAVE A B.A. FROM THE UNIVERSITY OF CALIFORNIA; A M.S. FROM THE UNIVERSITY OF HAWAII AND A PH.D. FROM SCRIPPS INSTITUTE OF OCEANOGRAPHY. I WAS EMPLOYED BY THE NATIONAL MARINE FISHERIES SERVICE FOR THIRTEEN YEARS, MOST RECENTLY AS DIRECTOR OF THE LABORATORY IN HAWAII. CURRENTLY, I AM A CONSULTANT ON MARINE BIOLOGY AND FISHERIES. IT IS IN THAT CAPACITY I AM HERE TODAY, HAVING BEEN RETAINED BY SHELL OIL COMPANY IN CONNECTION WITH SCIENTIFIC STUDIES OF KACHEMAK BAY.

ABOUT 2 YEARS AGO, PUBLIC HEARINGS BEGAN REGARDING OIL AND GAS DRILLING ACTIVITIES ON SUBMERGED LANDS IN LOWER COOK INLET IN THE VICINITY OF KACHEMAK BAY. TWO QUESTIONS EMERGED FROM THE HEARINGS.

(1). ARE ALASKA MARINE ANIMALS OF COMMERCIAL IMPORTANCE MORE SENSITIVE TO THE EFFECTS OF OIL THAN MARINE ANIMALS FROM WARMER WATERS WHERE OIL AND GAS DRILLING AND PRODUCING OPERATIONS HAVE BEEN CONDUCTED FOR MANY YEARS WITH NO APPARENT DETRIMENTAL EFFECTS ON FISHERIES.,AND

(2). ARE THE CONFIGURATION AND CIRCULATION OF KACHEMAK BAY SUCH THAT THE POPULATIONS OF MARINE ANIMALS ARE SELF SUSTAINING.

THE PETROLEUM INDUSTRY INITIATED A STUDY ADDRESSING THE THE FIRST QUESTION. THE STATE OF ALASKA PROVIDED FUNDS TO INVESTIGATE

THE SECOND QUESTION. THE INDUSTRY STUDY IS COMPLETED AND THE STATE STUDY IS IN PROGRESS BUT PRELIMINARY RESULTS ARE AVAILABLE.

THESE STUDIES SHOW THAT NEITHER KACHEMAK BAY NOR THE MARINE ANIMALS IN IT APPEAR TO BE UNIQUE WITH RESPECT TO THEIR RESPONSE TO OIL. FURTHER, THE STUDIES INDICATE THAT THE ECOLOGICAL SITUATION IN ALASKA IS NOT MUCH DIFFERENT FROM THAT IN OTHER AREAS OF OFFSHORE OIL AND GAS PRODUCTION. THERE IS NO SCIENTIFIC BASIS FOR SUGGESTING THAT FISHERIES AND OIL AND GAS OPERATIONS IN LOWER COOK INLET, INCLUDING KACHEMAK BAY, ARE INCOMPATIBLE.

ALSO, THE STATE STUDY INDICATES THAT FLUSHING OF KACHEMAK BAY IS MORE RAPID AND COMPLETE THAN PREVIOUSLY BELIEVED. THIS SUGGESTS THAT THE BAY, AS A REARING AREA, IS LESS IMPORTANT THAN PREVIOUSLY INTERPRETED. IT FURTHER SUGGESTS THAT THE RATIONALE FOR THE ESTABLISHMENT OF A CRAB SANCTUARY AND A CRITICAL HABITAT SHOULD BE RE-EXAMINED IN LIGHT OF THESE NEW DATA.

NOW, I WOULD LIKE TO DISCUSS THE INDUSTRY STUDY IN GENERAL TERMS. FIRST, I WAS RETAINED BY SHELL OIL COMPANY TO ADMINISTER THE CONTRACT WITH NATIONAL MARINE FISHERIES SERVICE WHO PERFORMED THE STUDY AT AUKE BAY. THE PURPOSE OF RETAINING ME WAS TO PROVIDE AN INDEPENDENT BIOLOGIST TO WORK WITH NMFS.

TWO ASPECTS OF OIL POLLUTION WERE INVESTIGATED. THEY WERE, 1) ACUTE TOXICITY - THE AMOUNT OF OIL REQUIRED TO KILL AN ANIMAL AFTER SHORT EXPOSURE, AND 2) UPTAKE AND DEPURATION - THE ACCUMULATION IN AND THE RELEASE OF HYDROCARBONS FROM THE BODY TISSUES OF THE ANIMALS, OR FROM A PRACTICAL POINT OF VIEW, WILL A MARINE ANIMAL EXPOSED TO OIL STILL TASTE OILY EVEN AFTER RETURNING TO CLEAN WATER FOR A PERIOD OF TIME.

FIGURE 1 SHOWS THE ACUTE TOXICITY RESULTS OF THE NMFS STUDY AND COMPARES THE RESULTS WITH THE WORK OF OTHER INVESTIGATORS. PLEASE

NOTE THAT THE RESULTS ARE REPORTED AS PARTS PER MILLION OF WATER SOLUBLE FRACTION. THIS IS NOT THE AMOUNT OF CRUDE OIL ADDED TO THE WATER, BUT IS THE AMOUNT OF SOME FRACTIONS OF THE OIL WHICH ARE DISOLVED IN THE WATER AFTER 20 HOURS OF HIGH ENERGY MIXING IN A LABORATORY VESSEL. THE AMOUNT OF CRUDE OIL WHICH MUST BE ADDED TO WATER WOULD BE BETWEEN 1000 AND 10,000 TIMES THE WATER SOLUBLE FRACTION, WITH SUCH MIXING OF THE ENTIRE WATER BODY IS PROVIDED FOR 20 HOURS.

YOU WILL NOTE THE RESULTS FROM THE AUKE BAY STUDY SHOW THERE ARE NO MAJOR DIFFERENCES BETWEEN ALASKAN SPECIES AND THOSE FROM ELSEWHERE, AS EVIDENCED BY THE WAY ALL OF THE RESULTS ARE GROUPED TOGETHER.

NOW TURNING TO THE UPTAKE AND DEPURATION STUDY, FIGURE 2 COMPARES THE RESULTS OF THE NMFS STUDY OF SEVERAL ALASKA MARINE ANIMALS. AGAIN, NOTE THE EXPOSURE HAS BEEN TO WATER-SOLUBLE FRACTIONS.

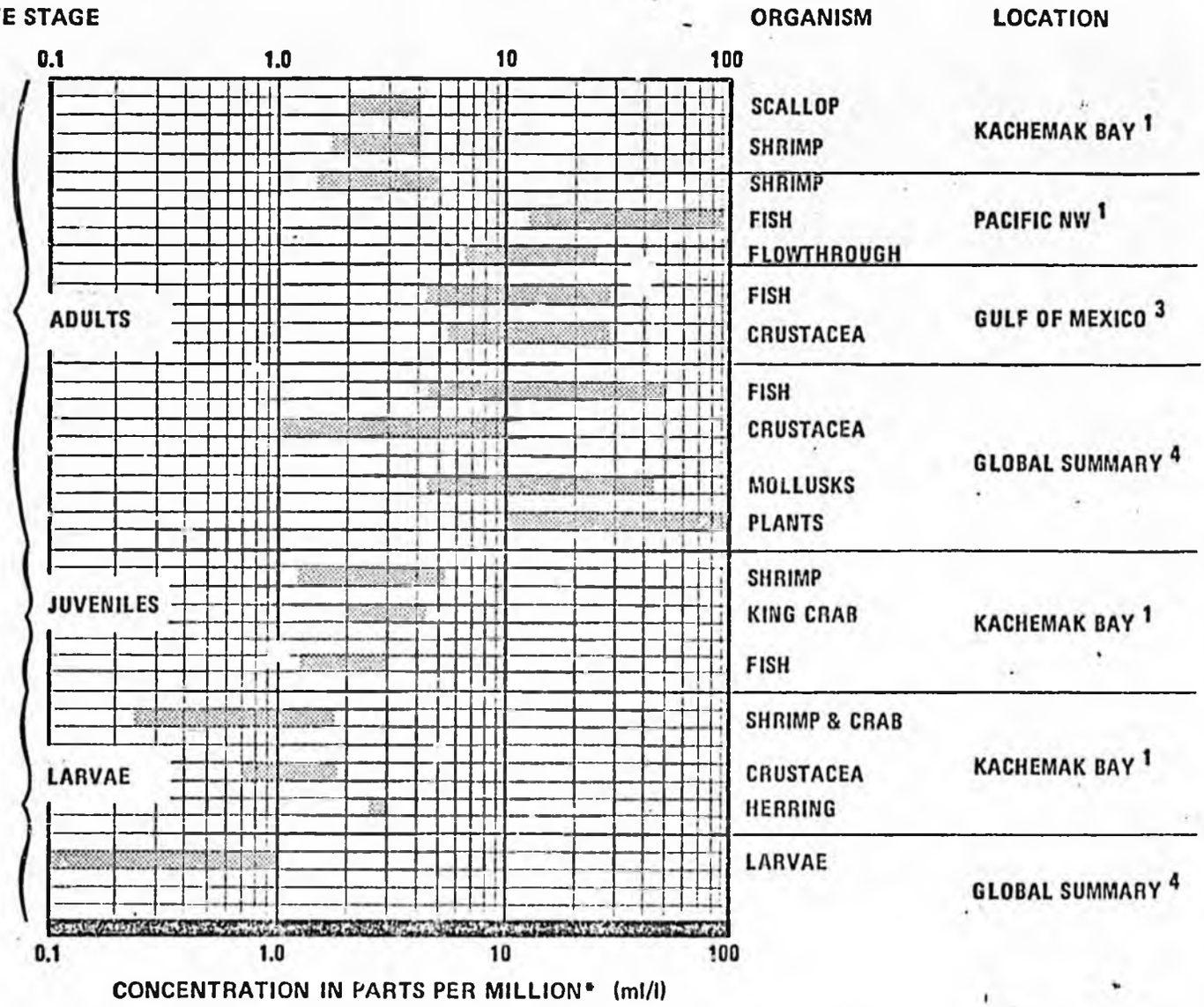
IN THE CASE OF CRAB AND SHRIMP, THE HYDROCARBON LEVELS INCREASE UPON EXPOSURE AND REMAIN HIGH UNTIL EXPOSED TO CLEAN WATER. PINK SALMON AND SCALLOPS DEPURATE EVEN WHILE BEING EXPOSED TO THE WATER-SOLUBLE FRACTION. THESE RESULTS ARE VIRTUALLY IDENTICAL WITH THE PATTERNS OBTAINED IN SIMILAR STUDIES WITH SOUTHERN SPECIES. THE EVIDENCE INDICATES THAT MARKETABILITY, AS DETERMINED BY OILY TASTE, WILL NOT BE AFFECTED IN ALASKAN MARINE ANIMALS AFTER SEVERAL DAYS EXPOSURE TO CLEAN WATER.

THE STATE STUDY IS NOT COMPLETE, BUT THE INVESTIGATION OF DROGUE AND DRIFT CARD STUDIES OF THE CIRCULATION IN THE VICINITY OF THE BAY IS QUITE THOROUGH. THE RESULTS TO DATE SUGGEST THE MOVEMENT OF WATER IN THE AREA IS SUCH THAT IT IS UNLIKELY THAT LARVAE HATCHED IN THE BAY REMAIN IN THE AREA. INSTEAD, IT APPEARS THAT ANIMALS IN THE BAY ARE CARRIED IN FROM THE OUTSIDE BY THE CURRENTS AND LARVAE PRODUCED IN THE BAY ARE CARRIED OUT TO SETTLE ELSEWHERE, THUS, THE BELIEF

THAT KACHEMAK BAY IS SELF-SUSTAINING APPEARS TO BE UNFOUNDED.

IN CONCLUSION, I BELIEVE THE STUDIES ANSWER THE QUESTIONS RAISED TWO YEARS AGO. NEITHER KACHEMAK BAY NOR THE ANIMALS IN IT APPEAR UNIQUE WITH RESPECT TO OIL. THERE IS, AT THIS TIME, NO SCIENTIFIC GROUNDS TO SUGGEST FISHERIES AND OIL OPERATIONS ARE INCOMPATIBLE.

FIG. 1
ACUTE TOXICITY OF THE SOLUBLE FRACTIONS OF CRUDE OILS ON VARIOUS MARINE ORGANISMS



*NOTE: THIS IS THE CONCENTRATION OF THE WATER SOLUBLE FRACTIONS OF THE OIL AS DETERMINED BY INFRARED SPECTROSCOPY. THE TOTAL AMOUNT OF OIL NECESSARY TO PRODUCE THESE DISSOLVED CONCENTRATIONS WILL BE MUCH GREATER DEPENDING ON THE MIXING METHOD USED. ACCORDING TO MOORE ET AL.[4] THE VOLUME OF OIL WILL BE 1,000 TO 10,000 TIMES GREATER THAN THE DISSOLVED FRACTIONS IT CAN PRODUCE.

1/NMFS - RICE ET AL, 1975. "ACUTE TOXICITY AND UPTAKE-DEPURATION STUDIES WITH COOK INLET CRUDE OIL, PRUDHOE BAY CRUDE OIL, NO. 2 FUEL OIL AND SEVERAL SUBARCTIC MARINE ORGANISMS." 2/BATTALLE PACIFIC NORTHWEST LABORATORIES. 3/TEXAS A & M - ANDERSON ET AL 1974. "MARINE BIOLOGY 27," 75-88. 4/MOORE ET AL, 1973. "A PRELIMINARY ASSESSMENT OF THE ENVIRONMENTAL VULNERABILITY OF MACHIAS BAY, MAINE TO OIL SUPERTANKERS." RALPH PARSONS LABORATORY REPORT #162.

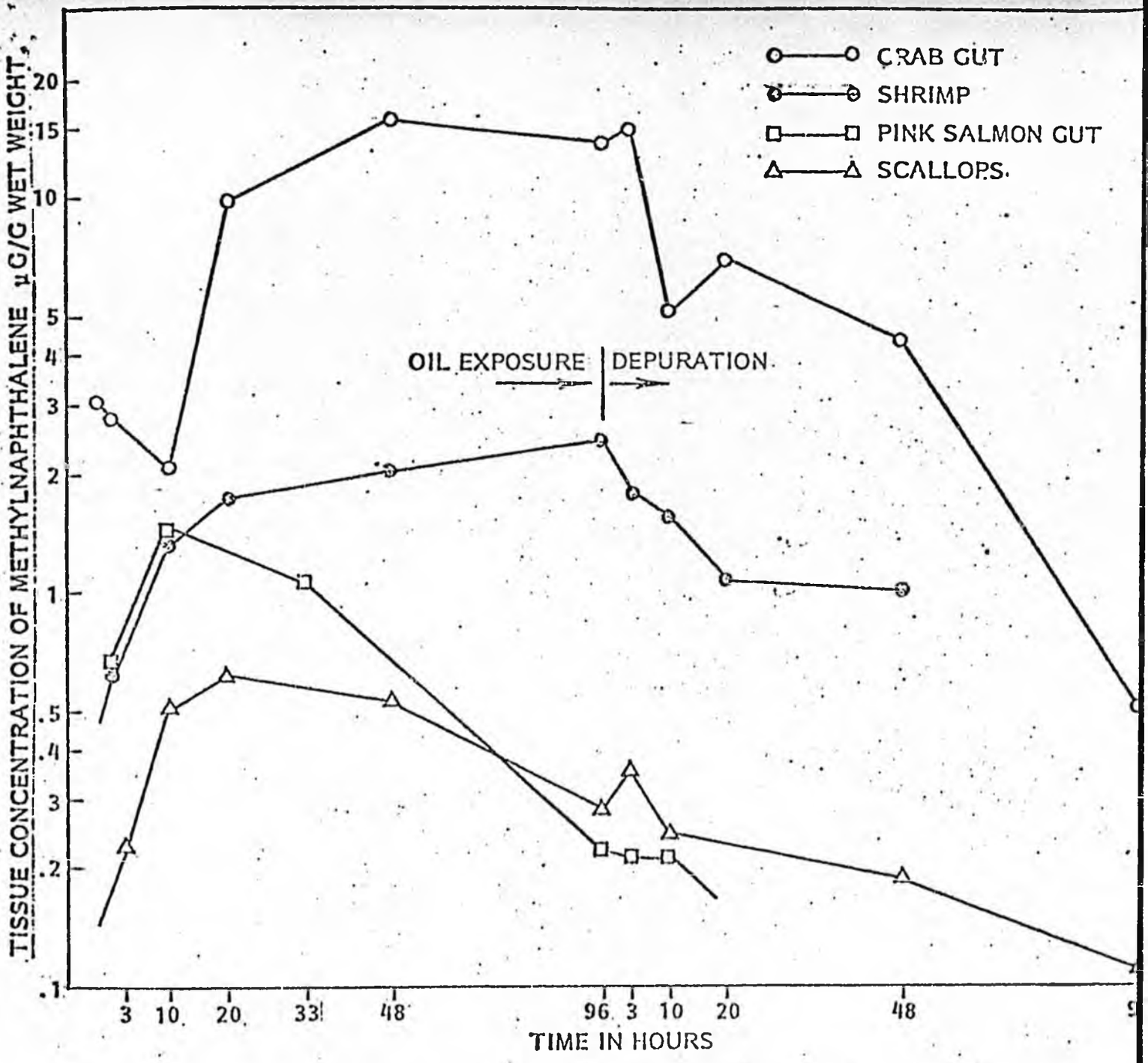


Fig. 2 .. Comparison of methylnaphthalene accumulation in juvenile king crab gut, whole shrimp, pink salmon gut, and whole scallops exposed to the water-soluble fraction of Cook Inlet crude oil. Methylnaphthalene accumulated to a greater extent than any other aromatic compound in these tissues. Concentrations during exposure were approximately equal.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

Office of the Attorney General
Pouch K - State Capitol
Juneau 99811

April 9, 1976

The Honorable Fred E. Brown
House of Representatives
Alaska Ninth Legislature
Pouch V
Juneau, Alaska 99811

Re: HB 626, relating to repurchase of Kachemak Bay leases

Dear Representative Brown:

You have asked for our views on the constitutionality of legislation which would temporarily suspend the rights of the Kachemak Bay oil and gas lessees to drill or otherwise explore or develop their leases. The purpose of the temporary suspension is twofold: (1) to allow the Department of Fish & Game a reasonable period in which to develop plans and regulations to protect the living resources of Kachemak Bay from possible pollution incident to development activities, and (2) give the Commissioner of Natural Resources a reasonable opportunity to negotiate a repurchase of the leases.

The precise question you have raised was addressed and answered in two recent cases: Union Oil Co. of California v. Morton, 512 F.2d 743 (9th Cir. 1975), and Gulf Oil Corp. v. Morton, 493 F.2d 141 (9th Cir. 1973). In Gulf Oil Corp., the rule was established that a temporary suspension of drilling rights for a reasonable period in which Congress might act to cancel the leases (with compensation) was permissible. In Union Oil Co., the rule wa established that an open-ended suspension based on considerations which were not by their nature temporary constituted an unauthorized cancellation.

We are of the view that the temporary inconvenience to the lessees, including a speculative loss of profit, does not impair the legislature's power to impose a fixed, temporary suspension on the lessees' drilling and development rights. The proposed legislation falls within the rule of Gulf Oil Corp., and that rule was expressly reiterated and distinguished in Union Oil Co. Indeed, the situation here is even stronger. In Gulf Oil Corp., the Secretary of the Interior acted on his own iniative, suspending the drilling rights and submitting a cancellation proposal (never acted upon) to Congress. Here, the legislature would be imposing the suspension and fixing the time itself. Under these circumstances, there is simply no room for reasonable dispute as to the legislature's power to act on this subject.

There is no rule better settled than that the legislature may enact any law not prohibited by the state or federal constitutions. The rule from Gulf Oil Corp., is that there is no unconstitutional taking here. The prohibition in the state constitution against local and special legislation simply cannot be applied to a situation of such singularity as the Kachemak Bay leases. Both Gulf Oil Corp. and Union Oil Co. agree that this exercise of police powers does not unconstitutionally deprive the lessees of contract rights. Accordingly, the proposed legislation presents no constitutional problems.

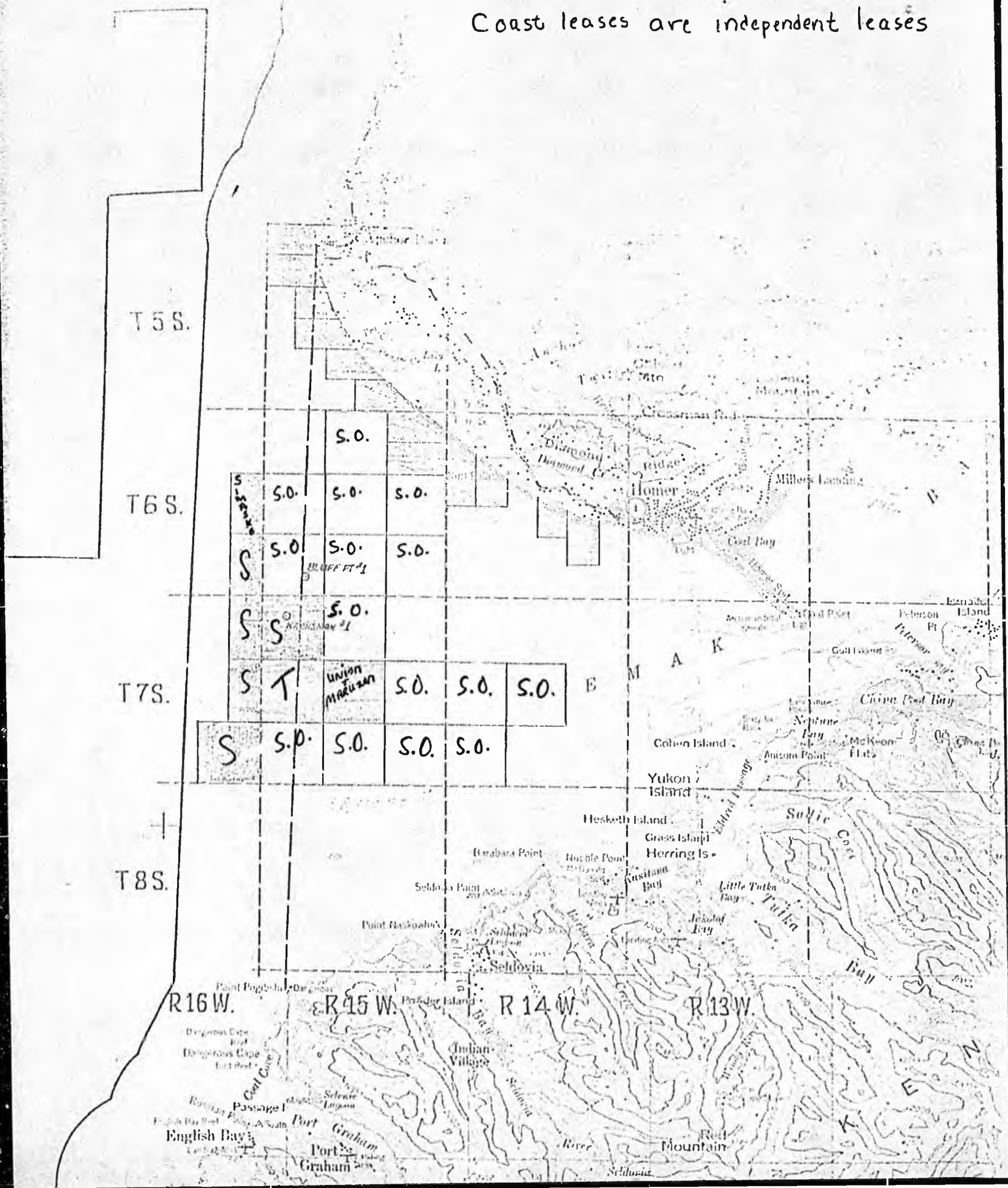
Sincerely,

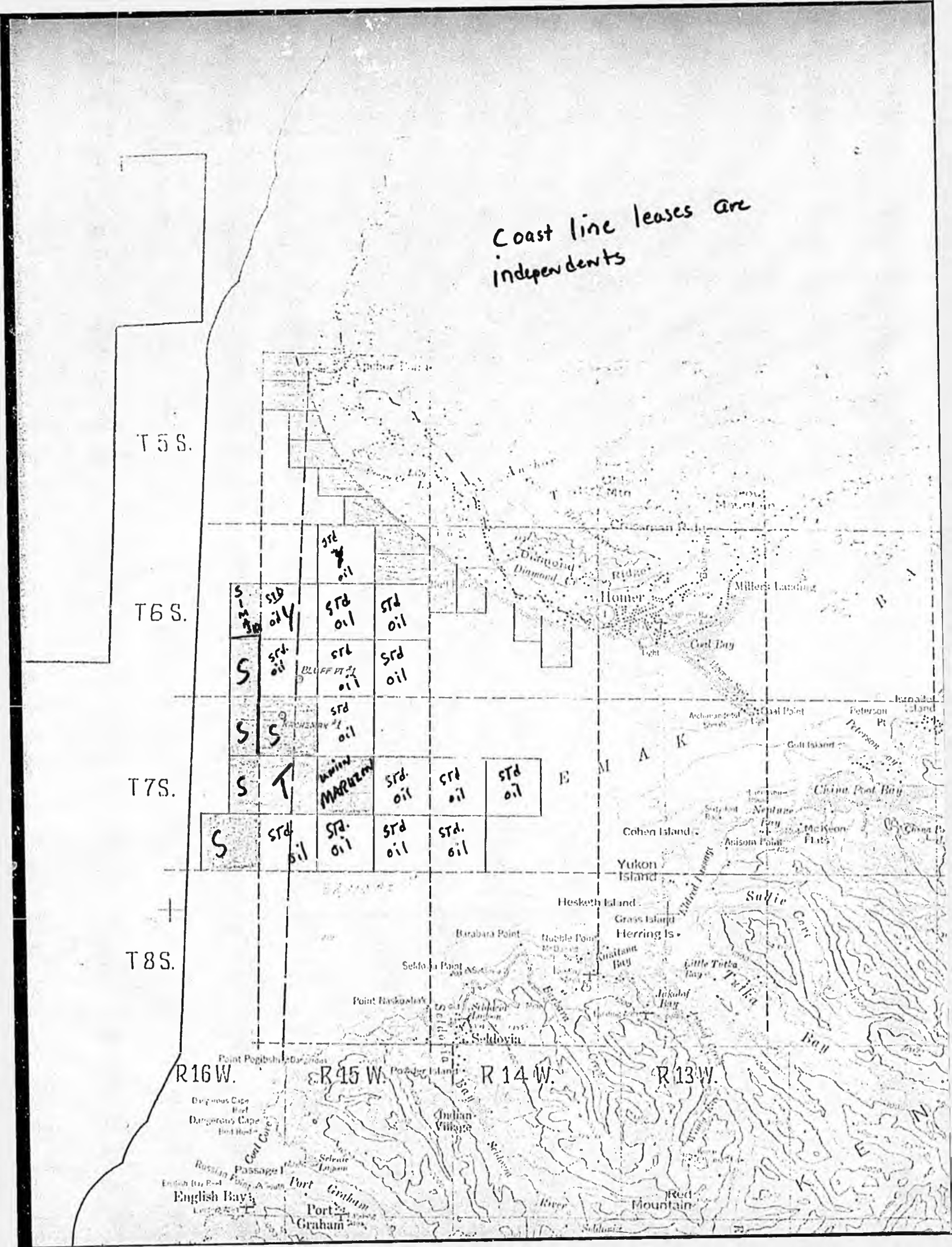
AVRUM M. GROSS
ATTORNEY GENERAL

By: Rodger W. Pegues
Assistant Attorney General

RWP:jeh

Standard Oil ..... S.O.
Shell ..... S
Texaco ..... T
Coast leases are independent leases




Coast line leases are independents
T 5 S.
T 6 S.
T 7 S.
T 8 S.
R 16 W.
R 15 W.
R 14 W.
R 13 W.
STD oil
STD oil
STD oil

PLEASE NOTE

THE ORIGINAL FILE CONTAINS AN OVERSIZED MAP UNSUITABLE FOR MICROFICHE. ORIGINAL FILE IS HOUSED AT THE ALASKA STATE ARCHIVES.

"SELDOVIA, ALASKA" N5900-W15000/60X180 , 1963 WITH MINOR REVISIONS 1969, U.S. GEOLOGICAL SURVEY

For Release : P.M. - FRIDAY, APRIL 9, 1976

Shell Oil Company
One Shell Plaza
Houston, Texas 77002
Press Line 713-220-4544

CONTACT: R. P. JOHNSON
(713) 220-3829

News Release

JUNEAU, AK, April 9 -- A Shell Oil Company environmental specialist said today oil spills of any size are unlikely during exploratory drilling. He listed safeguards the industry applies to prevent spills, and noted drilling crews are highly trained in spill prevention and control.

"A massive spill, such as has been associated with tanker groundings, is not a realistic prospect from exploratory drilling. In all offshore drilling to date, only three significant oil spills have resulted from blowouts of drilling wells," Joe E. Dozier said in a statement prepared for a public hearing by the Alaska House Resources Committee.

18 years experience

Dozier is manager of safety and environmental conservation for production in Shell's Western Exploration and Production Region. The hearing concerned proposed legislation to exclude the Kachemak Bay area of Cook Inlet from further oil and gas leasing and to authorize the state reacquire the existing leases in the area.

Dozier said safeguards to prevent spills include:

primary control

-- Drilling mud, a specially-formulated fluid circulated in the well. By the weight of its column, it holds in check the fluids and gas under pressure in formations penetrated by the drill bit.

secondary control

-- A blowout preventer--a system of valves and control devices--to close the well should control by mud be lost.... Frequent drills held

oil spill response capability

"Personnel on the drilling vessel are thoroughly trained to recognize symptoms indicative of a blowout and to take the requisite control measures before a well can actually begin uncontrolled flow," Dozier said.

He added that oil spill containment and recovery equipment such as skimmers, booms and dispersant materials is aboard drilling rigs in case an accident occurs.

######

Crews are trained in all recovery eqpt.

For Release: P.M. - FRIDAY, APRIL 9, 1976

Shell Oil Company
One Shell Plaza
Houston, Texas 77002
Press Line 713-220-4544

CONTACT: R. P. JOHNSON
(713) 220-3829

News Release

JUNEAU, AK, April 9 -- Two studies show that, contrary to some opinions, there are no scientific grounds to suggest oil and gas operations are incompatible with fisheries in Lower Cook Inlet, including Kachemak Bay, a marine biologist said today.

Dr. Frank Hester of Santa Barbara, CA, an independent consultant on marine biology and fisheries hired by Shell Oil Company to administer one of the studies, said in an oral statement prepared for a public hearing for the Alaska Resources Committee:

"These studies show that neither Kachemak Bay nor the marine animals in it appear to be unique with respect to their response to oil. Further, the studies indicate that the ecological situation in Alaska is not much different from that in other areas of offshore oil and gas production. There is no scientific basis for suggesting that fisheries and oil and gas operations in Lower Cook Inlet, including Kachemak Bay, are incompatible."

The hearing concerned proposed legislation to exclude the Kachemak Bay area from further oil and gas leasing and to authorize the state ro reacquire existing leases in the area. Shell purchased five of these tracts for $5.4 million at the December 1973 lease sale.

However, exploratory drilling has been delayed by litigation challenging the validity of the leases. The litigation is now before the Alaska Supreme Court.

The location of exploratory drilling proposed by Shell is outside the critical habitat area for marine life designated by the Alaska Fish and Game Department.

The studies grew out of public hearings some two years ago at which residents of the Kachemak Bay area expressed concern over exploration and possible development of leases near the bay.

(more)

One study was conducted by the National Marine Fisheries Services (NMFS) at Auke Bay. It was financed by the petroleum industry, but with the understanding that the results would be published. It was to determine whether Alaska marine animals of commercial importance are more sensitive to the effects of oil and gas drilling and producing operations than marine animals in warmer waters where such operations have been conducted for years with no apparent detrimental effects on fisheries. This study, which Hester administered, is completed.

The other study, by the Alaska Fish and Game Department, investigated water circulation patterns in Kachemak Bay and whether they tend to confine marine animals within the bay, with the effect of concentrating their number and life forms and increasing their vulnerability to oil spills. Although some believed this to be the case, Hester said preliminary results of the study indicate it is not. The study is still in progress.

He said, "the results of the Auke Bay study show there are no major differences between Alaskan species and those from elsewhere," as regards their susceptability to oil and the time it takes these animals to release hydrocarbons from body tissues after they are returned to clean water.

He said preliminary results of the state study suggest that movement of water in the area of Kachemak Bay "is such that it is unlikely that larvae hatched in the Bay remain in the area. Instead, it appears that animals in the Bay are carried out to settle elsewhere. Thus, the belief that Kachemak Bay is self-sustaining appears to be unfounded."

Office of the Attorney General Pouch K - State Capitol
Juneau 99811

April 8, 1976

The Honorable Clem Tillion
Alaska Senate
Ninth State Legislature
Pouch V
Juneau, Alaska 99801

Dear Clem:

The amendment you requested is as follows.

Replace the present Section 2 of the bill with a new Section 2 reading as follows:

"Sec. 2. For a period of one year from the effective date of this section, or until the adjournment of the First Session of the Tenth Alaska Legislature, whichever period is longer, no drilling activities to explore or develop any existing state oil and gas leases in the Bay, are permitted. The purpose of this moratorium on exploration and development is to (1) permit the Department of Fish and Game a reasonable time to develop plans to insure protection for the living resources of the Bay from possible pollution incidental to drilling activities; and (2) permit the commissioner of natural resources a reasonable period to negotiate for the repurchase of the leases under (b) of this section. The lease period for any existing oil and gas leases in Kachemak Bay shall be extended by the commissioner of the Department of Natural Resources for the period of this moratorium."

The rest of the Act can remain as is.

Yours very truly,

Avrum M. Gross
Attorney General

AMG:as

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

02 156 NL TDA SELDOVIA ALASKA 50 04-08 803P AST

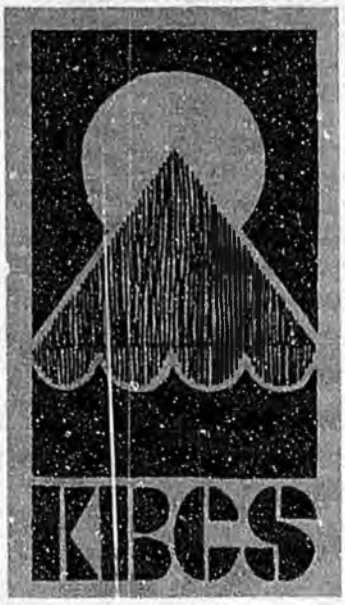
PMS LOTTIE EDELMAN CARE CLEM TILLION

JUN 1889

TO ADVISE YOU THAT AS A MEMBER OF THE SELDOVIA NATIVE ASSOCIATION NO ONE HAS AUTHORITY TO REPRESENT MY VIEWS ON THE KACHEMAK BAY CONTROVERSY EXCEPT MYSELF.

CLEO SWICK

1976 APR 8 PM 10 50



April 5, 1976

recd 4/8/76

Representative Nels Andersen
Pouch V
Juneau, Alaska 99811

KACHEMAK BAY CONSERVATION SOCIETY
BOX 846
HOMER ALASKA
99603

Dear Representative Anderson:

The fifty members of the Kachemak Bay Conservation Society ask that you lend your support to HB 626 or any divided bills whcih endorse the concepts of a Kachemak Bay marine sanctuary and condemnation of existing oil leases in the bay.

We consider the maintenavnce of an adequate food supply at least as important as the nation's gluttonous appetite for energy, especially when much of our energy is supplied by a resource which may have more critically important uses in the future.

Public support for the means to protect our environment and our renewable marine resources is unquestinnable.

Won't you please do whatever you can to support this cause also? We thank you for your consideration.

Sincerely,

Stephen Andersen

Stephen Andersen, President
Kachemak Bay Conservation Society

recd 4/7 April 4th 1976

Mels Anderson, No oil in Lower Cook Inlet
please. H.B. 626 is a good bill + We
need the marine sanctuary in
Kachemak Bay. Use your head and
heart for a change instead of your
pocket book.

John Child
24 years as a property owner and one year as a voter
Box 595 Homer Alaska 99603

April 3, 1976
Box 543
Homer, Ak 99603

Dear Mr. Anderson -

I very much would like to see HB 626 get on its way in order to condemn the leases in Kachemak Bay & create a marine sanctuary! There is too much negative evidence against the compatibility of oil & fishing to allow the illegal leases to go on. Homer is doing quite

well, with several new businesses, without the oil industry in the bay.

Sincerely
Claudia K. Ehlers

Dear Mr. Anderson; rec'd 4/1

As a Homer business person, I urge you to support H.B. 626 to buy back the Kachemak Bay oil leases. I would far rather have the stable economic base of a steady renewable resource than the uncertain & unstable economy of an oil production area. The fisheries is a valuable asset here; I don't feel we should gamble on ruining it.

Please endorse H.B. 626. Thank you.

Martha Clymer



FRITZ CREEK STUDIOS
BOX 996 HOMER, ALASKA 99603

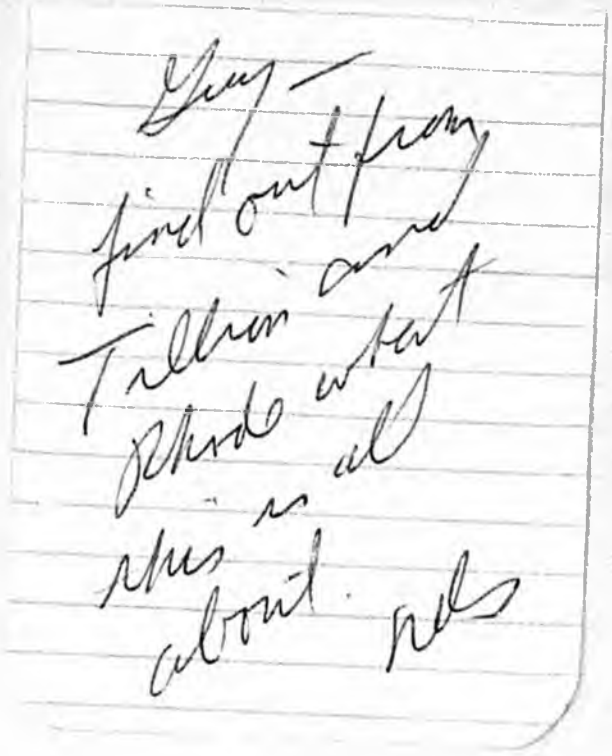
PHONE: 235-8696



Rep. Nels Anderson, Chairman
House Resource Committee
Pouch V
Juneau, Alaska 99811

Parks and Recreation Council, Kachemak

Homer, Alaska 99603



Gentlemen:

Enclosed for your information and consideration is a draft proposal for a state recreation area. This proposal was formulated by the Park and Recreation Council, Kachemak after several months of public discussion and input.

We would like you to consider the proposal and would hope you could give us whatever guidance you deem necessary to move it closer to reality. We have accululated a great deal of background information for justification and would be more than willing to provide it if you have questions. We feel that we have exhausted our talents and are hopeful that you would take an interest in this project and help move it forward.

If you have any questions or need any assistance, please call on us. My telephone numbers are: Home 235-8766 or Business 235-8818.

Sincerely,

William B. Edens

William B. Edens
Chairman

enclosure

Parks and Recreation Council, Kachemak

Homer, Alaska 99603

Project Title:

ANCHOR RIVER RECREATIONAL AND NATURAL AREA.

Description:

Those lands lying within the red boundary as shown on the Quadrangle Map (exhibit A) and further delineated in the soils maps (exhibit B). These lands are primarily State and Borough owned or controlled and are largely above the 1000 foot elevation line.

Purpose:

To establish and provide public Recreational Lands and assure natural wildlife habitat.

Objectives:

1. To develop and protect five trails as part of an over-all recreation program.
2. To protect the lands within area boundaries through proper management.
3. Hunting and fishing to be allowed under the direction of ADF&G.
4. To control use of off road vehicles to avoid habitat degredation and summer recreation conflicts.
5. To withdraw area from grazing leases as the current leases expire.
6. To prevent construction of roads and structures within the project area and to maintain a natural setting.
7. To prevent logging within one mile of the Anchor River and its tributaries.

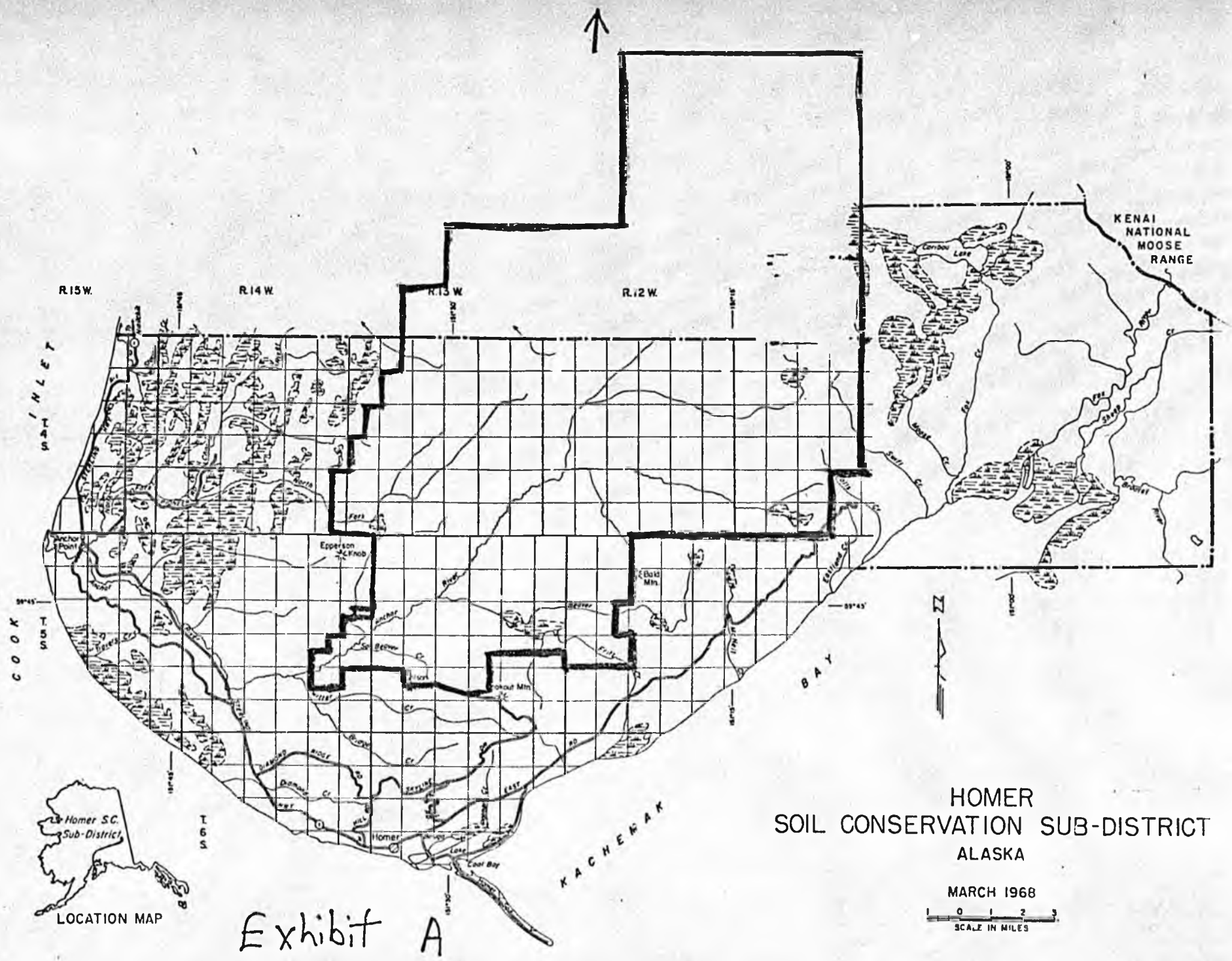
Proposed Management by State Agencies:

Joint control by Department of Natural Resources and Department of Fish and Game.

Rationale:

This area has, for the most part, proved unfeasible as commercial agricultural land. The area is extremely fragile in terms of soil, vegetation and wildlife. The short summer, thin soil and susceptibility to erosion requires extensive management and protection for the area. The project area is used extenstively by large numbers of persons locally, state-wide and by non-residents for fishing, hunting, hiking, snow machining, skiing and camping. It would also appear that the area is being viewed as a future source of commercial lands for private development. To prevent the loss of this valuable public recreational and natural habitat resource, we propose that this area be placed under a Resource Management concept. This would provide for the management and protection of the area by a variety of State agencies thus providing for the best interests of the land and public.

The intent of this project is not to create a State park, but rather to provide for the broadest recreational uses of the described area and the maintenance of the natural habitat.



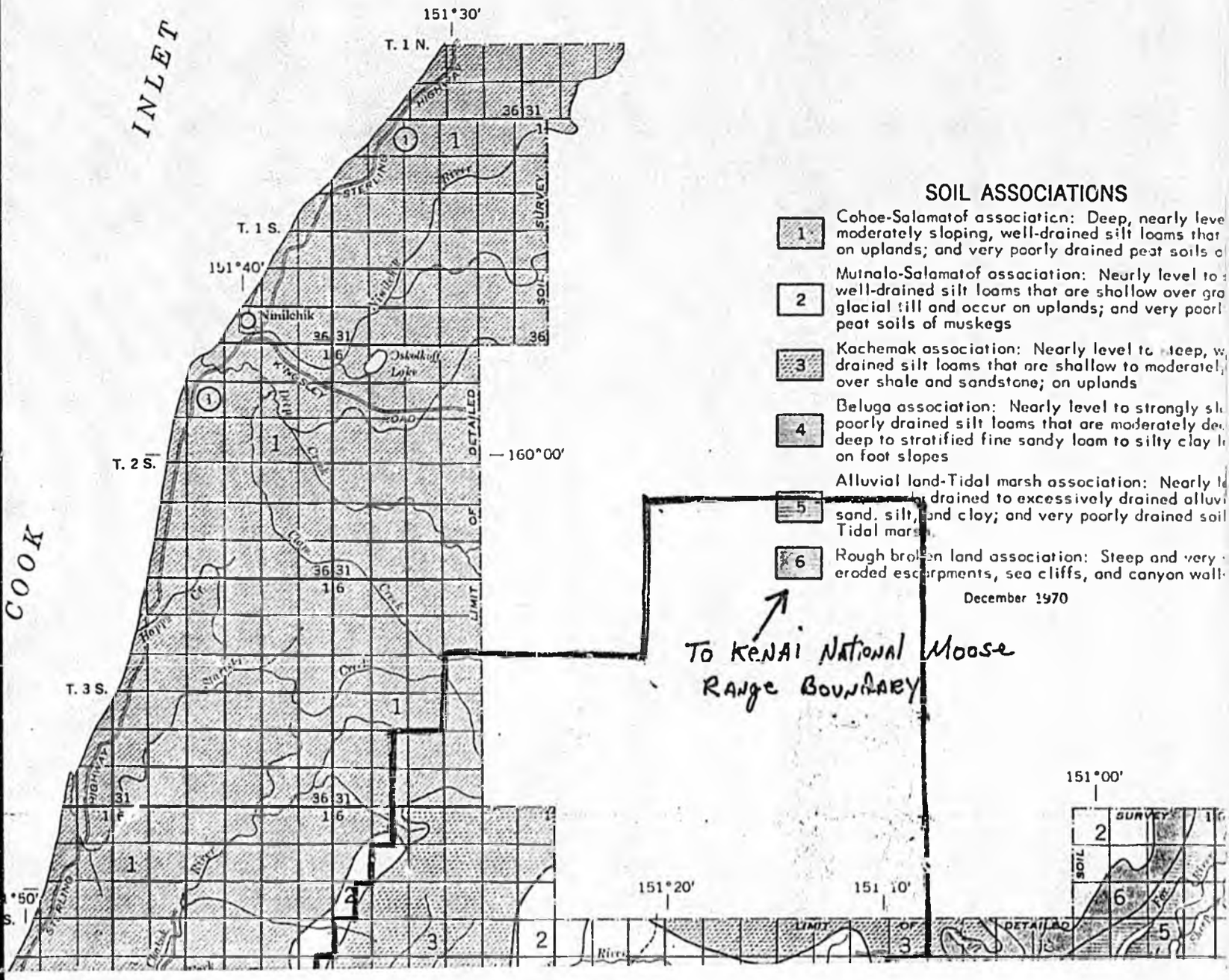
HOMER
SOIL CONSERVATION SUB-DISTRICT
ALASKA

MARCH 1968

SCALE IN MILES

U.S. DEPARTMENT OF AGRICULTURE, SOIL CONSERVATION SERVICE

HOMER S.C. SUB-DISTRICT (7) ALASKA M7-P-13116-L


INLET
COOK
151°30'
T. 1 N.
T. 1 S.
151°40'
T. 2 S.
T. 3 S.
160°00'
151°00'
151°20'
151°10'
Nanilchik
Ohlsenkoff Lake
STERLING HIGHWAY
KING SALMON ROAD
DETAILED SOIL SURVEY
LIMIT OF DETAILED SOIL SURVEY
SOIL ASSOCIATIONS
1 Cohoe-Salamatof association: Deep, nearly leve moderately sloping, well-drained silt loams that on uplands; and very poorly drained peat soils o
2 Mutnalo-Salamatof association: Nearly level to well-drained silt loams that are shallow over gra glacial till and occur on uplands; and very poorl peat soils of muskegs
3 Kachemak association: Nearly level to steep, w drained silt loams that are shallow to moderatel over shale and sandstone; on uplands
4 Beluga association: Nearly level to strongly sl poorly drained silt loams that are moderately de deep to stratified fine sandy loam to silty clay l on foot slopes
5 Alluvial land-Tidal marsh association: Nearly l drained to excessively drained alluvi sand, silt, and clay; and very poorly drained soil Tidal marsh
6 Rough broken land association: Steep and very eroded escarpments, sea cliffs, and canyon wall
December 1970
TO KENAI NATIONAL MOOSE RANGE BOUNDARY

File HB 626

KENAI PENINSULA FISHERMEN'S COOPERATIVE ASSN.
Box 752, Rt. 2
Soldotna, Alaska 99669

Charles E. Miller, President
Lottie Edelman, Secretary Treasurer

March 17, 1976

Resources Committee
State House of Representatives
Pouch V
Juneau, Ak. 99811

Attn: Nels Anderson

Dear Mr. Chairman and Members of the Resources Committee:

The Kenai Peninsula Fishermen's Cooperative Assn., an organization of better than 125 Cook Inlet commercial fishermen, in meeting March 12th, voted unanimously to support "Sponsor Substitute for House Bill No. 626, An Act relating to the establishment of marine sanctuaries; and providing for an effective date."

We are requesting that the Committee give serious consideration to the Bill and take favorable action on it for the following reasons:

1. Kachemak Bay is considered unique to any other place in the world because of its density of shell fish and shell fish larva.

2. Because of the gyre at Bluff Point larva drop here, surface here, settle and grow here before they disburse to other areas of lower Cook Inlet as far south as the Barren Islands.

3. Kachemak Bay has an annual average sea-food production of 200 lbs. per acre with a first whole sale value of $7,000,000.

4. Kachemak Bay is the only place in Alaska where small boats can economically fish king crab. The fleet is made up of 100% Cook Inlet resident owned boats.

5. The Kachemak Bay area is only 2.6% of all Cook Inlet waters.

6. The latest studies completed by National Marine Fisheries and Shell Oil Company biologists working jointly, and partially funded by Shell Oil Company, showed the extreme danger of oil development in this area. As a result of these studies the Department of Interior, upon advice of the Coast Guard, withdrew the tracts adjoining the boundaries of this area from the pending Federal oil lease sale to take place in lower Cook Inlet.

7. This is also one of the, if not the, most popular recreation areas in Alaska, with summer homes, boating, salt water sports fishing for bottom fish, salmon, clams, shrimp and crab, water skiing, camping, etc. Kachemak Bay is very important to the Anchorage area residents, being assessable by paved highway, airplane and boat. Thousands of visitors and tourists come to the Bay each summer.

We feel there are areas where oil and fish are compatable and we wish this Committee to thoroughly understand that we are not adverse to oil development in other parts of Cook Inlet; but we do feel very firmly that we cannot take a chance in Kachemak Bay, which is so unique to any other place in the world, so valuable in food production, valuable to the economy of the people and with proper care can continue to be enjoyed by all, to time eternity.

Yours truly,

Lottie Edelman

Lottie Edelman
Secretary Treasurer

cmp

cc: Senator Clem Tillion
Senator Chancy Croft, President of the Senate
Senator John Rader
Respresentative Hugh Malone
Representative Mike Bradner, Speaker of the House

Nels Anderson -

I am writing in support of act SSHB 629 - relating to the establishment of marine sanctuaries - of special interest Kachemak Bay. Please consider this carefully.

Yours truly,

Kathy J. Brown
1001 W. 12
Anchorage 99501

KACHEMAK BAY

ENVIRONMENTAL- BIOLOGICAL ATTRIBUTES

PARTIAL ESTIMATE OF AVERAGE OF BIOLOGICAL POPULATIONS

HARBOR SEAL CONCENTRATIONS

SALMON SPAWNING GROUNDS

MARINE BIRD NESTING AREAS

ANCHOR PT.

SEA OTTERS IN KELP BEDS

KACHEMAK BAY CRITICAL HABITAT BOUNDARY

CRAB SANCTUARY

½ MILLION DUNGENESS CRABS

1. MILLION+ KING CRABS

3-5 MILLION TANNER CRABS

HOMER

30,000+ MARINE BIRDS

MOOSE

BLACK AND BROWN BEARS

FOX RIVER FLAT CRITICAL HABITAT

25,000+ WATERFOWL

CHUGASHIK ISL. KACH. BAY STATE PARK

MOUNTAIN GOATS

HALIBUT

ROCK SOLE

YELLOWFIN SOLE

SCALLOPS

1.5 BILLION SHRIMPS

UP TO 160 MILLION HERRINGS

NESTING

HALIBUT COVE

PREPARED BY ADFG
HABITAT DIV., ANCHORAGE

SEA OTTERS

PT. POGIBSHI

SELDOVIA

EAGLES

RICH, DIVERSE MACROPHYTE BELT

KACHEMAK BAY STATE PARK

PORT GRAHAM

KACHEMAK BAY STATE WILDERNESS

300,000 SALMONS +

KENAI PENINSULA BOROUGH

Box 850 Phone 262-4441
SOLDOTNA, ALASKA 99669

Don Gilman
MAYOR

March 8, 1976

The Honorable Jay S. Hammond
Governor of Alaska
Pouch A
Juneau, Alaska 99811

RE: SB 444, HB 566 and HB 626

Dear Governor Hammond:

This is to inform you of the Kenai Peninsula Borough Planning Commission's strong disapproval of the above bills. SB 444 would affect all the beach area from highwater to -5 feet, from the entrance to the Kasilof River down to the beginning of the already existing critical habitat area in Kachemak Bay at Anchor Point. No mention is made in the bill of which species are critical or what regulations may be necessary to control or protect them. The provisions of the original critical habitat bill as stated in AS 16.20.230, give the Commissioner much too much latitude. The impression we get here on the local level from the local taxpayers (who also is the State taxpayer) is that there is entirely too much interference from Juneau in local affairs. The fiasco of the water - wastewater regulations and the hot and cold implementation by the Department of Environmental Conservation is well known and has caused trouble for far more people than it has helped. There is a limit to the amount of bureaucratic bungling the taxpayer and voter will tolerate.

The Kenai Peninsula Borough Planning Commission is also well aware that this type of legislation is a sneaky but very effective way to infringe on the local government's power to manage the land within its boundaries and the development which takes place. We are opposed to any infringement of local planning and zoning powers wherever it occurs, whether in one bill or several. We do not feel that the areas contained in the legal description of either SB 444 or HB 566 are actually environmentally threatened at this time nor are these vast areas likely to be in the near future.

Therefore, we see no need for any substitute and feel both bills should fail to pass out of committee.

Sincerely,

Marilyn Dimmick/ct

Marilyn Dimmick, Chairman
Kenai Peninsula Borough
Planning Commission

MD:ct

cc: (See attached list)

CC: SENT TO:

LEGISLATURES:

1. Nels Anderson
2. Helen Beirne
3. Mike Beirne
4. Bob Bradley
5. Thelma Buchholdt
6. Samuel Cotten
7. Helen Fischer
8. Clark Gruening
9. Mike Hershberger
10. Ramona Kelley
11. Joseph McKinnon
12. Hugh Malone
13. Al Ose
14. Kathryn Ostrosky
15. William Parker
16. Leo Rhode
17. Lisa Rudd
18. Theodore Smith
19. Keith Specking
20. Susan Sullivan
21. Richard Urion
22. Brad Bradley
23. Genie Chance
24. Mike Colletta
25. Chancy Croft
26. Jalmar Kerttula
27. Joseph Orsini
28. John Rader
29. Patrick Rodey
30. Clem Tillion

BOROUGH MAYOR
Don Gilman

BOROUGH ASSEMBLYMEN

1. Erle Cooper
2. Tomm Corr
3. John Davis
4. Jean Douglas
5. Jo Ann Elson
6. Lewis Fields
7. Paul Fischer
8. Judith Hamrick
9. A.L. Hudson
10. Johnny Johnson
11. Robert Lutz
12. Ron Mika
13. Frank Mullen
14. Patrick O'Connell
15. Pamela Oldow

CITIES:

City of, Kenai

Mayor- James Elson
Manager- Roland Lynn

City of, Seward

Mayor- Jim Filip
Manager- Dr. Richard A. Nevé'

City of, Soldotna

Mayor-Lorraine Knight

City of, Homer

Mayor- Hazel Heath
Manager-Larry Farmer

City of, Seldovia

Mayor-John Colberg
Manager-Edwin H. Glotfelty

TANANA - YUKON CHAPTER

Alaska Conservation Society

Box 80071
College, Alaska 99701

10 March 1976

Dear Representative Anderson

We are writing to ask your active support of CS HB 626 dealing with the misbegotten oil leases in Kachemak Bay. We feel that it is up to you to do everything possible to get this bill moving through the legislative processes. We believe that the State should buy back the Kachemak leases at an equitable price because the leases were sold without consideration for the rich marine resources of the Bay. In the many areas in the world where offshore oil development has occurred it has been demonstrated to be far from foolproof. The best example is Santa Barbara. Since Kachemak Bay has been proven to be an especially productive marine environment in terms of providing man with high quality food it seems obvious that we should not jeopardize this essential and renewable resource. Further we support the provisions in CS HB 626 for creating a marine sanctuary in Kachemak Bay to further protect this valuable source of food. We urge you to promote CS HB 626 for prompt and favorable action.

Yours sincerely

Gail Mayo

Gail Mayo for the Tanana Yukon Chapter

F&W

KATRINA STONOROV

March 9, 1976

Rep. Nels Anderson, Chairman
House Resources Committee

Dear Rep. Anderson:

I am extremely concerned about the future of Kachemak Bay and therefore sincerely hope that you will

a- vote for legislation that will condemn oil and gas leases in Kachemak Bay

b- support and vote for legislation that will protect Kachemak Bay through the establishment of a marine sanctuary.

I would like to thank you for bringing the Talkeetna Mountains Park Bill out of Committee.

Sincerely,

Tuna Stonorov

1502 Second Avenue
Fairbanks, 99701

Title: An act relating to the establishment of marine sanctuaries
Requested by: Governor Date:
Return Date Requested:
Agency: Natural Resources Program: Mineral leasing

II. FISCAL DETAIL
Budget Request Unit(s) Affected: 10-42-1-110

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL			25,000,000.			
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL			25,000,000.			

B. FUNDING: (Thousands of dollars)

GENERAL FUND			25,000,000.			
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	-/-	-/-	-/-	-/-	-/-	/-
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There is no way to assess what the overall cost to the State might be if the option is exercised to purchase the leases under section 41.20.430. Leases were purchased from the State for $24,685,460.31 and $191,220. has been paid in rentals. There would also be considerable additional fiscal impact because of removing land with oil and gas potential from an available for leasing category in each of the three cases.

IV. ATTACHMENTS

V. DATE: 1/16/76 PREPARED BY: Dale P. Tubbs

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

I. REQUEST

Bill No. HB 626

Title: Marine Sanctuaries

Requested by: Date:

Return Date Requested:

Agency: Nat. Resources - Div. Parks Program: District Operations

II. FISCAL DETAIL

Budget Request Unit(s) Affected: District Operations

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		16.0	21.0	21.0	21.0	21.0
200	TRAVEL		2.5	1.4	1.4	1.4	1.4
300	CONTRACTUAL		4.5	4.5	4.5	4.5	4.5
400	COMMODITIES		2.0	4.0	4.0	4.0	4.0
500	EQUIPMENT		51.0	3.0	3.0	3.0	15.0
600	LAND & STRUCTURES		150.0	--	--	--	--
700	GRANTS, CLAIMS, ETC.						
	TOTAL		226.0	33.9	33.9	33.9	45.9

B. FUNDING: (Thousands of dollars)

GENERAL FUND		76.0	33.9	33.9	33.9	45.9
FEDERAL FUNDS		75.0				
OTHER		75.0				

C. POSITIONS:

PERMANENT/TEMPORARY	/	1/	1/ 1	1/ 1	1/ 1	1/ 1
MAN MONTHS (P./T.)	/	12/	12/ 4	12/ 4	12/ 4	12/ 4

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Legislation creating marine sanctuaries will have fiscal impact only inasmuch as it creates the Kachemak Sanctuary in the enabling act. Manpower will be directed toward interpretation and education from a visitor center in Homer, and operation of a boat in conjunction with the Kachemak Bay State Park. Boat operations will also be coordinated with the Department of Fish and Game. One permanent ranger-naturalist will be assisted by a seasonal ranger. Initial development will be for a simple visitor center and parking area in Homer. Additional fiscal impact cannot be assessed until legislative intent vis-a-vis other marine sanctuaries is known.

IV. ATTACHMENTS

V. DATE: 3/16/76 PREPARED BY: Russell Cahill

Original: Legislative Finance

cc: Budget and Management

#

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 10 PM 3 42

02060 PDM ANCHORAGE AK 15 03-10 1200P AST

PMS REPRESENTATIVE NELS ANDERSON

JUN 2511

PLEASE SUPPORT HB626 AND CONDEMN OIL LEASES IN

KACHEMAK BAY THANK YOU

ERIC BOEMER 1101 EAGLE STREET APT 8

ANCHORAGE ALASKA 99501

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 17 AM 12 12

#

82 157 POM TDA HOMER ALASKA 15 03-16 0845P AST

PMS REP NELS ANDERSON

4660

JUN

HELP FISHERMEN CONDEMN KACHEMAK OIL LEASE SALES

THANKS

BILL BLEDSOE SRA BOX 61 HOMER 99603

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

1976 MAR 17 AM 2 02

82176 POM TDA SELDOVIA ALASKA 15 03-16 1040P AST

PMS REP NELS ANDERSON CHAIRMAN HOUSE RESOURCE

4672

COMMITTEE

JUN

PROTECT KACHEMAK BAY FISHERY NO OIL DRILLING IN THIS AREA

KEN SWICK BOX 214 SELDOVIA 99663

#

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 17 AM 12 12

#

02168 NL TDA HOMER ALASKA 50 03-16 920P AST

PMS REP NELS ANDERSON

JUN 4664

WE URGE YOU TO SUPPORT LEGISLATION CONDEMING KACHEMAK

BAY OIL LEASES PLEASE DO NOT LISTEN TO OIL LOBBIESTS

OR PRESSURE GROUPS WITH PHONY SURVEYS ASK AVRUM GROSS

RICHARD W ROBINSON BOX 867 99603

TELEGRAM

:CA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

1976 MAR 17 AM 2 00

02172 POM TDA HOMER ALASKA 15 03-16 0500P AST

PMS REP NELS ANDERSON

JUN 4668

URGE YOU PASS SB 626 FISHERIES MORE IMPORTANT THAN OIL

KILL KACHEMAK LEASES

DAVID L BEAVER BENTLY BOX 432 HOMER 99603

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 17 AM 1 59

#

02 178 POM TDA SELDOVIA ALASKA 15 03-16 1029P AST

PMS REP MELS ANDERSON

4666

HOUSE RESOURCES COMMITTEE CHAIRMAN

JUN

PROTECT THE FISHERY RESOURCES OF KACHEMAK BAY CANCEL

ALL OIL LEASES NOW

HANK CAIN SELDOVIA COMMERCIAL FISHERMAN BOX 132 99663

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 17 AM 2 00

02 171 PDM TDA HOMER ALASKA 15 03-16 950P AST

PMS REP NELS ANDERSON

4667

JUN

SHOW RESPECT FOR FISHERIES DONT HONOR MISTAKE

KILL KACHEMAK LEASES

PAUL E JONES MAYOR KACHEMAK CITY BOX 697 HOMER 99603

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 17 AM 12 12

02169 NL TDA HOMER ALASKA 57 03-16 925P AST

PMS REP NELS ANDERSON 4665

JUN

RECENT SURVEY CONDUCTED IN HOMER IS NOT REPRESENTATIVE

OF RESIDENTS STRONGLY URGE YOU TO PROMOTE LEGISLATION

WHICH WOULD CONDEMN KACHEMAK OIL LEASES

BRUCE JAMIESON BOX 967 99603

3-15-76

Peter A. Lagerwey
1101 Eagle St., #8
Anchorage, Alaska 99501

Dear Mr. Anderson

The recent oil and gas leases in Kachemak Bay have disturbed me very much. Dispite industry claims, offshore drilling has and continues to experience problems with oil leaks and spillages. High winds and rough water make the Kachemak Bay area particularly hazardous. If safe drilling operations cannot be carried on in much calmer areas, what will happen in an area like Kachemak bay?

The fishing industries, the wild life and the people of Alaska need the protection of Kachemak Bay. I strongly ask your support of SSHB 626 which would establish a marine sanctuary in Kachemak Bay.

Oil and gas development in Kachemak Bay would only provide a temporary, short term solution to the energy problem while it's environmental impact will be for years, perhaps forever. By preserving this area, Alaskans for generations will benifit from this area. Thus, I ask again that you support the establishment of a wild life sanctuary in Kachemak Bay.

Sincerely, Peter A. Lagerwey

March 15, 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Sir:

Please be advised that I am glad to see that the substitute for H.B. 626 has been tabled. I hope it will never get out of Committee. I feel strongly that the Kachemak Bay Oil Leases should be honored by the State. It is also my opinion that the State cannot properly be represented in court by an administration and attorney general who actively support the radical environmental groups and the fishermen in opposing the leases. Re: Attorney General Gross' statement in a letter to Asiah Bates as printed in the Homer News 9/4/75 where he states that he feels strongly, as does Governor Hammond, that the decision to lease Kachemak Bay was wrong, etc. There is definitely a conflict of interest also displayed at a recent hearing in Homer as conducted by the attorney general.

I believe the State should be represented by someone with the interest of the state at heart. I also feel that the publicity Homer has received in the last year or two opposing the oil leases is biased in favor of the environmental groups. The public sentiment locally actually favors the oil leases as indicated in a recent questionaire. Until recently we have heard mostly from the newcomers supported by people or organizations outside the Homer or Kenai Peninsula area.

Sincerely yours,

Bob Barnett

cc: Leo Rhode, Clem Tillion, Hugh Malone, Kay Poland

KENAI PENINSULA BOROUGH

Box 850 Phone 262-4441
SOLDOTNA, ALASKA 99669

DON GILMAN
MAYOR

March 5, 1976

The Honorable Jay S. Hammond
Governor of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Hammond:

Enclosed is a portion of the minutes of the Kenai Peninsula Borough Planning Commission meeting of February 9, 1976.

I would like to reiterate the commission's unanimous strong disapproval of HB 626, as well as the concept of any similar bill which preempts the powers of local government.

This administration seems to have a strong tendency to request or sponsor bills which would enhance the already too broad powers of State commissioners and thereby reduce the ability of local governing bodies, such as cities and boroughs, to make wise land use decisions based on facts rather than wishful thinking. While I know there are some very intelligent and experienced people working for the governor's office, these people are in Juneau, a little too far from the action to be aware of the real needs and continuing changes in the local area. People involved in local government, seeing those affected by that government every day and often confronted by them, cannot afford the luxury of unrealistic thought or action. When mistakes are made, as they are by any governing body, they must be corrected promptly. When mistakes are made on the State level, it often takes years to correct them. Our experience with the Department of Environmental Conservation concerning wastewater regulations is a prime example.

Of course, no solution to the problem of the oil leases in Kachemak Bay will satisfy everyone. The problem is a direct result of an action taken without the prior knowledge of the people most directly affected. The proposed solution (HB 626) was also drafted and introduced without prior knowledge of the residents of the wide area to be affected by it. Will governments never learn?

At the hearing held in Homer last Tuesday, I learned of the substitute bill, SB 612, on which I will report to the Kenai Peninsula Borough Planning Commission at its next regular meeting. This brings me to a continuing problem - that of being informed as early as possible on any bills coming from the Office of the Governor, or by request of the Governor, concerning the Kenai Peninsula, Cook Inlet, Kachemak Bay, Resurrection Bay or the Gulf of Alaska.

KENAI PENINSULA BOROUGH
Box 850 Phone 262-4441
SOLDOTNA, ALASKA 99669

DON GILMAN
MAYOR

As the local and regional authority for land use planning and zoning, we would appreciate special consideration in being sent copies of these bills as soon as they are ready for introduction. This might help to alleviate the problems of remote control government that our citizens are adamantly against.

Sincerely,

Marilyn Dimmick

Marilyn Dimmick, Chairman
Kenai Peninsula Borough Planning Commission

cc: (See attached list)

Box 311
Homer, Alaska 99603
March 18, 1976

Nels Anderson
Chm. House Resource Com.
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson,

I am oppoaed to SSHB626 as I was to HB626. I'm not only oppoaed to any sanctuary but also the condemnation of the oil leases.

I am in favor of retabling the motion and letting it die there. Should it ever be forced out of committee the recommendation should be a "Do not Pass!"

So far Gov. Hammonds tenure in office has been a real lesson in hypocrisy.

We are 10 year residents of the Homer area - Real property owners and gainfully employed.

Yours truly,
Shirley Hexwood



George R. Pollard
Licensed Master Guide
KENAI GUIDE SERVICE
KASILOF, ALASKA 99610

March 17, 1976

Representative Nels Anderson, Chairman
House Resources Committee
House of Representatives
Juneau, Alaska 99801

Dear Mr. Anderson:

In regard to SS for HB 626 it seems to me that the natural values of Kachemak Bay, both physical and intangible, are not being given enough consideration. The economic benefit to Alaska derived from oil development in the Bay is not worth the trade off.

There is absolutely no damage done to anyone, except a slight inconvenience to the oil companies, if the Kachemak Bay oil and gas leases are condemned. The revised HB 626 has removed objections to a marine sanctuary contained in the earlier bill.

Conversely, oil development impact on the renewable resource shell fishery in Kachemak Bay is firmly established. Here would be significant damage to a natural resource and to the people who make a living from it--damage created by our own actions if the marine sanctuary bill is voted down.

The adverse impact ~~impact~~ on tourism from oil development in the Bay is self evident; even one oil platform would blight the beautiful panorama of Kachemak Bay.

It is worth contemplating that the oil potential will always be there if we do not attempt development now, and that 20 years from now we can still have a Kachemak Bay fishery and and unimpaired tourist industry in the area. Vote for HB 626!

Sincerely,

George R. Pollard

George R. Pollard

cc: Dick Eliason
Leo Rhode

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 18 AM 10 06

02005 POM TDA HOMER AK 15 03-18 735A AST

PMS REP NELS ANDERSON

4931

JUN

I OPPOSE PASSAGE OF SSHB 66

MELVA HILLAS BOX 102 HOMER ALASKA 99603

#

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 18 AM 10 16

02 008 POM TDA HOMER AK 15 03-18 735A AST

PMS REP NELS ANDERSON

JUN 935

I OPPOSE PASSAGE OF SSHB 66

ANGELA HILLAS BOX 102 HOMER ALASKA 99603

#

COOK INLET FISHERMEN'S ASSOCIATION
C/O P.O. Box 778
Eagle River, Alaska 99577
688-2380

Juneau, Alaska
March 18, 1976

House Resources Committee
Chairman, Rep. Nels Anderson
@ Senate Resources Committee
Chairman, Sen. Kay Poland

The Cook Inlet Fishermen's Association of Northern Cook Inlet fully supports the establishment of a marine sanctuary in Kachemak Bay.

We also support Sponsers Substitute for H.B. 626 and urge its passage.

Tom Rollman

Tom Rollman, Delegate
Board of Directors for the
Cook Inlet Fishermen's
Association

UNITED FISHERMEN OF ALASKA

Copy

MAILING ADDRESS:
P.O. BOX 1352
JUNEAU, ALASKA 99802

OFFICE:
197 S. FRANKLIN ST.
907 586-2820

March 18, 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Bradner:

The United Fishermen of Alaska are holding their Fifth Annual Meeting of the Board of Directors this week.

In an action passed this day the Board of Directors moved unanimously to support Sponsor Substitute for House Bill 626, "An Act relating to the establishment of marine sanctuaries; and providing for an effective date." We strongly urge passage of this legislation by the Second Session of the Ninth Alaska State Legislature.

Yours truly,

Philip A. Daniel
Executive Secretary

cc: Representative Nels Anderson, Chairman
House Resources Committee

Representative Hugh Malone, Chairman
House Finance Committee

Senator Kay Polland, Chairman
Senate Resources Committee

Senator Bill Ray, Chairman
Senate Finance Committee

HB 626 March 22, 1976

Results of letters and telegrams on this issue, excluding "form" telegrams.

LETTERS	
Supporting HB626	12
Against HB626	37
TELEGRAMS	
Supporting HB626	2
Against HB626	4

RESULTS OF POST CARD POLL

	Yes	No
!.	19	286
2.	286	21
3.	18	282
4.	278	29

MRS. N. TURKINGTON
BOX 233
HOMER, ALASKA 99503

March 17, 76

Dear Representative Anderson:

Please do not pass SHB626.

We don't need a sanctuary or condemnation to protect the fisheries. We only need to work together and make some agreements.

Sincerely,

Norma Turkington

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB 626
Title: Marine Sanctuaries
Requested by: _____ Date: _____
Return Date Requested: _____
Agency: Nat. Resources - Div. Parks Program: District Operations

II. FISCAL DETAIL
Budget Request Unit(s) Affected: District Operations

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		16.0	21.0	21.0	21.0	21.0
200	TRAVEL		2.5	1.4	1.4	1.4	1.4
300	CONTRACTUAL		4.5	4.5	4.5	4.5	4.5
400	COMMODITIES		2.0	4.0	4.0	4.0	4.0
500	EQUIPMENT		51.0	3.0	3.0	3.0	15.0
600	LAND & STRUCTURES		150.0	--	--	--	--
700	GRANTS, CLAIMS, ETC.						
	TOTAL		226.0	33.9	33.9	33.9	45.9

B. FUNDING: (Thousands of dollars)

GENERAL FUND		76.0	33.9	33.9	33.9	45.9
FEDERAL FUNDS		75.0				
OTHER		75.0				

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 /	1 / 1	1 / 1	1 / 1	1 / 1
MAN MONTHS (P./T.)	/	12 /	12 / 4	12 / 4	12 / 4	12 / 4

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Legislation creating marine sanctuaries will have fiscal impact only inasmuch as it creates the Kachemak Sanctuary in the enabling act. Manpower will be directed toward interpretation and education from a visitor center in Homer, and operation of a boat in conjunction with the Kachemak Bay State Park. Boat operations will also be coordinated with the Department of Fish and Game. One permanent ranger-naturalist will be assisted by a seasonal ranger. Initial development will be for a simple visitor center and parking area in Homer. Additional fiscal impact cannot be assessed until legislative intent vis-a-vis other marine sanctuaries is known.

IV. ATTACHMENTS

V. DATE: 3/16/76 PREPARED BY: Russell W Cahill

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

#

02032 POM TDA HOMER AK 15 03-17 815A AST

PMS REP/SEN LOWELL S ANDERSON

JUN

CRITICAL HABITAT OK SANCTUARY NO CONDEMNATION NO

VOTE NO ON HB626

HAZEL SMITH PO BOX 676 HOMER ALASKA 99603

#

1576 MAR 15 PM 2 53
TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

RESOURCES:

Please attach the fiscal note to your Committee Copy of HB 626.

We usually put all letters and material pertaining to a Bill or Resolution to the back and that should be the place you look for it when you receive it from the Chief Clerk's Office.

Edith

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. Unnumbered House Bill 626
Title: An act relating to the establishment of marine sanctuaries
Requested by: Governor Date:
Return Date Requested:
Agency: Natural Resources Program: Mineral leasing

II. FISCAL DETAIL
Budget Request Unit(s) Affected: 10-42-1-110
A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL			25,000,000.			
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL			25,000,000.			

B. FUNDING: (Thousands of dollars)

GENERAL FUND			25,000,000.			
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY MAN MONTHS (P./T.)	-/-/	-/-/	-/-/	-/-/	-/-/	///

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
There is no way to assess what the overall cost to the State might be if the option is exercised to purchase the leases under section 41.20.430. Leases were purchased from the State for $24,685,460.31 and $191,220. has been paid in rentals. There would also be considerable additional fiscal impact because of removing land with oil and gas potential from an available for leasing category in each of the three cases.

IV. ATTACHMENTS

V. DATE: 1/16/76 PREPARED BY: Dale P. Tubbs

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

Stephen H. Nathanson
Halibut Cove
Alaska 99603
Feb. 5, 1976

Clem Tillion
State Senator
Juneau, Alaska

Dear Clem,

I am unalterably opposed to HB626 the Kachemak Bay Land Grab. This will be the major issue in the coming election. I will be opposed to anyone supporting this bill. This bill is the worst and most specific case of land grab and Totalitarian "process" that I have yet seen attempted in this state. I am opposed to this bill in particular and any form of it. I hope I have made my stand sufficiently clear on this.

Sincerely,

Stephen H. Nathanson
Karen Nathanson
Tony A. Riedl II
Francis A. Pandiott
Lee M. Ricketts

cc. Gov. Hammond
Leo Rhodes
Nels Andersen
File

1976 JAN 31 AM 3 45

;

02026 NL TDA HOMER ALASKA 50 01-31 0955P AST

PMS LEO RHODE

JUN 1236

REF HB626 URGE YOU TO DEFEAT THIS BILL.

AS NOT BEING IN THE PUBLIC INTEREST OR BEST

INTEREST RESIDENTS KACHEMAK BAY. HB626 APPEARS TO BE

NEGATIVE LEGISLATION OF DISCRIMINATORY NATURE REFLECTING

DISCREDIT ON U.S. CONGRESS STATE OF ALASKA IN THEIR

ENDEAVORS TO ALLEVIATE AND ELIMINATE ENERGY SHORTAGE

USA

HOMER S THOMPSON

2/2/76

Copy to: Nels Anderson, Chairman
House Resources Committee

(2)

3/11/76

Dear Representative Anderson

I would urge you in your capacity as Chairman of the House Resources Committee to support & urge passage of SS for HB626 (actions in Kachemak Bay to provide payment for oil leases, etc.)

I am a 20 year resident of Alaska and as such am probably more sensitive to fisheries considerations. It appears fisheries concerns in Kachemak Bay are paramount and should be protected by sanctuary and buy back of the oil leases in the crab spawning areas. It is my understanding SS HB626 would permit actions protecting fisheries by buy back of oil leases.

The people of Homer are going to have oil activity from Federal OCS leasing so they should not be deprived of a chance for economic activity

Thank you for any consideration

James E. Fuller
Box 397, Kenai

HOMER COMMITTEE

TO PROMOTE
UTILIZATION OF THE PORT OF HOMER

Jerry Anderson, Chairman

P.O. Box 955
Homer, Alaska 99603

Gov. Jay Hammond
Juneau, Alaska

Dear Gov, Hammond.

Thank you for your letter, and the copy of the substitute bill 626. Before commenting on the bill, I would like to make some observations on the "TCW" MEETING" held by your representatives here in Homer.

First, it is unfortunate that we had so little prior notice of the meeting. I tried to be a good "Paul revere" and spread the word, but when the meeting was held, I became aware that the "anti's" had done a much better job than I! I realize that your people cannot get the people and lead them by the hand to these meetings, and that the general tone of the people that were there did indicate that we were in favor of the condemnation. Your statement that there were" Exactly seventeen people"who indicated they were in favor of the oil production, is very mis-leading!

About half-way through the meeting, Mrs Cason asked for a similar vote, and the vote was so close that a count would have to have been made in order to tell how the feeling was running. By the time Mr. Gross got around to asking his questions, many of the people who were in favor of the leases being used, under stringent controls, had gotten disgusted at the whole tone of the meeting, and gone home. When Mrs. Cason took her "vote", Mr. Gross was asked how the split looked, and he declined to answer.

Enough on the leases tho, as this is not the main concern of the Port Committee.

The substitute bill is a vast improvement over the original offering, however there are still some areas of concern. Mr. Gross mentioned that he was hesitant to include specific uses to be allowed in the bill, as future interpreters might decide that if a use weren't specified, then it must be considered prohibited. This is a very real possibility, and while I realize that every possible use couldn't be listed, our group was very concerned that no mention was made of our logging and timber industry, which contributes a considerable amount of money to our local economy.

I very strongly object to the requirement that the commissioner call for annual nominations for additions to the system. This requirement also exists in the critical habitat legislation, and since we have a finite amount of land, it would appear that at some future date, the entire state will be locked up in critical habitat and sanctuaries! Come now, Sir, we can't all be parks and wildlife employees!!

I object to the provision allowing the commissioner to create a seperate division within the department to deal with parks and marine sanctuaries.

This would create another tentacle of the bureaucracy that already has the nation and the state so firmly in it's grasp.

In essence, I must oppose any bill that creates a marine sanctuary. This is akin to going rabbit hunting with an elephant gun. If the administration feels that it is the will of the people, (a view I do not share) that the leases in the bay not be honored, then might I suggest an approach similar to SB 612, which deals with the buy-back of the oil leases, and ONLY the buy-back of the leases. At least this approach calls a spade a sh vel.

The meeting held in Seldovia, (which I was unable to attend) seems to support this approach. The people there were fairly evenly split over the question of the leases, but showed almost no support for the Sanctuary concept. The recent poll of the people in Homer conducted by Mrs Cason and Mr. Browning seems to indicate that the people of the area feel somewhat differently that the mood expressed at the town meeting, and would seem to echo the feeling shown at the seldovia meeting.

I am painfully aware that there will never be a solution to the problems that will satisfy everyone, but I would hope that when the smoke clears, that all of the information received from this area, and from the rest of the state will be reflected in any final action. I would feel very badly indeed, if the administration only listened to the side of the issues that supported the desires of that administration. I do not expect that my wishes will be imposed on the rest of the state if that is not the desire of the majority of the tax-paying residents. I would hope that the reverse would also be true.

Sincerely,

Jerry A. Anderson.

CC: Nels Anderson Rep.
Kay Poland Sen.
Leo Rhode Rep.

March 5, 1976

Representative Leo Rhode
House of REpresentatives
Pouch V
Juneau, AK 99801

Representative Rhode:

I would like to take your time to express my feelings on the present controversy of oil development in Kachemak Bay.

It seems that regardless of how many times you attend important meetings or respond by correspondence to issues, the ones you miss are only important ones.

I would like to know how you can discount the evidence of Homers "Town Meeting" where, at the very best, only one (1) in ten (10) wanted oil development in the bay. Or perhaps you can tell me why it was more than three (3) to one(1) in favor of establishing a critical habitate on the west side of Cook Inlet. Both these meetings were advertised well in advance and did not appear to be attended by any specific group.

I have lived in this area for 26 years and have derived my livelihood solely from fishing. In addition, I graduated with honors from Montana State University with a Bachelors of Science degree in Fish & wildlife Management.

This does not qualify me to make any profound scientific statements, but I can assure you my opposition to development of oil in Kachemak Bay isn't based on the economic harvest that might be had if such development takes place.

In the future I hope you take into consideration the type of people that would promote the development of one industry at the possible detriment of another!

Sincerely,

Robert B. Moss
Box 1206
Homer, AK 99603

HIDDEN HILLS RANCH
JIM JACOBS, OWNER-OPERATOR
STERLING ROUTE
HOMER, ALASKA 99603

Feb.23,76

Att. Gen. Avrum Gross
Juneau, Alaska

Dear Mr Gross;

This letter is in regards to House Bill 626 and the hearing held in Homer on that bill. You are aware that people who are emotionally involved with a situation will respond to a public meeting call and the people that are not stay home. The fishermen are very deeply involved and the so called environmentalist respond loudly and negatively to any talk of development.

There are many people in the area who are not for or against development as such. Many of us agree that if drilling in the Bay will harm the crab and shrimp to a noticable degree then by all means don't do it. Many of us feel that drilling and production of oil can be carried out without harming the fishery.

The question was put to the people early in the meeting by Jane Cason as to the feeling of the people on oil and fishing being compatible. The answer was roughly split 50-50. By the time you started asking your questions the people who were not so anti development had started to drift off to home and bed. As the night wore on the vote got more and more lop-sided as the moderate element went home.

I sincerly hope that you would not want the vote to be anti-oil so bad that you would accept these later votes as the will of the general community. Your attention is called to the questionare sent out by the City of Homer on how the people of the area felt on development of Homer and the area. More people responded to this questionare than came to the public meeting and I feel the questionare represents more closely the feeling of the majority of people in the Homer area.

In closing let me say that I feel there presently exists more than enough regulations to safeguard the fishery. If the Courts say the leases are legal then the oil companies should be allowed to drill under close supervision. there is no need for HB626 or any other bill trying to lock up the Bay to ANY development.

Yours truly

Jim Jacobs

cc: Bob Palmer
Lee Rhodes
Clem Tillion
Hugh Malone
Gov. Hammond

FRANK A. TUPPER
BOX 851
HOMER, ALASKA 99603

File

Representative Vale Anderson
Alaska House of Representatives
Box "H"
Juneau, Alaska 99801

March 6, 1976

Representative Anderson;

I have recently learned that a Senator's Substitute of H.B. 626 has been introduced into the House, and that it would be destined for the House Resource Committee, of which you are the Chairman.

As one who is vitally interested in the merits of the intention of this piece of legislation, I would hereby request that I would be informed as to when you might be scheduling Committee hearings on this legislation. I would request that I be notified well enough in advance, so as to prepare some remarks that I might deliver at such hearing, and to allow the necessary time to prepare for any travelling needed to get to Juneau.

Please be so kind as to inform me at this address:

Box 851
Kenai, Alaska 99611

Thank you for your attention to my request.

Best Regards,

Frank A. Tupper

Frank A. Tupper

FROM 708 OPINION POLLS THE FOLLOWING WAS TABULATED:

File

OPINION POLL OF KACHEMAK BAY RESIDENTS

I, _____ as a resident of (1) _____

_____area of Kachemak Bay.

* (2) I have lived in Alaska for _____years.

** (3) I have lived in this area for _____years.

(4) My occupation is _____.

(5) I (do not own 145) (own 531) property in this area.

(6) I believe industry will (hinder 146) (help 511) this area.

(7) I believe that fishing and petroleum industries, with proper controls (are not 193) (are 494) compatible in this area.

(8) I believe that existing controls, if enforced (are 310) (are not 240) sufficient for joint utilization of our resources.

(9) I (did not attend 495) (attended 206) the "town meeting" in Homer on February 17, 1976.

(10) I believe the HOMER WEEKLY NEWS headline: HOMER SHOWS STRONG SUPPORT FOR KILLING KACHEMAK LEASES (is not 441) (is 209) an accurate desire of the area residents.

(11) COMMENTS

* RESIDENT OF ALASKA:		** RESIDENT OF AREA	
0-2 YRS.	29	0-2 YRS.	101
2-5 YRS.	96	2-5 YRS.	135
5-10 YRS.	137	5-10 YRS.	121
10+ YRS.	446	10+ YRS.	448

_____

_____

_____

Signed

_____

Address

File

KACHEMAK BAY

CARD CORRESPONDENCE SURVEY

Do you want the oil leases in Kachemak Bay condemned by the State?		Shouldthe Legislature make the decision on spending these tax dollars?		Are you a property owner?		Should the condemnation cost be approved by the voters?	
Yes	NO	Yes	NO	Yes	NO	Yes	NO
~~14~~	~~221~~	~~13~~	~~228~~	~~247~~	~~23~~	~~221~~	~~1~~
~~19~~	~~264~~	~~17~~	~~264~~	~~257~~	~~29~~		
20	~~275~~	~~18~~	~~272~~	~~241~~	~~5~~	~~266~~	~~20~~
	~~277~~	18	274	~~266~~	33	~~277~~	21
	286		283	273		~~276~~	
						285	
1 UNDECIDED		5 UNDECIDED					

It could cost the taxpayers $75,000,000.00 to $100,000,000.00 or more for the State to condemn the oil leases in Kachemak Bay. *Do you want the leases condemned?* (If the leases are condemned the State of Alaska will have to buy them back.)
Yes. 20. No. 286

If this amount of tax dollars is to be spent, *do you think the People of the State should vote on it?* Yes 285 No. 21

Or, *do you believe 60 elected Legislators should make the decision to spend these millions of tax dollars?* Yes 18 No. 283

Are you a property owner? Yes ~~273~~ No. 33
273

Signature.....

File

KACHEMAK BAY

CARD CORRESPONDENCE SURVEY

Do you want the oil leases in Kachemak Bay condemned by the State?		Shouldthe Legislature make the decision on spending these tax dollars?		Are you a property owner?		Should the condemnation cost be approved by the voters?	
Yes	No	Yes	No	Yes	No	Yes	No
~~14~~	~~251~~	~~13~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~1~~
~~15~~	~~267~~	~~11~~	~~264~~	~~253~~	~~29~~	~~[illegible]~~	~~[illegible]~~
20	~~275~~	~~18~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~
	~~277~~	18	~~274~~	~~[illegible]~~	~~[illegible]~~	~~[illegible]~~	21
	286		283	~~266~~	33	~~[illegible]~~	
				273		~~276~~	
						285	
1 UNDECIDED		5 UNDECIDED					

It could cost the taxpayers $75,000,000.00 to $100,000,000.00 or more for the State to condemn the oil leases in Kachemak Bay. *Do you want the leases condemned?* (If the leases are condemned the State of Alaska will have to buy them back.)
Yes 20 No. 286

If this amount of tax dollars is to be spent, *do you think the People of the State should vote on it?* Yes 285 No. 21

Or, *do you believe 60 elected Legislators should make the decision to spend these millions of tax dollars?* Yes 18 No. 283

Are you a property owner? Yes ~~[illegible]~~ No. 33
273

Signature.....

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 13 AM 3 50

#

02440 POM ANCORGE AK 15 03-12 615P AST

PMS REP NELS ANDERSON 3592

JUN

WE STRONGLY URGE PASSAGE OF THE BILL CREATING A MARINE

SANCTUARY IN KATCHEMAK BAY.

EDGAR BAILEY 618 N ST APT 3 99501

Kachemak Bay Conservation Society
Box 946
Homer, Alaska 99603
March 10, 1976

Rep. Nels Anderson
Juneau, Alaska 99801

Dear Representative Anderson:

The members of the Kachemak Bay Conservation Society, a local affiliate of the Alaska Conservation Society, wish to endorse the concept of a marine sanctuary in Kachemak Bay.

We have reservations about the clauses in HB 626 relating to eminent domain and what may be construed as "incompatible uses" of the bay. We do, however, wish to to express our support of what we feel was the basic intent of the bill-- to protect an unusually productive and aesthetic body of water from degradation associated with oil development.

We also wish to support the designation of Kamishak and Chinitna Bays as critical habitat areas.

We consider the maintenance of an adequate food supply at least as important as the nation's gluttonous appetite for energy, especially when much of our energy is supplied by a resource which may have more critically important uses in the future.

Public support for the means to protect our environment and our renewable marine resources is unquestionable.

Won't you please do whatever you can to support this cause also? We thank you for your consideration.

Sincerely,

Stephen Andersen

Stephen Andersen
President, K.B.C.S.

Doyle Corporation
Consulting Psychologists
Marie Doyle Ph. D., President

344-2223
Anchorage

Box 575
Homer, Alaska
99603

3-11-75

Dear Mr. Anderson,

Please support H. B. 626!

We need your help to keep Kachemak
a Marine Sanctuary —

Yours truly,

Marie Doyle

ARNDT BROTHERS
GENERAL CONTRACTORS
BOX 133 — HOMER, ALASKA 99603
Phone
235-8583 or 235-8584

Honorable Nels Anderson, Chairman
Natural Resources committee
House of Representatives
Pouch V
Juneau, Alaska 99811

March 11, 1976

Dear Chairman Andersen,

The proposed Kachemak Bay Marine Sanctuary has stirred up much turmoil and interest in the Homer area particularly. I am a 20 year resident of Homer and feel that I have a vital interest in the Kachemak Bay area. I operate several vessels (landing craft) which are based here in Homer and also employ a number of people in my construction business.

I want to go on record as being totally opposed to creation of a Marine Sanctuary for Kachemak Bay. I do not feel that this creation will benefit anyone in the long run. It will be an anchor holding back or stopping orderly growth and development. I am convinced that the fishing and oil industries can live together. Proper controls and regulations with proper enforcement for all concerned are necessary.

I would also like to mention that I disagree with the governor's effort to cancel the oil leases west of Homer. It would not be in the best interest of the people of Homer or the State of Alaska to do so.

I urge you to put a stop to this Kachemak Bay Marine Sanctuary idea and to take a position against its' creation.

Thank you for the opportunity to comment on this.

Sincerely,

ARNDT BROTHERS

Kenneth Arndt

cc: L. Rhode
C. Tillion
H. Malone

KA/sa

Backwoods Trail, Star Rt. #20972
Fairbanks, Alaska 99701
March 9, 1976

Rep. Nels Anderson, Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

RE: CS for HB 626
KACHEMAK BAY bill

Please do everything possible to secure favorable reporting on the above bill in your committee, and to get it out onto the floor of the House for a vote as soon as possible.

I want to be on record as favoring the above bill for the following points:

1) The State of Alaska should never have allowed the sale of oil leases in Kachemak Bay, because of the value of of the fishery there, including shell fish.

2) The oil and gas leases now held in Kachemak Bay should be removed through condemnation, in order to clear the bay of all threats from this source.

3) I favor creation of a marine sanctuary within Kachemak Bay, which would preclude all future leasing or drilling in the area.

The values present in Kachemak Bay total far more than a possible find of oil and gas. It is a lovely area with a tremendous amount of appeal to the visitor, whether an Alaskan on vacation, or someone from Outside. The value of the Bay from this standpoint is permanent, unless we permit it to be damaged in our pursuit of short-term gains such as those from the oil and gas leases.

I hope you will expedite this bill through your committee, and assure a House vote just as soon as possible.

Sincerely,

Ginny Hill Wood

Grenac Rd. S. R. Box 30498
Fairbanks, AK 99701
March 10, 1976

Rep. Nils Anderson, Chairman
House Resources Committee
Pouch V
Juneau, AK 99801

Dear Rep. Anderson:

We urge your support of the subsitute for House Bill 626, to buy back the Kachemak Bay lease.

This is a high priority matter and probably the most environmentally positive action this year's Legislative session can take.

In addition to repurchase of the lease, it is important to assure legal protection for the fisheries resources in Kachemak Bay.

Sincerely,

Ann Swift

Ann and Dan Swift

Mr. Wayne Jones
Homer, Alaska
March 9, 1976

Honorable Jay S. Hammond
Governor
State of Alaska
Office of the Governor
Juneau, Alaska 99811

Dear Governor Hammond:

I am writing in reference to the Marine Sanctuary bills with its phoney misuse of condemnation laws. I think it is time to yank the rifle off the wall and declare open season on politicians, not on oil people.

I want to tell you a story. In the early 1940's I participated in three beach heads as a soldier with the 77th infantry division. We waded ashore three times. Three times I put my life on the line for three pieces of land, and do you know what? After the war they took most of it away. On May 10, 1947, I made another beach head. The United States Government told me that for helping my Country in her time of need, they would give me 160 acres of land, free and clear, if I lived on it for seven months and built a home on it. Here at last was a place for a tired old soldier to lay down his rifle to rest a while, and a place to die in peace and honor. So I waded ashore again to another piece of land at Happy Valey, Alaska.

And do you know what? They damn well better not take this piece of land away by condemnation action as authorized in your Marine Sanctuary bills.

Sincerely,
Wayne E. Jones

WAYNE E. JONES

cc: Honorable Nels Anderson
Honorable Kay Poland
Honorable Leo Rhode

Norma Turkington (Mrs.)
Box 233
Homer, Alaska 99603

March 10, 1976 RE: SS HB 626

Dear Representative Anderson:

I have attempted to comment on this bill in a sensible, rational manner and make it short. However I have come to the conclusion it's impossible.

The rewrite leaves many questions and fears for me as an average taxpaying voter. I wonder how attorneys would interpret it in the future. I have seen them spend a half hour or more, arguing before the supreme court, over the definition of just one word.

I can't go along with a sanctuary in Kachemak Bay. Animals in a contained environment will eventually increase in number until their food supply in not sufficient to sustain them. I feel an attempt is being made to put the people of the Kachemak Bay area and Lower Kenai Peninsula, in much the same predicament with a controled economy. The watered down dollars that might be available from Federal Shared Revenue are not dependable. We can't selfishly tell the people of the other states that we don't want our waters to provide oil but we want Federal money to support us.

As to the bill itself: There appear to be provisions for increasing the marine park, but no provision for eleminating any portion. Has there ever been a park given up for another use? (I really don't like to "nit-pik" but we have so much at stake here, I feel I must question all I see now). Allowed are beachcombing for wood and coal, but no sea shells, rocks or other treasurers. Does the geographical description include within the Homer or Seldovia boat harbers? How about the City's tide lands? We paid a good price to get them surveyed. How about Jakalof Bay? Will the lumber operation there be allowed to continue? How about digging clams? Will ships and barges be allowed in the bay? Not just the ones stopping at the Port of Homer, but the ones that unload on the beach or come for shelter and repairs. How about marine repair facilities? Will the owner of any sunken boat or ship be required to retriev it from the bay bottom so it won't environmentally damage anything?
I oppose to condemning the leases or buying them back. I especially oppose the power of eminent domain.
I oppose creating another department (The division of Natural Resources Department for Marine Sanctuaries) This administration is going to cost this state a bundle with its many new departments, positions and councils, and creating huge debts for lease pay back and the degrading of Alaska's creditablity.

This bill was written in haste and often haste makes waste. Can't we work out uses of Kachemak Bay to the best interest of all concerned. Please just find funds to strictly enforce regulations for each use of the bay. Many thanks.....

Sincerely,

Norma Turkington

Norma Turkington (Mrs.)

cc/ All legislators

Alaska State Legislature

REPRESENTATIVE
LEO RHODE
BOX 406
HOMER, ALASKA 99603

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811

COMMITTEES:
COMMERCE
NATURAL RESOURCES

LEGISLATIVE COUNCIL

House of Representatives

March 8, 1976

Julie and Robert Clutts
Anchor River Inn
Anchor Point, Alaska 99556

Dear Bob & Julie:

Thank you for your most comprehensive thoughts relative to the proposed condemnation of the oil leases in Kachemak Bay.

To comply with your requested conveyance, a copy of your communication will be placed is the hands of the Governor, President of the Senate, Speaker of the House, and the Chairmanships of the Resources Committee in both Houses.

The present bills, SSHB626, and HB854 (included) which deals with this subject are presently in the House Resources Committee. Committee hearings on these bills have not been scheduled to date.

Your interest in the Kachemak Bay issue is most appreciated.

Very truly yours,

Leo Rhode
State Representative

LR/jp

enclosures

cc: Jay Hammond, Governor of Alaska
Chancy Croft, President of the Senate
Mike Bradner, Speaker of the House
Kay Poland, Chairman - Senate Resources
Nels Anderson, Chairman - House Resources

VACATION PARADISE

Anchor River Inn

"Most Westerly Highway Point In North America"

EXCELLENT FOOD
FRIENDLY BAR
COMFORTABLE
ROOMS

GOOD FISHING
SALMON
DOLLY VARDEN
STEELHEAD

PHONE 235-8531
ANCHOR POINT, ALASKA 99556

February 27, 1976

The Honorable Leo Rhode, Representative
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Leo:

Please convey our opinion on the proposed action to renege on the Kachemak Bay lease sale to the legislature, the senate, and the governor.

By our letterhead it should be apparent that we are interested in any action which would harm the propagation of fish or people. However, our opinion on the proposed action is not clear and we hereby hope to clarify it.

Ninty percent of our tourist trade are Alaskans moving around Alaska. In the Summer most of our guests are federal or state employees, servicemen, their families and visiting relatives. During the Winter our guests are construction workers and fishermen. Oil oriented personnel stop in the year around. We are interested in the welfare of all Alaskans.

Most of the Kenai Peninsula homesteaders were able to prove up on their homesteads through the income they received working in oil development. Families moved from Homer and Anchor Point to Sterling and Soldotna while "Dad" worked in the Swanson River oil fields. When school started they came home. Later "Dad" worked for seismograph companies as a surveyor, cat skinner, driller, juggy, etc. Many fished in the Summer and worked in oil research in the Winter. Through this employment and the arrival of many "little homesteaders" the peninsula grew. It grew through free enterprise not through dependency on federal or state government agencies. The Anchorage, Fairbanks, and Juneau areas were and still are dependent on these.

The second generation finished school (Teaching these students became the most coveted teaching positions because they are the highest paid in the Nation.) There was the need for more jobs for more adults. We all hung on fighting the battle to make ends meet. The hope that "things will break next year" kept us going. By "things" we meant development of oil on or off shore. Now we have third generation peninsulians looking for employment.

In 1972 we traveled 16,000 miles to Oklahoma, Houston, Texas, Los Angeles and back home. We saw a lot of "grasshoppers" pumping away quietly, healthy

crops of grain growing around the pumps and small herds of cattle drinking from their water troughs beside the pumps. Our best day of sport fishing was the day we chartered a boat and fished in Long Beach harbor near what appeared to be highrise apartments. In reality they were shells surrounding drilling rigs. They were attractive by day and beautifully lighted at night. The most popular meal we serve in our dining room are jumbo prawns from the Gulf of Mexico. There are approximately 2000 drilling rigs in that body of water.

I grew up on Puget Sound in Washington State, home to some of the worlds largest fishing fleets. (It is difficult for me to accept the boast that Kachemak Bay is the most prolific body of water in the world.) My father was a machinist for Continental Can Company. While he serviced the machines installed in Southeastern Alaska canneries our family lived in cannery quarters at Kake. I started school there. At that time it was a small two room school house. I remember the scowloads of fish dumped overboard because the run was greater that the cannery could process before they spoiled. The same situation experienced here in Cook Inlet a short time ago. That time the Japanese processing barge was called too late to assist in saving the fish.

In view of the above and other reasons too numerous to mention here it is our opinion that:

1. No bill should be passed which would prohibit the development of oil or any other natural resources in our State.

2. The "know how" to insure compatability between all industries is available and can be applied when radicalism is replaced by good judgement.

3. The majority of the Kenai Peninsula residents were not only aware of the probability of the lease sales they were looking forward to the day.

4. Newcomers secure with their retirement income, inheritances, content with welfare, etc., should consider the majority working for a living at the jobs they are best suited for.

5. Salaries paid with our tax dollar to enviornmental personnel should provide more techuical assistance to preclude damage to man or fish, etc., and fewer "flat nos".

6. ENDANGERING THE CREDIBILITY OF THE STATE BY RENEGING ON THE LEASE SALE BORDERS ON TREASON TO OLD ALASKANS WHOSE WORD IS THEIR BOND.

7. ANY CONSIDERATION GIVEN TO OBLIGATING ALASKANS TO REPAY TWENTY-FIVE MILLION DOLLARS PLUS INTEREST AND OTHER COSTS WITHOUT PUTTING IT BEFORE THE PEOPLE IS ANARCHISTIC.

Respectfully yours,

Julie Clutts

Julie Clutts

Robert Clutts

Robert Clutts

HOMER COMMITTEE

TO PROMOTE

UTILIZATION OF PORT OF HOMER

JERRY ANDERSON
chairman

P.O. Box 955
Homer, Alaska 99603

February 25, 1976

Dear Fellow Citizen:

Enclosed are five pre-addressed post cards with identical questions on each. Will you please check yes or no for each question, sign and mail them immediately?

Time is an important factor for individuals to express their opinions, whether they want the oil leases in Kachemak Bay revoked or not, as a new bill is being drafted for the Governor to submit to the legislators to accomplish the goal to condemn or purchase these leases.

The Committee is mailing as many sets of these cards as it can afford from the contributions that have been received. However, if you have a friend or neighbor who did not receive a set an would like to express his opinion, please ask him to come by the Manley Freight Terminal office. We will try to have a few more cards available.

We appreciate your assistance in this poll to give the Governor, both Resource Committee Chairmen, our Representative and us the opinion of what the majority of Kachemak Bay area residents really want. Thank you.

Sincerely,

COMMITTEE TO PROMOTE THE UTILIZATION OF THE PORT OF HOMER

JERRY ANDERSON
Chairman

It could cost the taxpayers $75,000,000.00 to $100,000,000.00 or more for the State to condemn the oil leases in Kachemak Bay. *Do you want the leases condemned?* (If the leases are condemned the State of Alaska will have to buy them back.) *Yes..... No.....*

If this amount of tax dollars is to be spent, *do you think the People of the State should vote on it? Yes .... No.....*

Or, *do you believe 60 elected Legislators should make the decision to spend these millions of tax dollars? Yes.... No ...*

Are you a property owner? Yes .... No.....

Signature ....

HOMER COMMITTEE

TO PROMOTE

UTILIZATION OF PORT OF HOMER

JERRY ANDERSON
chairman

P.O. Box 955
Homer, Alaska 99603

February 27, 1976

The Honorable Nels Anderson
Chairman
House Resource Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

Enclosed is a copy of our letter to Governor Hammond which will explain the intent and purpose of the post cards that you will be receiving. Also enclosed is a copy of the letter sent with each set of cards, and a sample of the cards.

It is most regrettable that Homer is so divided on the Kachemak Bay issue. There is a deep resentment among the residence within the City who are faced with the tax burden to support the services for the non-property owning itinerate residence who are presuming to become the voice of the community.

However, some of the fishermen who support condemnation of the oil leases are among the most stable and most respected citizens in this community. Yet we believe these people would have accepted the decision of the Supreme Court without further furor had the Administration indicated its willingness to respect the Supreme Court's decision.

We can appreciate the difficult decision for all of you serving in the legislature. Again, we appreciate your thoughtful letters and we are deeply grateful for your concern for the welfare of our community.

Sincerely,

COMMITTEE TO PROMOTE THE UTILIZATION OF THE PORT OF HOMER

JERRY ANDERSON
Chairman

JA:bcm

ENCLS

cc: Hon Leo Rhode

HOMER COMMITTEE

TO PROMOTE

UTILIZATION OF PORT OF HOMER

JERRY ANDERSON,
chairman

P.O. Box 955
Homer, Alaska 99603

February 27, 1976

The Honorable Jay S. Hammond
Governor
State of Alaska
Office of the Governor
Juneau, Alaska 99801

RE: Public Meeting Homer, Alaska February 17, 1976

Dear Governor Hammond:

The notice from your office to hold a public meeting in Homer on drafting an acceptable version of House Bill 626, was given to the City of Homer one week prior to the meeting. This short notice made it impossible for many people, who had prior commitments, to attend. The meeting was also very poorly advertised, none of the Anchorage papers carried a notice of the meeting. The intent of your three representatives, Attorney General Gross, Bob Palmer and Fish and Game Biologist Dr. Pat Wennekens, was most apparent: to revoke the leases in Kachemak Bay. The question was only how to accomplish this..condemnation or purchase.

We are not in agreement with either the percentage quoted by Mr. Gross, that 80% of the residents of Homer are in favor of condemning the oil leases, or, that it is a 20 to 1 ratio in favor of condemnation.

In an attempt to have the opinions of more than the select group of fishermen, ecologists and enviornmentalists considered in determining what is best for our community, we are mailing 500 sets of post cards, five pre-addressed cards per set.

These post cards are addressed to you; the Honorable Kay Poland, Chairman, Senate Resource Committee; the Honorable Nels Anderson, Chairman, House Resource Committee; the Honorable Leo Rhode, Representative; and our committee.

The questions asked are to be answered yes or no; they are on condemnation, whether or not the State's expenditure for condemnation or purchase should be approved by the qualified voters of the entire state, or, if it should be the decision

of the legislators, and if the individual is a property owner.

It is not the intent of this committee to influence the opinions on the oil leases in Kachemak Bay. We only want to be assured that all segements of our community have had an opportunity to express an opinion.

The mailing list for the post card poll was devised by four members of the committee selecting names at random from the telephone directory. It was an effort to contact people who have not attended the public hearings or public meetings and/or who have not expressed their views. One classic example is the fishermen who do not support condemnation nor purchase of the Kachemak Bay leases do not express themselves for fear of reprisal from other fishermen.

We are concerned that one faction of this small community can influence serious legislation to obligate every tax payer in the State of Alaska for unknown millions of dollars.

We are also concerned about the future opposition that can come from some of this same faction in our attempts to develop utilization of the Port of Homer as many of these people appear to object to all growth and development.

Our prime objective is to devlop all potential uses through the Port of Homer to contribute to a stable economy in this area. To do so, we believe it is imperative that our community be fairly evaluated in its attitude toward the oil industry as well as other industries.

We request that you review the post cards as they arrive in your office, and ask that you give careful consideration to each signed card in your determination of what the desire is of the majority of the citizens in this area.

Sincerely,

THE COMMITTEE TO PROMOTE THE UTILIZATION OF THE PORT OF HOMER

JERRY ANDERSON
Chairman

JA:bcm

cc: Hon Kay Poland
Hon Nels Anderson
Hon Leo Rhode
Hon Hugh Malone

Susan H. Lockwood
Box 1062
Homer, Alaska - 99603
March 1, 1976

The Honorable Nels Anderson
Chairman House Resource Committee

Dear Sir:

I 100% Support the Concept of Condeming the Kachemak Bay oil leases.

Respectfully,
Susan H. Lockwood

NAME Timothy Mackchett
SUBJECT Port Graham, Alaska - 99603
DATE March 1, 1976

The Honorable Nels Anderson
Chairman of the House Resource Committee
Pouch V

Dear Sir',

I want to go on record favoring Condemnation of the Kachemak Bay Oil leases.

Sincerely,

Tim Malchoff

Fld

OPINION POLL OF KACHEMAK BAY RESIDENTS

I, Allan B Crawford as a resident of (1) City of Homer area of Kachemak Bay.

(2) I have lived in Alaska for 10 years.

(3) I have lived in this area for 4 years.

(4) My occupation is Postal employee

(5) I (do (own X) not own ____) property in this area.

(6) I believe (expensive) industry will (hinder X) (help ____) this area.

(7) I believe that fishing and petroleum industries, with proper controls (are ____) (are not X) compatible in this area.

(8) I believe that existing controls, if enforced (are ____) (are not X) sufficient for joint utilization of our resources.

(9) I (did (attended X) not attend ____) the "town meeting" in Homer on February 17, 1976.

(10) I believe the HOMER WEEKLY NEWS headline: HOMER SHOWS STRONG SUPPORT FOR KILLING KACHEMAK LEASES (is X) (is not ____) an accurate desire of the area residents.

(11) COMMENTS

The issue in the Kachemak Bay area is not oil vs fishing; but rather a number of "greedy" businesses and land owners (I own 20 acres in the area) wanting more money instead of protecting a valuable food source. I much prefer to keep the food source. Therefore, I fully support HB 626. It is the only reasonable thing to do in light of the mounting world food crisis.

Allan B. Crawford
Signed

Box 751 ; Homer, Ak.
Address

File

February 24, 1976
Box 1194'
Homer, Alaska 99603

Hon. Nels Anderson,Chairman
Natural Resources Com.
House of Rep.
Pouch V
Juneau, Alaska

Dear Hon orable Anderson,

This letter is in regards to HB 626. In the event that the gas/oil leases off Kachemak Bay are found to be legal, I am strongly in favor of a bill that would make Kackemak Bay a marine sanctuary but let it's people use the bay as they do now and just mainly keep gas/oil drilling and oil tankers out of this critical habitat area.

Thank you.

Sincerely,

Judith Wenger

Judith Wenger

February 18, 1976

Represenative Nels Anderson
House of Represenatives
Pouch V
Juneau, Alaska 998111

Dear Mr. Anderson;

I would like to add my protest to the list against HB 626 - in its present form, which I understand will be rewritten.

I protest very definately ANY condemnation clause in any form in the new bill. If the oil leases are condemned now, what is next? Coal, timber, crab pots-- what ever??? Why should the oil industry be singled out? Past experience indicates it will not stop with the oil industry.

There is much evidence that fishing and other industry can live side by side; to condemn one to enhance the other is economic folly.

And there is to much evidence of "condemnation" under any name, land grabs, management, or just plain "Big Government" taking over, or regulating every piece of ground, every movement a citizen makes.

Don't lock Alaska up! Let us grow! Let us have a place for our children, and these children not only need recreation and wilderness areas to enjoy, but they also need jobs and payrolls to be able to enjoy these recreation areas. I would like for my children to be able to live and work in Alaska, but as it stands now-because of limited entry they cannot fish, it is very difficult to start a small business because of regulatory restrictions, the list could go on and on. That leaves jobs with established industry, but with all Alaska land locked up, that will limit those jobs.

Then what? One politician feeding off another??

Sincerely,

Virginia Wilson

February 20, 1976

Honorable Nels Anderson
Chairman, Natural Resources Comm.
House of Represenatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

In regards to HB 626; I am very much against the bill in all aspects. What it tends to do, what it involves and why it was written.

I am a fisherman first, but have other interests evolving from having lived here for approximately 28 years. I believe in the rights of all people, and of all people having the right to defend these rights, be they great or small. If We the People are to be regulated to the point of revolution, then we should have a voice in the writing of the regulations, by vote if nothing else.

I do not feel it is right for the State to be able to condemn the leases in Kachemak Bay, nor that the people should have to pay the penalty if a suit by the oil companys should such action be taken.

I believe in the protection and conservation of all animals and fishes, but not of the locking up of these animals and fish! All things were put on this earth for all men to use, not just a few.

I do not believe in Commissioners being appointed that can dictate terms by which people shall live and be regulated by.

Do all lands and waters have to be classified and controlled to the point that none is left available to the expanding population? Should all lands be locked up, where the State will derive zero taxes? On what can a tax base be formed?

I enjoy the flora and fauna and I wish to enjoy it longer. And hope that all can! But I wish to see people being able to work and enjoy prosperity, but through working for what they get, not by the hand-outs that government seems to push, which are tax free. Give people jobs, put them to work, and normally you will have a happier society. Also it will take some of the tax load off my back!

My comments have gone a little further than HB 626, but are certainly related.

Sincerely,

Charles L Johnson

Box 846
Homer, Alaska 99603
February 19, 1976

Govenor Jay Hammond
Pouch A
Juneau, Alaska

Dear Govenor Hammond:

Much controversy has surrounded HB 626 locally. People don't understand the obliquities of the legal/political world and it is little wonder!

The purpose of this bill was to enable the state to condemn the Kachemak Bay oil/gas leaseholds in the event that the courts find that the sale was held in a legal fashion. Why not do that--and nothing else?

I'd like to be able to support such legislation--that is a bill which would make it possible for the state to return to the oil industry leasees their lease payments, fair interest and "costs" and depreciation/appreciation; and return the right to exploitation of the oil and gas resources in the state territory of Cook Inlet (the area described as Kachemak Bay State Marine Sanctuary in HB 626) to the people of the State of Alaska.

Sincerely yours,

Jere

Jere T. Murray

CC/ Senator Clem Tillion
Rep. Leo Rhodes
Rep. Hugh Malone
Rep. Nels Anderson

①

Dennis Hanoski
Box 426
Homer, Alaska 99603

Honorable Nels Anderson
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson,

I have lived in Homer for eight years. During this time I have worked as a welder on oil platforms, a commercial fisherman (3 years), a construction worker, and now as a businessman. I am also a member of the City of Homer Planning Commission and vice-president of the board of trustees of the Homer Volunteer Fire Department. I feel that my opinion has been drawn from my work experience and involvement with community affairs.

My main concern is HB626 and any other legislation which would prohibit any oil development in the Homer area. I do not mean to say I am against controls or regulation but I am against outright prohibition.

I feel that the present controversy in Homer stems from three viewpoints - saving aesthetic values such as scenery, quaintness, etc, preserving the fishing, and general economic development and growth.

In my opinion the need for oil by our country far outweighs the damage to esthetic values. The sight of an oil rig or the associated activity are not enough to deprive the United States of energy independence. This statement may sound corny but the events with the Mid-East of last year should be enough to make my views clear.

Fishing and oil, by themselves, are not compatible. I agree with this statement, but the fact is oil and fishing are not by themselves - there is technology and government. The oil people have agreed to controls and regulations to preserve the fishermen's way of life and to protect the environment. The state government has a duty to require the oil industry to use its technology to protect others. Many fishermen and conservationists have decided to oppose oil development regardless of controls, regulations, or surveillance agreed to by the oil industry. This is wrong. The world (business, government, politics, etc.) is based on need and compromise. The US needs oil and here in Kachemac Bay we need a compromise.

(3)

General economic development and growth is probably the issue under the controversy. Fishermen are striving for a status quo - no more fishermen and nothing that would even remotely threaten fishing. To maintain this attitude it is necessary to oppose growth and oil. Here in Homer we have a fairly large number of transients (Hippie-types if you will) who also share this view. The phrase used is 'keep Homer the way it is.' This is impossible in Homer as anywhere else - no one can keep anything 'as it is'. The best we can do is to make the best of what can be. Homer has a chance to help itself instead of remaining a poor sister or becoming a ward of the state.

I would like to comment on our most recent town meeting chaired by Mr. Gross. I have a very hard time writing without becoming angry about it. The part of the meeting that most irked me was the last head count of people for and against oil development and Mr. Gross' interpretation of it. I was unable to remain at the meeting and missed the last count but an earlier showing in response to a question by Mrs. Vel Cason showed over half the people in attendance believed oil and fishing could be compatible. This showing was in spite of a large number of our transient people and having the meeting chaired by four people openly against oil development. Even I was surprised at this showing.

(4)

I feel that the state is wrong in attempting to damn oil development like a dirty book in Boston. Let us control it, regulate it, tax it, but not prohibit it. Let the oil people pay for these protections. Help the United States find energy independence.

I am urging you to not be stampeded by short-sighted hysteria into making long-lived legislation.

Sincerely

Dennis Hanish

Homer ak 99603
Feb 20, 76

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Represenatives
Juneau, ak. 99811

Dear Mr. Anderson

I am a commercial fisherman, boat owner, registered guide and 37 year resident of the Kachemak Bay area.

I would like you to support legislation that will stop the development of oil in Kachemak Bay.

HB626 was introduced to protect the Bay from oil development, but was poorly worded.

On Feb 17th a town meeting was held. The attorney General asked the people, which many present would support a bill terminating the Kachemak Bay leases and taking care of the technical

problems in HB626. and by a vote of 300 to 17 the people said they would support legislation that would terminate the leases.

I have sponsored proposed amendments to HB626 that alevidates the problems contained in the original.

The majority of the residents of Packwaukee Bay feel that the resources of the Bay should not be risked by allowing the developement of oil.

The Bay comprises only 2.1% of the Cook Inlet area, yet produces 62.5% of the fishery resources. This area also serves as a recreational area for many thousands of people from the surrounding areas, and includes a State Park, critical habitat area, and wildlife sanctuary. Considering this I would very much appreciate your support.

Thank you.

Sincerely

Paul & Connie Jones

ALASKA
CONSTRUCTORS, INC.
A HALLIBURTON COMPANY

February 6, 1976

Governor Jay Hammond
Pouch A
Juneau, AK 99811

Dear Governor Hammond:

As manager of a corporation employing 700 taxpayers in the State of Alaska, I would like to voice my objection to any form of sanctuary as proposed in HB626.

There is not only a legal issue involved in canceling the oil leases already let in the Kachemak Area, but a moral issue that affects all Alaskans. These issues will affect prices received on all future leases.

I, as a taxpayer, am opposed to using the tax money received from myself and the corporation I represent to stop progress, reimburse money already received, and deprive us of any future revenue.

The safety of offshore oil production has been proven world wide. The main objection, as I see it, for the Kachemak could be taken care of by making shipping corridors. This would lessen the damage to gear which is stated as the major concern.

Rather than submit a bill for a very few special interest groups, let us look at what is best for all of the people and if it is required, put it before all of the people for a vote.

Your reconsideration in this matter will be appreciated.

Yours truly,

ALASKA CONSTRUCTORS, INC.

D. A. Cowser

D. A. Cowser
Senior Vice President, Manager

DM/vh

cc: Senator Chancy Croft
Senator Jalmar Kerttula
Senator Mike Colletta
Senator Kay Poland
✓Representative Nels Anderson

Drawer 4-JJ Anchorage, Alaska 99509 (907) 344-1525 Telex: (090) 25-362

626

Alaska State Legislature

SENATOR
CLEM TILLION
HALIBUT COVE, VIA
BOX 373
HOMER, ALASKA 99603

Senate

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99811

February 3, 1976

Richard M. Jones
Box 866
Homer,.Ak. 99603

Dear Mr. Jones:

Thank you for the letter regarding House Bill 626. First, I do not support HB 626 as written. I have an inherent distrust of governemnt--reinforced as much as anything by my years in the Legislature, and while I will do almost anything to protect the fishing industry locally, and hope to never see the day when there are fixed structures in Kachemak Bay, I never-the-less have difficulty supporting anything that exercises eminent domain powers over a man's home and property. I do support shipping lanes in and out of the port of Homer and Seldovia, and would not want to deny Homer the chance to be an active port as things open up in the Southern Inlet. While I don't want to see oil drilling within the Bay, I have no objections to seeing it take place in the Southern Inlet and feel that the Homer area has a major potential.

I introduced the Legislation for Kachemak State Park, incidently at the request of both the Chamber and the City Council of Homer some years ago, but in it I very carefully put a section that says the powers of eminent comain may not be exercised anywhere within the boundaries of the Park. I have added this same section to every other park bills that came through the Legislature since I have served on it and it was my Legislation that removed the power from the Alaska State Housing Authority.

I don't expect that you will agree with all of my positions, but I do appreciate your writing so I can at least explain where I stand.

Sincerely,

Clem Tillion

Clem Tillion
State Senate

cmp

Homer, Alaska
Feb. 9, 1976

Honorable Clem Tillion
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Tillion:

Thank you for your response of Feb. 3 in regard to House Bill 626. It would appear you and I may have more in common than my previus impressions. Very frankly, I was of the opinion this bill was probably the results of the Governors' "quiet" visit to Halibut Cove a short time ago.

According to the Homer Weekly of Feb. 5, Bob Palmer states, "he and Hammond are not happy with the present bill, which slipped by him and Senator Tillion". If proposed legislation can "slip by" those who are sponcering legislation it is a case of gross negligence. Or did the top aid to the Governor think such an outlandish and eighth graderish prepared piece of paper could "slip by" the ignorant legislators and public? Something should be done about this man other than a top position in the Fish & Game Department.

I am definately opposed to any breach in trust on the part of the State in reclaiming sold oil leases in the Bay. Morally, "A Deal is a Deal". This compares with Panama now claiming the Canal Zone, which we bought and paid for, and would be worth nothing to them had we not developed it. However, with the present noise of taxing the oil companies out of business, it may be the right time for negotiations. Could part or all of the leases be traded for other, with no monitary problems to us?

If opposition to fixed structures in the Bay is our stand, lets stick to this. To my knowledge, there is no sound basis of harm to the fisheries. In fact experience in other areas (Gulf of Mexaco) prove otherwise. Furthur, the oil industry is noted for it's practical aid in research and development of agriculture and fisheries, both of which we are in dire need.

Sincerely,

Richard M. Jones
Box 866
Homer, Alaska 99603

CC - Rep. Rhode
- Gov. Hammond
- Anderson, Nat'l. Res. Comm.
- News Media

Anchor Point, AK 99556

Mr. Nels Anderson, Chairman
House Resource Committee
Pouch V
Juneau, AK 99811
(Mail Stop 3100)

Dear Mr. Anderson:

I am writing concerning H.B. 626, An Act Relating to the Establishment of Marine Sanctuaries.

I am against such large sanctuaries that put wild life above human life. There are too many people in the Anchor Point-Homer area to choke off all future development.

Whole areas of the state are already locked up, why lock up the best part of the state to life so that no one can make a living except state workers. If the state can't develop, how can it continue to fund all these parks and sanctuaries?

The bill is too loose - no specific laws, just at the descretion of the commissioners. This leaves too much to the whims of appointed personnel. Everything should be spelled out before any land is withdrawn anywhere.

I am against H.B. 626.

Sincerely,

Marguerite Jacobs

Marguerite Jacobs

cc:
Clem Tillion
Hugh Malone
Leo Rhodes

February 5, 1976

The Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairman Anderson:

Representative Leo Rhode has kindly sent me a copy of HB 626 with the suggestion that any comments I may have be directed to you and your committee.

Kachemak Bay by virtue of its size, diversity, aquatic fertility, climate and, most important, location stands alone among the bays and shore lines of the State. Its accessibility to the State's now and future primary population center assures its future importance for recreational purposes. Many thousands of people visit here annually. Most of these visitors are from Anchorage. The number of future visitors could be projected as a parallel to projections for the growth of Anchorage.

I believe it makes very good sense to establish the shoreline of Kachemak Bay as a marine sanctuary and to incorporate it into the State Park System. The nature of the lands and waters proposed is now public. The shorelines have been and will in the future be utilized by the public. It is proper that the public should own them and through the State Park System pay for their maintenance.

The success of the Oregon Beaches State Parks in that state serves as an example of what could be achieved in Alaska. That system has in no way impeded industrial progress. It has prevented sprawling development and has controlled detrimental human activity.

There are parts of HB 626 which I question. Sec. 41.20.425 singles out the oil industry and no other for exclusion from the sanctuary. There very well may be other activities less desirable than the oil industry. Some of these may not even be known or anticipated at this time. It also may be that advancing technology will make industries not now desirable in a marine sanctuary quite acceptable in the future. Recognition of this possibility could make more people enthusiastic about the marine sanctuary and also encourage the technologists in their quest for safer systems.

It would, perhaps, be better to single out those industrial activities which could be expressly permitted. For instance, aquaculture, the non-profit fish hatchery program, should be encouraged. It could immensly enhance the recreation use of the sanctuary.

In reference to Sec. 41.20.430, I believe that for the forseeable future the Department of Natural Resources should address itself to the formation of a state-wide system of parks and sanctuaries rather than expending a great deal of time, money, and personnel on acquisitions in Kachemak Bay or any other specific area in the State.

Some oppose the sanctuary because they fear that industry will be completely sacrificed in favor of habitat. Our extremely high rate of unemployment is cited as a reason to encourage development. We have this high unemployment rate mostly because Homer is a nice place to be unemployed in. As long as our society makes it possible to be gainfully unemployed the present situation will continue.

The City of Homer should be allowed to develop its tidelands and since this area is growing rapidly and is extremely gravel poor the utilization of gravel from the deposits adjacent to the mouth of Grewing Creek could be provided for. With the exercise of a dab of common sense this could be accomplished with beneficial results for the City, the State Park, and the Marine Sanctuary.

Sincerely yours,

David Vanderbrink
P. O. Box 1236
Homer, Alaska 99603

January 27, 1976

Dear Sir:

I would like to express my opposition to H.B. 626 which would make a sanctuary of Kachemak Bay. Though I agree we should preserve the beauty and bounty of Kachemak Bay, I feel that restricting traffic in and out of the port of Homer is unduly restrictive to the entire Homer economy.

Respectfully,

Donald M. Fell

Donald M. Fell
Box 615
Homer, Alaska 99603

626

ALASKA WATERFOWL ASSOCIATION

118 East Sixth Avenue
ANCHORAGE, ALASKA 99501
TEL. (907) 272-2561

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February 6, 1976

Representative Mike Hershberger
Pouch V
Juneau, Alaska 99811

Re: Marine Sanctuaries Bill

Dear Mike:

Enclosed is a copy of the draft Marine Sanctuaries bill that I spoke with you about on the phone. Our association is opposed to this legislation.

The principal problem we see is that the bill provides for the Department of Parks to set aside marine sanctuaries. We already have sanctuaries and refuges under Fish and Game. Why create another category. The classification is already there, and we can now use "critical habitat" if sanctuary or refuge is not sufficient.

I note that the Department of Fish and Game already has the biologists, etc., necessary to manage sanctuaries and refuges. Now we have an attempt for the Parks Department to get in the same act with a duplicate authority to create these sanctuaries, etc. But, note that Parks wants to have the Legislature hand over its authority to Parks Division.

We believe that having sanctuaries of any kind in the Parks and Recreation system is a mistake since they do not have the staff to manage it properly, and management of sanctuaries has always in our state been vested in the Department of Fish and Game. If Parks wishes to protect the coastal zone, let them nominate tracts for the legislature to act upon, just as our association has done so with refuges.

ALASKA WATERFOWL ASSOCIATION

118 East Sixth Avenue
ANCHORAGE, ALASKA 99501
TEL. (907) 272-2561

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RICHARD WHITE, ROCHESTER
JACK WILLIAMSON, ANCHORAGE
J. MARTIN WINTON, FRESNO

ADVISORY COMMITTEE

C. H. ROSENTHAL, TALLAHASSEE
ANGUS GAVIN, WINNIPEG
THE PHEASANT PLUCKER, ANCHORAGE
JOE G. SWEET, OAKLAND
BUTTERCUP WILSON, CHICKEN
EDMOND W. BURKE, ANCHORAGE
EDWARD B. RASMUSON, ANCHORAGE
NORMAN B. GRANT, ANCHORAGE
JOHN F. KENT, ANCHORAGE
LAMONT ALBERTSON, TELLER

PUBLICITY

HARRY GERON
ANCHORAGE

BANDING

GARY HEGG
ANCHORAGE
J. DOUGLAS BURKE
ANCHORAGE

HABITAT

GARY HEGG
ANCHORAGE
MARK C. ROWLAND
ANCHORAGE
TOM BRENNAN
ANCHORAGE

This is a bad law, poorly thought out, and whoever drafted it does not understand management problems and evidently does not understand the present authority to establish sanctuaries. In closing I point out that where sanctuaries border federal refuges, we may have management problems, since a park administered area next to a Fish and Wildlife Service managed area can create problems. On the other hand U.S.F.&W.S. knows how to work with Fish and Game. Izembeck Lagoon is one example. No way should this be a sanctuary.

Please oppose this bill vigorously. It's a bummer.

Very truly yours,

JOHN W. HENDRICKSON
Secretary

JWH:bk
cc: Nols Anderson, Rep.
Kay Poland, Sen.
Clark Gruening, Rep.
Jay Hammond, Governor
ADF&G
U.S.F.&W.S.

Representative Mike Hershberger
Re: Marine Sanctuaries Bill
February 6, 1976

K.13 - HB 626

TELEGRAM

[illegible] ALASKA [illegible]

PHONE: [illegible]

[illegible] ALASKA 99801

#

1976 FEB 4 PM 8 32

02092 NL ANCHORAGE ALASKA 50 02-04 0512P AST

PMS REP LEO RHODE

1182

JUN

DUE TO THE SIGNIFICANT AND LASTING EFFECTS ON THE HOMER AND SELDOVIA ECONOMIES THE HOMER CHAMBER REQUESTS THAT PUBLIC HEARINGS BE HELD IN HOMER AND SELDOVIA PRIOR TO ADOPTIONS OF HB626 OR MODIFIED VERSION

ANGELO HILLAS HOMER CHAMBER OF COMMERCE

Joan
Please send copy to House Members

(R)

HB #626

Homer Alaska
Feb 2 1976

Dear Lee:

Thank you for the copy of the bill and also for the enclosure of the boat, the caption at the bottom of the boat picture is exactly what I think of the Marine sanctuary.

I am against the bill because it can kill Homer if there is enough pressure put on it.

I understand there is a petition being circulated in Homer against the sanctuary. I will sign it if I find it.

Sent Copy to Rep 2/9/76.
Nels Anderson Chairman
House Resources Committee

Sincerely Yours
Hugh S Watson
Box 1313
Homer, AK 99603

Box No. 915
Homer, Alaska
Feb. 6,.1976

Hon..Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, A laska 99811

Dear Mr. Anderson:

We have been studying HB 626, introduced 1/19/76 by The Rules Committee at the request of the Governor. This bill requesting establishment of marine sanctuaries and providing for an effective date, seems very high minded on the surface and perhaps only good was intended by its originators, but it sure does send a chill down our spine and many we have dicussed it with, to think what the passage and future use of such a mandate could do to a community or area of this state in the hands of an unscrupulous governor or commissioner. It could virtually sterilize any area of our state and make it useless (except for special interests) to those whose livelihood depended on fishing or the use of other natural resources.. HB 626 would aso require more state governmental departments, increased state payrolls, and more state meddling into local affairs, which the taxpayers certainly don't need or desire.

HB 626 while covering the State of Alaska as a whole in its opening sections leaves no doubt that the thrust of its spear is at the heart of the Kenai Peninsula, more specifically the Homer, Seldovia, Halibut Cove and Anchor Point areas, as evidenced by Sections:- 41.20.415, 41.20.425 and 41.20.430 of the Bill.

As residents of Homer for the past 17 years we are naturally concerned with the welfare of this area and would appreciate any documented evidence that gas and oil activities have notbeen compatible in other areas of the country or cannot be compatible in this area with other activities, and be regulated by existing laws and controls of our State, without such dictorial legislation as Hb 626.

We respectfully urge you and your Natural Resources Committee to vote against House Bill No. 626.

Sincerely,

Harrison W. Brundage

Harrison W. Brundage

Elizabeth L. Brundage

Elizabeth L. Brundage

cc. Sen. Clem Tillion
Rep. Hugh Malone
Rep. Leo Rhode

Fred Brown
House of Representatives

HB626

Henri Neel
Box 1091
Homer, Alaska

Dear Sir

After reading over House Bill 626 I fine it hard to relase why some one would sell Homer down the drain with a Bill like this one.

I think the thing that upsets me and outhers in Homer the most about it is the freedom that would be taken away by a Bill that would remove the right to vote and choose the way we would to live and work - and put it in the hands of a Commissioner that makes up the law as he gois along

This would be like a King ruleing over the land. I would rather have the oil co's than turn it over to the State, a Commissioner or a King to run.

I would like to know where the State is going to come up with the money to do all this - pay off the oil co's for their leases, pay for all the unemployment, or do they plan to just steal the land from us and make a big State park out of it.

The State can't even come up with the money to man the all weather fire station at the Homer air port or even fix the State's plow to fork dump trucks in it.?

I vote for <u>OIL</u> in Kachemak Bay, a B.O. Port in Homer,

Francis Neill
Homer, Ak.

REPRESENTATIVE
NELS A. ANDERSON, JR.
BOX 234
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3202

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
PHONE (907) 465-3715

Alaska State Legislature

REPRESENTING DISTRICT 18
BRISTOL BAY - LOWER KUSKOKWIM

CHAIRMAN
RESOURCES COMMITTEE

House of Representatives

January 30, 1976

R.E. Gamble
Box 897
Homer, Alaska 99603

Dear Mr. Gamble;

Thank you for your letter of Jan. 27, 1976 regarding your opposition to HB626. You can be assured that I will give your suggestion of killing HB626 strong consideration.

Very Sincerely,

Nels A. Anderson, Jr.

NAA/ra

cc. Rep. Leo Rhode
Sen. Clem Tillion

Box 897
Homer, Ak. 99603
Jan. 27, 1976

Dear Mr. Anderson —

As a resident, taxpayer, and business man of Homer I solicited your support in killing House Bill 626. I am also a property and home owner of real estate located on Iskmalof Island in Halibut Cove and can see no justification or reason for the bill. It would not only struggle Homers growth but also put great hardship upon rights assured me by our constitution.

Thank you very much for your consideration.

Sincerly
B. C. Gamble

BOX 335 CITY OF HOMER HOMER, ALASKA 99603

January 19, 1976

Mr. Curt C. Berklund, Director
Bureau of Land Management
Dept. of Land Management
Dept. of the Interior
Washington, D. C.

Dear Mr. Berklund:

This letter is written in reference to the enclosed article which appeared in the Anchorage Times recently regarding the oil leasing in the lower Cook Inlet. I would very much appreciate receiving from you, a copy of the report to which this article eludes.

Portions of the article state that "the residents of the City of Homer have expressed strong resentment against the possible use of Homer as a base of operations". Contrary to this statement are the results of a public opinion questionnaire submitted to approximately 800 box holders of the local area six months ago. I have enclosed a copy of the questionnaire for your information with the resultant tabulation of the approximately 180 answers received by our office.

Also enclosed is a copy of the objectives of the City Council of Homer which are self explanatory and again indicate a point of view by this elective body of Homer which differs from the above mentioned article.

It seems that great emphasis is placed on the expressions of those in attendance at a public hearing and the silent majority in many cases is overlooked. I feel that some method of gaining input from this silent majority, such as personal contact, should be sought and considered in conjunction with the opinions expressed at public hearings. Opinions of a public hearing, often loud and far reaching, are sometimes put forth by a very small percentage of the population. Also, due to the public nature of the meeting, they can tend to be extremely emotional and sometimes unreasonable, as sincere thought is extinguished in the midst of a group considering a controversial subject. In order to eliminate this emotionalism and get down to

sincere thought on any subject, perhaps a team making the rounds of an area to talk to those who are unable to attend public hearings for numerous reasons is needed in the total process of evaluation.

Your response with the information requested above, and your comments, will be appreciated.

Very truly yours,

Larry C. Farnen

Larry C. Farnen
City Manager

LCF:jef

Encl.: 3

Dear Homer Citizen,

In order to more fully understand the desires of our citizens, we have prepared the following questionnaire. We would greatly appreciate your taking the few minutes required to fill out the questionnaire and return it to the City of Homer, Box 3[illegible], Homer, Alaska, 99603, or if more convenient we have placed drop boxes in several locations in town or you may leave it at the polls when you vote on election day. Thank you.

PLEASE CIRCLE THE APPROPRIATE NUMBER.

I. Do you think the City provides:

A. Police Protection

1. More than adequate 37 2. Adequate 94 3. [illegible] 19
4. Poor 4

B. Fire Protection

1. More than adequate 7 2. Adequate 104 3. [illegible] 43
4. Poor 8

C. Parks and Recreation

1. More than Adequate 13 2. [illegible] 64 3. [illegible] 61
4. Poor 32

D. Street Lighting

1. More than adequate 17 2. [illegible] 87 3. [illegible] 23
4. Poor 20

II. A. Do you feel that the current [illegible]

1. Too [illegible] 80 2. [illegible] 27

B. What type of new [illegible] come to Homer?

1. Timber 28 2. Fishing 65 3. [illegible] 22
5. Transportation 50 6. [illegible] 24 7. [illegible]

C. Would you favor [illegible] major deep water [illegible]

1. Yes 119 2. [illegible] 48

D. Would you favor a [illegible] enforcement [illegible]

1. Yes 81 2. [illegible] 82

E. Do you feel the city should actively promote the location of new business (industry) in the Homer area?

1. Yes 78 2. No 98

III. Please rank the following in the numerical order in which you would like the city to proceed. For instance, if you feel the most important thing the city should work on is the sewer system, mark that "1." If the second most important is the water system, mark that "2", and so on.

3 Sewer System Expansion

2 Water System Expansion

1 Street Construction

6 Public Safety Building Construction

11 City Hall and Public Meeting Facility

5 Expansion of Port Facilities

4 Expansion of Small Boat Harbor Facilities

10 Construction of Tourist and Camper Facilities

8 Recreation Facilities

9 Street Lighting Expansion

7 Storm Sewer and Storm Drain Construction

_____ _____

_____ _____

_____ _____

IV. Which method would you prefer to finance capital improvements?

1. Increase in Millage rate? 60

2. Increase in local Sales tax? 87

V. Do you live

1. Inside the City? ~~172~~ 128

2. Outside the City? 44

VI. What is your primary occupation? _____

ADOPTED: March 24, 1975
VOTE: UNANIMOUS

OBJECTIVES OF THE CITY COUNCIL
HOMER, ALASKA

It shall be the basic objective of the Common Council of the City of Homer, Alaska to continue to strive to establish a municipal government that most efficiently provides those services desired by the greatest number of its citizens within the economic boundaries prescribed by those citizens.

To accomplish this basic objective, the following objectives and goals are hereby adopted by the Common Council of the City of Homer, Alaska:

1. To provide an adequate and healthful water supply for all of its citizens.

2. To provide an adequate and properly maintained sewage collection system and treatment plant.

3. To provide the necessary law enforcement to protect the citizens safety and property.

4. To promote its Port facilities to full utilization and to plan for its further development as necessary.

5. To plan and promote improvement and enlargement of its boat harbor facilities.

6. To encourage the proper construction of streets and provide for adequate snow removal and maintenance of such streets.

7. To plan for and develop a drainage system for the area.

8. To actively pursue the acquisition of land within the boundaries of the city to be set aside for the purpose of parks and recreation areas, bike trails, and to preserve the environmental balance necessary in development of a drainage system for the area.

9. To create a climate that will assist and support the development of all the natural resources within the purview of its environs to broaden its economic base in order to increase the opportunities for the present and future citizens without the degradation of the prospective long term use of any natural resources.

10. To create a climate that will assist and support the establishment of that industrialization necessary to provide employment for its citizens.

11. To create a climate that will assist and support the maintenance of financial institutions to provide adequate and timely capitol for construction of homes and necessary businesses to properly service its citizens.

12. To create a climate that will assist and support the development of tourist facilities that will encourage the orderly enjoyment of the recreation potential of the area.

13. To promote the development of health care facilities adequate to care for its population, number and make up, at any stage of growth and economic capability.

14. To utilize all means and technology and regulations to protect the environment and economy.

15. To provide pay, benefits, training and working conditions for its employees that are within the capability of the economic base and standards for like employment.

16. To cooperate with all borough, state and federal agencies which can assist in obtaining the objectives of the Council and to provide for the general welfare of its citizens.

17. To assist any citizer with information on city government and other government functions that are reasonably available.

18. To encourage participation by its citizens in its own government.

19. To keep its citizens informed of its actions by furnishing of all information to the media available for dissemination of such in the area.

It will be the policy of the Council to review these objectives in January of each year.

HOMER COMMITTEE

TO PROMOTE

UTILIZATION OF PORT OF HOMER

JERRY ANDERSON,
chairman

P.O. Box 95
Homer, Alaska 99603

January 26, 1976

The Honorable Jay S. Hammond
Governor
State of Alaska
Office of the Governor
Juneau, Alaska 99801

RE: Promoting Maximum Diversified Use of the Port of Homer

Dear Governor Hammond:

Many residents of the Homer area are gravely concerned over the frequent misrepresentations portrayed through the news media, government agencies and/or organizations.

The implications are that the City of Homer and the vast majority of the people in Homer, and in the surrounding communities, do not want marine traffic to be encouraged to use the Port of Homer; that it is the desire of the people to have limited use of the City of Homer's port facilities.

This is not the true view of the majority of the people.

A group of businessmen have formed a committee for the purpose of promoting the maximum potential for diversified utilization of the Homer Port Facilities.

The Committee will attempt to accomplish this goal by sending substantiating documents to the Administration, each Legislator, all news media and marine-oriented Executives.

The reasons that necessitate the maximum use of the Homer Port are:

1. It is essential that the Port of Homer generate revenue to maintain and repair the port facilities in order to accomodate our fishing industry and for the local supply traffic for the outlying areas, i.e., Halibut Cove, Seldovia, English Bay, Port Graham. Revenue from these sources cannot maintain the present facilities.

2. The population of Homer continues to increase at a steady rate, creating greater demands on the services

provided by the City, especially the water and sewer systems.

3. The Port of Homer is a deep water port; Homer is a Sea Port City. Many of the past improvements have been accomplished because of participating funds from the Federal, State and Borough Planning. These have been promulgated on the Port activities.

4. Without promoting all facets for diversified use of the Port of Homer, there will be an economic strangulation of the City of Homer.

5. The Port, City Services and City Maintenance cannot be supported, at the current level, by property taxes only. The City needs other revenue. Homer cannot remain in a stalemate..the community must either progress, or regress.

We respectfully ask that you, your Administrators and each of the Legislators give consideration to the vital importance of the Port to the City of Homer. We ask that each of you will assist us in every way that is possible to promote the maximum potential for diversified use of the Port of Homer.

Enclosed are copies of documents that reflect the attitude of the City of Homer Common Council and the opinions of some of the residents. Others will follow at a later date.

Sincerely,

COMMITTEE TO PROMOTE THE UTILIZATION OF THE PORT OF HOMER

JERRY ANDERSON
Chairman

JA:bcm

ENCLS: Ltr City Manager to Dir Berklund, BLM
Tabulation, Questionaire City Council
Objectives Adopted, City Council

DISTRIBUTION:

Senators W.E. Bradley
John Butrovich
Genie Chance
Mike Colletta
Chancy Croft
Frank Ferguson

DISTRIBUTION CONTINUED: Senators George H. Hohman
John Huber
Jalmar M. Kerttula
H.D. Meland
Terry Miller
Joseph L. Orisini
Kay Poland
John L. Rader
Bill Ray
Patrick Rodey
John Sackett
Clem V. Tillion
Edward C. Willis
Robert H. Ziegler

Representatives: Nels A. Anderson Jr.
Helen D. Beirne
Willard L. Bowman
Bob Bradley
Mike Bradner
Fred Brown
Thelma Buchholdt
Samuel R. Cotten
Steve Cowper
Larry T. Davis
Jim Duncan
Richard I. Eliason
Tom Fink
Helen M. Fischer
Oral Freeman
Terry Gardiner
Clark Gruening
Phil Guy
Glenn Hackney
E.J. Haugen
H.M. Hershberger
Hames H. Huntington
Brenda T. Itta
Ramona M. Kelley
Joseph H. McKinnon
Hugh Malone
Mike Miller
Edward F. Naughton
Al Ose
Alvin Osterback
Kathryn Ostrosky
William K. Parker
Charles H. Parr
Leo Rhode
Theodore G. Smith
Keith W. Specking
Susan Sullivan
Leslie E. Swanson
Richard K. Urion
Tim Wallis

REPRESENTATIVE
NELS A. ANDERSON, JR.
BOX 234
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3202

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
PHONE (907) 465-3715

Alaska State Legislature

REPRESENTING DISTRICT 16
BRISTOL BAY - LOWER KUSKOKWIM

CHAIRMAN
RESOURCES COMMITTEE

House of Representatives

January 30, 1976

Ms. Jane Cason
Box 315
Homer, Alaska 99603

Dear Ms. Cason;

This is to adknowledge receipt of your letter written to the editor of the Anchorage Times. Please be assured that I will consider your opposition to HB 626 in my committee.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra
cc. Rep. Leo Rhode
Sen. Clem Tillion

Box 315
Homer, Alaska 99603

January 27, 1976

The Editor
Anchorage Times
820 W. 4th Avenue
Anchorage, Alaska 99501

Dear Sir:

As a concerned citizen of Homer and of Alaska, I urge you to bring to the attention of your readers the contents of State House Bill Number 626, entitled "An act relating to the establishment of marine sanctuaries; and providing for an effective date."

This legislation, presently in the Natural Resources Committee, would, in my opinion totally strangle the economic development of Homer and its surrounding area.

The bill in question is submitted at the request of the governor, apparently for the purpose of protecting the fishing industry and for the exclusion of oil industry in Kachemak Bay. However, as the bill is written, it would simply turn the bay over to a bureaucracy that could even prohibit the fishing industry's use.

Contrary to common belief, not everyone in Homer wishes to be isolated and without a decent standard of living. Many of us hope for the continual growth of the fishing industry and for new industry and business that will upgrade the economy not only for the present time but the future as well.

I hope you have many readers who will voice their opposition of this bill to their legislators.

Very truly yours,

Jane Cason

Jane Cason

Alaska State Legislature

REPRESENTATIVE
NELS A. ANDERSON, JR.
BOX 234
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3202

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
PHONE (907) 465-3715



REPRESENTING DISTRICT 16
BRISTOL BAY - LOWER KUSKOKWIM

CHAIRMAN
RESOURCES COMMITTEE

House of Representatives

January 30, 1976

Jerry Anderson, Chairman
Homer Committee to Promote Utilization of Port of Homer
PO Box 955
Homer, Alaska 99603

Dear Mr. Anderson;

Thank you for your January 26, 1976 packet regarding Homer's view on development. I appreciate your efforts to keep me informed. I find your goals admirable and I will do what I can to help you achieve those goals.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra

dd. Leo Rhode

Alaska State Legislature

REPRESENTATIVE
NELS A. ANDERSON, JR.
BOX 234
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3202

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
PHONE (907) 465-3715

House of Representatives

REPRESENTING DISTRICT 16
BRISTOL BAY - LOWER KUSKOKWIM

CHAIRMAN
RESOURCES COMMITTEE

February 1, 1976

Edwin W. & Lillian C. Herndon
Box 262
Homer, Alaska 99603

Dear Edwin and Lillian:

Thank you for your letter of January 28, 1976, regarding your opposition to HB626. You may be assured that your comments will be given consideration when the bill comes up for hearings.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra

cc. Rep. Leo Rhode
Sen. Clem TIllion

Edwin W. & Lillian C. Herndon
Box 262
Homer, Alaska 99603

January 28, 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Re: Proposed Kachemak Bay State Marine Sanctuary
HB 626

Honorable Sir:

After a very careful study of HB 626 we would like to be on record as very much opposed to the Proposed Kachemak Bay State Marine Sanctuary.

We are not new-comers to Alaska. We have maintained a home in this area for well over 35 years. During those years we have struggled along with others, at times barley existing and eking out a living while awaiting the day of development of this area. We truly believe it possible for marine life and the exploration of gas and oil to be compatible as it has been proven to be so in other areas.

HB 626 could have a very adverse effect on any future sea port expansion within this proposed area. It is our feeling that the residents of Homer are in need of every avenue of commercial expansion available to them. A Marine Sanctuary , in our opinion, would benefit a very small precentage of the local population. It is also our feeling that we do not need another department with the authority to condemn, pay a small fee or simply take privately owned land which we, the people, have sacrificed much to obtain. HB 626 plainly states that the Department of Natural Resources will have that authority.

We strongly feel that far too much of the land that belongs to the people of Alaska is being set aside for parks and et cetera and will very possibly lie dormant for many years to come. It seems that we people have very little, or no opportunity to agree or disagree with our land use.

Again, please make note that we are very much against HB 626.

Sincerely,
Lillian C. Herndon
Edwin W. Herndon
Edwin W. & Lillian C. Herndon

lh

cc: Senator Clem Tillion
Representatives' Leo Rhode & Hugh Malone

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 FEB 4 PM 8 34

02094 NL TDA HOMER ALASKA 50 02-04 0512P AST

PMS REP NELS ANDERSON
JUN

DUE TO THE SIGNIFICANT AND LASTING EFFECTS ON THE HOMER AND SELDOVIA ECONOMIES THE HOMER CHAMBER REQUESTS THAT PPUBLIC HEARINGS BE HELD IN HOMER AND SELDOVIA PRIOR TO ADOPTIONS OF HB626 OR MODIFIED VERSION

ANGELO HILLAS HOMER CHAMBER OF COMMERCE

Francis Neil
Box 1091
Homer, Alaska.

Honorable Nels Anderson
Chairman Natural Resources
Committee, House of
Representatives

Dear Sir,

After reading over House Bill 626 2
fine it had to belong why some one
would sell Homer down the drain
with a Bill like this one.
2 think the thing that upsets me and
others in Homer the most about
it is the freedom that would be
taken away by a Bill that would
remove the right to Vote and choose
the way we want to live and
work. - and put it in the hands of
a Commissioner that makes up
the law as he goes along.
this would be like a KING ruling
over the land. I would rather
have the Oil Co's have their turn it
over to the State, a Commissioner
a King to him.

I would like to know where the State is going to come up with the money to do all this, pay off the oil Co's for there leases, pay for all the unemployment, and pay for all the new parks and the land the State would steal from us?

The State Gov. can't even come up with the money to man the all new fine Sta at the Homer air port

after reading Home Bill 626, I would vote for the Oil Co's

I would rather have the oil Chiefs have Big Brother or a King telling us how to run our lives

James Neill
Homer, Alaska

Homer, Alaska
Jan. 28, 1976

Honorable Clem Tillion
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Re: House Bill 626 - Marine Sanctuaries and Recreation Areas.

Dear Senator Tillion:

I am a relatively new resident of the area, having purchased property in Homer and established my retirement residence a year and one-half ago, after residing in the Matanuska Valley twenty-three years. My interest and love of this area originated in 1943 as a hand on the cannery tender Chacon, which I note is still plying local waters.

The attitude and actions of the present administration, and your apparent concurrance, as to "Lock Up" of our natural resources, of which our personal god given liberties are a part, deeply concern me. News releases generally indicate local support of these programs, but my general and off-hand inquiries indicate local opposition to be at least two to one.

As far as the local area is concerned, House Bill 626, submitted at the request of the governor, is the "Pay-Off". While the tenor of the act is to make a beautiful Marine Sanctuary in Kachemak Bay and extended to Anchor Point and outward to the three mile limit, it would appear to be the back door approach allowing confiscation of any properties, including oil leases and privately owned properties, which would be in conflict with the intent of the Act. The Commissioner of Natural Resourses is to carry out the provisions of the Act, with, in my opinion, "Commissar" authority. Any uses of the designated area "incompatible with their primary function as a State Marine Sanctuary" would be prohibited. Perhaps this would answer Homers' problem in subsidizing present dock operations, as they surely would not conform. Just close the facility! How will freight and tanker traffic proceed through the area to the upper inlet? Of course the "Commissar", after consulting with the Fish and Game department can make a ruling on this.

I believe it is time to relate to our forefather Patrick Henry, who said, "Give me liberty, or give me death".

Sincerely,

Richard M. Jones
Box 866
Homer, Alaska 99603

P.S. Another letter is being sent to Representative Malone in this regard.

CC - News media
- Gov. Hammond
- Rep. Malone
- Hon. N. Anderson, Chair. Nat'l. Resources. Comm.

Box 43
Seldovia, AK 99663

January 28, 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, AK 99811

Dear Mr. Anderson,

I'm writing in reference to HB 626 as a private property owner within the described boundaries on Kachemak Bay. I object to the State being able to acquire my property for scenic purposes through this bill, if they see fit.

Also, as a member of the community of Seldovia, I fear that at a later date this bill can be used as a lever by the Commissioner or other organizations to eliminate our bottom fisheries, forestry development and other prospects which all and may be our only means of support for our vicinity.

Sincerely,

Helen M. Nagy

cc: Senator Clem Tillion
Representative Hugh Malone
Representative Leo Rhode

Box 60
Seldovia, AK 99663

January 28, 1976

Honorable Nels Anderson, Chrm.
Natural Resources Committee
House of Representatives
Pouch V
Juneau, AK 99811

Re: HB 626

Dear Mr. Anderson,

Upon hearing of HB 626, Mt. St. Augustine (speaking for the people of Kachemak Bay areas) blew her stack several times in utter disapproval.

She sits there boldly, watching and protecting the fishermen as they struggle through stormy seas to support their families with catches of crab, shrimp, and salmon.

She knows how the livelihood of the villages and towns on the Kachemak would be destroyed if it were made a Marine Sanctuary. In fact, she laughingly says, "Who knows better than the local Kachemak residents what is best for the area.....certainly not the members of the "House", as the majority of them haven't even been here"!!

Mt. St. Augustine further stated she would be discussing this matter with Mt. Illiamna, Mt. Shishaldin and Mt. Katmai if HB 626 gets off the ground.

Respectfully submitted,



Mt. St. Augustine Reporter

P.S. "It's not nice to fool with Mother Nature!"

cc: Senator Clem Tillion
Representative Hugh Malone
Representative Leo Rhode
Newspapers
Mt. Illiamna, Mt. Shishaldin, Mt. Katmai

SELDOVIA DEVELOPMENT COMPANY, INC.
a subsidiary of
Seldovia Native Ass'n., Inc.
P. O. Box 197
Seldovia, Alaska 99663
234-7890

January 28, 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, AK. 99801

Re: HB 626

Dear Sir:

House Bill 626 would be disastrous to the economy of the lower Kenai Peninsula. Although parks, recreational areas, and marine sanctuaries are nice to have, they do not have the tax base to support themselves.

We are attempting to create more employment in this area, by developing our forestry and seafood resources. The natural resources of the State are its best source of income. HB 626 would seem to restrict or eliminate development of these resources -- timber, oil, fisheries and other support systems.

I believe that with the proper impact and environmental studies required, that the resources can be developed in a manner which would not destroy or harm the area.

I feel that HB 626 is a large step toward socialism, and control of private rights, and business development.

We recommend that this bill not be passed now, or in the future.

Sincerely,

John Crawford

John L. Crawford, Executive Director
Seldovia Development Company, Inc.

cc: Sen. Clem Tillion
Rep. Leo Rhodes
Rep Hugh Malone

JLC/dc

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6140
JUNEAU, ALASKA 99801

1976 JAN 1 AM 3 45

02028 NL TDA HOMER ALASKA 50 01-31 0955P AST

PMS HON NELS ANDERSON

JUN 1138

REF HB 626 URGE YOU TO DEFEAT THIS BILL.

AS NOT BEING IN THE PUBLIC INTEREST OR BEST

INTEREST RESIDENTS KACHEMAK BAY. HB 626 APPEARS TO BE

NEGATIVE LEGISLATION OF DISCRIMINATORY NATURE REFLECTING

DISCREDIT ON U.S. CONGRESS STATE OF ALASKA IN THEIR

ENDEAVORS TO ALLEVIATE AND ELIMINATE ENERGY SHORTAGE

USA

HOMER S THOMPSON

Box 847
Homer, Ak. 99603
Jan. 27, 1976

Les -

Please do all you can to kill H.B. 626. We can not live w the a bill that can strangle Homer as this one is designed to do.

Thank you -

Bob Gamble

Copy to:
House Resources Committee - 1/30/76

1/26/76
Anchor Point

Dear Sir:

I thank you for sending a copy of the bill dealing with the sanctuary of Kachemak Bay and its environs.

It is my feeling that a ~~sanctuary~~ marine sanctuary should be just that and if created should exclude all intrusions, including fishermen.

I offer the following comments observations & opinions

1. To contend the need for oil at this time is dangerous and not in the national interest - it endangers national security.

2. I have seen nothing of substance to indicate that all development would endanger the marine biome if properly conducted according to natural law.

3. There is plenty of evidence to indicate serious damage to a fishery by overuse and by use of pattern destroying dragging.

4. The state cannot afford it (sanctuary) if it is to be properly policed and should not proceed if it cannot be done properly.

5. I feel there is improper use of eminent domain.

6. The act is discriminatory

7. Bureaucrats will formulate regulations to conform with pressure groups.

8. No one at this time knows enough about the marine habitat to make decisions without the death of the moose - a practical demonstration in our lack of knowledge regarding natural law.

9. The best government is the least government.

10. If you folks stay on with your laws & regulations we will shortly be regulated right out of Alaska.

Hands open for keeping us informed - Keep voting no and you will be right 98% of the time

Regards
Bill

William Kotick
Box 21
Anchor Point
Alaska

P.S. If you'd care to give Mr. Rule Chilcoat or anyone else a copy of this letter, please feel free to do so. Joe Kotick

File with bill

P. O. Box 315
Homer, Alaska

January 27, 1976

The Editor
Homer Weekly News
Homer, Alaska 99603

Dear Sir:

House Bill Number 626, entitled "An Act Relating to the Establishment of Marine Sanctuaries; and Providing for an Effective Date," is apparently submitted at the request of the governor for the purpose of protecting the fishing industry and excluding the oil industry from Kachemak Bay. However, as the bill is written it simply turns the bay over to a bureaucracy and could, indeed, also prohibit even the fishing industry's use of the area.

In my opinion, this proposed legislation would effectively strangle the TOTAL economic development of the place where we now live and work and would make it virtually impossible for the generation now coming into adulthood to find enough employment to make this area their permanent home.

I urge every person who hopes to live and work here (or who has children who may hope to settle here) to write your legislators and voice opposition to this bill.

Sincerely,

Jane Cason

Jane Cason

Box 315
Homer, Alaska 99603

January 27, 1976

The Editor
Anchorage Times
820 W. 4th Avenue
Anchorage, Alaska 99501

Dear Sir:

As a concerned citizen of Homer and of Alaska, I urge you to bring to the attention of your readers the contents of State House Bill Number 626, entitled "An act relating to the establishment of marine sanctuaries; and providing for an effective date."

This legislation, presently in the Natural Resources Committee, would, in my opinion totally strangle the economic development of Homer and its surrounding area.

The bill in question is submitted at the request of the governor, apparently for the purpose of protecting the fishing industry and for the exclusion of oil industry in Kachemak Bay. However, as the bill is written, it would simply turn the bay over to a bureaucracy that could even prohibit the fishing industry's use.

Contrary to common belief, not everyone in Homer wishes to be isolated and without a decent standard of living. Many of us hope for the continual growth of the fishing industry and for new industry and business that will upgrade the economy not only for the present time but the future as well.

I hope you have many readers who will voice their opposition of this bill to their legislators.

Very truly yours,

Jane Cason

Jane Cason

Alaska State Legislature

REP. LEO RHODE

BOX 406
HOMER, ALASKA 99603

LEGISLATIVE ADDRESS
POUCH V
JUNEAU, ALASKA 99801

COMMITTEES:
NATURAL RESOURCES
COMMERCE

House of Representatives

January 28, 1976

Nels Anderson
Chairman
Natural Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Nels:

Since I am aware of your interest in the Kachemak Bay area I am enclosing HB 626 for your review and comments, if any.

Personally I have no objection to Marine Sanctuaries per se, if established for the protection of marine life, wildlife and recreational uses.

Your attention is invited to Sections 44.20.425 and 41.20.430 on page 6 of HB 626.

These sections could have a vital effect on Kachemak Bay Sea Ports. Also private property within the described boundaries would be subject to acquisition through exercise of the power of eminent domain by the state. In addition it is conceivable that the bottom fishery could be wholly eliminated.

Your comments, if any, should be directed to:

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

If convenient, copies of your comments should be mailed to Senator Clem Tillion, Representative Hugh Malone and myself.

Very truly yours,

Leo Rhode
State Representative

LR/jp
Enclosures

LEGISLATIVE STANDING COMMITTEES

- 1976

Second Session

HOUSE

Commerce
Bradley (Chairman)
Wallis (Vice Chairman)
Freeman, Kelley, Rhode,
Urion, Rudd, McKinnon,
Fischer

Community & Regional Affairs
Cotten (Chairman)
Ostrosky (Vice Chairman)
Freeman, Davis, Hershberger,
Hackney, Ose, Rudd, Kelley

Finance
Malone (Chairman)
Buchholdt (Vice Chairman)
Ita, Cowper, Guy, Gruening,
Duncan, Haughton, Haugen

Health, Education & Social Services
Sullivan (Chairman)
Parr (Vice Chairman)
Ostrosky, Hackney, H. Beirne,
Swanson, Davis, Ose, Osterback

Judiciary
Gardiner (Chairman)
Bradley (Vice Chairman)
Brown, Cotten, Parr,
Ellason, Speckling

Labor & Management
Smith (Chairman)
Kelley (Vice Chairman)
Huntington, H. Beirne, Urion

Resources
Anderson (Chairman)
Smith (Vice Chairman)
Osterback, Brown, Ellason,
Hershberger, Rhode, Huntington,
Swanson

Rules
Parker (Chairman)
Cotten (Vice Chairman)
Miller, Haughton, Speckling

State Affairs
McKinnon (Chairman)
Miller (Vice Chairman)
Fischer, Wallis, H. Beirne,
H. Beirne, Parker

SENATE

Commerce (465-3746)
Kerttula (Chairman)
Willis (Vice Chairman)
Ziegler, Colletta, Bradley

Community & Regional Affairs (465-3712)
Rodey (Chairman)
Willis (Vice Chairman)
Hohman, Tillion, Orsini

Finance (465-3795)
Ray (Chairman)
Poland (Vice Chairman)
Ruder, Chance, Ferguson,
Butrovich, Sackett

Health, Education & Social Services
Ferguson (Chairman)
Chance (Vice Chairman)
Bradley, Colletta, Hohman

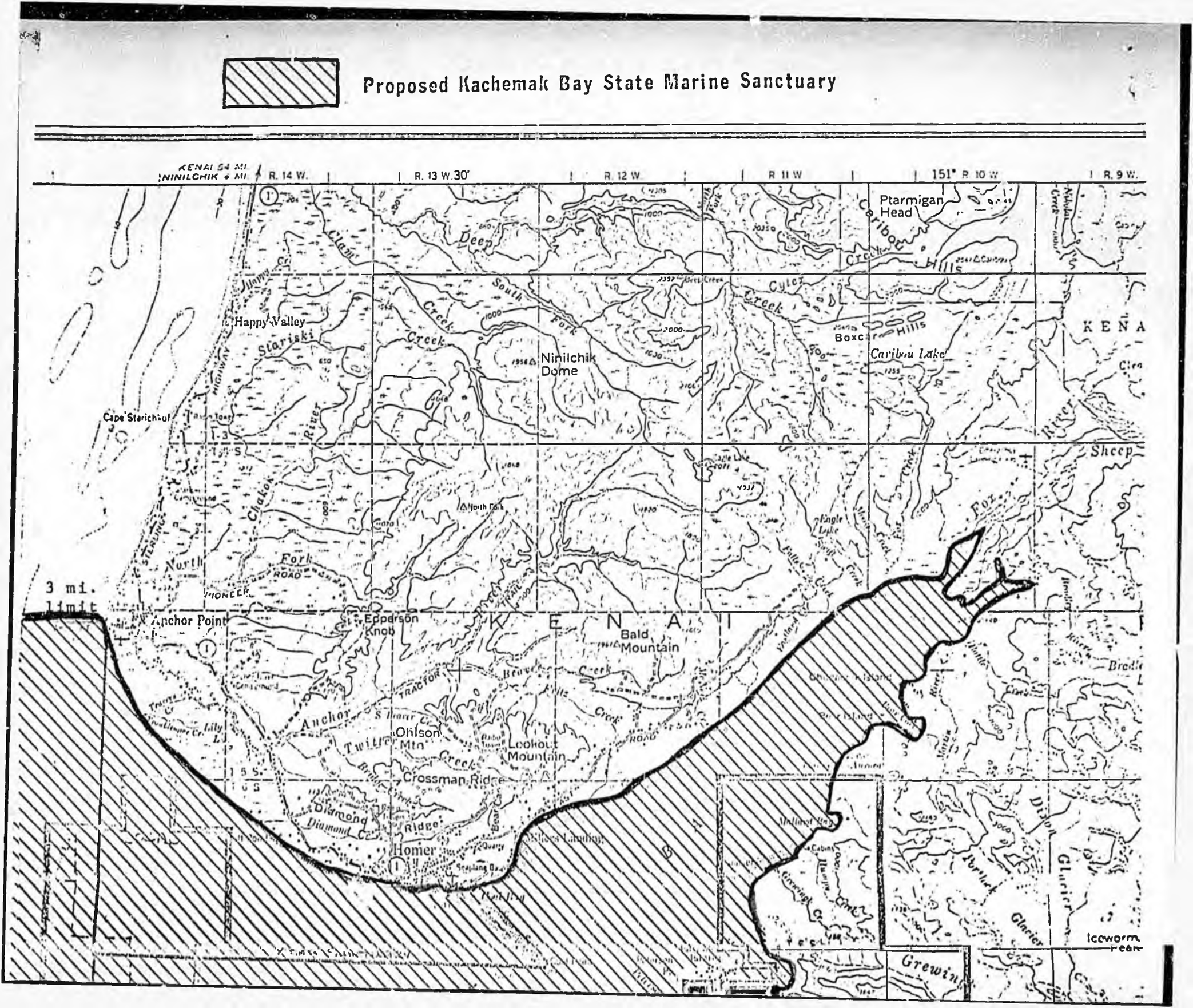
Judiciary (465-3743)
Ziegler (Chairman)
Meland (Vice Chairman)
Poland, Miller, Tillion

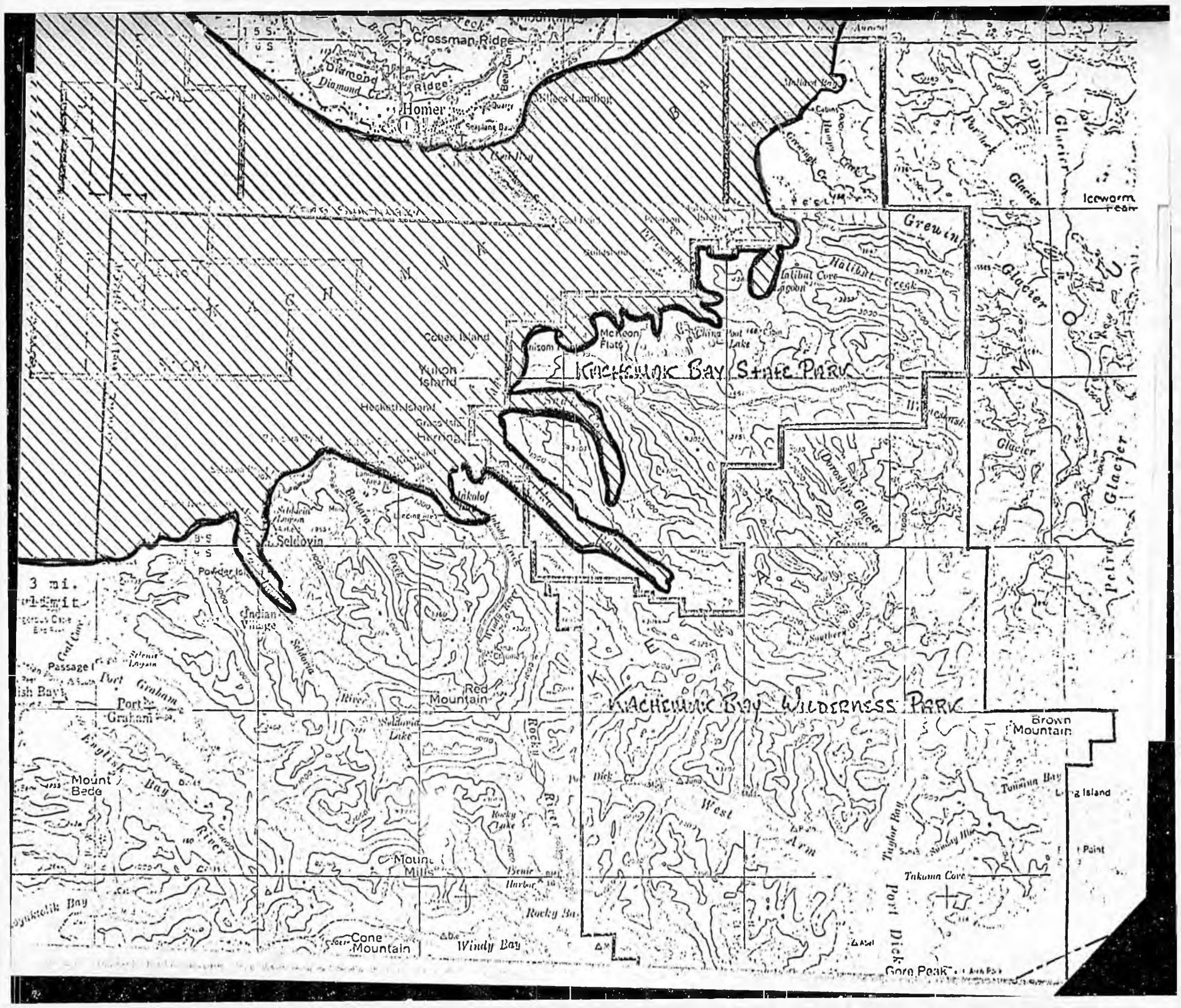
Labor & Management (465-3766)
Willis (Chairman)
Rodey (Vice Chairman)
Kerttula, Bradley, Sackett

Resources (465-3791)
Poland (Chairman)
Meland (Vice Chairman)
Croft, Ruder, Rodey,
Butrovich, Orsini

Rules (465-3770)
Ruder (Chairman)
Kerttula (Vice Chairman)
Ray, Croft, Sackett

State Affairs (465-3719)
Ruber (Chairman)
Meland (Vice Chairman)
Ferguson, Colletta, Miller


Proposed Kachemak Bay State Marine Sanctuary
KENAI 54 MI.
NINILCHIK 4 MI.
R. 14 W.
R. 13 W.30'
R. 12 W
R. 11 W
151° R. 10 W
R. 9 W.
Ptarmigan Head
Caribou Hills
Deep Creek
South Fork
Happy Valley
Stariski
Ninilchik Dome
Caribou Lake
Cape Starichkof
Chakok River
North Fork
Sheep
Fox
3 mi. limit
Anchor Point
Epperson Knob
Bald Mountain
Anchor River
Ohlson Mtn
Lookout Mountain
Crossman Ridge
Diamond Ridge
Homer
Bishops Landing
Grewingk
Glacier
Iceworm Cream


Crossman Ridge
Diamond Ridge
Homer
Kachemak Bay State Park
Kachemak Bay Wilderness Park
Halibut Cove
Yukon Island
Seldovia
Indian Village
Red Mountain
Mount Bede
Mount Mills
Cone Mountain
Windy Bay
Brown Mountain
Gore Peak
Glacier
Iceworm Glacier
Dorothy Glacier
Port Graham
English Bay
Passage Canal
Taylor Bay
Tutka Bay
Tutkan Cove
3 mi.

for House Resources Committee Members

#

02152 POM TDA SELDOVIA ALASKA 15 01-29 0347P AST

PMS HONORABLE NELS ANDERSON CHAIRMAN NATURAL RESOURCES COMMITTEE

HOUSE OF REPRESENTATIVES

1976 JAN 30 AM 12 53

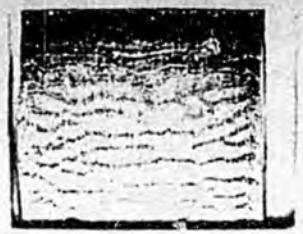
POUCH V

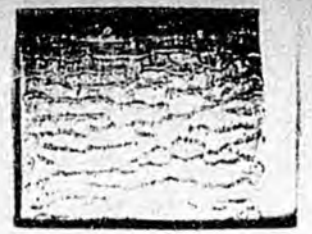
JUN 99811

THE SELDOVIA CITY COUNCIL UNANIMOUSLY OPPOSES FURTHER

CONSIDERATION OR PASSAGE OF HOUE BILL 626

SELDOVIA CITY COUNCIL





for House Resources Committee Members

#

02152 POM TDA SELDOVIA ALASKA 15 01-29 0347P AST

PMS HONORABLE NELS ANDERSON CHAIRMAN NATURAL RESOURCES COMMITTEE

HOUSE OF REPRESENTATIVES

1976 JAN 30 AM 12 53

POUCH V

JUN 99811

THE SELDOVIA CITY COUNCIL UNANIMOUSLY OPPOSES FURTHER

CONSIDERATION OR PASSAGE OF HOUE BILL 626

SELDOVIA CITY COUNCIL

31 January, 1976
Box 548
Homer, Alaska, 99603

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska, 99811

Dear Chairman Anderson:

Today, I received a copy of HB 626, with attached map of the proposed Marine Sanctuary, which I have briefly reviewed but understandingly comprehended as a proposed Legislative action that could close off development of this part of Alaska indefinitely should it be favorably considered.

Homer, Alaska, has been,and is our home of the past 22-1/2 years. We have raised our family here, and been active in all phases of community life. My wife served over 7 years as the local Magistrate, while I served 8-1/2 years as Manager of the locAL Utility District.

During this period of time, I was instrumental in securing the designation of the Yukon Island site as a National Historic Landmark, formation of the local Historical Society, and a charter member in the reformed State Historical Society and Director for 3 years. I mention these facts as evidence that I espouse the principles for the conservation and maximum use in the public interest of the scenic, historic, archeologic, scientific, biological and recreational resources of Kachemak Bay and the State of Alaska.

The proposed legislation does, to all appearances be negative legislation to prevent development of oil and gas resources, as well as the construction of the proposed Bradley Lake hydroelectric project. I have personally worked for this hydroelectric development for more than 20 yea rs. It was authorized by the United States Congress back in 1960 or 1961, and has been under restudy ever since to develop the most economical means of generation and transmission by the Corps of Engineers.

It also looks like the proposed legislation could prevent any type of Port Development at Homer, Alaska, eliminate the bottom fishery from these waters, and be highly restrictive for just about anything one may choose to name, all of which I do not believe to be in the public interest.

The Legislature of Alaska has, in prior years passed several resolutions urging the construction of the BradleyLake hydroelectric project. This proposal is not compatible with these designations.

Section 41. 20.430, Purchase Authorized; does have the sound of a confiscatory procedure and would leave property owners at the mercy of the Department of Natural Resources. This too, doesn't sound like its in the general interest of all the residents of this area.

House Bill 626 is, in my opinion a dangerous piece of legislation and should be quietly and quickly voted "do not pass".

The Homer area has been designated by Federal agencies as an area of high unemployment and high underemployment. Its been that way for many years. Now comes the opportunity there will be some regular employment on an annual basis, and this proposed legislation would not only prevent the work from happening, but could easily eliminate what few small sources we currently have for employment.

There us an old adage in Homer, that bears repeating, The scenery is great but we can't eat the view !

May I urge you to defeat this legislation at the earliest possible date.

Sincerely,

Homer S. Thompson III

cc: Hon Leo Rhode, Repr.
Hon Hugh Malone, Repre.

(Mrs.) Barbara C. Manley
P.O. Box 955
Homer, Alaska 99603
January 29, 1976

The Honorable Nels Anderson
Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

RE: HB 626

Dear Mr. Anderson:

As a 12 year legal resident of the State of Alaska and ten year resident of Homer, I am strongly opposed the HB 626 for these reasons:

1. The power vested in one political appointee, namely the Commissioner of Natural Resources, who will have the authority to determine the compatibile or incompatible uses to be permitted within KACHEMAK BAY STATE MARINE SANCTUARY.

2. The authority given to the Commissioner of Natural Resources to exercise the power of eminent domain in the name of the state.

3. Discrimination against one industry, petroleum; there is no guarantee against the future prohibitation of other industries, i.e., timber, mining and commercial fisheries.

4. The strangulation of the City of Homer in denying her the opportunity to derive revenue through the Port of Homer.

5. Destruction of years of planning by the City of Homer in projecting a long range plan for growth and development which has great emphasis on port developments and port activities.

6. Nominations for SANCTUARIES by individuals, groups and/or organizations without a public hearing in the community effected prior to acceptance of the nomination.

7. Passage of HB 626 will establish a precedent that may well economically destroy other communities in the State of Alaska.

In reference to Section 41.20.415: "Primary among the uses which require a high degree of protection are fisheries, recreation and scientific research."

Fisheries: A critical habitat has been designated within Kachemak Bay. The area was selected on the recommendations and concurrence of the Legislative Fisheries Committee (then

Senator, Bob Palmer, Chairman), the State Department of Fish and Game, National Marine Fisheries Research, Kasitsna Bay and the input from individuals from the fishing industry. There was no mention of the need for protection that required the establishment of a MARINE SANCTUARY.

Recreation: Kachemak Bay has been used for recreation since its discovery. There has been no indication that protection of a KACHEMAK BAY STATE MARINE SANCTUARY is needed for the pursuit of recreation.

Scientific Research: The National Marine Fisheries Research Field Station, Kasitsna Bay, was constructed about 20 years ago and operated as a research station, originally, under the Department of Fish and Wildlife. Both Fish and Wildlife and National Marine Fisheries have conducted scientific research without benefit of the protection of a MARINE SANCTUARY, and I believe that scientific research can continue effectively under the current circumstances without establishing a KACHEMAK BAY STATE MARINE SANCTUARY to protect it.

I have faith in you and the members of your committee that you will recognize the vital economic importance of the Port of Homer to this community; also that you will be aware of the power of HB 626 for the destruction of communities and the denial of livlihood to many residents of the Lower Kenai Penninsula.

I respectfully request that before HB 626 is reported out of Committee that you give consideration to holding Public Hearings on the bill, one at least in Homer as this is the Community that will be most directly effected.

I sincerely appreciate your giving consideration to my objections to HB 626, and to my request for a Public Hearing. Thank you.

Yours very truly,

Barbara C. Manley

BARBARA C. MANLEY

cc: Honorable Theodore C. Smith, Vice Chm
Honorable Alvin Osterback
Honorable Fred Brown
Honorable Richard I. Eliason
Honorable H.M. Hershberger
Honorable Leo Rhode
Honorable James H. Huntington
Honorable Leslie E. Swanson

Honorable Hugh Malone
Representative
Honorable Clem V. Tillion
Senator

Box 173
Seldovia, Alaska 99663
February 2, 1976

Honorable Nels Anderson
Chairman, Natural Resources Commission
Pouch V
Juneau, Alaska

Dear Sir:

We are opposed to Bill #626.

We believe that this proposed law would be, in the future, disastrous for the fishing industry in this area, and would be the death of our town.

Fishing is our only industry and no number of tourists or sport fishermen could compensate for the loss of it.

We would much rather see the oil drillers.

Very truly yours,

Daisy Lindstedt

Carl G. Lindstedt

cc: Leo Rhode
Hugh Malone

Homer Electric Association, Inc.

P. O. BOX 255 • HOMER, ALASKA 99603 • PHONE (907) 235-8551

January 26, 1976

The Hon. Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Sir:

We are in receipt of a copy of the proposed House Bill #626, which, if enacted, will make a playground for a few of the people in Southwestern Alaska, by locking up the potentially petroleum productive Kachemak Bay.

The premise upon which the Bill is drawn seems to be that oil and gas exploration and production is harmful to the marine life. Over a long period the reverse is true, in that added bottom obstructions add to the marine life productivity as evidenced by the Gulf of Mexico.

Reports coming from the Gulf of Mexico area indicate that all types of marine life have been more prolific since oil and gas production became extensive in that area.

If the future industrial expansion of Alaska does not enter into the plans of the existing Legislature, then we are sure that this Bill will pass and become law.

We sincerely hope that you and your Committee will not be a part of the very vocal minority that is leading our otherwise great nation down the paths of industrial suicide by slowly choking off all of its available petroleum production.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.

W. C. Rhodes
General Manager

WCR:em
cc: The Hon. Clem Tillion
cc: The Hon. Hugh Malone
cc: The Hon. Leo Rhode

SELDOVIA NATIVE ASSOCIATION, INC.
P. O. BOX 185
SELDOVIA, ALASKA 99663
234-7625

January 27, 1976

Honorable Nels Anderson, Chairman
Natural Resources Committee
House of Representatives
Pouch V
Juneau, AK. 99811

Dear Sir:

If HB 626 is passed, it would be disastrous for the people of the southern Kenai Peninsula, and the people of the State of Alaska.

With the passage of this bill, the efforts of the petroleum industry would be stopped before it even has a chance to begin operating in the area. In view of the present and projected economic future for Kachemak Bay, the State legislature and the Governor should be pushing for a safe and orderly oil development program for Lower Cook Inlet, not throwing roadblocks in the way of what may well be the future economic base of the area.

Because of "concerned citizens" and State Fish and Game opposition, based on lack of environmental studies, there has been a lengthy delay in exploratory work in the Bay. It would seem that if the concerned Fish & Game personnel were serious about their studies, the needed reports should be finalized by now.

Simply by nomination, any activity within the area can be designated as incompatible with the marine sanctuary. This means that all the conservationists, or any of the butterfly clubs would immediately start nominating the various commercial fishing activities in the Bay as incompatible.

The logging operations would be a prime area for nomination of incompatibility and undue harrassment shortly after passage of this act.

Shrimp trawls and crab pots have to be on the sea-bed of the Bay in order to fish. As this is common knowledge, it would be a very short time after passage of any bill, such as HB 626, that some "expert" will nominate commercial fishing in the Bay as incompatible. This would be complete disastor to the local shellfish industry and the Kachemak Bay communities.

If HB 626 or any similar bill is passed, the very existance of the Seldovia Native Association, Inc. will be threatened. This corporation has selected 69,120 acres of land in the Kachemak Bay area. All this land would be subject to nomination as incompatible to the sanctuary in one form or another.

With so much of the State of Alaska being non-revenue producing, the legislature and the Governor should be working toward the continued productivity of any areas such as Kachemak Bay. Where would the Kenai Peninsula and the State of Alaska be today, if the Cook Inlet and Swanson River Oil Fields were not allowed to go into production?

For these stated reasons and comments, the Seldovia Native Association, Inc. must ask that HB 626, or any similar bill, not be passed.

Sincerely,

Fred H. Elvsaas

Fred H. Elvsaas, President
Seldovia Native Association, Inc.

cc: Governor J. Hammond
Senator Clem Tillion
Representative Leo Rhodes
Representative Hugh Malone
President, Cook Inlet Region, Inc.
Boro Mayor, Donald Gilman

FHE/dc

File

Michael P. Lockwood
Box 1062
Homer, Alaska - 99603
Feb. 24, 1976

The Honorable Nels Anderson
Chairman House Resource Comm. tee

Dear Sirs

I am a fourteen year resident of Alaska - a ten year property owner and an 8 year resident of the Kenai Peninsula.

I attended the February public Hearing here in Homer. After hearing all the evidence presented I want to voice a very strong opinion, to condem the Kachemak Bay Oil leases. This Kachemak bay represents only 2% of the Cook Inlet area and accounts for 66% of the fisheries production of Cook Inlet. This is far to valuable a renewable

OPINION POLL OF KACHEMAK BAY RESIDENTS

I, Carol Moss as a resident of (1) Homer area of Kachemak Bay.

(2) I have lived in Alaska for 28 years.

(3) I have lived in this area for 28 years.

(4) My occupation is Teacher.

(5) I (own X) property in this area.

(6) I believe industry will (hinder X) this area.

(7) I believe that fishing and petroleum industries, with proper controls (are NOT X) compatible ir this area.

(8) I believe that existing controls, if enforced (are not X) sufficient for joint utilization of our resources.

(9) I (attended X) the "town meeting" in Homer on February 17, 1976.

(10) I believe the HOMER WEEKLY NEWS headline: HOMER SHOWS STRONG SUPPORT FOR KILLING KACHEMAK LEASES (is X) an accurate desire of the area residents.

(11) COMMENTS

Meeting was well attended the meeting was well publicized Cottage area representation from all segments and vote was decisively in favor of No oil drilling in Kachemak Bay area.

Carol J. Moss

Signed

Box 714

Address Homer, Alaska 99603

TELEGRAM

TCA ALASKA COMMUNICATIONS, INC.

PHONE: 5[illegible]40

[illegible]

#

1976 MAR 26 PM 10 52

02032 (CORR CY) POM TDA HOMER ALASKA 15 03-17 0815A AST

PMS REP NELS ANDERSON /BACK DATE/

JUN 7404

CRITICAL HABITAT OK SANCTUARY NO CONDEMNATION NO

VOTE NO ON HB626

HAZEL HEATH PO BOX 676 HOMER AK 99603

HB

641

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER | POUCH S – JUNEAU 99811

February 3, 1976

Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99811

Re: House Bill No. 641

Dear Mr. Anderson:

House Bill No. 641, an Act relating to the commercial fishing loan act was introduced in the House on January 23, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum dated February 3, 1976 from Lawrence C. Eppenbach, Deputy Commissioner, Department of Revenue advising of the financial impact of the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Eppenbach for further material or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: Honorable Hugh Malone
Chairman
House Finance Committee

Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

MEMORANDUM State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 3, 1976

FILE NO:

TELEPHONE NO:

FROM: Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

SUBJECT: Request for Fiscal Impact on House Bill No. 641

There are several possibilities regarding House Bill 641's financial impact.

1. Should there be no expansion of the mandatory mortgage purchase ceiling of $5 million. Because the Fishermen's loan fund today has loans and commitments for nearly $5 million and because the Department of Revenue sees a cash crunch affecting the State through the middle of fiscal year 1978, it is unreasonable to expect the Department to purchase additional fishermen's loans. Under this circumstance HB 641 will have no affect until some time in fiscal year 1978 when the State's financial position improves to the extent that a surplus once again will exist in Treasury and the Department of Revenue purchases additional loans from the Department of Commerce and Economic Development.

2. Should there be some expansion of the $5 million ceiling. The more likely situation is that some version of HB 571 will pass causing the ceiling to be raised. Should this occur then whatever new loans were purchased will have the same affect as an appropriation since new loans would diminish cash available. In addition, loans to assist fishermen adversely affected economically have a certain speculative character that may place them in an assistance grant category and not make them part of an otherwise reasonably secured loan program.

3. Should there be a complete removal of the loan ceiling. In this case some measure of uncertainty exists. It is entirely possible to expect a conservative interpretation of the statute to generate $2 million of additional loan demand and for a liberal interpretation to contribute well in excess of $100 million of additional loan demand.

There is in HB 641 the opportunity for financial actions which may act like major appropriations while at the same time there will be no record in the State's financial reports to display either their cost or the impact. At the very least this raises the question of full disclosure required by the State since our current and forecasted financial position is an important concern to buyers of State bonds.

LCE:ge

HB

642

FISHERIES ECONOMIC IMPACT COUNCIL

—Fisheries Economic Impact Council and Department of Commerce & Economic Development (DEE)

1. Forecast income from Alaska Department of Fish and Game fishery run predictions by fishery

2. Evaluate income forecast

3. Identify potential fishery failures

4. Review and submit recommendation to the Governor for proclaiming fisheries failure area.

—Governor Evaluate Recommendation of Fisheries Economic Impact Council

1. Declare fisheries failure area(s)

   a. Request (charge) the Fisheries Economic Impact Council to proceed with plans for State's response

   b. Alert Governor's cabinet members of potential fisheries failure and inform cabinet members of this decision.

2. Ignore recommendation

   a. Request Fisheries Economic Impact Council to monitor situation

   b. Declare fisheries disaster at a later date

   c. Proceed as in "A" above

—Fisheries Economic Impact Council activity related to fishery failure

1. Evaluate current State capital expenditure plans for target area

2. Recommend to Governor what projects which could be expedited to stimulate income earning opportunities.

3. Fisheries Economic Impact Council develop plans (in cooperation with Department of Commerce & Economic Development and other State agencies) to impact employment opportunities

4. Continue to monitor fishing activity throughout the State (concentrate on anticipated fishery failure areas.)

5. Advise the Governor as the fishing season progresses (still possible to take action).

ASSUMPTIONS

1. That the bill has passed

2. That the Governor has appointed the council members to the Fisheries Economic Impact Council

3. That the Alaska Department of Fish and Game has prepared forecasts for the 1977 fishing season and that there are expectations that at least one area is expected to have a poor fishing season

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB 642
Title: "An Act Establishing the Alaska Fishery Impact Fund..."
Requested by: House Finance Date: February 2, 1976
Return Date Requested:
Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Rural Development Assistance

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		70.5				
200	TRAVEL		10.0				
300	CONTRACTUAL		51.8				
400	COMMODITIES		.5				
500	EQUIPMENT		2.8				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		135.6				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		135.6				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	3 /	/	/	/	/
MAN MONTHS (P./T.)	/	36 /	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

It is the Department's understanding that the intent of this bill is to provide for the well-being of fishing communities adversely affected by an expansion or reduction of the fisheries in its area. Grants to assist these communities, assumedly will be made for; 1) short-term income maintenance level purposes, i.e. labor intensive grants made for community public improvement projects similar to the disaster relief program of $1,000,000 for the Bristol Bay region in fiscal year 1975. Grants would be used for such projects as community facilities construction, stream clearance and stream rehabilitation. 2) long-term capital improvement projects, i.e. major construction projects such as boat harbors, hatcheries or docking facilities in strategic fishery areas which might

IV. ATTACHMENTS

V. DATE: February 18, 1976 PREPARED BY: Mike C Harper

Mike C. Harper, Deputy Commissioner

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

significantly improve local economic opportunity.

The Department proposes that for adequate administration during the first year of operation, three positions will be required; Grant Administrator, Accountant and clerical position. These positions will be required for organizational and administrative purposes while current field representatives in Nome, Juneau and Anchorage should be able to monitor the program during the first year of operation. However, if the combination of fisheries expansion and reduction in future years significantly increases, additional field personnel would be required for accurate monitoring. As the Department has little experience in administering major capital improvement projects, we envision that the technical assistance portion of these type grants would be provided by the Department of Public Works through a reimbursable services agreement. The administrative dollar portion includes expenses for an engineer and related costs which, if required, would be transferred to the Department of Public Works for ground work on these type of capital projects.

While complete information on the total Alaskan fishery is unavailable, an example of program dollars that could possibly be required to meet projected need is documented in the last year's disasterous Southeast Alaska fishing season. The Tlingit-Haida Central Council canvassed rural Southeastern villages and found that to simply bring the 1,316 fishery related individuals up to poverty level standards would require approximately $4.2 million. While the Southeast is a significant portion of the total Alaskan fishery, one realizes total program potential costs only when the other State fisheries are also taken into account.

Administrative Costs

Personal Services

Grant Administrator	$ 28,727
Accountant II	17,148
Clerk IV	12,420
	$ 58,295
Benefits	12,242
Total	$ 70,537

Travel

Grant Administrator and Field Personnel Monitoring and evaluating projects (10 projects with 2 trip per year average)	$ 10,000

Contractual	
Phones - 3 @ $25/month	$ 900
Long Distance	1,400
Postage	300
Printing and Advertising	500
Rent 250 sq. ft. @ 45¢	1,350
Copier	360
Professional Services (RSA to Dept. of Public Works if required - includes Engineer position and related costs)	47,000
Total	$ 51,810
Commodities	$ 500
Equipment	
Executive Desks 2 @ 315	$ 630
Executive Chairs 2 @ 130	260
Bookcase	105
Desk Lamps 2 @ 60	120
Side Chairs 2 @ 45	90
Secretarial Desks	370
Secretarial Chair	115
Calculator	440
Typewriter	670
Total	$ 2,800
Total Administrative Costs	$135,647

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S – JUNEAU 99811

March 15, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: House Bill No. 642

Dear Mr. Anderson:

House Bill No. 642, an Act establishing the Alaska fishery impact fund, was introduced in the House on January 23, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a Fiscal Note and accompanying memorandum prepared by Sterling Gallagher, Commissioner of Revenue advising of effect on General Fund.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Commissioner Gallagher for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

Sterling Gallagher
Commissioner of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB 642
Title: An Act establishing the Alaska Fishery Impact Fund
Requested by: _____ Date: _____
Return Date Requested: _____
Agency: DEPARTMENT OF REVENUE Program: TREASURY

II. FISCAL DETAIL
Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS
See Attached Schedule

V. DATE: March 12, 1976 PREPARED BY: _____
Sterling Gallagher
Commissioner of Revenue

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
Legislative Council Subcommittee on Fisheries

H/S 50

	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980
2% Contribution under HB 642					
Mineral Lease Bonuses	-0-	-0-	-0-	-0-	-0-
Land Rents	30.0	122.8	124.0	124.0	124.0
Mineral Royalties	212.8	1,052.8	6,512.0	14,634.0	17,014.0
Total 2% Contribution	242.8	1,175.6	6,636.0	14,758.0	17,138.0

The monetary impact on the General Fund cannot be determined due to the open-end wording of the bill. As it stands, the range would be between 2% and 100% of receipts of the types names. However, assuming only the 2% minimum and an effective date of April 1, 1976, the dollar amounts would be:(1)

Footnote: Based on information available at the time the 1975-1977 Revenue Source Book was published (January, 1976).

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB 642
Title: "An Act Establishing the Alaska Fishery Impact Fund..."
Requested by: House Finance Date: February 2, 1976
Return Date Requested:
Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Rural Development Assistance

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		70.5				
200	TRAVEL		10.0				
300	CONTRACTUAL		51.8				
400	COMMODITIES		.5				
500	EQUIPMENT		2.8				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		135.6				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		135.6				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	3 /	/	/	/	/
MAN MONTHS (P./T.)	/	36 /	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

It is the Department's understanding that the intent of this bill is to provide for the well-being of fishing communities adversely affected by an expansion or reduction of the fisheries in its area. Grants to assist these communities, assumedly will be made for; 1) short-term income maintenance level purposes, i.e. labor intensive grants made for community public improvement projects similar to the disaster relief program of $1,000,000 for the Bristol Bay region in fiscal year 1975. Grants would be used for such projects as community facilities construction, stream clearance and stream rehabilitation. 2) long-term capital improvement projects, i.e. major construction projects such as boat harbors, hatcheries or docking facilities in strategic fishery areas which might

IV. ATTACHMENTS

V. DATE: February 18, 1976 PREPARED BY: Mike C Harper

Mike C. Harper, Deputy Commissioner

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

significantly improve local economic opportunity.

The Department proposes that for adequate administration during the first year of operation, three positions will be required; Grant Administrator, Accountant and clerical position. These positions will be required for organizational and administrative purposes while current field representatives in Nome, Juneau and Anchorage should be able to monitor the program during the first year of operation. However, if the combination of fisheries expansion and reduction in future years significantly increases, additional field personnel would be required for accurate monitoring. As the Department has little experience in administering major capital improvement projects, we envision that the technical assistance portion of these type grants would be provided by the Department of Public Works through a reimbursable services agreement. The administrative dollar portion includes expenses for an engineer and related costs which, if required, would be transferred to the Department of Public Works for ground work on these type of capital projects.

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Personal Services

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Clerk IV	12,420
	$ 58,295
Benefits	12,242
Total	$ 70,537

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Long Distance	1,400
Postage	300
Printing and Advertising	500
Rent 250 sq. ft. @ 45¢	1,350
Copier	360
Professional Services (RSA to Dept of Public Works if required - includes Engineer position and related costs)	47,000
Total	$ 51,810
Commodities	$ 500
Equipment	
Executive Desks 2 @ 315	$ 630
Executive Chairs 2 @ 130	260
Bookcase	105
Desk Lamps 2 @ 60	120
Side Chairs 2 @ 45	90
Secretarial Desks	370
Secretarial Chair	115
Calculator	440
Typewriter	670
Total	$ 2,800
Total Administrative Costs	$135,647

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

1976 MAR 8 PM 6 20

02063 28005 PERRYVILLE AK 03-08 1100A AST

PMS REPRESENTATIVE NELS ANDERSON JR 465-3715

2108

CHAIRMAN HOUSE RESOURCES

POUCH V

JUN

IT HAS COME TO MY ATTENTION THAT HB642 AS IS OR COMBINED WITH HB846 WOULD BE VETOED BY GOVERNOR FOR CONSTITUTIONAL REASONS RECOMMEND YOUR SUPPORT HB846. THANK YOU REGARDS

BORIS KOSBRUK

HB
644

"An Act establishing the Talkeetna Mountains State Agricultural Reserve."

COMMITTEE REPORT

HOUSE

1/28/76 FINANCE

Mr. Speaker: Date 2-19-76

The Committee on RESOURCES has had HB 664 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB664 AND THAT CS FOR HB664 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Robb Anderson, _____, _____

_____, _____, _____

_____, _____, _____

_____, _____, _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Robb R. Anderson Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB 644
Title: Expanding Captain Cook Recreation Area
Requested by: Governor's Office Date: January 23, 1976
Return Date Requested: ASAP
Agency: Natural Resources Program: Parks

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

None

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

V. DATE: Jan. 30, 1976 PREPARED BY: Edward Kramer
Division of Parks

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

HB

654

"An Act relating to the administration of state lands."

COMMITTEE REPORT

HOUSE

1/27/76 FINANCE

Mr. Speaker: Date 4-8-76

The Committee on RESOURCES has had HB 654 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB654 AND THAT CS FOR HB654 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Robt A. Anderson, Jr. [illegible]

[illegible]

[illegible]

[illegible]

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Robt A. Anderson, Jr. Chairman

AGO 935666




Dale Tubbs HB 654

Sec #1 Present Sec does not allow School land to be sold - Problems when school land is in ~~wetern~~ a municipality especially in residential areas.
Still Must go through State Board of Education.
Will not affect University land.
100,000 acres of school grant lands with in the State.
Monies from sale of school land go into a truct fund for purchase of school land. O'MAlley.

Sec #2 Agricultural Preference Rights:

Insert and if he determines it is in the States interest, lease or sell Such lands

Pequest: At the present time the landowner has the right to Negociate the deal - Under the ~~current~~ proposed legislation the land will go up for bid, the adjacent land owner would have the option (1st preference) to match the highest bid.

R (6) Nothing heavin effects The disposal of ~~timber,~~ ~~materials~~, ~~or~~ Minerals, ~~all of which~~ Under State law

Disposal of minerals - Need - language that proceeds going to the State.

Renewing leasing —

AGO 935665

HB
658

"An Act relating to the Joint Federal-State Land Use Planning Commission."

COMMITTEE REPORT

HOUSE

1/27/76 JUDICIARY

Mr. Speaker: Date 1-30-76

The Committee on RESOURCES has had HB 668 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Mike Anderson, Tim Hashagen

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Mike Anderson Chairman

Second Session - Ninth Legislature

I. REQUEST

Bill No. Unnumbered House Bill

Title: Act Relating to the Joint Federal-State Land Use Planning Commission

Requested by: Legislative Assistant to the Governor Date: Dec 15, 1975

Return Date Requested: Dec 30, 1975

Agency: Natural Resources Program: Federal-State Land Use Plan

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES	15.0	30.0	30.0			
200	TRAVEL						
300	CONTRACTUAL	341.0	682.0	682.0			
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	356.0	712.0	715.0			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	356.0	712.0	715.0			
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0/0	0/0	0/0	1	1	1
MAN MONTHS (P./T.)	1	1	1	1	1	1

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Provides salary for one person at pay grade 23. Remainder of expenditure is for contract work. This is matched by the U.S. Government for their 50%

IV. ATTACHMENTS

V. DATE: 1/6/76 PREPARED BY: Dale P. Tarleton

figures received from Fed-St Land use plan Commiss.

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB
664

2/7/76
9:55 AM

The Chairman & Committee
Iwant to go on record of supporting
H. B. 664 & a unanimous vote
of the Anchorage Motor Mushers Club
to support H. B 664. We have approx
600 members in the Club.
The advisory concept is particularly
appealing to our organizational

Jack Helms
Pres.
Anchorage Motor Mushers Club Inc

P.S. I have a race to get
going from Palmer to
Willow over Hatcher Pass.

Dogs Wishing to Testify

Pat Carney 2

Sign Wishing to testify

Name.

- Dean Bunker
- Russell W. Cahill
- ~~Harry Eaton~~
- ~~P. C. Ponshaw~~
- Joe Kircher
- Tony-Ukanyans
- C. R. Deakon
- Virginia del Piaz
- Wayde Donovan
- Arthur J Keeton
- Pete Green
- Sig Rested

Sign In Sheet

IF YOU WISH TO TESTIFY PUT AN X UNDER HERE

NAME	ADDRESS	
Robert Bailey	SRA Palmer	X
Pat Carney	SR Wasilla	X
Ed Martin Jr	SR. Willow Box 6	X
Jean Woods	Box 827 Palmer	X
Barbara Woods	Box 827 Palmer	X
A. L. Renshaw	1850 Wickersham, Anch.	X
John J Stout	3419 W 81st Anch	
Nancy M Hill	Box 766 Palmer, AK	X
Nancy Leyhewalt	Box 335 Palmer AK	X
Leo J. Lucas	Box 855 Palmer AK	
Helen Woodings	Box 1386 Palmer	
Mark Helms	2157 Sunrise Dr Anch	X
Don + Brenda Stephens	506 Bogard Rd Palmer	

2/7/76

Dept. of Resources

I August Scheele Borough Assemblyman from Wasilla district Am opposed to the Talketna Park and endorse house bill 664 Agriculture bill

I have been an Alaskan resident the past 31 yrs

Thank you

August Scheele
(Gus)

Box 330
Wasilla Alaska

February 2, 1976 - Talkeetna State Park--Agricultural Reserve Hearings

Robert Risely - presented copy of MSB code title 16 - 8/20/74

Ed Martin, Sr., a resident, favors multiple use. There hasn't been enough exploration of the land to determine what the use should be. Not in favor of either bill--favors multiple use.

Mrs. Gene Woods, a resident, supports 664 with changes. She opposes 580. People can live with HB 664.

Miss Barbara Woods, a resident, favors HB 664. Multiple use, with some control.

A.L. Renshaw, a resident, is a 3rd generation mining engineer. He represents the Alaska Miners Association, and the people of the area. This is the 5th hearing on this issue. The proposals have nampered mineral exploration because of uncertainty. The Willow Creek Mining District has good gold potential. There are 2000 jobs involved--and a 10 billion dollar industry. HB 580 is a rehash of the Committee Substitute for last session from the mountaineering club. It is restrictive. Mr. Renshaw questioned Ln. 5 Pg. 5. Does this mean no development? How do you get access if no motor vehicles are allowed. He was also concerned with MAY wordings, veto power of the Park Dept., and Ln. 21 Pg. 6--reasonable to the state--Does not mention private This could lead to possible condemnation. There is no responsibility for protecting in-holdings. Re: U.S.G.S. 10004--the recreation zone has shaded patented claims and survey areas--but does not show unpatented lands. Mr. Renshaw also stated that the Chief Planner had said that the recreation area was unmanageable. It is heavily mined. There is stored dynamite--a tremendous hazzard. There would have to be restriction on public activities. There would have to be insurance for liability for the owners. Responsibility would have to be spelled out. Traditionally this has been a multiple use area...grazing, recreation, mining, etc. He opposes HB580. "Put the bill to rest--it keeps coming up" HB664 defines a reasonable multiple use for the area--the mining people can live with this.

Henry Hill, a resident, and involved in mining in the area. His family owns property in the area. Leave it exactly as it is. No one bothered it until recreation came in, then agriculture, now mining. Everybody used it before without any classification. Why change it. Existing laws will take care of it. HB580 allows one use--he's opposed. HB664--possibility of good economic source. Possible problem of revenue source vs. recreation source. In HB664 the management responsibility is too far removed from the people.

Mr. Harry Luckwald, a resident: There is gold potential in the area. Mining laws hold precedent--grandfather rights. Against HB580. HB664 is a giant step forward. People used to mine up high near Eagle River, but the Borough stopped them by use.

Anchorage Motor Mushers Club--600 members--supports HB664.

Dean Bunker, a homesteader near the area. We do not need any more parks There is Denali Park expansion. This park could expand.

Susitna VAlley Kiwanis Club: We do not need more parks, but if there is a need for this park HB664 is more palatable.

Russ Cahill, Director of Parks, State of Alaska: HB580 is concerned with the area. It is a departure from normal parks, in that it has a corridor of multiple use within it. The Dept. is taking into consideration all mining claims patented and active. The intent of the Park is to NOT purchase land within the Park unless it is essential to campground or management. If land is to be purchased it will be at fair market value. Ranger patrols will be in effect. There will be a possible loss of revenue. Re: HB 664, this is 430,000 acres. 13% is good for agricultural purposes. 87% is not good for agriculture. Cahill is not in favor of this proposal. Only one Department and one man should run the system. If he does not do a good job, he can be removed.

Dr. Deerborn, a resident of the area: Is opposed to all regulations to create a park. It would cripple recreational potential by private ownership. Why not further develop Chugiak Park for Anchorites.

Virginia Del Piaz: President, Upper Cook Inlet Conservation Society: I favor HB580 strongly. 150,000 people in 1975 were opposed to HB664. The majority of the land is above 12,000 ft., and should be included within a Park. The area is not agricultural land. (Del Piaz lives in the area)

Wayne Bowens, a local dairy man: Favors HB664. The multiple use concept is best. Don't lock it up as a park. There is a grazing area, and some crops can be grown.

Arthur Criter, of the Willow Creek Miners: Is opposed to a Park which affects the ming area. Tired of fighting the issue of parks. Prepared to initiate lawsuits (31) Re: HB664, three mining claims additional would be working if not for the cloud of a Park over them.

Pete Green, a local realtor, and member of the Realtors Association: (30 members) Is not too concerned with either bill. Multiple use concept best--protect --put rights and mining first. Park people haven't shown him that they can manage parks. Costs haven't been brought up. Central location, and one agency, to which the people could go to secure all necessary permits, is necessary.

Sig Rigstad, a resident: 1 million acres of parks within the Borough now. There would be more than an acre per person if Talkeetna Mt. Park is enacted. It was mining that opened the area. Parks should take small areas and manage them for the people who would use them. Only outdoor people who are healthy can use the proposed Park areas. There is considerable expense to run a park even if it is not developed. Invest in the parks that are already established. Re: HB664, there is an option if the land has to be tied up. The Advisory Committee is important. But this committee should have as a criteria the size of the organizations involved--not naming specific organizations.

Pat Carney, a dairy farmer: Is opposed to HB664. Is it proper for members of the committee to voice their opinions at this hearing? Feels we are facing a special interest group (mining) who is against HB580 and using HB664. Feels that the HB664 cannot stand as it is. There is not enough agricultural land to justify the bill.

George Parkee: Enjoys parks, but there is a need for agricultural reserve. Supports multiple use, but need to maintain agricultural land. Need for mining--the proven area is needed for recreation also.

F 18

February 23, 1976

Nels A. Anderson, Chairman
House Resource Committee
Pouch V
State Capital
Juneau, Alaska 99801

Dear Representative Anderson:

I am writing to express my opposition to H.B. 664, The Talkeetna Mountains Agricultural Reserve Bill. I am even more strongly opposed to H.B. 580 and other proposals to make the area into a State Park.

The copies of the proposal that I have seen distributed by Mr. Risley, of Palmer, are very restrictive to winter recreational uses of the area because of the "Scenic Roadway" provision. Attempts to keep skiers and snowmachiners off the snow covering an area 300 feet each side of every mining road or the main road makes the entire proposal seem silly. Such restrictions, I believe, reveal the true motives behind the proposal.

The amount of snowmachine activity around Palmer should have become apparent during the hearings February 7. Unfortunately, none of the "users" of the area in winter could testify, because the hearing was scheduled to exactly coincide with the Hatcher Pass Snowmobile Race. This annual event brings considerable economic benefit to the Borough. Much of the snowmachine recreational activity for the borough centers in the Hatcher Pass area. Please remember when considering passage of this bill that the "users" of the area are snowmachiners and skiers, not the varied array of "parkbuilders" that travel great distances to testify in favor of placing restrictions on other type users than themselves.

The fact is, that almost all of the uses currently being performed on the presently state owned land in the Hatcher Pass area are quite compatible. The State already has custody of the land. The State can build parking lots, trails, or other facilities if it wants to. Timber in the area could be leased or sold. Cabin sites can be permitted. Mining has flourished in the area, and might again if the rumor of park status for the area could be eliminated. Agricultural interests have never been bothered by other activities in the area, and agricultural leases can be granted on any of the state land at any time. Undesirable development such as generating stations, power dams, open pit mines, or airports, (if these are undesirable) can be prevented on the land now, because the land is in State ownership. The State could perform functions of garbage pickup, water in campgrounds, roads or trails, nature walks or even a State operated visitors center if it wanted to, at much less cost, by leaving the land as it is than by creating another reserve or park.

Yours very truly,

Lee Allen

Lee Allen
Star Route A Box 155
Palmer, Alaska 99645

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETH O'CONNEY~~
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

February 27, 1976

Dan Renshaw, P.E.
519 Eighth Ave., Rm. 209
Anchorage, Ak. 99501

Dear Mr. Renshaw;

HB664, establishing an agricultural reserve, passed out of my committee on February 19, 1976. I believe the bill is quite flexible in allowing mining along with other activities. Mr. Ose asked that the bill move forward, so the bill was passed on.

The bill reads the same as it did when you were in Juneau. Mr. Smith, of course, refused to sign the committee report, but we had enough signatures to move it out with a do-pass recommendation.

I understand that the administration is really upset by our action. This is understandable since they wanted HB580 to pass rather than HB664.

HB664 is now in Finance. I would advise you to contact Mr. Ose with regards to having him tell you when HB664 is going to be heard in that committee.

I would caution you and Mr. Ose by saying I suspect Mr. Smith may attempt to attach HB580 in place of HB664 while the bill is in Finance.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra

DAN RENSHAW, P.E.

CONSULTING ENGINEERS

519 EIGHTH AVENUE, ROOM 209

ANCHORAGE, ALASKA 99501

February 21, 1976

Representative Nels A. Anderson Jr.
Alaska State Capitol Bldg. Room 118
Juneau, Alaska, 99801

Dear Representative Nels,

After having met with you briefly at your offices on Tuesday, February 17, I listened in on the mark up session of your House Resource Committee regarding House Bill 664. I found that most of my objections to the original 664 had already been amended into an agreeable form prior to my arriving in Juneau. This was good to know.

So I listened to the mark up session wherein Representative Ted Smith attempted to include the language of House Bill 580 into 664. This was a little uncomfortable to watch but I understand that this is what the whole process is about. Because of this I would like to request some time to comment on whatever the final form of 664 might be prior to it being reported out of committee. I would greatly appreciate such an opportunity. To expedite my comment please use both the address shown above and the following: Dan Renshaw, Usibelli Coal Mine, Usibelli, Alaska, 99787. My time is divided roughly equally between the two.

I also want to state again how welcome it is to know that someone of your political philosophy is in a position to do some good in Juneau as Chairman of the House Resource Committee. I only wish there were several more legislators so inclined.

Thank you,

Yours truly,

Dan

Dan Renshaw

HB664

File

"Hortus Borealis"
DEARBORN HEIGHTS

STAR ROUTE A, BOX 72
PALMER, ALASKA 99645
(907) 745-3501

February 12, 1976

Testimony presented in reference to HB 664 and HB 580 at the public hearing February 7, 1976 at the Matanuska Susitna Borough Conference Room, Palmer, Alaska

Mr. Chairman:

I am Curtis H. Dearborn, a resident of this area since 1950 and I am speaking in opposition to all of the Bills under consideration that would create a State Park in the Hatcher Pass region of the Talkeetna Mountains in this Borough.

Is the proposal to create a State Park in the Hatcher Pass area of the Talkeetna Mountains the end of a sentimental journey for our friends and relatives in the Anchorage Borough? Or, is it an example of San Jay Grandi's "mixed economy", where he says, "I don't feel you should throttle either the state-owned or private sector. You should let them run in competition with each other and let the best one win".

In our case the creation of a State Park in this area with tax monies will cripple recreational endeavors by the private sector and deprive them of the right to own and operate businesses effectively on this land.

In this year of our Nation's Bicentennial we should be encouraging private ownership of land, not hoarding it by political entities. President Ford has just renewed his faith in the old American axion that everyone ought to own a piece of the country and understand the rewards of ownership and the risks.

Aside from the common problems of park location and development this Talkeetna Mountains State Park proposal should be concerned with accomodating persons with recreational desires in closer proximity to their homes.

I have lived here in the Matanuska Valley for 25 years and walked the mountain ranges that border the Valley either as a leader of Boy Scouts, Explorer Scouts or as an outdoorsman. I am impressed by our scenic beauty. I am also impressed by the lack of roads that would take the less fortunate to these areas.

I wonder why the Chugach State Park land which contains scenic beauties that rival those of the Hatcher Pass area are being by-passed?

There are three good reasons why Chugach State Park should be the major recreation park area for this region. Its nearness to Anchorage would cut travel time, fuel requirements for travelers and reduce conjestion on the Palmer-Glenallen and Parks Highway.

If a capital site is chosen within the Matanuska Susitna Borough the need for housing will put a new pressure on our agricultural lands. With the Talkeetna Mountain region uncommitted to a park a surprising number of persons could adapt themselves to housing in this proposed park region.

Homes [illegible] on the mountain slopes east of Anchorage and in the Eagle River [illegible] are evidence of what our population will do if given a chance. Some may contend that what they have done is not good but on close examination of the situations that are not good it will be learned that it was a developer rather than a prospective home owner that created the congestion.

Surely this Borough would gain far more revenue from its year round inhabitants than it would from a traveling public which must decline in travel in the future to survive.

Although we appear to have an abundance of food today there are potential natural disasters and Saint Augustine could be one of them that disrupt our 1500 mile supply route to a point where every inch of tillable land would be needed here to produce food for survival. We are, as you know, a long way from our food source.

One of the reasons used to justify a Park in this Hatcher Pass area has been that users of the area have neglected to care for their trash. If we were to strengthen our patrol in this Borough those who contaminate our area would be prosecuted and their numbers would decline. I am not advacating a police state. We have a courteous group on patrol now.

Lets help them do what we expect of them by increasing their numbers and facilities. This is the more economical course to follow to prevent littering as well as setting a good example for youth.

CITY OF WASILLA
P. O. BOX 430
WASILLA, ALASKA 99687

RESOLUTION 76-3

A RESOLUTION OF THE CITY OF WASILLA CONCURRING WITH THE RECOMMENDATION OF THE MATANUSKA-SUSITNA BOROUGH PLANNING COMMISSION AND URGING THE ALASKA STATE LEGISLATURE TO ADOPT "AN ACT ESTABLISHING THE TALKEETNA MOUNTAINS STATE AGRICULTURAL RESERVE".

WHEREAS, the State of Alaska has proposed the the establishment of a Talkeetna Mountains State Park to encompass an area known as "Hatcher Pass" and areas of the Talkeetna Mountains; and

WHEREAS, local residents do not favor a Talkeetna Mountains State Park but agree that the area should be established as an agricultural reserve; and

WHEREAS, the area to be in the proposed agricultural reserve is of local and statewide importance capable of providing revenue under a maximum utilization concept; and

WHEREAS, it is recommended that a management responsibility group consisting of representatives from the Division of Agriculture, Division of Lands, Department of Fish and Game, Department of Highways, and Division of Parks, Matanuska-Susitna Borough Assembly, and mining enterests, be formed; and

WHEREAS, it is recommended that the south boundary of the proposed reserve be established to follow the top of the ridges of the Talkeetna Mountains to allow adequate land for maximum farming development to the south of the mountain range; and

CITY OF WASILLA
P. O. BOX 430
WASILLA, ALASKA 99687

WHEREAS, the west boundary of the proposed agricultural reserve would be considered a buffer zone against overdevelopment and the east boundary be reserved for future stock raising; and

WHEREAS, such a program would provide maximum utilization of land under private ownership and would increase the Borough tax base; and

WHEREAS, the Planning Commission has studied the area as proposed by the Division of Parks and has recommended an alternate use of the area;

NOW THEREFORE, BE IT RESOLVED that the City of Wasilla concur with the recommendation of the Matanuska-Susitna Borough Planning Commission and approve an Act Establishing the Talkeetna Mountains State Agricultural Reserve" and forward same to State Legislature and request that a public hearing to explain the proposed act be held within the Matanuska-Susitna Borough.

PASSED AND APPROVED by the City Council of the City of Wasilla this ____ day of January, 1976.

LEO M. NUNLEY
City Mayor

ATTEST:

CANDICE E. COTTLE
City Clerk
(SEAL)

FILE

TESTIMONY ON HOUSE BILL 664

TALKEETNA MOUNTAINS STATE AGRICULTURAL RESERVE
By Robert Risley

Chairman Anderson, _____ and members of State House Resources Committee:

I want to thank the Committee for taking the time to hear our testimony on this important HB664. First I would like to offer some changes as reflected on the copy handed to you.

Line 15 page 1 after AS 38.05.300 strike the rest of that sentence. Article VIII, Sec. 7 says, "The legislature may provide for acquisition of sites, objects and areas of natural beauty or of historical, cultural, recreation, or scientific value. It may reserve them from the public domain and provide for their administration and preservation for use, enjoyment and welfare of the people." This appears to me as being unnecessary and could jeopardize the rights of private owners, mining and even grazing. The Bill itself seems adequate without it.

Errors in the boundary description have been corrected to conform to the map. To line 16 add asterisk sentence at top of page to protect private owners since the Borough Code and environmental conservation title 18 protects the environme

Line 1 at top of page 3 has been corrected to reflect the Borough Assembly dictates to the Planning and Zoning Commission and not the other way around.

Line 2 page 3 changes the word nonvoting to voting member. This area is located within the Matanuska-Susitna Borough and the Borough representative should be a voting member.

Lines 6 and 7 furnishes more flexibility.

Under the Mandatory Borough Act we in this area were required to organize the Matanuska-Susitna Borough. We were also required to establish a tax base to support the Borough.

The responsibility of the Borough Planning and Zoning Commission is to plan for the Borough's needs and to identify the options that will increase our tax base to support the rapid demand for services. HB664 attempts to carry out that responsibility.

For the past three years, the majority of the people in the Matanuska-Susitna Borough have strongly opposed the creation of a Hatcher Pass-Talkeetna Mountains State Park. During this time, no one had come up with an alternate plan even though the majority of the people I talked to agree that some type of control was needed for the area.

Since the area's potential was recognized in the Matanuska-Susitna Borough Comprehensive Plan, the Borough Planning and Zoning Commission decided it was time to study the area for an alternate plan that would furnish the maximum benefit to the most people with minimum of restrictions and protect the grazing for future agricultural development.

From personal experience, I grazed sheep up in the area with lambs four months old that dressed out over seventy pounds! It's been proven that beef cattle fattened on that grass is equal to grain fed beef.

In talking with the Flying Tiger Airlines people, this beef from the drought area could be flown in for around .35 cents per pound. With a back-haul of fish, ore or other commodities from Alaska, it would reduce the cost to almost half at the same time reduce the cost on the back-haul. State revenue from grazing fees are $2.50 per head.

Under HB664, the mines would start operation which, in turn, would increase the Borough's tax base. Employment of over 400 people would further enhance our taxes with a minimum of impact on the Borough for services.

Under the Board of Directors and Advisory Group Concept, it is felt that a better control over the recreational activities within the area would result. What better time than the Bicentennial Year to attempt to re-establish cooperation between State Government and its people. It is hoped that the Federal Government will use this concept in their classification of the D2 lands. The U.S. Department of Agriculture has stated that the South 48 is losing over 1.2 million acres of agriculture lands every year. Let's not have that happen to Alaska.

In closing I would like to emphasize the fact that HB664 has more to offer the people of Anchorage, Matanuska-Susitna Borough, and visitors from other areas with built-in controls than a park.

Thank you very much.

Robt Risley.

Robert Risley, Member
Matanuska-Susitna Borough Planning
Commission

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

January 26, 1976

The Honorable Nels Anderson, Representative
Chairman, State House Resources Committee
Pouch V
Juneau, Alaska 99801

Dear Representative Anderson:

Attached is a Matanuska-Susitna Borough proposal to establish a Talkeetna Mountain State Agricultural Reserve in lieu of a State Park, HB580.

I believe that, when you read the attached information, you will agree that the Borough's proposal will serve all Alaskans in a much better way than the establishment of a State Park.

Your support, for the Agricul'ural Reserve concept will be very much appreciated and any further assistance the Borough Planning Commissioners may give will be gladly provided.

Respectfully yours,

Robt Risley.

Robert Risley, Member
Matanuska-Susitna Borough
Planning Commission

RR:cr

January 26, 1976

The Honorable Jay Hammond, Governor
State of Alaska
Juneau, Alaska 99801

Dear Governor Hammond:

I want to take this opportunity to express my pleasure with the majority of items in your State of the State Message. Likewise, I feel, you will welcome my comments concerning proposals on which you have been misinformed.

I am very happy with your statements "I have told Alaskans I would akd them what they wanted rather than tell them what they're going to get...."

The attached Matanuska-Susitna Borough proposed Bill (Resolution Serial No. 76-7) reflects the feelings of the majority of people in the Borough. These feelings have been expressed for three years in a row during Legislative Hearings on proposed Talkeetna Mountains State Park. Now you have introduced another Park proposal HB580 that is even more restrictive.

Another statement that pleased us here in the Borough is, "Also, an early priority for the new planning section will be to address the future of Agriculture in Alaska...."

I am sure you are aware that this Borough has the most potential for future agricultural development in the State. I am sure you wouldn't want that potential stimed in any way but developed to its maximum.

I have owned property adjacent to our proposed Agricultural Reserve for the past 39 years. During the earlier part of that time I raised domestic sheep. Four month old lambs on that grass produced over seventy (70) pounds of dressed meat.

Back about the same time, a Mr. Shonbeck, had an experimental herd of beef cattle in the headwaters of the Little Susitna River and the meat produced off the grass was as solid as any grain fed beef could be. These facts were brought out at the Legislative Hearings but apparently were never brought to your attention.

Montana and Wyoming have been experiencing droughts. We are working on a project with beef growers in that area on the possibility of flying in thin stock--fatten them on the Talkeetna Mountains grass for Alaska's market. State revenue from this operation could develop into a sizeable sum in a few years. The Flying Tiger Airline has especially equipped aircraft that would haul them for about thirty-five cents per pound.

The following comments are furnished for your consideration which supports the Borough's proposal:

1. Grazing of livestock as the primary purpose will insure Alaska's future meat supply.

2. Unrestricted mining will greatly assist the Borough tax base. Under present mining laws it would not detract from the environmental aspects of the area.

3. What better time than the Bicentennial Year to re-establish self-discipline in our young people that uses the Reserve to control their own programs without inadequate taxpayer supported supervisory personnel. Under our proposal, we would have hundreds of volunteer police where one or two Park Rangers would be helpless.

4. Under the Mandatory Borough Act, the people in the Matanuska-Susitna Valley were required to organize a Borough. To support it, we had to establish a tax base as well as Long Range Planning for future development. HB580 would withdraw over 40 sections of tillable farm land between the south boundary and the top of the mountain ridge above. The west boundary includes a large number of sections of prime timber.

Based on the above information, I urge you to consider the withdrawal of HB580 or any Senate sponsored Talkeetna Mountain State Park and support our Talkeetna Mountain State Agricultural Reserve.

Respectfully yours,

Robert Risley

Robert Risley, Member
Matanuska-Susitna Borough
Planning Commission

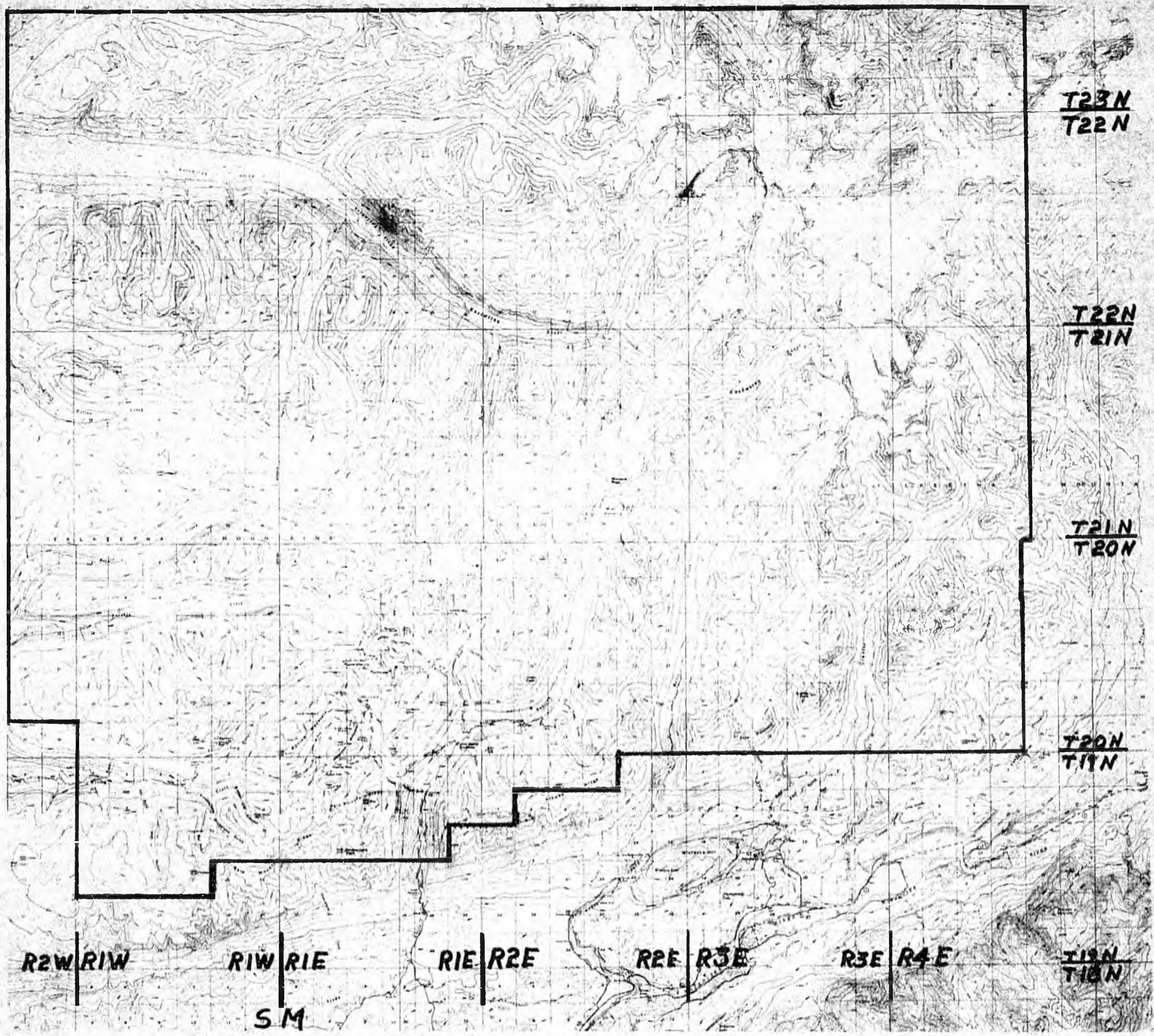
RR:er

cc: Representative Al Ose
Senator Jay Kerttula
Senator Kay Poland
Represntative Nels Anderson

PLEASE NOTE

THE ORGINAL FILE CONTAINS AN OVERSIZED DOCUMENT THAT IS UNSUITABLE FOR FILMING. PLEASE REFER TO THE ALASKA STATE ARCHIVES TO VIEW THE ORIGINAL.

MAP. PROPOSED TALKEETNA MOUNTAINS
STATE AGRICULTURAL RESERVE
M.S.B. RESOLUTION SERIAL NO. 76-7



Proposed Talkeetna Mountains--State Agricultural Reserve--M.S.B. Resolution Serial No. 76-7

MATANUSKA-SUSITNA BOROUGH

RESOLUTION SERIAL NO. 76-7

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH CONCURRING WITH THE RECOMMENDATION OF THE PLANNING COMMISSION AND URGING THE ALASKA STATE LEGISLATURE TO ADOPT "AN ACT ESTABLISHING THE TALKEETNA MOUNTAINS STATE AGRICULTURAL RESERVE".

WHEREAS, the State of Alaska has proposed the establishment of a Talkeetna Mountains State Park to encompass an area known as "Hatcher Pass" and areas of the Talkeetna Mountains; and

WHEREAS, local residents do not favor a Talkeetna Mountains State Park but agree that the area should be established as an agricultural reserve; and

WHEREAS, the area to be in the proposed agricultural reserve is of local and statewide importance capable of providing revenue under a maximum utilization concept; and

WHEREAS, the land, under the proposed agricultural reserve, would be used but not limited to grazing, recreation, hunting, fishing and mining; and

WHEREAS, it is recommended that a management responsibility group consisting of representatives from the Division of Agriculture, Division of Lands, Department of Fish and Game, Department of Highways, and Division of Parks, Matanuska-Susitna Borough Assembly, and mining interests, be formed; and

WHEREAS, it is recommended that the south boundary of the proposed reserve be established to follow the top of the ridges of the Talkeetna Mountains to allow adequate land for maximum farming development to the south of the mountain range; and

WHEREAS, the west boundary of the proposed agricultural reserve would be considered a buffer zone against overdevelopment and the east boundary be reserved for future stock raising; and

WHEREAS, such a program would provide maximum utilization of land under private ownership and would increase the Borough tax base; and

WHEREAS, the Planning Commission has studied the area as proposed by the Division of Parks and has recommended an alternate use of the area;

NOW THEREFORE, BE IT RESOLVED by the Borough Assembly concur with the recommendation of the Planning Commission and approve an "Act Establishing the Talkeetna Mountains State Agriculture Reserve" and forward same to State

Legislators and request that a public hearing to explain the proposed act be held within the Matanuska-Susitna Borough.

PASSED AND APPROVED by the Borough Assembly of the Matanuska-Susitna Borough this 7th day of January, 1976.

Ronald L. Larson
Borough Mayor

ATTEST:

Evelyn Thompson
Borough Clerk

(SEAL)

HOUSE BILL NO. _____

SENATE BILL NO. _____

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an act entitled: "An act establishing the Talkeetna Mountains State Agricultural Reserve".

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

SECTION 1. AS 38.05.365 is amended by adding a new paragraph to read:

(22) "State Agricultural Reserve" means land of local and statewide importance capable of providing revenue under maximum utilization concept, including but not limited to grazing, recreation, hunting, fishing and mining.

SECTION 2. Section 38.05 is amended by adding new sections to read:

ARTICLE 13. TALKEETNA MOUNTAINS STATE AGRICULTURAL RESERVE.

SECTION 38.05.371 DECLARATION OF PURPOSE. The purpose of sections 371 - 392 of this chapter is to obtain the maximum utilization of the area for agricultural potential, revenue producing operations, and recreation.

SECTION 38.05.375 DESIGNATED STATE LANDS AND WATER TO MAXIMUM USE AS A STATE AGRICULTURAL RESERVE.

A. The following lands and waters within the Talkeetna Mountains State Agricultural Reserve are subject to the uses specified in section 380 - 392 of this chapter:

(1) Beginning at the SE corner of Section 34, T 20 N, R 3 E, SM; thence west twelve miles along section lines to the NW corner Section 2, T 19 N, R 2 E, S. M.; thence south one mile to the SE corner Section 2; thence west three miles to the NW corner of Section 3; thence south one mile to the SW corner Section 3, T 19 N, R 2 E, SM; thence west two miles to the NW corner of Section 13, T 19 N, R 1 E, SM; thence south one mile to the SW corner of Section 13; thence west seven miles to the NW corner Section 23, T 19 N, R 1 W, SM; thence south one mile to the SW corner of Section 23; thence west four miles to SW corner of Section 19; thence north five miles to the

NW corner of Section 31, T 20 N, R 1 W, SM; thence west two miles to the SW corner of Section 26, T 20 N, R 2 W, SM; thence north twenty miles to the NW corner of Section 23, T 23 N, R 2 W, SM; thence east 30 miles to the NE corner of Section 22, T 23 N, R 3 E, SM; thence south twenty-one miles to the point of beginning. This area encompasses 672 sections or 430,080 acres.

SECTION 38.05.380 USES PERMITTED

(a) This area is classified as multipurpose use in accordance with Section 38.05.300.

(b) Grazing livestock under an established fee basis is the primary purpose for this area.

(c) Mining activities are permitted and will be conducted in accordance with Articles 6 and 7 of this chapter.

(d) Recreational activities are permitted subject to the rules and regulations developed in accordance with Section 38.05.390, 391 and 392.

(e) Hunting and fishing will be permitted in accordance with Department of Fish and Game regulations.

(f) Development of private property within boundaries of this reserve will be in accordance with the Matanuska-Susitna Borough Code.

SECTION 38.05.385. MANAGEMENT RESPONSIBILITY.

(a) All lands and waters specified in Section 375 of this chapter are assigned to the Department of Natural Resources, Division of Agriculture for control by a Board of Directors with the State Director of Agriculture as Chairman.

(b) The Board of Directors will consist of one representative from the office of each of the following State Directors:

(1) Agriculture

(2) Fish and Game

(3) Highways

(4) Mining

(5) Parks

(6) Division of Lands

Each representative will be assigned from the closest office to the area being managed.

(c) In addition to the above, the Board of Directors will include a representative from the Matanuska-Susitna Borough Assembly. The Borough Assembly may designate a member from the Borough Planning and Zoning Commission as their representative.

SECTION 38.05.390. ESTABLISHMENT OF AN ADVISORY GROUP.

(a) The Board of Directors will obtain assistance in administering the recreational activities within the Agricultural Reserve by organizing a volunteer advisory group from the following organizations:

(1) Alpine Ski Club

(2) Cross Country Ski Club

(3) Snow Machine Club

(4) Hang Glider Club

(5) Local Stock Grazing Association

(6) Mountaineering Club

(7) Mining Association

(8) Sportsman Association

(9) Dog Musher Association

(b) The advisory group will assist the Board of Directors in developing the rules and regulations for the controlled use of this reserve.

(c) The regulations will attempt to establish self-discipline in all activities enjoyed within the reserve.

SECTION 38.05.391. PENALTIES AND FEES.

(a) All persons apprehended for vandalism or leaving of garbage within the reserve, will be punished by being required to replace all damaged property including labor. Whenever possible, they will be required to perform physical labor to restore damaged facilities to their original condition.

(b) A use fee may be charged to cover administration and maintenance of the Reserve. Volunteer assistance listed in Sec. 390(a) above, will be utilized to the fullest extent possible.

(c) Application for matching funds from the Federal Government to construct parking spaces, sanitary facilities, water facilities and warm-up huts will be processed by the Commissioner of Natural Resources.

(d) All users of the area will be required to haul their own garbage home for disposal.

SECTION 38.05.392. RESTRICTIONS.

(a) A strip of land 300 feet on each side of the Hatcher Pass roadway and mining roads in the area (except on private lands) is designated Scenic Roadway. Flowers will not be picked in this area but berry picking is permitted. Constructed parking facilities are permitted if necessary.

(b) Users of the Reserve will avoid using this strip for snow machines or ski activities except through corridors established for that purpose from constructed parking spaces.

SUMMARY OF PROPOSAL

GRAZING AREA

The entire area is suitable for grazing of domestic sheep and cattle.

Dr. Walter A. Guntharp, Administrator for the Rural Development Service of the U. S. Department of Agriculture stated in a press release that, "1.2 million acres per year was lost to urban and other development uses." Aside from a moral obligation to contribute to the alleviation of world hunger, our country needs the foreign exchange product through increasing sales of agricultural products for the growing population. Farsighted husbandry of the land is essential. Only by giving development it's place and leaving agricultural land in it's place can we insure a better America for all".

This proposal attempts to insure adequate grazing for future stockgrowers in this Borough as well as encouraging outside stockgrowers to ship stock up here, fatten them on the lush grass, and be consumed in Alaska.

MINING

There are known rich deposits of ore in the area. Under the proposed management, this activity could accelerate into a large tax base and employment which is badly needed in support of this Borough.

RECREATION

It must be recognized that grazing with adequate protection of grasslands is the number one priority. However, during the grazing period, recreational activities such as mountain climbing, hiking, hunting, fishing and berry picking would be compatable. Grazing during winter sports activities does not exist.

SCENIC ROADWAYS

To protect the flora and fauna for motorists to enjoy, a strip of land three hundred ft.wide on each side of all roads is necessary. Narrow corridors across this strip from established parking spaces for use by snowmachines and skiers is necessary to protect these scenic values.

OTHER CONSIDERATIONS

Lands which may be selected by Natives, Capitol Site Selection, or unforseen conflicts may be excluded at a later date.

Maximum use concept to realize needed revenue in support of State and Local Governments should be given the most consideration.

The proposed management structure will promote integrity, self-discipline responsibility, and a sense of pride in the people that use the area. It should also provide a volunteer police force in maintaining order and controlling vandalism. By providing the recreational organizations the responsibility for writing their own rules and regulations, enforcement will be minimal.

BOUNDARIES

The south boundary was established to follow the top of the ridges to allow adequate land for maximum farming development south of the mountain range. It is hoped that, as the farm land adjacent to the base of the mountains is sold for farming the private owners will want to purchase the mountain side for private grazing and tree farming under the Government Reforestration Program. Under private ownership, this would increase the Borough Tax Base.

The west boundary is considered to be a buffer zone against over development.

The north boundary follows a ridge pattern that is considered an adequate area for the forseeable future and may be moved farther north as the upper Susitna Valley farming development requires it's use.

The east boundary, although steep in profile, is ideal for domestic sheep grazing. Future stockraising may dictate it's movement farther to the east.

HB

671



Alaska Conservation Society

Incorporated in 1960

Box 80192 College, Alaska 99701

March 9, 1976

Nels Anderson, Chairman
House Resources Committee
Alaska State Legislature
Pouch V, Juneau 99811

Dear Chairman Anderson:

This letter is about HB 671 "An Act relating to the reservation of water".

The Alaska Conservation Society STRONGLY endorses this bill. This bill provides a mechanism for allocation of water for the purpose of maintaining minimum flows for fish, wildlife, recreation and water quality. Such legislation is needed to ensure that these very valid water uses are not only considered in water allocations but are given preferential treatment.

At the present time the Department of Natural Resources Water Section does not manage these resources: there is no mechanism to guard against over appropriation of water. On the Arctic Slope, especially, there have been damages from withdrawing too much water in winter.

In particular, we want to comment on the following:

Section 1: Public water supply and fish habitat are in direct competition. The bill should place habitat before public water supply, because a public water supply should not be built if a habitat is killed.

Section 6: In deciding among competing uses there is no mechanism for public involvement, leaving the definition of beneficial use to the Department of Natural Resources without public review.

The Department of Natural Resources Water Resources Section merely catalogs water uses rather than managing them. Therefore, over appropriation is a definite problem. This bill helps to solve the problem. The Water Resources Section should be made to do surveys of water resources present, prior to allocation.

We appreciate this opportunity to express our views.

Sincerely,

ALASKA CONSERVATION SOCIETY

Tina Stonorov

Tina Stonorov
Executive Secretary

Robert T Baade
Box 71
Petersburg, Alaska
99833

April 19, 1976

file
HB 671

Rep. Nels Anderson, Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99801

recd 4/21

Dear Mr. Anderson:

It is with considerable concern that I hear of HB 671 stalled in your committee. I presume the reason for this is lack of understanding of the resources being affected. The freshwater use by fish populations concerns even fewer species and narrower use than those of your Bristol Bay environments. They are being callously destroyed in Southeast Alaska by single-use land surface management. Please let me explain.

The several fisheries of Southeast Alaska are geared to the heavy rainfall and forested watersheds we had in the beginning. Clear-cut logging alters the hydrology by speeding the flow of our precipitation and scouring the streambeds in the process. Also, the forest "metered" the stream flow which becomes a series of torrents and droughts between rather than a relatively even flow. This is not a problem in western Alaska where forests are not such a factor of stream discharges. The fact remains that a flood at the wrong time destroys the salmonid spawn in the stream gravels, and that which does survive is destroyed by the low flow and dehydration between floods.

I urge that H.B. 671 be enacted into law in its present form or amended to be even stronger to guarantee proper flows for maintenance of our salmonid fisheries.

Sincerely yours,

Robert T. Baade
Fishery Biologist, Ret.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. HB 671
Title: An Act Relating to Reservation of Water
Requested by: Office of the Governor Date: 12-1-75
Return Date Requested:
Agency: Dept. of Natural Resources Program: Geol & Geophys. Surveys

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Geological & Geophysical Surveys

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		28.5				
200	TRAVEL		2.5				
300	CONTRACTUAL						
400	COMMODITIES		0.3				
500	EQUIPMENT		0.7				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		32.0	33.5	35.0	37	39

B. FUNDING: (Thousands of dollars)

GENERAL FUND		32.0	33.5	35.0	37	39
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	11 /	1 /	1 /	1 /	1 /
MAN MONTHS (P./T.)	/	12 /	12 /	12 /	12 /	12 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funds to provide Hydrologist to supervise measuring of stream flows and lake levels and acquire data necessary to implement that portion of proposed act. This funding represents minimum effort. The actual financial impact of proposed legislation is unknown at this time.

IV. ATTACHMENTS

V. DATE: 1-21-76 PREPARED BY: William L Jackler

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No.
Title: An Act Relating to Reservation of Water
Requested by: Office of the Governor Date: 12-1-75
Return Date Requested:
Agency: Dept. of Natural Resources Program: Water Management

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Water Management

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		43.0				
200	TRAVEL		2.0				
300	CONTRACTUAL		2.0				
400	COMMODITIES		0.6				
500	EQUIPMENT		1.5				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		49.1	51.5	54.	57	60

B. FUNDING: (Thousands of dollars)

GENERAL FUND		49.1	51.5	54	57	60
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	2 /	2 /	2 /	2 /
MAN MONTHS (P./T.)	/	24 /	24 /	24 /	24 /	24 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

On Reverse Side

IV. ATTACHMENTS

V. DATE: 1-21-76 PREPARED BY: William C Jackler

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

02-001B

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS

TO:

Harry Aase,
Departmental Administrative Officer

DATE : December 10, 1975

FROM: Dean J. Nation, Chief
Water Resources Section

SUBJECT:

Fiscal Note:
Water Use Act

Request for fiscal note was received by Water Resources December 1. Since this will have a definite impact attached find note prepared. Please submit to proper offices.

Realistically this will impact also upon Geological & Geophicial Surveys. Are they preparing a note?

Enclosure

RECEIVED
DEC 11 1975
Department of
Natural Resources

State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF GEOLOGICAL & GEOPHYSICAL SURVEYS

DATE: September 25, 1975

FILE NO:

TELEPHONE NO:

FROM: Ross G. Schaff RGS
State Geologist

SUBJECT: Proposed Minimum Stream Flow Legislation per attached

I hope Division of Lands will reflect on the legalities involved in the proposal.

I have problems with the mechanism by which "minimum stream flow" and "lake levels" will be established and by whom. With the exception of the Anchorage area, stream flow measurements are very sparce, and lake level determinations with any history are probably very scarce. I'll check with USGS on this but the magnitude of the job of establishing minimum levels and flows for the entire state should be considered before legislation is proposed. Certainly the DGGS does not have this capacity, nor does the USGS unless special appropriations are forthcoming.

Something else that needs to be considered is the fact that surface waters and ground waters are components of the same system. I would hope that water appropriation statutes would keep this in mind. It is possible to lower lake levels or stream flows indirectly by over using ground water which really keeps the levels constant. Sand Lake, in the Anchorage area, is a good example of a lowered lake level via accelerated ground water removal through a damaged sewer line.

Revision of 41.05.010-030

Otherwise, I am in favor of the concept proposed. We have received Governor's approval to hire a Geologist III who will have far more expertise in these matters than I. At that time I will put him in touch with Mr. Greg Capito if you wish.

preference over other appropriators.

02-001B

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS

TO: Michael C. T. Smith, Director
Division of Lands

DATE : October 29, 1975

FROM: Dean J. Nation, Chief
Water Resources Section

SUBJECT:

Comments on substantiating budgetary claim of underfunding for administration of Water Resources are briefly:

1) Water In my several years with the Division of Lands I have been alarmed with the lack of concern, supported by budgetary denial, of the resource of water. Many hundred water cases remain in the files, many of these for nine years. This can not in any way be construed as an adequate service to the people. The budget restraints impose a non-field capability by limiting staff and have prevented the Section from participating in important state inter-agency meetings resulting in overemphasied products aligned with non-use of the resource, and result in our reacting to situations rather than participating in or leading water resource activities.

   Data 1) No of cases backlog 1778 (10/1/75).
   2) No of water field examinations - cy 75-8.
   3) Meeting etc attended - cy 75-9.

2) Materials: Shoreland and tideland use of sand and gravel demands administrative actions of material sales and Use Permits. Our present restricted field capability, a product of staffing, may result in either reacting only to the applicants desires or reacting to input from extraneous sources which may or may not be valid. The actions thus result in a paper pushing seqment of the section's actiönn instead of resource administration. To provide for proper administration of this resource and adequate service to agencies and the public, material actions need to be timely and firmly supported with adequate field knowledge both before and after removals. In this calendar year to date 37 new material transactions (not including extensions) have been issued by this section. In support to and with Southeastern District Office an additional 15 new transactions were issued. Field examinations were conducted on less than 1/3 of the total.

3) Tideland preference and lease:
A major concern of state administration as well as federal agencies are the coast areas of Alaska. Further delay in finalizing tideland preference claims is not desirable, either to the states interest or the local governments loss of tax revenues. The limited staff of two people is not capable of acting on the many tideland preference claims and is delayed in acting timely on lease or permit applications. Limited travel is accomplished but is adequately supported by Appraisal and/or Cadastral staff.

Data: 1) Preference cases pending October 1, 1975 115.
2) Tideland lease applications pending October 1, 1975 93.

Total pending case load of the section is approximately 2134 cases.

10-002
(12-23-70)

DEPARTMENT OF NATURAL RESOURCES

INTRA-DEPARTMENT ROUTE SLIP

TO:
DIV/SEC: Water Resources LOCATION: Anch

ATTN: Dean Nations

☐ Approval	☐ Note & Return
☐ Signature	☐ Initial & Return
☑ Comment	☐ Return As Requested
☐ Contact Me	☐ Return For Approval
☐ Prepare Reply	☐ Necessary Action
☐ For Your File	☐ Your Information

REMARKS: Please make estimate of costs and send to Harry for fiscal note.

FROM:
BY: Bill Fackler DATE: 11-26-75

DIV/SEC: _____ LOCATION: _____

Form 01-006

STATE OF ALASKA
OFFICE OF THE GOVERNOR

RECEIVED
NOV 25 1975
Department of
Natural Resources

TO: Department of

[ ] Administration
[ ] Commerce & Econ. Develop.
[ ] Community & Regional Aff.
[ ] Education
[ ] Env. Conservation
[ ] Fish and Game
[ ] Health & Social Svcs.
[ ] Highways
[ ] Labor
[ ] Law
[ ] Military Affairs
[✓] Natural Resources
[ ] Public Safety
[ ] Public Works
[ ] Revenue

ATTN: _____

[ ] Return letter w/draft
[ ] Return letter w/comment
[ ] Reply direct
[ ] Your information
[ ] Call me
[ ] Appropriate action
[✓] As requested
[ ] _____

REMARKS:

Have Mike Smith's people seen this?

From: Jean H Date: 11/21

D R A F T

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to allow a reservation of water for the benefit of fish and wildlife, recreation, and to maintain a minimum flow, level or quality of water.

This bill is an amendment to the state's Water Use Act, AS 46.15, and, specifically, it is designed to permit state agencies and political subdivisions to apply for an order reserving a certain quantity, level or flow of water for fish and wildlife, recreation or water quality.

The bill does not represent much of a departure from existing law. The Alaska Constitution, for example, in Art. VIII, Sec. 13, states that water of the state may be appropriated subject to "the general reservation of fish and wildlife." Also, Secs. 80 and 260 of the Water Use Act, dealing with permit issuance and definitions, respectively, explicitly recognize the values of water for fish and wildlife, recreation and public health of which water quality is a part.

Further, when there are competing applications for use of water from the same source of water, the bill would give reservations for fish and wildlife, recreation, or water

quality a preference, along with public water supply, over other applications. This seems to be implicitly recognized in the state constitutional provision mentioned above, with respect to fish and wildlife, and it is certainly reasonable to assume that recreation and maintenance of water quality are public uses which should likewise be given preference.

Other laws protecting water quality and fostering recreational opportunities demonstrate the importance of clean water to the health and general welfare of the people of the state.

Sincerely,

Jay S. Hammond
Governor

HB

716

3/16/76

COMMENTS ON HOUSE BILL 716

Department of Natural Resources

This memorandum briefly comments on the provisions of House Bill 716 regarding the classification of State land according to soil conservation categories for agricultural use and outlines the Department's plans to aid agricultural development.

COMMENTS ON PROVISIONS OF HOUSE BILL NO. 716

Section 1 - (a)

1. The proposal bases the definition of agricultural land on only one (soil type) of many relevant factors. By not considering factors such as existing and potential transportation facilities, size of areas related to markets (is an area big enough to function as an agricultural production unit?), production capabilities, and the general characteristics of an area, lands classified for agricultural use may never be appropriate for agriculture. (It should also be noted that there is significant variation within the Class II and III soil categories.)

2. The proposal's mandate to classify areas for a specific use based on one consideration is contrary to sound land use planning practices.

   a. Using only soil type, the bill prioritizes agriculture above all other land-use alternatives for large expanses of State land. The proposed legislation does not allow for consideration of alternative use options for Class II and III soil regions beyond a minimal 20 percent flexibility factor. Given the various characteristics of a region, the State's interest might best be served by classifying the land for uses which may be incompatible with agriculture such as coal development, wildlife refuge, or recreation. The proposal may also interfere with previously designated uses for certain areas.

   b. The proposal doesn't consider the statewide potential for various land uses which must be inter-related to the land-use potential such as agriculture for a given area. A newly selected region might be one of the State's best recreation areas or long-term forest management regions, but a poor agricultureal region despite the presence of Class II and III soils. Nevertheless, 80 percent of the new area might have to be classified for agriculture.

c. The proposal focuses on State lands and does not consider the need for coordination of compatible land uses between adjacent State, private, Federal, and Native lands.

3. No rationale is given for the 80 percent figure. The bill sets forth the 80 percent requirement without asserting the acreage of Class II and III lands on existing State selections or future land selections. The proposed legislation does not consider the ownership of good agricultural land by private parties, borough governments and Native corporations.

4. The attempt to classify a large quantity of agricultural land at one time based on one consideration might make it difficult to insure the classification properly preserves agricultural use. Pressures accompanying a conflict use situation would encourage a more lenient classification system.

5. Administrative Problems: The Soil Conservation Survey has only classified about 2.4 million acres of the State selected lands. (The survey has classified about 3 million acres of Federal and Native lands.) A survey review would be necessary to identify Class II and III lands included in the 2.4 million acres. It is optimistically estimated that around 1 million acres of the surveyed State lands fall into Classes II and III. With the current Division of Lands staff, it would be extremely difficult to identify these lands and classify them within the year timeframe.

   In order to meet the intent of the bill, additional soil surveys would need to be carried out on other potential areas. At least another 2.4 million acres of current State lands would need to be surveyed. The State costs for completion of such a survey would be 75 cents an acre or $1.8 million.

Section 1 - (b)

Apparently, the required public hearing is only for the purpose of gathering public input on which land should be included in the agricultural classification. Since 80 percent of the eligible land must be classified for agricultural use regardless of hearing testimony, the utility of the public input process is limited.

Section 1 - (c)

In order to maintain an 80 percent ratio, the Commissioner would apparently have to classify additional lands for agricultural use if an earlier agricultural classification was changed. This situation might result in a reluctance to change previous classifications.

The specification to hold a hearing on a requested reclassification within 20 days is too short a period to insure public awareness and input.

Section 1 - (d)

Since a large amount of land will be classified for agricultural use by mandate, it may be difficult to provide for a strict classification system which insures protection and maintenance of land for agricultural use.

Current Program to Aid Agricultural Development in the State--

The Natural Resources Planning and Research Section and the Division of Agriculture are working on a three-phased program to facilitate the classification, preservation and use of agricultural lands. The phases include (1) the establishment of priorities for selection and classification of agricultural lands, (2) an analysis of available classification and disposal techniques which contribute to the preservation of potential farm lands, and (3) an examination of economical size units and management schemes for successful agricultural enterprise in Alaska.

The establishment of priorities for the selection and classification of agricultural land is part of a Department-wide effort to identify appropriate land uses for Alaskan lands. The analysis of agricultural lands concentrates on the already identified 17 million acres of potential farmland. This acreage is being separated into geographical regions ranging from 50,000 to 500,000 acres. Each of these regions is evaluated according to eight weighted categories: Productive capability (including climatic limitations), existing and potential transport access, required supplementary soil conservation practices, economy of scale considerations, potential market locations, varied crop capabilities, competing land use considerations, probable development time, and the economics of the adjacent localities. Through the use of these criteria, the potential agricultural areas will be prioritized for selection purposes on Statewide scale and classification purposes on current State lands. The priorities will then be compared with the other prioritized land uses such as forestry, mineral development, wildlife, parks, and existing uses. The evaluation of use priorities will identify potential use conflict situations, compatible land uses, and the most valuable lands to preserve for agricultural purposes.

The analysis of classification and disposal techniques will focus on both methods to preserve existing agricultural enterprises, and the preservation of potential farm lands. The primary focus on existing farmland will be to soften the impact of speculator-induced inflation of land values. Techniques such as purchase of development rights, or speculation taxes will be examined. The preservation of future lands analysis will concentrate on classification, disposal, and leasing methods which encourage farm development and insure that the land will primarily be used for agricultural purposes. The results will be incorporated into our efforts to appropriately classify the most valuable agricultural lands.

The examination of economical size units and management schemes will investigate the Alaskan agricultural situation. Emphasis will be placed on the viability of a large area of land divided into many farms being intensively farmed for specified crops in great enough quantities to support storage and processing facilities in the immediate area.

SUMMARY--The Department does not believe that House Bill 716 represents the best present approach to the problem of designating and protecting State agricultural land. The Department shares fully the concerns of the sponsors on this issue, and is committed that its classification and land selection policy will reflect this concern. Because of past inaction, the matter of agricultural potential is being treated now as a priority within the Department of Natural Resource's Planning and Research Section, and it is expected that during 1976 a number of new proposals and recommendations in this area will be developed.

HOUSE BILL 716

Recommended Amendments--should the bill be further considered for amendment.

1. Mandatory 80 percent figure should be reduced to a maximum of 50 percent for agricultural classification.

2. Mandatory classification should be prospective and apply only to lands to which the State gains "tentative approval or patent after the effective date of the Act."

3. The time limit for such mandatory classification should be two years rather than one. It might be done earlier but likely with greater expense. (Two years after T.A. or patent)

4. The mandate should apply only to tentatively approved or patented land; not "selected" as in Subsection (a).

5. In Subsection (c) change 20 days to 60 days.

6. Subsection (c) places the responsibility for change in classification on the Commissioner including hearing and decision. This should specifically allow for delegation, or place the primary duty (subject to appeal) on the Director of the Division of Lands.

HB

718

"An Act providing for the transplanting of wolves to other states."

COMMITTEE REPORT

2/11/76 HOUSE FINANCE

Mr. Speaker: Date _____

The Committee on RESOURCES has had HB 718 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members sigring the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

To: Amend HOUSE BILL No. 718

SENATE BILL No. _____

PAGE: 1 - 2 LINE: 27 - 4

After the word "State" insert
for the purpose of re-establishing natural populations

Pg 2 line 4 after the word "Section" delete the period (.) and add.

except that nothing in this section shall preclude taking of marine mammals pursuant to subsistence hunting and trapping.

THOMAS E. MEACHAM
ATTORNEY AT LAW
SUITE 403
310 "K" STREET
ANCHORAGE, ALASKA 99501

(907) 278-1322
(907) 278-1443

January 15, 1976

Mr. Robert Hemming, Editor
Alaska Magazine
Box 4-EEE
Anchorage, Alaska 99509

Dear Mr. Hemming:

Your editorial in the January issue of Alaska Magazine called for more wolf control since, as you put it, ". . . it seems logical that as man must be controlled, so should the wolf." Yet notably absent is evidence of any serious attempt to control man, the predator, before game populations are reduced to the level where wolf predation becomes significant. This observation is borne out by your statement earlier in the same editorial that, " . . . for the first time in Alaskan game management history, to our knowledge, there are areas closed entirely to the taking of deer this year."

Game units "closed entirely" to the taking of moose or caribou or sheep are almost non-existent in Alaska. Yet when a combination of overhunting, increased vehicular access, declining habitat and bad winters reduce game to a level where the managers are compelled to restrict or close a hunting season, it is the wolf which must pay the price by being shot from an aircraft.

The real problem seems to be the ambiguity in the perceived role of game managers toward one of nature's most effective game managers. Unfortunately the wolf doesn't possess a B.S. degree or a doctoral dissertation, and is often viewed more as a meddler than as a game manager in his own right. Alaska law classifies the wolf as a game animal, elevating him to the ranks of the elite, "trophy" species. Accompanying this high status are supposed to be the concepts of fair chase, sportsmanship and respect for the intrinsic worth of such game species.

Yet when the wolf attempts to follow the life he has lived for eons, preying on other game animals, he is vilified, hounded and destroyed like a common cur. The concepts of fair chase and sportsmanship are disregarded because the wolf, unfortunately, is too intelligent (or "cunning", if you wish) to be effectively hunted

as a trophy species, and can apparently be "managed" only by poisons or aircraft. Apparently the eons of evolution have advanced the wolf far ahead of man the predator, leaving him vulnerable only to man the technocrat. The game managers, willing to use their new-found technology, see no ethical problem in subordinating the wolf to the desires of his human competition, using means of control which, if used against any other species, would be considered abhorrent by most civilized and reasonable persons.

This anomaly must be resolved in favor of the wolf as a co-equal member of the community of Alaskan game animals in fact as well as in law, with the human predator effectively controlled to the extent necessary to preserve this equality. Until then, many concerned residents of Alaska and other states will campaign effectively against the gross manipulation of the wolf's numbers by Orwellian technology, and against his general status as a second-class citizen of the animal kingdom.

Sincerely yours,

Thomas E. Meacham

TEM/bja

ALASKA
STATE LEGISLATURE

MEMORANDUM

For Resources Committee Members

nab

TO: Rep. Nels Anderson, Chairman
House Resources Committee

DATE: 2/25/76

FROM: Hugh Malone HM

SUBJECT: Wolf Control

Enclosed for your information is a copy of Commissioner Brooks' testimony in the House Finance Committee on 2/3/76 with regards to the wolf control issue.

HOUSE FINANCE COMMITTEE
February 3, 1976
1:15 p.m.

Hearing on Wolf Control

Included as a segment of the Budget Presentation of the Department of Fish and Game for FY77. Commissioner Jim Brooks was asked to comment on this subject toward the end of the afternoon meeting:

Malone: As I understand it the state has the responsibility in the area of game management. How can there be conflicts between attitudes as far as game management goes and how is it going to be resolved as far as wolf control? The reason I am asking that question is the list in my district, the Advisory Board of Fish and Game there, felt very strongly that the state had the responsibility and they didn't appreciate the interference on the part of the federal bureaucracy. But what does there eventually happen?

Brooks: I see every continuing erosion of the state's ability to manage resident wild life on federal land. There is no question but what the state can manage wildlife on state lands, and traditionally the states experience management restrictions over wildlife wherever they occurred, on federal lands or private lands, but the basis for this is not explained out anywhere but is an authority that is not addressed in the consitution, is not managed as one of the perogatives that the state has relinquished to the federal government, and so it has always been assumed that not having given up this right to the federal government, that the state still inherently possesses it. On the other hand, if the federal government wishes to take action to preempt a certain area of jurisdiction, there is apparently little question but what the supremacy clause of the constitution does allow that and on these, (particularly on the federal wildlife refuges the word is such that one might say that the federal government has grounds for preempting management jurisdiction over the life (undecipherable), but in fact, they have not as a practise exercised it. But whether they elect to exercise it, they have always made it stick and the states have never been successful in challenging the federal government in those situations. However, there has usually been a tacit understanding among all states and federal agencies that the states would have the right to management of resident fish and wildlife on public domain federal lands. And that held

now in that same court in about 2-1/2 weeks. The problem there is that the money you were using was partly state money and partly federal aid and wildlife restoration money and the the argument of the public was "because there was federal money involved, it federalized our activities and since our activities were federalized, (they involved the federal government then, its true), the action under National Environmental Policy Act --because the action we were taking was a joint state-federal action and it was highly controversial". Any action that is highly controversial then is subject to the National Environmental Policy Act. You said "no we won't use federal money, we'll 'de-federalize it' so it will be purely state action -- ", it isn't a federal action and you couldn't fall underneath it. However, the plaintiff said that we couldn't "de-federalize it" simply by changing the source of funding and they have some precedent. The most recent one was a highway, a controversial highway in Texas, federal aid to highways. The environmentalists didn't want the highway to go where it was, so they got it stopped. And the state of Texas said "okay, we won't use federal money. We'll use state money", and they went on building the highway; and the courts said "no you can't 'de-federalize' the project; it wouldn't be in existence if there had not been federal money there, and so you have to stop". And that case has been extended on appeal. This is the sort of thing we are faced with in Unit 13 here. We are going to argue, though, that its a state action and we hope that that restraining order will be lifted. However, BLM, in another area in a western state, has stated that any use of poison on federal lands for killing a predator will require environmental impact statement and they prepared an environmental impact statement and poison is now being used for killing coyotes in several of the western states. On the basis of that precedent, the director of the BLM called me the other day and said, "Look, we did prepare environmental impact statements for killing predators on federal lands by state people on the western states and we are afraid, because of it, (this case is now filed in court), that we are liable to lose it on the basis that we already have a precedent of requiring an environmental impact statement. So yes, all operations would have to stop until an environmental impact statement is filed.

Director Bergman said they thought the situation was sufficiently different in Alaska that if the federal attorney had time to prepare arguments, they would have a better chance to resisting an impact injunction or restraining order, and eventually they had an agreement with the plaintiffs that they would not file at that time if I would agree to stopping that control activity in Unit 28. I did agree, but agreed for quite another reason: most of the state land, most of Unit 28, where we would be conducting wolf control, is state land. We could be going ahead with it without any problem of federal intervention. But what I didn't like about it was the fact that here, while the environmentalists and park lobby are trying to get more and more in the park category under B2, they would be given tremendously good argument if I went ahead and had something that was obnoxious to many people,

as controversial on state land and that would not be permitted on federal land, and I did not want to go and kill a bunch of wolves on state land and have these environmental lobbyiests say, "Look how the state of Alaska is abusing its resources on its own land". This is what's going to happen if we don't put more of this land on some kind of federal reserve so that was the principle reason why I agreed to a delay. I agreed only to a three week delay because the report will be arguing the Unit 13 case in twenty days and we hopefully will have a reading of Unit 13 and if we win Unit 13, its "go" everywhere as far as I'm concerned.

We are going to launch those wolf control programs. If we lose in "13", I'm still ready to go in Unit 20A. The operation in 20A will be more efficient at that time than it would be now because the days are still short, conditions are not good. I told those fellows to get out there and try to take those wolves as quickly as they could a week or so ago. They tried to push it. They went out there, burned up a lot of helicopter time, under conditions that weren't ideal, and didn't kill any wolves. So I want to hold up now, so when we do it, we are going to be efficient about it; and I don't think the three-week delay up there is going to be harmful.

But as far as the question of whether the state can exercise management jurisdiction over wildlife on federal lands being resolved here, I wouldn't know that it will be. It is not a good issue, this wolf thing is too emotional. There is so much sentiment against that. We have received now about 4,000 pieces of mail. We have received real bad publicity in national TV and the printed media, and I am afraid if we "go" on that issue we might lose it, not on merit, but on emotion. So I don't want to lose it. But we are faced with litigation on this one and I would hope that if it comes up in Washington, we will be successful in getting a change in venue to an Alaskan court, and I think that (we'll) properly come out without losing ground. But it's a serious matter now. The federal agencies are more and more attempting to preempt that kind of service.

The military has advised us not to kill wolves on their lands, so we are keeping off their lands; and although they have no jurisdiction to selectively regulate our activities, if we resist it, they will simply close the area to trespass, period; and they can do that. And so its a kind of tough one.

I would hope I can get the Attorney General and his people to realize just how serious the matter is. Even in the state within the administration, I am not sure that everyone appreciates what is at stake here, and some people may have their attitude tempered by not agreeing that wolf control is not the proper thing.

Malone: Well, I am not in favor of wolf control myself, but as far as management of the game, the state if the state isn't going to manage it, who is? I thought that was one of the reasons the state was created in the first place, was to give some degree of control over what happens up here. Myself, I'm greatly alarmed that you are encountering things like -- "Look how the Alaskans

are abusing their resources on state lands". Frankly, if our policy dictated that we are to eliminate or destroy resources, that ought to be an alternative that is available to the state because it would be a state policy.

Brooks: Yes, but if the federal agencies feel that our wildlife is of national interest and the Bureau of Land Management has a bunch of fish and wildlife biologists, (the forest service has fish and wildlife fish and wildlife biologists, (the forest service has fish and wildlife biologists, the fish and wildlife service has fish and wildlife biologists, even the military has conservation officers), some of these federal agencies would love to put these people to work. I am not at all sure but what they wouldn't publish their regulations in the federal register if they thought they could get away with it.

Haugen: And then we are going to take on anywhere from 80 to 130 million more under the DC land ammendment with the federal government -- seems to me superfluous land -- its absolutely outrageous the land claims bill did not have (?) with the DC ammendment. I don't see how we got in such a pickle.

Brooks: That's why the wolf issue right now is most unfortunate because the park lobby is exploiting us, its no doubt, and if we did anything on state lands that was different than the way they had it on federal lands, they would really turn against us.

Haugen: Well, of course your own people right in my own district, on that program, we got many deer. We got no wolves. So we are all involved.

Brooks: That's exactly what the environmentalists want to see happen. Everywhere just let nature take its course until some day it will strike a balance. Well, the balance is somewhere between extremes. On the one extreme it means no game and no wolves. In 40 or 50 years it may mean we'll have them both back. But fluctuations are so extreme and they won't work the way they did under natural conditions. Now man has intervened. Man is an element in the system now. He is harvesting the prey and he has a right to, has a need to. So the idea these people are promoting is you should let the predator and prey strike their own balance simply is not realistic. We have already intervened in that system and we have to continue.

Haugen: The people up there that live (on the land), depend on it for their sustenance. They are the ones that really are going to get hurt. And then if you have the pressure from these big wheels and organizations that are going to be nothing.

Brooks: If we lose these two, it's only one case that hasn't filed now and if that injunction isn't closed in federal court, its a bad omen, and I don't know where it will stop.

Gruening: I think it is a significant thing, the department knew that this --

Brooks: The question is: were we going to manage in wildlife properly or were we going to sit back and say "no, let's not rock the boat". Maybe the environmentalists in Washington will.

Gruening: Why didn't the department use that philosophy when it came to the argument as to whether it would be state management of fisheries or federal management of fisheries? The state said "Let's not rock the boat and hope the feds will give us some -- " There is an inconsistency here. Shooting those wolves right now is just playing into federal hands.

Brooks: That's right. That's right. But the Board of Game directed that it be done and if I had been on the Board of Game, I couldn't tell you right now how I would have voted. It would have been a tough one. But it is an expression of the people of the state, as expressed by their representatives, and the board members knew -- petitions were around --when they directed the Department of Fish & Game to carry out this program.

Haugen: How about the days when the Fish & Game people had a predator program right here in Southeast on wolves? They were poisoning them and everything else.

Brooks: More than that, the Department of Interior has conducted aerial wolf control in Alaska in 1969, 70, 71, 72 and 75 with the I.S. (BIA).

Haugen: And all Southeast prior to statehood, they were poisoning wolves.

Brooks: Course, we have only had NEPA, National Environmental Policy Act, since '69.

Malone: My concern is who is going to have the responsibility; and who is going to have the authority? I hope it ends up that it is the state that has it because otherwise all our policies will be dictated from Washington, and I don't think that is the best way to run things. I appreciate your briefing us on where things are on it.

Naughton asks a question (undecipherable on tape).

Brooks: They will be sold at public auction.

Naughton: Mr. Chairman, to indicate that the Department of Game -- what I think that their judgement in the thing is on control -- I'd like to tell the Dept. of Game that they are going to get out of me all they are going to get in this session. That's what I think of our wolf control.

Malone: Any further comments?

- 30 -

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE 789-6040
JUNEAU, ALASKA 99801

Filed
HB 718

#

1976 FEB 23 AM 3 57

02088 NL TDA FAIRBANKS ALASKA 55 02-22 1133P AST

PMS REP NELS ANDERSON

1238
JUN

OUR GROUP WILL SUPPORT REPRESENTATIVE ED NAUGHTONS
"WOLF TRANSPLANT BILL IF SENTENCE STATING THERE CANNOT
BE ANY PREDATOR CONTROL WORK UNTIL" ALL REQUEST
FOR TRANSPLANTS HAVEE BEEN FULFILLED" IS REMOVED.
AS IT STANDS, THIS WILL BE ANOTHER TOOL FOR THE
PRESERVATIONIST TO USE TO TIE UP CONTROL WORK
INDEFINATELY.

CHARLES GRAY INTERIOR WILDLIFE ASSOCIATION BOX 60255
FAIRBANKS AK 99701

STATE OF ALASKA

Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100

DEPARTMENT House Resource Committee

ATTENTION _____

☐ Approval	☐ Note & Return
☐ Signature	☐ Initial & Return
☐ Comment	☐ Return As Requested
☐ Contact Me	☐ Return For Approval
☐ Prepare Reply	☐ Necessary Action
☐ For Your File	☒ Your Information

Remarks:

FROM:
MAIL STATION NUMBER 1102

DEPARTMENT Fish & Game

BY Rausch DATE 2/23

02-002 (REV.10/73)

Mr + Mrs T K Hayes
155 Williams Rd
Concord, MASS. 01742

Dear Mr Jones Sue! file on wolves
Will need this

Thank you for all the info. on the wolves. We are with you 100% and have had many letter's in the Boston papers on this. The man who caused the most trouble here is Cleveland Amory + the Fund For Animals. Enclosed is his last tax report.

Not A Dime For Wildlife

Please use this in any way you can if you can get it in the paper's all the better. We also have the report for the A.P.I. Bolton. P Mouras ANIMAL PRotection INST. If you want a copy please inform and we will mail it to you. Keep up the good work

Mr + Mrs T K HAYES

THE FOLLOWING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

5149022902311

Form 990 — Return of Organization Exempt From Income Tax — 1973

Department of the Treasury — Internal Revenue Service

Under section 501(c) of the Internal Revenue Code (Except Private Foundation)

For the calendar year 1973, or fiscal year beginning , 1973, and ending , 19

Please type or print or attach label. See instruction A.

Name of organization: THE FUND FOR ANIMALS INC.

Address (number and street): 140 W. 57TH STREET

City, town, state, and ZIP code: NEW YORK NEW YORK 10019

If gross receipts are normally not more than $5,000, (See general instruction A) check here . . . ☐

Employer identification number (See instruction F): 13-6518140

Date of exemption letter: MAY 21 1963

If exemption application is pending, check this block . . ☐

Enter exemption Code paragraph: 501(c) (3)

Enter the name and address used on your return for 1972 (if the same as above, write "Same"). If none filed, give reason.

SAME

All Organizations Complete Part I — If line 8 is $10,000 or less, complete only Part I. Do not complete Part II.

Receipts (Revenues)			
1 Gross sales and receipts from all sources, other than shown on lines 5 and 6		50964	-
2 Cost of goods sold			
3 Cost or other basis and sales expenses of assets sold	48140	48145	
4 Gross income—line 1 less sum of lines 2 and 3		2,819	
5 Gross dues and assessments from members and affiliates			
6 Gross contributions, gifts, grants and similar amounts received (see instructions)		384062	-
7 Total—add lines 4, 5 and 6		386881	
8 Gross receipts for filing requirements tests—add lines 1, 5 and 6			
Expenses and Disbursements			
9 Expenses attributable to gross income			
10 Expenses attributable to amount on line 6	7534		
11 Disbursements for purposes for which exempt			
12 Excess of receipts over expenses and disbursements—line 7 less sum of lines 9, 10 and 11—Increase or (Decrease) in net worth (see instructions)		379347	
Assets and Liabilities	**Beginning of year**	**End of year**	
13 Total assets	110,935	165619	
14 Total liabilities	17,331	16149	
15 Net worth	93,604	149470	

RECEIVED JUL 1 1974 28 PSC PHILA, PA. 28

	Yes	No
16 Have you engaged in any activities which have not previously been reported to the Internal Revenue Service? If "Yes," attach a detailed description of such activities		✓
17 Have any changes not previously reported to the Internal Revenue Service been made in your governing instrument, articles of incorporation, or bylaws, or other instruments of similar import? If "Yes," attach a copy of the changes.		✓
18 Is this a group return filed on behalf of affiliated organizations covered by a group exemption letter? (See instruction G.)		✓
19 Have you filed a tax return on Form 990-T, "Exempt Organization Business Income Tax Return," for this year?		✓
20 Was there a substantial contraction during the year? (See instruction O.) If "Yes," attach a schedule for the disposition(s) for the year(s) showing type of asset disposed of, the date(s) disposed, the cost or other basis, the fair market value on date of disposition and the names and addresses of the recipients of the assets distributed.		✓

21 Membership organizations enter amount allocated for political purposes	
22 Clubs exempt under section 501(c)(7) enter amount of:	
(a) Initiation fees and capital contributions included in line 5, Part I	
(b) Gross receipts from general public from use of club facilities included in line 1, Part II (or line 1, Part I, if only Part I is completed) (See instructions)	
23 Organizations exempt under section 501(c)(12) enter amount of:	
(a) The total amount of gross income received from members or shareholders	
(b) The total amount of gross income received from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	
24 Enter your principal activity codes from last page of instructions	913

25 The books are in care of ▶ THE FUND FOR ANIMALS, INC. Located at ▶ 140 W. 57TH ST. N.Y.C. N.Y.

Name and telephone number of person to be contacted during business hours ▶ DR. C. AMOS 757-246-2096

Under penalties of perjury, I certify that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which he has any knowledge.

JUNE 27 1974 — Date

Cleveland Amory — Signature of officer or trustee

PRESIDENT

JUN 2 1974 — Date

Alexander Grant — Signature of preparer (other than taxpayer) if filing return

J.D. 36-6055558 — Preparer's social security number or Emp. Ident. or Soc. Sec. No.

ALEXANDER GRANT & COMPANY — Preparer's address

Part II Organizations with Gross Receipts of More Than $10,000—Complete Part II

Receipts from Other Sources (line 1, Part I)

1	Gross sales or receipts from all business activities (state nature). (Attach a statement explaining how each business activity not reported on Form 990-T contributed importantly to your exempt purpose. See instruction J.)		
2	Interest		1056
3	Dividends		2955
4	Gross rents		
5	Gross royalties		
6	Gross amount received from sale of assets, excluding inventory items (attach schedule)		46963
7	Other income (attach schedule—Do not include contributions, gifts, grants, etc.)		
8	Total gross sales and receipts from other sources. Enter here and on line 1, page 1		50964

Expenses and Disbursements (lines 9, 10, and 11, Part I)	(A) Attributable to gross income	(B) Attributable to cost's etc. rec'd.	(C) For exempt purposes
9 Contributions, gifts, grants, and similar amounts paid (attach schedule—see instructions)			27,164
10 Disbursements to or for members (attach schedule—see instructions)			—
11 Compensation of officers, directors, and trustees (attach schedule—see instructions)			—
12 Other salaries and wages			79,265
13 Interest			
14 Taxes			5914
15 Rent			21010
16 Depreciation (and depletion) (attach schedule—see instructions)			3247
17 Direct fees paid for raising contributions, gifts, grants, etc.		7534	
18 Other (attach schedule)			186185
19 Totals. Enter here and on lines 9, 10 and 11, page 1		7534	323586

Balance Sheets	Beginning of Taxable Year (A) Amount	Beginning of Taxable Year (B) Total	End of Taxable Year (C) Amount	End of Taxable Year (D) Total
Assets				
20 Cash: (a) Savings and interest-bearing accounts				
(b) Other	37458	37458	44631	44631
21 Accounts receivable net		1071		
22 Notes receivable net (attach schedule)				
23 Inventories PREPAID EXPENSES		609		1679
24 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
25 Investments in nongovernmental bonds, etc. (attach schedule)		8584		8584
26 Investments in corporate stocks (attach schedule)		15884		95070
27 Mortgage loans (number of loans ____)				
28 Other investments (attach schedule)				
29 Depreciable (depletable) assets (attach schedule)	20334		23517	
(a) Less accumulated depreciation (depletion)	5773	14561	9120	14397
30 Land		1900		1900
31 Other assets (attach schedule) DEPOSITS		1118		1108
32 Total assets (line 13, Part I)		110935		165619
Liabilities				
33 Accounts payable		15601		14018
34 Contributions, gifts, grants, etc., payable				
35 (a) Bonds and notes payable (attach schedule)				
(b) Mortgages payable				
36 Other liabilities (attach schedule) PAYROLL TAXES		1830		2101
37 Total liabilities (line 14, Part I)		17431		16119
Net Worth				
38 Capital stock or principal fund balance FUND BALANCE		93604		149470
39 Paid in or capital surplus				
40 Retained earnings or income fund balance				
41 Total net worth		93604		149470
42 Total Liabilities and Net Worth		110925		165619

Foreign organizations—Enter book value $..... and fair market value $..... of assets held within the United States for investment.

SCHEDULE A (Form 990)

Department of the Treasury
Internal Revenue Service

Organizations Exempt Under 501(c)(3)
(Except Private Foundations Filing Form 990-PF)
Supplementary Information

▶ Attach to Form 990.

1973

For the calendar year 1973 or other taxable year beginning ..... 1973, and ending ..... 19.....

Name: THE FUND FOR ANIMALS INC.

Employer identification number: 13-6218740

Part I Compensation of Officers, Directors and Trustees (See instructions)

Name and address	Social security number	Title	Time devoted to position	Compensation
CLEVELAND AMORY		PRES	PART	NONE
JIM FOWLER		VICE-PRES	PART	NONE
WINTHROP WADLEIGH		TREAS	PART	NONE
MARION K SCHAEFFER		SEC'Y	PART	NONE

Part II Compensation of Five Highest Paid Employees (Other than included in Part I—see instructions)

Name and address of employees paid more than $30,000	Social security number	Title	Compensation
NONE IN EXCESS OF $30,000			

Total number of other employees paid over $30,000 ▶

Part III Five Highest Paid Persons for Professional Services (See instructions)

Name and address of persons paid more than $30,000	Type of service	Compensation
NONE IN EXCESS OF $30,000		

Total number of others receiving over $30,000 for professional services ▶

Part IV

	Yes	No
1 During the taxable year, has the organization (1) attempted to influence any national, State, or local legislation, or (2) participated or intervened in any political campaign?		✓
If "Yes," attach a statement giving a detailed description of such activities and a classified schedule of the expenses paid or incurred. Also, attach copies of any materials published or distributed by the organization in connection with such activities.		
2 Are you related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		✓
If "Yes," identify the organization and describe the relationship.		
3 Have you engaged in during the year, either directly or indirectly, in any of the following acts with a trustee, director, principal officer, creator, or any organization or corporation with which such person is affiliated:		
(a) Sale, exchange, or leasing of property?		✓
(b) Lending of money or other extension of credit?		✓
(c) Furnishing of goods, services, or facilities?		✓
(d) Payment of compensation (or payment or reimbursement of expenses)?		✓
(e) Transfer of any part of your income or assets?		✓
If the answer to any question is "Yes," attach a detailed statement explaining the transaction(s).		
4 (a) Did the organization give notice as required by section 508(b) that it is not a private foundation? . . .		
(b) If the organization has received a final ruling or determination letter from the Internal Revenue Service that it is not a private foundation within the meaning of section 509(a), enter date of ruling or letter . . . . . ▶		
(c) If the organization has not received a final ruling or determination letter, indicate, if applicable, whether the organization has received a ruling or determination letter based on an: ☐ Advance ruling ☐ Extended advance ruling. Date of ruling . . . . . ▶		
5 Attach a statement explaining how you determine that individuals or organizations receiving disbursements from you, in furtherance of your exempt programs, are qualifying recipients.		
6 Do you make grants for scholarships, fellowships, student loans, etc?		✓

Part I Reason for Non-Private Foundation Status (See instructions for definitions)

The organization is not a private foundation because it is:

1 ☐ A church, school or hospital within the meaning of section 170(b)(1)(A) (i), (ii), (iii), or (v), respectively.

2 ☐ A medical research organization operated in conjunction with a hospital as provided in section 170(b)(1)(A)(iii). Enter name and address of hospital .....

3 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit as provided in section 170(b)(1)(A)(iv). (Complete support schedule.)

4 ☑ An organization that normally receives a substantial part of its support from a governmental unit or from the general public as provided in section 170(b)(1)(A)(vi). (Complete support schedule.)

5 ☐ An organization that normally receives no more than ⅓ of its support from gross investment income and more than ⅓ of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions. Refer to section 509(a)(2). (Complete support schedule. See instructions for method of accounting.)

6 ☐ An organization operated solely for the benefit of, and in connection with, one or more of the organizations described in blocks 1 through 5 (or for the benefit of one or more organizations described in section 501(c)(4), (5), or (6) and also described in 5 above), but not controlled by disqualified persons other than foundation managers. Refer to section 509(a)(3). (Attach a statement identifying and describing the organization(s) for whose benefit you are operated and the relationships between you and the organization(s).)

7 ☐ An organization organized and operated to test for public safety as provided in section 509(a)(4) (see instructions).

Support Schedule (complete only if block 3, 4 or 5 above, is checked)

Calendar year (or fiscal year beginning in) ▷	(a) 1972	(b) 1971	(c) 1970	(d) 1969	(e) Total
8 Gifts, grants and contributions received	¥51,996	167,799	116,959	76,50¥	6.1¥366
9 Membership fees received					
10 Gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in any activity which is not an unrelated business within the meaning of section 513					
11 Gross income from interest, dividends, rents, and royalties	¥,438	1169	1850	439	5096
12 Net income from unrelated business activities					
13 Tax revenues levied for your benefit and either paid to you or expended on your behalf					
14 The value of services or facilities furnished by a Governmental unit to you without charge (do not include the value of services or facilities generally furnished to the public without charge)					
15 Other income (do not include gain (or loss) from sale of capital assets)—attach schedule					
16 Total of lines 8 through 15	¥54,434	168,968	117,919	76,941	618¥6¥
17 Line 16 less line 10	¥54,434	168,968	117,919	76,941	619¥6¥
18 Enter 1% of line 16	¥544	1690	1179	769	

19 Organizations described in blocks 3 or 4 above:

(a) Enter 2% of amount in column (e), line 17 . . . . . ▷ 1¥,365

(b) Attach a list showing the name of and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the above four-year period exceeded the amount shown in (a) above and enter the sum of all of the excess amounts here . . . . . ▷ 114650

20 Organizations described in block 5 above:

(a) Attach a list, with respect to amounts shown on lines 8, 9, and 10, showing the name of, and total amounts received in each year from, each person who is a "disqualified person," and enter the sum of such amounts for each year:
(i) _____, (ii) _____, (iii) _____, (iv) _____

(b) Attach a list showing the name and amount included in line 10 for each person (other than a "disqualified person"), but only if the amount for each year exceeds the greater of the amounts on line 18 for each year, or $5,000. The term "person" includes a bureau or agency of a governmental unit, and each person described in section 170(b)(1)(A)(i) through (vi). Enter the sum of such excess amounts for each year: (i) _____, (ii) _____, (iii) _____, (iv) _____

21 Organizations described in blocks 3, 4, and 5 that have received any unusual grants during any of the above taxable years, attach a list for each year showing the name of the contributor, the date and amount of grant, and a brief description of the [illegible] and include such grants in line 8 above. (See instructions.)

Name THE FUND FOR ANIMALS INC 13-6718140 Year Ended IV 31 73

Schedule INVESTMENTS IN BONDS, STOCKS

	1-1-73	IV 31 73
INVESTMENTS IN NONGOVERNMENTAL BONDS- PY LYY		
GRUMMEN CORP	8584	8584
INVESTMENTS IN CORPORATE STOCK. PY, LYS		
50 SH NEWMONT MINING	1044	Y497
40 SH GOODYEAR TIRE & RUBBER	1130	1130
3 SH IBM	904	
100 SH IT+T PFD CONV	9907	9907
45 SH G M	3197	
Y50 SH IV 31 TY U S GYPSUM (700 SH IV 31 73 US GYPSUM)	7374	5099
15 SH HOUDAILLE IND, INC	217	
10 SH EASTMAN KODAK	1173	
100 SH AT+T	4310	4310
100 SH PANHANDLE EASTERN PIPE LINE	3541	3541
100 SH AMERICAN NATURAL GAS CO	3730	3730
100 SH GENERAL FOODS CORP	2519	2519
100 SH AETNA LIFE CASUALTY CO	6853	
40 SH GOODYEAR TIRE + RUBBER		1200
IY50 SH COLGATE PALMOLIVE		3664
100 SH SOUTHERN CO.		1747
100 SH SOUTHERN PACIFIC CO.		3946
CARRIED FORWARD (5)	45684	79070

Name THE FUND FOR ANIMALS INC Year Ended 12.31.73

13-6116740

Schedule INVESTMENTS IN CORPORATE STOCK

INVESTMENT IN CORPORATE STOCK. PT 1 of 1 (CONTINUED)	1-1-73	12.31.73
3 PAGES FORWARD	45884	79070
100 SH ANHEUSER CO		3755
100 SH PEOPLES GAS CO		3087
100 SH CHESAPEAKE CORP OF VA		3377
100 SH INA		3743
100 SH DIAMOND SHAMROCK		2038
	45884	95070

(6)

Name THE FUND FOR ANIMALS INC Year Ended 12-31-73

13-6718740

Schedule CROSS AMOUNT FROM SALE OF ASSETS

		DATE FOR WERD	COST	SALE
50 sh	U.S GYPSUM		1484	1101
35 ✓	GENERAL MOTERS	72	3181	2933
100 ✓	AETNA LIFE CASUALTY	113172	6853	7133
50 ✓	HONEYWELL INDUSTRIES	12-73-72	297	261
17 ✓	EASTMAN KODAK	12-6-73	1413	1556
13 ✓	IBM	VAR	4160	3466
120 ✓	AMERICAN HOME PRODUCTS	72-6-72	4787	4416
550 ✓	COLGATE PALMOLIVE	VAR	23183	23458
115 ✓	GOODYEAR TIRE & RUBBER	12-73	3450	2836
			48740	46963

Name THE FUND FOR ANIMALS INC. Year Ended 12-31-73

13-6218748

Schedule DEPRECIATION

1. Description of property (if personal property, state type)	2. Date acquired	3. Cost or other basis	4. Depreciation allowed or allowable in prior years	5. Method of computing depreciation	6. Life or rate	7. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						
2 Depreciation from Form 4562						
3 Depreciation from Form 5695						
4 Other depreciation:						
Buildings						
Furniture and fixtures	VAR.	9388	1114	SL		321
Transportation equipment		11679	4309	SL		3373
Machinery and other equipment						
Other (specify)		2050	350	SL		200
5 Totals						3348
6 Less amount of depreciation claimed in Schedule A						
7 Balance—Enter here and on line 21, page 1						

Name THE FUND FOR ANIMALS INC. Year Ended DECEMBER 31, 1973

Schedule

OTHER EXPENSES AND DISBURSEMENTS. PAGE V LINE 18

CLEANING AND MAINTENANCE	1969
DATA PROCESSING	13079
EDUCATIONAL EXPENSES	5V031
ENTERTAINMENT	6V5
INSURANCE	1303
LEGAL AND ACCOUNTING	16147-VC
OFFICE EQUIPMENT RENTAL	1111
OFFICE EXPENSE	V431
OUTSIDE OFFICE SERVICES	663
PAYMENTS TO INDEPENDENT CONTRACTORS	4080
POSTAGE	1547-5
PROMOTION AND PUBLICITY	15145
STATIONERY AND SUPPLIES	4998
TELEPHONE	21244
TRAVEL EXPENSES	31873
UTILITIES	6V1
MISCELLANEOUS	3166
VOLUNTEER MEETINGS + BOARD OF DIRECTOR MEETINGS	426
	186,185

(7)

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

HB
726

"An Act making a special appropriation to the mineral resource revolving fund."

COMMITTEE REPORT

2/11/76 HOUSE FINANCE

Mr. Speaker: Date 4-20-76

The Committee on RESOURCES has had HB 726 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

To: Amend HOUSE BILL No. 326

SENATE BILL No. _____

PAGE: 1 LINE: 9

Change $ 3,000,000 TO $ 1,000,000

Walter Cadleran
Chairman House Resources
4/20/76

HOUSE RESOURCES COMMITTEE - Minutes - March 12, 1976

Present were Swanson, Rhode, Huntington, Osterback, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HJR 60
HB 726
SSHB 626
HB 854

It was moved that HJR 60 pass from the committee with a Do Pass recommendation, unanimously. Motion carried.

Mr. Rhode asked that HB 626 be brought to the floor. Approved for discussion. He presented the results of the polls conducted on HB 626. (copies available) Also, Palmer was sent by the governor to Seldovia to conduct a hearing at the request of the people there. The group in Seldovia voted 2 for a marine sanctuary, and 40 against. Mr. Rhode stated that condemnation procedings are in Superior Court now, and action on the bill should probably be delayed until the Court decision is reached.

It was moved to table the bill until a time certain with a unanimous consent asked. Motion carried.

Mr. Rhode stated that there is also a "buy-back" bill (HB 854) in our committee which would fund the lease purchase by the state if necessary. He recommended delay of action on this bill also.

It was moved to bring HB854 before the committee for discussion. Motion carried.

It was moved to table HB854 until a time certain with unanimous consent asked. Motion carried.

Discussion of HB726 began with Chairman Anderson stating that there appeared to be no great enthusiasm for the bill among miners, but general agreement that it would help the small miner.

Swanson stated that $1,000,000 would be a better figure than the $3,000,000 in the bill. Finance could take it from there. It is a good bill--progressive, and an incentive for the small operator to continue mining.

Motion was made to reduce the fund amount to $1,000,000, and adopt the language change as per amendment.

Huntington stated objection to an amount of money to be tied up for an indefinite time. It would be o.k. if it were used, and could be refunded if necessary in the future.

Mr. Swanson stated that the state wouldn't be losing anything no matter what.

Mr. Van Doren brought to the attention of the committee that the bill

doesn't say where income from sale of the stockpiled minerals would be put, or where any profit would go.

(Mr. Brown has arrived)

Mr. Holdsworth stated that when he was in office there were many unofficial inquiries on the mining fund, but no money was available to appropriate at the time. The fund could be cut from the $3,000,000 and still be beneficial. Using the fund won't either increase or decrease the fund, if handled properly.

Motion to insert the $1,000,000 amount in the bill was passed.

Mr. Brown raised a question on how much of the money would be used for diseminating information. Discussion ascertained that information is now readily available. Brown stressed that the funds need to be used for the minerals themselves, not information. He suggested that if the committee adopted the amendment referring to education, a committee report clarifying intent should accompany the bill.

Mr. Brown stated that there should probably be two separate bills- one with the appropriation amount, the other with any language or specific information applying to the mineral revolving fund.

Chairman Anderson asked staff to find out whether information is already being given out and funded through another source.

March 18 was set for the next hearing of HB726.

HB 804 will also be brought up on Mar. 18.

Mr. Swanson asked that staff consider going to a 5-year residency requirement on HB 808to help alleviate some of the problems with the bill--this would tend to strengthen the bill.

Meeting adjourned.

HB 726 - Staff Analysis

HB 726 was introduced to fund 41.05.040 (2 ch. 116 SLA 1962)

HB726 appropriates $3,000,000 for the purchase by the fund of necessary metals other than gold, silver and platinum.

Staff review of the proposed legislation has determined that one possible objective of the bill is to allow the state to purchase metals from small mineral extraction operations who do not have significant resources or amount of minerals to be able to afford marketing and transportation of the mined minerals. Several small mining operations could sell their product to the state, the state in turn could stockpile the product until there was a sufficient amount to sent to market. In this way the small mining operator would have a market for his product.

The second possibility is that the state desires to enter into the speculative position of marketing minerals. In the short term, the state's investment in the stock market has not been proven successful. Perhaps the thrust of the legislation is to allow the state to speculate in minerals.

Staff suggestions and observations:
1). Although HB 726 states "metals" on line 11, the original act is a mineral resource revolving fund. Is the intent to stockpile "oil or gas"?

2. On line 11 appears the word "necessary". What is a necessary mineral and who determines what is necessary? Staff would rather see "necessary" eliminated.

3. If the intent is truly to help the small miner, because staff doubts the finance committees would be willing to allow an appropriation of $3,000,000, perhaps rephrasing of the objective could be done to allow any monies appropriated to be used to assist th smaller mining operators in finding a market for their product o used in assisting in the formation of a co-op, consisting of a group of small minor operatons. If the above suggestion is valid Sec. 41.05.040 could be amended to include the above suggestions after the words "purchase minerals".

4. Question: Is there any other revolving fund similarly set up at the present time?

Question: Is there any revolving fund in which the money does not lapse into the general fund?

Question: Will all the monies received from the sale of minerals to a qualified broker be returned to the fund, or will some monies be taken out for administrative purposes.

5. After all these years, why has this legislation been introduced in the first place?

HB

728

"An Act relating to state oil and gas leases."

COMMITTEE REPORT

HOUSE

2/11/76

Mr. Speaker: Date 4-21-76

The Committee on RESOURCES has had HB 728

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

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( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

AGO 935627

Bristol Bay Native Corporation
445 E. 5TH STREET / ANCHORAGE / ALASKA 99501 / PH. (907) 277-9511

March 2, 1976

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch "V"
Juneau, AK 99801

Dear Nels:

I do not have a position of HB 728, which you cosponsored, however I do have a few comments that may be useful in your deliberations next week.

First of all, it appears the bill was written for only one case, that is, Prudhoe Bay, TAPS, and a propsed Trans-Alaska gas line. Since the bill only applies to new leases, I see a few problems in other remote presently unleased areas of Alaska. Also, I see a lot of harassment and potential litigation from (t) (4 and 5).

The state could shut-in a field (oil or gas or both) where there were no pipelines or other transportation facilities to alleviate the supply problems in some other part of Alaska while notices, hearings, etc. were held before granting an exemption.

In some instances (Alaska Peninsula) a field could involve State, Federal and Native lands. It certainly would not be practical to shut-in the portion of the field. This would not be a sound conservation practice and could well result in a waste of the states resources as well as revenue.

Historically, gas sales have been long term, otherwise the transportation, distribution and manufacturing facilities could not be financed. This being the case, the state may well be entering an area where unintentionally they are retarding development within the state, which I am sure was not the original intent of the bill.

Actually, what I think you may be striving for is some mechanism that applies only to the states future oil and gas royalty to supply local demand before export. Since this bill does not apply to any of the present oil or gas field and under the terms of the leases, the state can take its royalty oil or gas "in kind" there seems to be no great problem. There is however, a problem for the industry to finance new plants of any type in Alaska as long as there is a threat of shutting-in a field or the portion of a field on state leases.

AGO 935628

As a matter for thought, consider the situation in California for the past several years where production lagged far behind refinery capacity. What if California had passed a law banning export of refined products until notices and hearings were held?

Very truly yours,

BRISTOL BAY NATIVE CORPORATION

W. C. Bishop

W.C. Bishop
Petroleum Consultant

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

TO: APC DATE: 2/11/76

(~~SENATE~~ - HOUSE) BILL 728

RE: state oil & gas leases

Check One:

1. TOP PRIORITY - in favor of X
2. FAVOR - in favor of, but not top priority
3. OK - no definite stand
4. NOT IN FAVOR
5. TOP PRIORITY - "Strongly Opposed"
6. BILL DOES NOT PERTAIN TO DIVISION
7. Bill does not directly pertain to division, but I am interested in its progress. Keep me informed.

COMMENTS: (Justification must be stated for #1 - #6 above. Continue on another page if needed).

In concept HB No. 728 appears to be wise legislation in that it would require the state to take a hard look at Alaska's need for oil and gas resources within the state before granting leases. Of course, any discussion of local consumption must take into consideration the cost of producing the resource and, more importantly, the cost of transporting it to the place of consumption (usually via pipeline).

It is not clear to the Commission, however, as to whether or not its determination of "existing need," as specified in the bill (p. 1, line 15), would satisfy the real intent of the legislature without some due consideration given to future need. Assuming rather constant growth in the state for the forseeable future, those resources which are in excess of present needs may very well be critical to future needs. I am referring here not to the overall availability of gas and oil in the state, but to the future

AGO 935630

Writer's Signature: John R. Katz

Writer's Title: Chairman

(DEADLINE 24 hours)

(Note: Please return to Information Officer/Leg. Asst., Office of the Commissioner)

cost of producing a given resource and transporting it to the point of consumption and the ultimate price which must be paid by the consumer.

Another suggestion to further strengthen the bill is that a new subsection (v) be added. This would incorporate the concept that an examination by the Commission be conducted, consistent with due process of law, of projected transportation costs for the resource encompassed by a proposed lease (including capital costs, operating costs and rates) in order for the state to gain a reasonable understanding of the expected impact on wellhead values and the ultimate royalties and taxes anticipated prior to granting the lease. The state could then force producers to develop hard figures on transportation costs to be carefully scrutinized by the Commission to insure the protection of Alaska's interest. This may be an effective means of controlling cost overruns such as we have experienced on the TAP system.

at least

line - 25 Consistency of number of oil industry timber industry, fishing mining industry, environmental interest groups, transportation

Line 9 1,000,000 —

FACKLER

O.K. Galbraith — Texas Legislature - No problem because of Marketing, Transportation.

Alaska - Limited Transportation. Refining - Leases no Alternative for refining w/in the state. Any operator would have to construct a refinery to market the gas.

Bill does not define who is responsible to enforce or transport oil + gas.

AS 31 Pipeline Comm. does not have the expertise to carry out the functions of the bill.

No requirement that there must be a way to get to the place it is needed. Nor how -

— Low demand for oil + gas due to small population. industry probably wouldn't want to bid under this provision.

— Too many people would have to review the leases

Mandatory phrase is

who would make that determination

HB78 8 40,000 barrels per day -

150,000 barrels per day in royalty at 1.2 million per day through the pipeline

Impermissible burden on interstate commerce.

→ Standards set

If the needs are shown within the state the Commissioner may require it be refined within the state

problems trying get ride of 180,000 barrels of refined oil per day.

Standards of practicality -

AGO 935633

ALASKA
STATE LEGISLATURE

MEMORANDUM

March 19, 1976

TO: Senator John Huber

FROM: Franklin D. Fleeks
Tax Counsel

SUBJECT: Legal Analysis in Support of SB 525 and HB 728
"An Act relating to state oil and gas leases."

Introduction

Many of the large oil and gas producing states have found themselves in a quandry. Because the oil and gas resource found on their state lands have previously been contracted for, in this time of shortage, the states cannot divert their oil and gas to the needs of their citizens. In order to avert this situation, SB 525 and HB 728 added new subsections to AS 38.05.180. (Copies of the bills are attached). The new subsections also give the Alaska Pipeline Commission the authority to determine, after notice and hearing, that the oil or natural gas is not required for intrastate use.

Industry' Position

The oil and gas industry does not agree with the new subsections. If the bills are passed, the industries' protest will probably be in the

AGO 935634

nature of a court case. The principal argument would be " . . . that the legislation would be an unconstitutional interference with interstate commerce, in violation of the Commerce Clause (Art. I, Sec. 8, clause 3) of the United States Constitution . . ." (see copy of letter attached) Two of the principal cases relied upon would be: (a) West v. Kansas Natural Gas Co., 221 US 229, 55 L.ed. 716, 31 S.Ct. 564, (1911) and (b) Commonwealth of Pennsylvania v. State of West Virginia, 262 U.S. 553, 67 L.Ed. 1117, 43 S.Ct. 658 (1923).

In West, a 1907 Oklahoma statute attempted to prohibit gas pipeline construction and transportation to only domestic corporations whose charters provided that the gas was only to be transferred to points within Oklahoma. The statute was held unconstitutional as interference with interstate commerce. The second case, Commonwealth of Pennsylvania, also involved natural gas. West Virginia passed a statute limiting the sales of natural gas from its wells to neighboring states. The case stated:

> ". . Natural gas is a lawful article of commerce, and its transmission from one state to another for sale and consumption in the latter is interstate commerce. A state law, whether of the state where the gas is produced or that where it is to be sold, which by its necessary operation prevents, obstructs, or burdens such transmission, is a regulation of interstate commerce - a prohibited transaction. . . "

If we stopped at those cases, then industries' position would be unassailable. However, the two cases mentioned above are not determinative.

Analysis in Support of SB 525 and HB 728

The new subsections are valid as an exercise of the state's police powers. The exercise of police power by a state is aimed at the conduct, activities and operations of people within the state in the interest of the health, welfare, and safety of the people of the state in general. The point was succinctly stated in Huron Portland Cement Co. v. City of Detroit, 362 U.S. 440, 4 L.Ed. 2d 852, 80 S.Ct. 813 (1960):

> ". . . In determining whether the state has imposed an undue burden on interstate commerce, it must be borne in mind that the Constitution when 'conferring' upon Congress the regulation of commerce . . . never intended to cut the states off from legislating on all subjects relating to the health, life, and safety of their citizens, though the legislation might indirectly affect the commerce of the country. Legislation, in a great variety of ways, may affect commerce and persons engaged in it without constituting a regulation of it, within the meaning of the Constitution . . ."

Later in the case the Supreme Court stated: " . . . State regulation based on the police power, which does not discriminate against interstate commerce or operate to disrupt its required uniformity, may constitutionally stand . . ."

To help interpret the impact of state regulations on interstate commerce the Supreme Court has formulated two tests. The tests are:

(a) Subject matter test -- If the subject matter of the state regulation does not require a single uniform rule, but rather is of local concern and permits diverse regulation, then the state regulation is generally valid.

(b) Balancing test -- (most frequently used) In each particular case, the Supreme Court will determine the extent of the burden on

> interstate commerce imposed by the state regulation in terms of difficulty, cost of compliance and the inefficiency involved. It will weigh this against the strength and merit of the state interest in the regulations.

The balancing test was used in Cities Service Gas Co. v. Peerless Oil and Gas Co., 340 U.S. 179, 95 L.Ed. 190, 71 S.Ct. 215 (1950). The case involved the state fixing a rate for transportation of gas. Ninety percent of the gas was consumed outside of the state. The Supreme Court held the following:

> ". . . It is now well settled that a state may regulate matters of local concern over which federal authority has not been exercise, even though the regulation has some impact on interstate commerce . . . The only requirement consistently recognized has been that the regulation not discriminate against or place an embargo on interstate commerce, that it safeguard an obvious state interest, and that the local interest at stake outweigh whatever national interest there might be in the prevention of state restrictions. Nor should we translate the quiesence of federal power into an affirmation that the national interest lies in complete freedom from regulation. . ."

Review of new subsection (t) of the bills reveals that the categories set out are "aimed at the conduct, activities and operations of people within the state in the interest of the health, welfare, and safety of the people of the state in general." supra. There is an obvious state interest in providing for its citizens" needs from oil and gas from state lands before shipment in interstate commerce and that interest outweighs the national interest.

In Commonwealth of Pennsylvania, supra, which the industry cites, Justice Holmes wrote a vigorous dissent. That dissent is pertinent for

Alaska's case. The bills regulate oil and gas before it enters the stream of commerce. The dissent states:

> ". . . The statute seeks to reach natural gas before it has begun to move in commerce of any kind. It addresses itself to gas hereafter to be collected and states to what uses it first must be applied. The gas is collected under and subject to the law, if valid, and at that moment it is not yet matter of commerce among the states. I think that the products of a state, until they are actually started to a point outside it, may be regulated by the state notwithstanding the commerce clause . . . (emphasis added) However, for the decision in the case referred to goes, it cannot outweigh the consensus of the other decisions to which I have referred and that seem to me to confirm what I should think plain without them, that the Constitution does not prohibit a state from securing a reasonable preference for its own inhabitants in the enjoyment of its products even when the effect of its law is to keep property within its boundaries that otherwise would have passed outside . . ." (emphasis added).

Conclusion

From the discussion above, the bills are constitutional. Any court case brought by the oil and gas industry can be contested with a more than even chance of winning. In this endeavor, Alaska is not alone. The second largest state, Texas, has a similar law. (See copies attached.)

Attachments

I. SB 525

II. HB 728

III. Letter to Rep. Brown from Monte Taylor, Exxon Lobbyist

IV. Texas statute Art. 5382f.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S – JUNEAU 99811

February 24, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: House Bill No. 728

Dear Mr. Anderson:

House Bill No. 728, an Act relating to state oil and gas leases was introduced in the House on February 11, 1976 and was referred to the House Resources Committee.

For the consideration of the House Resources Committee, I am enclosing a copy of a Fiscal Note and accompanying memorandum prepared by Mr. Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage, Alaska.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer and I will contact Mr. Williams in Anchorage for further information.

Very truly yours,

R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Mike Bradner
Speaker of the House
Prime Sponsor - House Bill No. 728

Thomas K. Williams
Director
Petroleum Revenue Division
Department of Revenue
Anchorage, Alaska

AGO 935640

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
Bill No. House Bill 728
Title: Act relating to state oil and gas leases
Requested by: _____ Date: _____
Return Date Requested: _____
Agency: Revenue Program: Petroleum Revenue

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Petroleum Revenue

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

See attached memorandum dated February 20, 1976 from Thomas K. Williams to R. D. Stevenson.

V. DATE: February 20, 1976 PREPARED BY: Thomas K. Williams

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

AGO 935641

MEMORANDUM State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division
Department of Revenue

SUBJECT: House Bill 728

H.B. 728 would require that no oil or gas production from future leases enter interstate commerce without a finding by the Alaska Pipeline Commission that such oil or gas is not needed by in-state users. If in-state users needed some or all of such oil or gas, the lessee would be required by the lease to discriminate against Outside users in favor of in-state users. This may impermissibly burden interstate commerce and the view of the Attorney General should be sought as to the constitutionality of the bill.

The Petroleum Revenue Division would not be involved in the determinations to be made by the Alaska Pipeline Commission, and so no additional expense or funding is needed for the Division.

No tangible effects on Treasury can be seen, except conjectural effects on bonus bids offered to the State in future lease sales. The possibility of State control over interstate sales of production could dampen would-be bidders' enthusiasm.

TKW:dh

cc: Frederick P. Boetsch
Deputy Commissioner - Taxation

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

March 8, 1976

Mr. Avrum Gross
Attorney General
State of Alaska

Dear Mr. Gross;

I would like to ask your assistance in giving to the House Resource Committee a legal opinion on the constitutionality of the proposed leasing condition expressed in HB 728. We will schedule another hearing on this legislation as soon as these verdicts are in.

Thank you.

Nels A. Anderson, Jr.
NAA/ra

AGO 935643

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

April 1, 1976

Representative Nels A. Anderson, Jr.
Chairman
House Resources Committee
State of Alaska
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Representative Anderson:

You have asked for a legal opinion concerning the constitutionality of HB 728. This bill would require that all State oil and gas leases issued after the effective date of the bill contain terms and conditions to the effect that a lessee agrees not to sell oil or gas produced from the leasehold outside the state, unless the Alaska Pipeline Commission finds the oil or gas is not needed for specified in-state uses. HB 728 is substantially the same as a law adopted by the State of Texas in 1975. 1/

The principal constitutional question raised by this bill is whether it would impermissibly burden interstate commerce. It is an established principle of constitutional law that

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1/ The Texas Attorney General's Office advises that no applications have been made to the Railroad Commission for sales outside of Texas because the intrastate price of gas is presently much higher than the interstate price. The Texas Attorney General's office also stated that it had not conducted an analysis of the constitutionality of the Texas statute.

states may not create regulatory schemes which place an unreasonable burden on interstate commerce. Bibb v. Navajo Freight Lines, 359 U.S. 520 (1959); Southern Pacific Co. v. Arizona 325 U.S. 761 (1945). This is true even when the purpose of the state regulatory scheme is to preserve for the use of its own citizens a natural resource produced within the state. State statutes designed to keep natural gas within the boundaries of a producing state frequently have been declared unconstitutional. Pennsylvania v. West Virginia 262 U.S. 553 (1923) is illustrative of this point. In that case, West Virginia, which had a shortage of gas for intrastate uses, passed a law which required all natural gas pipeline companies doing business within the State to sell gas to customers in West Virginia if a demand existed before making sales to out-of-state customers. The Supreme Court summarized the issue in the case as follows:

> [T]he principal issue [is] whether a state wherein natural gas is produced and is a recognized subject of commercial dealings may require that in its sale and disposal, consumers in that state shall be accorded a preferred right of purchase over consumers in other states, when the requirement necessarily

> will operate to withdraw a large volume of gas from an established interstate current, whereby it is supplied in other states to consumers there. 262 U.S. at 595.

West Virginia argued that the local needs of her citizens justified the state statute. The Court responded that under the Commerce Clause the "welfare of all the states" transcended that of any particular state, 262 U.S. at 599, and concluded the West Virginia statute impermissibly burdened interstate commerce. See also, West v. Kansas Natural Gas Co., 221 U.S. 229 (1911); Haskell v. Cowhan 187 Fed. 403 (8th Cir. 1911).

If HB 728 simply prohibited the sale of gas before local needs were satisfied, it would clearly violate the Commerce Clause. But the bill does not go that far. It only applies to sales by lessees of the State, and premises the sale restrictions on conditions in a lease agreed to by the lessee when the lease was signed. The issue, therefore, is whether a state may avoid federal constitutional limitations through the exercise of state contractual rights in turn derived from the ownership of leased land.

Proprietary Action

Courts have recognized a distinction between state action premised on a contractual or proprietary basis and regulatory action taken as a sovereign. Thus courts have upheld a variety of state classification schemes respecting sales of public property, despite the fact that such classification schemes would likely violate the Equal Protection Clause or Due Process Clause if the scheme had been implemented as part of an overall state regulatory program. South San Joaquin Irrig. Dist. v. Neumiller, 42 P.2d 64 (Cal. 1935) (holding that the legislature was free to dispose of tax deeded lands in any manner it deemed appropriate; public auction was not required). Cf. State ex rel. LaFollett v. Reuter, 153 N.W.2d 49 (Wis. 1967) (finding constitutional a statute which authorized the state highway commissioner to sell public rights-of-ways to a specified non-profit corporation).

The proprietary or ownership theory of state action has also been used in the analysis of state statutes alleged to impose a burden on interstate commerce. In American Yearbook Co. v. Askew, 339 F.Supp. 719 (M.D. Fla.) aff'd 409 U.S. 904 (1972), a three-judge federal court upheld the constitutionality

of Florida statutes and regulations which required that all public printing for the State of Florida be done in Florida. The court began its analysis by noting that:

> "Governments in the United States traditionally possess two kinds of power: one governmental or public, in the exercise of which it is a sovereign and governs its people; the other, proprietary or business, by means of which the government acts and contracts for the private advantage of its constituents and of the government itself. 339 F. Supp. at 721.

In Askew, plaintiff had argued that the Florida statute was subject to the Commerce Clause, but the court rejected this argument noting that in cases where the Commerce Clause did apply, the state statute "regulated private industry." The Court went on to state that "[t]rade regulations are clearly subject to the Commerce Clause restrictions, but statutes that merely specify the conditions of state purchases are not." 339 F. Supp. at 725. Accord, People ex rel. Holland v. Bleigh Const. Co., 335 N.E.2d 469 (Ill. 1975) (upholding the Illinois "Preference to Citizens on Public Works Projects" statute from a challenge that it imposed

an undue burden on commerce); City of Phoenix v. Superior Court, 514 P.2d 454 (Ariz. 1973) (upholding an Arizona statute awarding a 5% preference on public works contracts to those who had paid state and local taxes for at least two years).

The doctrine of proprietary, non-sovereign state action, however, is not without limitations. For instance, a state could not decide to contract with individuals on the basis of their race, religion or political affilation, whatever the theory used to justify such action. Cf. Burton v. Wilmington Parking Authority, 365 U.S. 715 (1961); Robinson v. Florida, 378 U.S. 153 (1964); American Civil Liberties Union v. Board of Education; 55 Cal. 2d 167, 359 P.2d 45 (1961). While discrimination of this nature might be distinguished as a "special case," the theory has been employed in other cases that have concluded that state action, even though premised on the State's proprietary interest, nevertheless imposed an undue burden on interstate commerce. For it is generally recognized that a State "owns" wild game within its borders. Geer v. Connecticut, 161 U.S. 519 (1896). Nonetheless, the Supreme Court has concluded that if a state does not "exercise its full power" to prohibit all interstate shipments of wild game, but instead "permit[s] shipments to other states, it could not at the same time condition such shipments so as to burden interstate commerce." Toomer v. Witsell, 334 U.S. 385, 404 (1947); Foster Packing Co. v. Haydel, 278 U.S. 1 (1928).

Other cases have reached similar conclusions. In a case contrary to the Askew decision previously discussed, a New York court found unconstitutional a state statute which required that all public works contracts contain a clause that stone used on the project be worked, dressed and carved within the state. People v. Coler, 59 N.E. 776 (N.Y. 1901); but see American Institute for Imported Steel v. City of Erie, 297 N.Y.S. 2d 692 (Sup. Ct. 1968). (suggesting that Coler was no longer the law in New York). In Haskell v. Cowhan, 187 Fed. 403 (8th Cir. 1911), a federal court held unconstitutional a state statute which prohibited interstate natural gas pipelines from crossing state highways, expressly rejecting the theory that a state's proprietary interest in its highways might provide a basis for the validity of the statute. Accord, West v. Kansas Natural Gas Co., 221 U.S. 229 (1911); State v. Stanolind Pipe Line Co., 249 N.W. 366 (Iowa 1933).

Application of the principles ennuciated in the above-cited cases to HB 728 is by no means clear. As one court has recently observed: "The line between propriety and governmental functions is by no means a precise one." Alexandria Scrap Corp. v. Hughes, 391 F. Supp. 46, 55 (D. Md. 1975). Moreover, the test of constitutionality will often require an imprecise balance of local interests against the national interest in interstate

commerce. The Supreme Court reaffirmed this test very recently in Great Atlantic & Pacific Tea Co. v. Cottrell, ____ U.S. ____ (1976), 44 U.S.L.W. 4240 (Feb. 26, 1976), when it stated:

> Although the criteria for determining the validity of state statutes affecting interstate commerce have been variously stated, the general rule that emerges can be phrased as follows: Where the statute regulates even-handedly to effectuate a legitimate local public interest, and its effects on interstate commerce are only incidental it will be upheld unless the burden imposed on such commerce is clearly excessive in relation to the putative local benefits. Huron Cement Co. v. Detroit, 362 U.S. 440, 443. If a legitimate local purpose is found, then the question becomes one of degree. And the extent of the burden that will be tolerated will of course depend on the nature of the local interest involved, and on whether it could be promoted as well with a lesser impact on interstate activities. Pike v. Bruce Church Inc., 397 U.S. 137, 142 (1970)." 44 U.S.L.W. at 4241.

Cottrell in discussing the basic test, also emphasizes the importance of the availability of alternative state action. When a state could have achieved the same basic goal by choosing an alternative less burdensome on interstate commerce, it is likely the courts will find the State's more burdensome method unconstitutional.

CONCLUSION

We are unable to render an unqualified opinion either that HB 728 is constitutional or that it is unconstitutional. We can state, however, that we believe there is a better than even chance that the bill is constitutional. In our opinion, this bill if enacted into law would be similar to the Florida statute approved in the Askew decision discussed, supra. HB 728 is distinguishable from cases such as Haskell, supra on the ground that it uses the state's proprietary right to restrict the flow into interstate commerce of natural gas found only on state land whereas in Haskell Oklahoma attempted to use State proprietary interests to restrict the flows of all gas discovered within the state. HB 728 is distinguishable from Pennsylvania v. West Virginia on several grounds. First, the West Virginia statute would have required gas pipeline companies to discontinue sales to established interstate customers. HB 728 on the other hand, will require no withdrawal of gas from established customers

Second, the West Virginia statute applied to all private gas pipeline companies in the state. HB 728 will apply only to producers who choose to purchase state leases. Gas discovered on federal lands or private lands is not subject to restrictions. Finally, the West Virginia statute essentially "changed the rules of the game" after interstate commerce had already been established. HB 728 by comparison lays the ground rules on which the State's lands may be leased and oil and gas discovered thereon eventually placed in interstate commerce.

On the other hand, HB 728 contains certain regulatory features, in that a hearing and findings by the Pipeline Commission are prescribed prior to permitting out of state sales. That procedure certainly indicates the exercise of regulatory (i.e. sovereign) power. A court might conclude that given the grey area between proprietary and sovereign state actions, for HB 728 as a whole the sovereign action predominates. Such a conclusion would probably lead to the invalidation of the statute.

We believe any modifications to HB 728 which would diminish the regulatory aspect of the bill would increase the probability of a court's finding it constitutional, and take the liberty of offering two suggestions. We believe a better way to accomplish the objective of HB 728 might be to authorize inclusion

in the State lease of a term which gives the State the option to buy all (or a portion) of the 7/8ths of the producers' gas. 2/ We believe this option would guarantee the availability of gas for in-state use with far less "regulation," and that there would be less question regarding its constitutionality. Cf. Honolulu Rapid Transit Co. v. Dolim, 459 F.2d 551 (9th Cir. 1972) (finding constitutional a provision in a franchise contract which gave the City of Honolulu the right to purchase the Honolulu Rapid Transit System, the purchase price not to exceed actual cost).

Should the committee find the alternative undesirable, we recommend that the authority to grant approvals for sales outside of the State be vested in the Commissioner of Natural Resources, rather than the Alaska Pipeline Commission, since the latter agency is a strictly regulatory body while the commissioner is responsible in both a sovereign and proprietary sense for state resources.

Yours very truly,

Avrum M. Gross
Attorney General

AMG:db

2/ This approach was adopted in New Mexico in 1972 by a regulation of the Mineral Leasing Board rather than by statute. Discussions with New Mexico officials indicate that as yet New Mexico has not exercised any of the options to buy.

Portion of letter from Richard W. Schmude to
Frank L. Heard dated February 9, 1976

S.B. 525--which provides that the State may not issue oil and gas leases after the effective date of the legislation unless such leases contain provisions prohibiting the sale, etc., of oil or gas produced from the "mineral estates" subject to such leases for ultimate use outside of Alaska unless the Alaska Pipeline Commission, after notice and hearing, determines that such oil or gas is not needed to meet existing needs for fuel or raw materials per categories specified--if enacted, would present a constitutional problem, namely, that the legislation would be an unconstitutional interference with interstate commerce, in violation of the Commerce Clause (Art. I, §8, Cl. 3) of the U.S. Constitution. See West v. Kansas Nat. Gas Co., 31 S. Ct. 564 (1911); Commonwealth of Penna. v. State of West Virginia, 43 Sup. Ct. 648 (1923); Constitution of the United States of America, S. Doc. No. 39, 88th Cong. 1st Sess., pp. 279-282. The fact that the bill is to apply only to leases issued after the effective date of the legislation, and that the Alaska Pipeline Commission may grant exceptions thereto per specified standards, is of no particular moment here (although most important to 14th Amendment due process requirements).

In West v. Kansas Nat. Gas. Co., supra, the Supreme Court held that a 1907 Oklahoma statute--which prohibited gas pipeline construction and transportation except by domestic corporations, whose charters were to provide that the gas was to be transported only to points within Oklahoma and not to anyone engaged in transporting or delivering gas outside of Oklahoma, and granting to such domestic corporations the exclusive right of eminent domain and use of Oklahoma highways--was an unconstitutional interference with interstate commerce. What the Court there said is most revealing and apt to the instant situation (31 S. Ct. at p. 571):

> * * * It [the Oklahoma statute] does not alone regulate the right of the reduction to possession of the gas, but, when the right is exercised, when the gas becomes property, takes from it the attributes of property,--the right to dispose of it; indeed, selects its market, to reserve it for future purchasers

and use within the state, on the ground that the welfare of the state will thereby be subserved. The results of the contention repel its acceptance. Gas, when reduced to possession, is a commodity: it belongs to the owner of the land; and, when reduced to possession, is his individual property, subject to sale by him, and may be a subject of intrastate commerce and interstate commerce. The statute of Oklahoma recognizes it to be a subject of intrastate commerce, but seeks to prohibit it from being the subject of interstate commerce, and this is the purpose of its conservation. In other words, the purpose of its conservation is in a sense commercial,--the business welfare of the state, as coal might be, or timber. Both of those products may be limited in amount, and the same consideration of the public welfare which would confine gas to the use of the inhabitants of a state would confine them to the inhabitants of the state. If the states have such power, a singular situation might result. Pennsylvania might keep its coal, the Northwest its timber, the mining states their minerals. And why may not the products of the field be brought within the principle? Thus enlarged, or without the enlargement, its influence on interstate commerce need not be pointed out. To what consequences does such power tend? If one state has it, all states have it; embargo may be retaliated by embargo, and commerce will be halted at state lines. And yet we have said that "in matters of foreign and interstate commerce there are no state lines." In such commerce, instead of the states, a new power appears and a new welfare,--a welfare which transcends that of any state. But rather let us say it is constituted of the welfare of all of the states, and that of each state is made the greater by a division of its resources, natural and created, with every other state, and those of every other state with it. This was the purpose, as it is the result, of the interstate commerce clause of the Constitution of the United States. If there is to be a

For 728 file

EXXON COMPANY, U.S.A.
POST OFFICE BOX 440 ANCHORAGE, ALASKA 99501

WESTERN DIVISION
PUBLIC AFFAIRS

March 11, 1976

NINTH LEGISLATURE -- SECOND SESSION

Honorable Fred Brown
Alaska State Representative
Pouch V
Juneau, Alaska 99811

Dear Representative Brown:

Attached is a legal analysis supporting our position on HB 728 (companion to SB 525) as requested by you on March 8, 1976. One other case of interest is Frost vs. RRC State of California, 46 S. Ct. 605 (1926).

Sincerely,

Monte Taylor

Monte Taylor

MT/ce
Attachment
cc: Nels Anderson
With Attachments

ALASKA
STATE LEGISLATURE

MEMORANDUM

March 19, 1976

TO: Senator John Huber

FROM: Franklin D. Fleeks
Tax Counsel

SUBJECT: Legal Analysis in Support of SB 525 and HB 728
"An Act relating to state oil and gas leases."

Introduction

Many of the large oil and gas producing states have found themselves in a quandry. Because the oil and gas resource found on their state lands have previously been contracted for, in this time of shortage, the states cannot divert their oil and gas to the needs of their citizens. In order to avert this situation, SB 525 and HB 728 added new subsections to AS 38.05.180. (Copies of the bills are attached). The new subsections also give the Alaska Pipeline Commission the authority to determine, after notice and hearing, that the oil or natural gas is not required for intrastate use.

Industry's Position

The oil and gas industry does not agree with the new subsections. If the bills are passed, the industries' protest will probably be in the

nature of a court case. The principal argument would be " . . . that the legislation would be an unconstitutional interference with interstate commerce, in violation of the Commerce Clause (Art. I, Sec. 8, clause 3) of the United States Constitution . . ." (see copy of letter attached) Two of the principal cases relied upon would be: (a) West v. Kansas Natural Gas Co., 221 US 229, 55 L.ed. 716, 31 S.Ct. 564, (1911) and (b) Commonwealth of Pennsylvania v. State of West Virginia, 262 U.S. 553, 67 L.Ed. 1117, 43 S.Ct. 658 (1923).

In West, a 1907 Oklahoma statute attempted to prohibit gas pipeline construction and transportation to only domestic corporations whose charters provided that the gas was only to be transferred to points within Oklahoma. The statute was held unconstitutional as interference with interstate commerce. The second case, Commonwealth of Pennsylvania, also involved natural gas. West Virginia passed a statute limiting the sales of natural gas from its wells to neighboring states. The case stated:

> ". . Natural gas is a lawful article of commerce, and its transmission from one state to another for sale and consumption in the latter is interstate commerce. A state law, whether of the state where the gas is produced or that where it is to be sold, which by its necessary operation prevents, obstructs, or burdens such transmission, is a regulation of interstate commerce - a prohibited transaction. . . "

If we stopped at those cases, then industries' position would be unassailable. However, the two cases mentioned above are not determinative.

Analysis in Support of SB 525 and HB 728

The new subsections are valid as an exercise of the state's police powers. The exercise of police power by a state is aimed at the conduct, activities and operations of people within the state in the interest of the health, welfare, and safety of the people of the state in general. The point was succinctly stated in Huron Portland Cement Co. v. City of Detroit, 362 U.S. 440, 4 L.Ed. 2d 852, 80 S.Ct. 813 (1960):

> ". . . In determining whether the state has imposed an undue burden on interstate commerce, it must be borne in mind that the Constitution when 'conferring' upon Congress the regulation of commerce . . . never intended to cut the states off from legislating on all subjects relating to the health, life, and safety of their citizens, though the legislation might indirectly affect the commerce of the country. Legislation, in a great variety of ways, may affect commerce and persons engaged in it without constituting a regulation of it, within the meaning of the Constitution . . ."

Later in the case the Supreme Court stated: " . . . State regulation based on the police power, which does not discriminate against interstate commerce or operate to disrupt its required uniformity, may constitutionally stand . . ."

To help interpret the impact of state regulations on interstate commerce the Supreme Court has formulated two tests. The tests are:

(a) Subject matter test -- If the subject matter of the state regulation does not require a single uniform rule, but rather is of local concern and permits diverse regulation, then the state regulation is generally valid.

(b) Balancing test -- (most frequently used) In each particular case, the Supreme Court will determine the extent of the burden on

interstate commerce imposed by the state regulation in terms of difficulty, cost of compliance and the inefficiency involved. It will weigh this against the strength and merit of the state interest in the regulations.

The balancing test was used in Cities Service Gas Co. v. Peerless Oil and Gas Co., 340 U.S. 179, 95 L.Ed. 190, 71 S.Ct. 215 (1950). The case involved the state fixing a rate for transportation of gas. Ninety percent of the gas was consumed outside of the state. The Supreme Court held the following:

". . . It is now well settled that a state may regulate matters of local concern over which federal authority has not been exercise, even though the regulation has some impact on interstate commerce . . . The only requirement consistently recognized has been that the regulation not discriminate against or place an embargo on interstate commerce, that it safeguard an obvious state interest, and that the local interest at stake outweigh whatever national interest there might be in the prevention of state restrictions. Nor should we translate the quiesence of federal power into an affirmation that the national interest lies in complete freedom from regulation. . ."

Review of new subsection (t) of the bills reveals that the categories set out are "aimed at the conduct, activities and operations of people within the state in the interest of the health, welfare, and safety of the people of the state in general." supra. There is an obvious state interest in providing for its citizens' needs from oil and gas from state lands before shipment in interstate commerce and that interest outweighs the national interest.

In Commonwealth of Pennsylvania, supra, which the industry cites, Justice Holmes wrote a vigorous dissent. That dissent is pertinent for

Alaska's case. The bills regulate oil and gas before it enters the stream of commerce. The dissent states:

> ". . . The statute seeks to reach natural gas before it has begun to move in commerce of any kind. It addresses itself to gas hereafter to be collected and states to what uses it first must be applied. The gas is collected under and subject to the law, if valid, and at that moment it is not yet matter of commerce among the states. I think that the products of a state, until they are actually started to a point outside it, may be regulated by the state notwithstanding the commerce clause . . . (emphasis added) However, for the decision in the case referred to goes, it cannot outweigh the consensus of the other decisions to which I have referred and that seem to me to confirm what I should think plain without them, that the Constitution does not prohibit a state from securing a reasonable preference for its own inhabitants in the enjoyment of its products even when the effect of its law is to keep property within its boundaries that otherwise would have passed outside . . ." (emphasis added).

Conclusion

From the discussion above, the bills are constitutional. Any court case brought by the oil and gas industry can be contested with a more than even chance of winning. In this endeavor, Alaska is not alone. The second largest state, Texas, has a similar law. (See copies attached.)

Attachments

I. SB 525

II. HB 728

III. Letter to Rep. Brown from Monte Taylor, Exxon Lobbyist

IV. Texas statute Art. 5382f.

Look at language involved in establishing critical Habitat areas.

Bradner

3-8-76 HB 728 — Sign-off procedure in the leasing process. Recognition of the states needs.
Modeled ~~by~~ after Texas legislation - Suggested by Witherspoon.
Adding the words "or future needs" ~~NEED~~ No objection from Bradner Would ~~strengthen~~ Strengthen the bill.

Smith - Moody report - IN permissible section (be careful of)

Brown what about (sec v)
Take function completely away from Pipeline Commission
Why pipeline Commission vs Royalty Oil & Gas Board

Responsible Person for leases is the Commissioner of Commerce.
Important decision is who is going to make the decision of existing and/or future needs.

Gene Wilde * Bids will be lower if this provision is added.
"if the commission finds that there is a need w/in the state for existing then it is put in the lease.
Do not ~~require~~ require blanket coverage.

→ If the bill is continued in committee get the A.G. opinion of Legislative Affairs Lawyer -

Monk Taylor EERON - No official ~~opinion~~ opinion - But lawyers feel that, if would Not survive Constitutional question.

West vs Nature 315 CT 1911
W Virginia vs Penn. 43 Superior Court 648-

Moody analysis: Louisiana had provision which was thrown out - and subsequently Changed.

AGO 935664

HB

768

"An Act relating to the Boards of Fisheries and Game; and providing for an effective date."

COMMITTEE REPORT

2/13/76

HOUSE

FINANCE

Mr. Speaker: Date _____

The Committee on RESOURCES has had HB 768 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB768 AND THAT individual recommendations be reported out with

CS FOR HB768 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Nels A. Anderson Jr.	DO PASS	
Lewis E. Lawrason	DO PASS	
Glenn Olson	DO PASS	

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

Hilma Hoshaberger recommends: DO NOT PASS

_____ recommends:

_____ recommends:

Nels A. Anderson Jr. Chairman

June 30, 1976

* Sec. 3. This Act takes effect July 1, 1976.

Members serving on the board of fisheries on the effective date of this act shall continue to serve until their term expires. Upon the expiration of their term, a new member shall be appointed from a geographical area specified in Sec 1 of this act ~~Assembly~~ ~~to be~~ So that equal geographical representation is implemented in a continuing manner, and in no case may unequal representation exist after July 1 1978

2 ~~3~~ 76 Carrette
July 1st Zabo

77 Rehfuss Tex
Kropp ac

78 Schroeder BB
Beaton Jensen
Jensen Petersburg -

THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

February 11, 1976

SUBJECT: Fish and Game Boards (W.O. #1910)

TO: The Honorable Alvin Osterback

FROM: James Owers — Research Analyst
Joel Bennet — Staff Attorney

Several bills were introduced last session relating to the composition of the Board of Fish and Game. The Bill numbers and their status are as follows:

HB 117 - Would create two seven member boards, one for fish and one for game. The Bill is presently in House Resources.

SB 131 - Would create two seven member boards, one for fish and one for game. This is essentially the same as HB 117 with a few changes. The Bill was passed and became law in 1975. (206 SLA 75)

HB 470 - Would increase the membership of Board of Fish and Game from 12 to 13 members. This Bill is presently in House Finance.

SB 193 - Would provide for a "section 26" board similar to the board of education. The seven member Board would be responsible for hiring and firing the Commissioner of Fish and Game and would take a more active administrative role. The Bill is in Senate Resources.

Under the present law members of either the Board of Fisheries or Board of Game "shall be residents of the State and shall be appointed without regard to political affillation or geographical location of residence."

It is doubtful whether it would be legal to elect the members of the board of fisheries or game. This conclusion is based on the following facts:

(1) The Alaska Constitution provides that "each principle department shall be under the supervision of the governor."

(Section 24, Article III, Alaska State Constitution). Thus, even though Section 26 does not apply to the present Board of Fisheries or Game, it is clear that the constitution intended the executive power of government to be vested in the governor.

(2) From an examination of the proceedings of the Alaska constitutional convention it would appear that the idea of an elected rule making board within the executive branch was never considered. Nevertheless, it is very clear that the majority of delegatesto the constitutional convention wanted only two elected officials in the executive branch of State government. There were repeated amendments to create more elected offices. All were defeated.

(3) Of the 88 commissions, advisory councils, Boards and public corporations in the executive branch, only one rule making board provides for an electoral procedure in selecting members. This is the Public Employees Retirement Board. Three members are appointed by the governor and two members are elected by members of the retirement system.

Nevertheless, while it does not appear feasible to elect members to the Board of Fisheries or Board of Game from electoral districts, there is ample precedent for requiring the governor to make selections to the Boards from either certain occupational groups or geographical areas.

The attached Draft Bill would require that members to the Boards of Fisheries or Game be selected according to major hunting and fishing areas.

JO:cw

ATTACHMENT

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 768
Title: An Act Relating to the Boards of Fisheries and Game
Requested by: Jim Rhode Date: 2/18/76
Return Date Requested: 2/25/76
Agency: Fish and Game Program: NRMEC

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Administration and Support

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumes no significant increase or decrease in costs as a result of board members being selected from designated areas.

IV. ATTACHMENTS

V. DATE: 2/19/76 PREPARED BY: Dean Paddock Dean Paddock

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

MEMORANDUM

State of Alaska

TO: Mr. Morrison
Fish & Game

1100

DATE: 17 Feb 76

FROM: Jim Rhode
AA to Rep. Malone, Chairman
House Finance Committee

SUBJECT: Fiscal Note Requests

This is to request fiscal notes for the following bills (with one copy for us and, where applicable, one copy for the prime sponsor).

HB 768

FEB 1 ·

RECEIVED

HB

769

"An Act relating to log brands ; and providing for an effective date."

COMMITTEE REPORT

2/13/76

HOUSE

FINANCE

Mr. Speaker: Date 2-18-76

The Committee on RESOURCES has had HB 769 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB769 AND THAT CS FOR HB 769 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDAT ON

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

February 25, 1976

1560
2440

Honorable Mike Miller
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Miller:

In response to your request to Frank Price, we have reviewed your proposed bill, "An Act relating to log brands; and providing for an effective date." In general, this bill will eliminate the problems that we and the State have encountered in establishing a cooperative program for the disposal and utilization of drift logs along Alaska's beaches. As such, we support its passage.

While the bill would accomplish the intended purpose, there are several suggestions we have that you may want to consider. These are:

1. Branding of logs on barges should also be required; there have been several instances where logs being barged have ended up in coastal waters. Section 1 (a), line 12, would read, "purpose of rafting or transporting by floating, barging, or towing shall display. . . ."

2. Section 45.50.237 recognizes that some extension of the recovery period may be justified. This might be included in section 1 (a) (3) so that it reads, ". . . 30 days from the date of reporting required under section 232 of this chapter or from the date of expiration of any extended recovery period under section 237 of this chapter . . . ."

3. If the intent of section 234 is simply to notify the public of the State's intent to claim abandoned property, we feel the wording in section 1 (a) (3), " . . . 30 days after the time public notice has expired as provided under section 234 of this chapter . . .," can be deleted. The abandonment has already been established and the extra waiting time is not needed.

4. Section 45.50.232 required an "immediate" report of log loss. This may not be possible under certain conditions during towing or log storage periods. Some time period, say 15 days, for reporting would be more reasonable.

5. Section 45.50.232, line 15, provides that the property is considered abandoned 30 days after reporting. An extension of time under section 237 should be recognized here. We suggest it read, "After 30 days from the date of reporting or upon the expiration of any extension granted under section 237 of this chapter, the timber property . . .."

6. When the published notices, required in section 45.50.234, are to be published, should be clarified. Perhaps "once a week for three consecutive weeks" could replace "at least three times" in the second sentence. It also is not clear when the 30-day requirement starts. We presume it starts with the first advertisement.

7. If the State is claiming abandoned logs, some authorization may be needed to sell the property. We are not sure if there is a blanket sale authority or not, but thought it should be mentioned.

I appreciate the opportunity to help you in solving the problems associated with lost logs. It is a progressive and positive step.

Sincerely,

Charley

C. A. YATES
Regional Forester

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE—ANCHORAGE 99501

Z

Price 6-1721

February 10, 1975

Representative Terry Gardiner
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Gardiner:

Mike Smith asked me to reply to your letter concerning a log salvage program.

Since inception, our log salvage program has been frustrating and unsatisfactory to us for a number of reasons:

1. Under existing statutes (AS 45.50.235) the State only claims title to the unbranded log. Since we only have legal jurisdiction from seaward to mean high tide, unless we own the uplands, we do not have many logs to sell. The enclosed aerial photos illustrate this problem. The green line on the photos represents mean high tide. As you can see, most of the logs are above this line. In Southeastern Alaska this means that most of the beach logs are on National Forest land.

2. Since November 1973 when we started making timber sales for salvage of beach logs, 25 contracts have been awarded. To date, logs have been salvaged under only five of these contracts for a total volume of 360 thousand board feet. The State has earned about $1600 in revenue. Most of the revenue resulted from forfeiture of deposits due to contracts expiring without any action by the purchasers. The salaries and travel costs for personnel working on these sales would wipe this out. One could hardly say its a paying proposition.

The idea behind the proposed cooperative agreement is to allow the State and the Forest Service to make joint sales covering both lands above mean high tide and seaward of mean high tide. Under federal law, the Forest Service can claim after proper notice the logs branded, abandoned, or unbranded above mean high tide and without regard to the two year period during which owners of branded logs retain possession under AS 45.50.230. The joint sale concept would permit the Forest Service and the State to sell all the beach logs in a given area thus a more attractive package could be offered to anyone interested in salvaging the material.

OF THE BRAND], it is not in [HAS ESCAPED FROM] the possession and con-

The question will come up in reference to the proposed agreement as to whether the State should claim unbranded logs above mean high tide on National Forest or other uplands. Before executing the agreement the State plans to ask the Attorney General for a review of the agreement and a decision on the ownership of unbranded logs and other questions.

We are not locked in on this agreement idea. At the present, however, it seems to offer some solutions--not only to the jurisdiction over logs above mean high tide, but also to our shortage of personnel and funds. With more than 80 percent of the logs on National Forest land, maybe the Forest Service should be doing most of the work.

There are a number of things which I believe could be considered that would help the log salvage program.

1. Amend the Log Brand Act, AS 45.50 to:

   a) do away with the date stamping requirement.

   b) provide for log owners reporting any spills or lost logs and allowing 30 to 90 days to recover the logs.

   c) provide that any spilled or lost logs not reported or after the elapse of any approved period to recover that the logs are abandoned logs.

   d) provide that abandoned as well as unbranded logs are the property of the State.

2. Undertake to reach agreement with the Forest Service authorizing the State to remove beach logs stranded on National Forest uplands.

3. Amend AS 38.05, Article 4, Disposal of Timber and Materials to provide statutory authority for the Department of Natural Resources to adopt regulations covering the salvage and sale of abandoned logs.

4. Appropriate the necessary funds to the department so that a salvage program could be properly administered.

If we had the above, the basic program we've attempted by trying to sell a few unbranded logs could be developed into a workable log salvage program.

The next time either George Hollett, State Forester, or myself are in Juneau we will contact you to discuss these and any other possibilities you wish. Mike Smith will support and aid any workable solutions that we can come up with.

Sincerely,

L. A. Dutton
Management Forester

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trol of the owner and is

02-001B

STATE
of ALASKA

MEMORANDUM

Legislation
H-LOG BRANDS

TO: Roger Lewis
Legislative Liaison
Department of Nat. Res.

DATE : February 10, 1976

FROM: L. A. Dutton
Management Forester
State Forester's Office

SUBJECT: Amendments to AS 45.50
by Representative Miller

The following are comments on the attached bill entitled: "An Act relating to log brands and providing for an effective date."

This legislation will eliminate or reduce problems being encountered in the present log salvage program. Under the program the State is attempting to provide for the salvage and utilization of unbranded and abandoned or lost logs. Alaska Statute 45.50.230 provides that timber property displaying the registered brand of the owner of the timber is the sole property of the person in whose name the brand is registered for two calendar years following the year in which branded and "abandoned property" after that. This requirement is detrimental to the salvage of the abandoned logs as they tend to become widely scattered and damaged, sometimes severly, during the two year period. Shortening the time period in which a lost or escaped log becomes "abandoned property" will greatly facilitate the salvage and enhance the utilization of these logs.

For the State to come into possession of the abandoned logs and to provide for their salvage through sale may, however, not be the best approach to the matter of salvage. Other states notably Washington, Oregon, and the province of British Columbia have log salvage programs where persons or concerns engage in the business of salvaging "lost" or "escaped" logs. The laws of these states do not provide for State ownership of lost or escaped logs, but recognize the continued vested interest of the private owner of these logs subject to a lien for salvage. On at least two previous occasions in 1970 and 1973, legislation, similar to the laws in these other states, has been introduced in Alaska, but not enacted.

One of the above was HB No. 384 introduced during the first session of the Eighth Legislature, but not enacted. Were such a bill adopted we question the practicality of the State claiming abandoned logs. This could be interpreted to mean that the State would then be responsible for these logs. Do we want or need them? It would seem that simply providing that the logs are abandoned and subject to salvage would suffice. Significant improvement may result in any log salvage legislation for Alaska, however, by providing that "lost" or "escaped" logs are "abandoned," thus divesting the owner of any interest. This would increase the value of the logs to salvagers and provide a greater incentive for utilizing this material that would otherwise be wasted.

A further problem which complicates any form of salvage program in Alaska is that, in areas where lost or escaped logs tend to accumulate on the beaches, the lands immediately above mean high tide are federal, viz., National Forest. It is estimated at present that 80 percent or more of such logs are so situated and therefore, these logs may be outside of state jurisdiction were the state to attempt to sell these logs. These proposed amendments to the Log Brand Act do not include specific provisions to eliminate this problem. Some type of agreement between the Forest Service and the State will be necessary to allow for either the sale of these logs or the salvage of the logs by licensed salvagers.

Following are comments on specific sections of the act.

Section 1. AS 45.50.230(a)(3):

The words [30 days after the time public notice has expired as provided under sec. 234 of this chapter or] should be deleted. The intent of sec. 234 is to notify interested persons of the departments intent to claim abandoned timber property and thus the use of this notification to establish the condition of abandonment is conflicting. As written, you can't have one without the other and thus they cancel out each other.

In addition, consideration is not allowed for any extension of the initial 30 day recovery period. This section should be reworded in part:

> "to be 'abandoned property' if, 30 days from the date of reporting required under sec. 232 of this chapter or ~~from~~ upon the date of expiration of any extended recovery period under sec. 237 of this chapter [AFTER THE ELAPSE - - -"

Section 2. Adding Sec. 45.50.232:

The word "immediately" (line 9) implies that the action of reporting the loss of timber property should be done at once, without delay, or instantly. The nature of log rafting, storage of log rafts, and towing rafts precludes this type of action. A specific time limit for the action rather than immediate action is needed. The word [immediately] should be deleted and in its place the words "as provide by regulation" should be inserted.

The sentence beginning on line 15 provides that the timber property is considered to be abandoned 30 days from the date of reporting without consideration of any extension of the initial 30 day recovery period under sec. 237. This may be confusing by raising a question of ownership during any extended recovery period. The sentence should be worded:

> "After 30 days from the date of reporting or upon the expiration of any extension granted under sec. 237 of this chapter, the timber property is considered to be abandoned- -."

Leaving out the words indicated above could also result in this section being interpreted to imply that the State must publish notice under sec. 234 to claim any logs abandoned after the expiration of any extended recovery period under sec. 237. The addition of these words should make it clear that any timber property included in a loss reported under

sec. 232 becomes the property of the state without publication of notice of intent to claim such property regardless of any extension of the period to recover the logs.

Section 3. Adding sec. 45.50.234:

We cannot see the reason for this section except possibly constitutional. If the statutes clearly provide: (1) that lost logs must be reported, (2) that any lost logs not recovered by the end of the 30 day period following the reporting date or any extended recovery period are abandoned, (3) that any lost logs the loss of which is not reported and which meet the definition of "abandoned property" under sec. 230 are abandoned, (4) that abandoned logs are the property of the State; then it would seem that there should be no need to publish notice of intent to claim.

This section as written is ambiguous in that it is not clear when the notice should be published on when the 30 day publishing period begins or ends in respect to the times when the notice is to be published. Also, it seems redundant to require both 30 days of publishing and 30 more days after the period of notice has expired (sec. 235) before the State's ownership of the abandoned property is effected.

In the first sentence the ending words [not less than 30 days] should be deleted. The second sentence should read:

> "Notice shall be published <u>once a week for three consecutive weeks</u> in a newspaper of general circulation - - -etc."

Section 4. AS 45.50.235:

If sec. 234 <u>is</u> omitted in the final bill there is no reason to change this section.

If sec. 234 <u>is not</u> omitted in the final bill then, in the last sentence of this section beginning on line 10, the words [period of notice has expired] should be deleted and instead, the words, "<u>the date of final publication</u>," should be inserted.

If abandoned logs are claimed by the State, the following sentence should be added to sec. 235:

> "Timber property which is presumed to be the property of the state under this chapter may be sold in accordance with the provisions of AS 38.05.110 through AS 38.05.120 and regulations adopted under those statutes."

If log salvage legislation <u>were</u> adopted and if abandoned logs <u>were not</u> claimed by the State, the last sentence of sec. 235 as proposed in the attached bill should be deleted and a new section added:

Sec. 45.50.236. SALVAGE OF UNBRANDED AND ABANDONED TIMBER PROPERTY. Timber property which is abandoned property as defined in sec. 230(a)(3) of this chapter or which is the property of the state under sec. 235 of this chapter may be salvaged in accordance with AS 41.15.450 through AS 41.15.660.

We see no problems with the remaining sections.

Hutton

Alaska State Legislature

House

JUNEAU ALASKA

March 17, 1976

MEMO TO: Nels Anderson, Chairman House Resources Committee

FROM: Terry Gardiner TG

RE: Log Salvage HB 769

There are two major problems that were brought out in the testimony on the log salvage bill. The first problem concerned the reporting provisions by the owner of the logs when they were lost. I think that this problem could be solved in an unbureaucratic way. The bill should be amended to provide that the owner of the logs may at his own discretion report the loss of the logs. If he does not report the loss of the logs then he would obviously not have the right to ask the State to zone off an area for him to salvage the logs. If he did report the loss of the logs then he would be able to apply to the State to have an area zoned off to salvage his logs. This removes the mandatory requirement that the log owner report all losses of logs and leaves it up to his discretion.

The second problem concerns the amount of time that is alloted to a log owner to salvage his logs off a given area. I think no matter what time period one picks, be it three months or two years it is going to be an arbitrary figure and will not apply to all log salvage situations. I think that we should give the Department of Natural Resources the discretion to allow the necessary time for the owner of the logs to retrieve his logs as long as he is making a good faith effort to retrieve them. It must be remembered that the main purpose of the log salvage law is to retrieve the logs from the beach. As long as the log owner is making a good faith effort, I think we should allot him whatever time is reasonably necessary to salvage the logs even if it is a year or more. Any amendment drafted tc this effect should give the Department some broad authority and provide some kind of legal standard for the log owner to comply with if he wants the State to allot him a specific amount of time to retrieve his logs.

STATE OF ALASKA

Inter-Department Route Slip

TO:
MAIL STATION NUMBER _____

DEPARTMENT HOUSE RESOURCES COMM

ATTENTION RUTH

☐ Approval	☐ Note & Return
☐ Signature	☐ Initial & Return
☐ Comment	☐ Return As Requested
☐ Contact Me	☐ Return For Approval
☐ Prepare Reply	☐ Necessary Action
☐ For Your File	☐ Your Information

Remarks:

Rm 118

FROM:
MAIL STATION NUMBER 1000

DEPARTMENT NR

BY [signature] DATE 3/5/76

02-002 (REV.10/73)

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session -. Ninth Legislature

I. REQUEST
Bill No. House Bill No. 769
Title: "An act relating to log brands and providing for an effective date"
Requested by: ---------- Date: --------
Return Date Requested: ---------- --------
Agency: Natural Resources Program: Lands

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Land Management (Southeastern Distrtict)

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		24				
200	TRAVEL		2				
300	CONTRACTUAL		6				
400	COMMODITIES		0.2				
500	EQUIPMENT		0.5				
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		33				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		33				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 /--	/	/	/	/
MAN MONTHS (P./T.)	/	12 /--	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
One Forester II is needed in Ketchikan to inspect log spills,verify requests for extended recovery periods, and assist in conducting sales of state logs. Work will call for considerable local travel including use of charter aircraft and boats, hence contractual money. This may appear as unreasonably low fiscal impact, however, it is anticipated that most work will be conducted by U.S. Forest Service through cooperative agreement as most beached logs (more than 80%) are on National Forest land (above mean high tide).

Public interest in beach log salvage within the Ketchikan-Sitka-Petersburg area persists such that there is never fewer than a dozen active contracts in force with others in the making. This continuing activity has generated a host of problems, including conflicts between salvagers and conventional operators and conflicts among salvagers themselves, which demands a greater degree of surveillance and inspection that the Southeast District

(con't on attached page)

IV. ATTACHMENTS

V. DATE: 3/3/76 PREPARED BY: L.A. Dutton

L.A. Dutton
State Forester's Office
Alaska Division of Lands

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

*No program expansion in subsequent fiscal years is anticipated. Only additional funds that may be required would result from inflationary or collective bargaining

Office has man-hour capacity tp provide. A serious rash of trespass incidents has proliferated in the same area notably on tidelands. A Forester I based at Ketchikan is the proper remedy and the only one likely to be effective.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE – ANCHORAGE 99501

March 9, 1976

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch B, State Capitol
Juneau, Alaska 99811

Dear Representative Anderson:

You asked for a letter stating the problems with log salvage and the reasons why House Bill No. 769 is needed.

The problems basically are:

1. The volume of logs and other materials that are accumulating on Alaska's beaches, particularly in Southeastern. Twenty-five percent or more is probably useable for marketable forest products.

2. The salvage of a significant portion of the useable material is frustrated by the two--three year ownership provision in present law (AS 45.50.230)(a)(1).

3. There are no provisions in existing law requiring the log owner to report log losses from broken log rafts or spills from log rafts or barges so that the time and location of these losses or spills will be known.

4. Most logs stranded on the beaches are above mean high tide and unless the State owns the uplands, the logs are outside of the State's jurisdiction. In most cases, the logs (80 percent or more) are on National Forest land which is under the jurisdiction of the U. S. Forest Service.

5. A statutory or regulatory mechanism, in lieu of the two year ownership period (No. 2 above), is needed to allow log owners an opportunity to recover their lost logs, but allowing the salvage by other persons of these logs within a reasonable time if the log owner does not attempt salvage or abandons salvage and of those logs not recovered by the owner.

6. There are a number of persons or concerns that are engaged in or interested in becoming engaged in log salvage operations. These persons are limited under existing law in developing effective and profitable salvage operations.

7. The State, viz., Department of Natural Resources, is limited by existing law in developing a more effective log salvage program.

The crux of the matter is No. 2 above which not only is a problem in itself, but underlies several of the other enumerated problems as well. Specifically, the flat two-year ownership period prevents the salvage of lost or escaped logs for upwards of three years from the date on the logs whether or not the owner of the logs attempts salvage himself during that period. Logs not soon recovered after a log raft break-up or spill have upwards of three years to become widely scattered, rolled around and pounded on the beaches by storms and tidal action breaking them up and imbedding them with gravel, or filled with worm holes from marine borers. All of which greatly reduces the value of the logs and makes any salvage attempt difficult and of questionable feasibility. After two or three, and sometimes even one year, such logs are worthless. This problem is frustrating attempts by the State to sell, directly or in cooperation with the Forest Service, beach or floating logs to a salvager; because most of the useable logs in any area cannot be included in the sale and must be passed over by a salvager having a State or Forest Service contract.

One reason why House Bill No. 769 should be passed is the amount of consideration that the Legislature and other interested parties have given to the question of log salvage during recent years without any positive results. We are sure this is as frustrating to you as it is to us. In the following paragraphs we have summarized the events and conditions related to log salvage and occurring in Alaska over most of the past 10 years.

Interest
/In log salvage as documented by correspondence received by this department and the Department of Commerce and Economic Development goes back to early Statehood. This interest prompted than Commissioner of Economic Development, Frank Murkowsky, to hold a hearing on log salvage in Ketchikan in 1969. This hearing was well attended and much testimony was recorded.

One of the results of that hearing was the introduction of Senate Bill No. 374 in January of 1970. This bill contained legislation providing for a log salvage program based on the licensing of log salvagers and was patterned after log salvage laws in the states of Washington and Oregon and the Province of British Columbia. Due to a lack of support by the timber industry in Alaska, the bill died in the Houses Resources Committee.

As a result of testimony on S.B. 374 (1970), however, amendments to the Log Brand Act, AS 45.50., were introduced in the House. These amendments resulted in three significant changes in the Log Brand Act; (1) that a brand on a log include the last digit of the calendar year in which branded and that for two calendar years following the year of the brand the timber thus branded is the sole property of the person in whose name the brand is registered; (2) that after the lapse of two full calendar years following the year of the brand the timber is abandoned property if it had escaped from the possession and control of the owner and is adrift in the waters of the State; stranded on the beaches, marshes, tide, or shorelands or waters of the State; or partially or

wholly submerged in the waters of the State; and (3) that timber property which is unbranded or on which a brand is not distinguishable [redacted] and which is located in a coastal water, lake, river, creek, or other waterway of the State or on State-owned coastline is presumed to be the property of the State.

With the passage of these amendments, the State embarked on an exploratory program of selling unbranded logs. Although this was an attempt at developing a log salvage program, full-scale log salvage was stymied by those problems stated at the beginning of this letter.

In 1973, the House Resources Committee introduced House Bill No. 384 relating to log salvage which was similar to Senate Bill No. 374 (1970). H.B. 384 never got out of that committee and finally died in 1974 again due to a lack of support from the timber industry.

In the meantime, the State and the Forest Service began working on a cooperative agreement in an attempt to resolve problems encountered with those logs above mean high tide and on National Forest land. The one major roadblock to finalizing this agreement is the two-year ownership provision in existing law.

In 1975, the Log Brand Act was again amended. One of the amendments of significance to log salvage provided that abandoned property, as defined in the Act, is presumed to be the property of the State. This allowed the State to include abandoned logs with unbranded logs in their sales of salvaged timber, but still, under the existing law, branded and dated logs are not abandoned until two years have elapsed following the year date stamped on the log.

As a result of the second failure of a log salvage bill, persons concerned with log salvage began to look for another alternative. One possibility was the sale of salvageable logs mentioned earlier, although at the time of inception this was considered a temporary measure until such time as log salvage legislation, along the lines of that proposed in S.B. 374 (1970) and H.B. 384 (1973), would be enacted. Representative Terry Gardiner had been doing a lot of work on log salvage legislation and was instrumental in having H.B. 384 (1973) introduced. He knew of our limited log salvage sale program and had learned of the cooperative agreement for log salvage sales that the State and the U. S. Forest Service was working on. He inquired about this proposa . In our reply of February 10, 1975 (copy enclosed) to Mr. Gardiner, we explained the proposed agreement and made suggestions that would enhance a log salvage program based on the sale of unbranded and abandoned floating or beached logs.

Finally in 1976 Representative Mike Miller, who had become interested in log salvage, together with Representatives Gardiner and Smith introduced H.B. 769. This bill proposed amendments to the Log Brand Act, AS 45.50.210 through AS 45.50.325, that incorporates several suggestions made in our

letter to Mr. Gardiner. These amendments would remove the roadblocks to the proposed State-Forest Service agreement, and would pave the way for a greatly improved log salvage program based on the sale of salvageable logs.

In summary, H.B. 769 answers the problem set forth at the beginning of this letter by providing:

1. that losses of logs from rafts be reported so that the location and time of a loss will be known,

2. the owner of lost logs has an opportunity to recover his logs before they become abandoned and subject to salvage by others,

3. that abandoned logs are the property of the State and thus may be salvaged under a contract of sale for the logs.

In the six years since S.B. 374 was introduced in 1970, I have attended nearly every resource committee hearing, both House and Senate, on bills related to log salvage. My observation has been that industry testimony at these hearings has been decidedly negative as was the case last Friday, March 5, 1976, in testimony before your committee.

Other than the dozen or so individuals or small firms presently engaged in log salvage, the timber industry, for the most part, is not interested in legislation that will benefit log salvage. Under the present provision allowing two--three years for ownership of lost logs, industry enjoys ample time to recover their lost or escaped logs. Any legislation that will enhance opportunities for the independent salvager to salvage those logs not recovered by log owners, to be effective, must eliminate the two-year ownership period and provide for the reporting of log losses and for controls regulating the time allowed the log owner to recover his escaped logs. Industry, in general, is not going to support legislation that will result in more regulation of their operations. On the other hand, if we are to have an effective log salvage program, the State must have certain necessary controls over lost or escaped logs. House Bill No. 769 provides the authority for the necessary control by regulation.

Passage of this bill will make it possible for the State to develop a better log salvage program than presently exists by eliminating the two to three-year lag in salvaging most recently lost logs and through cooperative sales with the U. S. Forest Service. The results should be increased volumes of timber salvaged, cleaner beaches, reduced navigation hazards, and more employment in log salvage. House Bill No. 769 is needed. We urge that this bill be passed out of your committee with a do pass recommendation and that finally it be passed by the current legislature.

Sincerely,

L. A. Dutton
Management Forester
State Forester's Office

cc: Representative Terry Gardiner
Representative Mike Miller
Representative Ted Smith
Guy Martin
Frank Price

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

February 25, 1976

1560
2440

Honorable Mike Miller
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Miller:

In response to your request to Frank Price, we have reviewed your proposed bill, "An Act relating to log brands; and providing for an effective date." In general, this bill will eliminate the problems that we and the State have encountered in establishing a cooperative program for the disposal and utilization of drift logs along Alaska's beaches. As such, we support its passage.

While the bill would accomplish the intended purpose, there are several suggestions we have that you may want to consider. These are:

1. Branding of logs on barges should also be required; there have been several instances where logs being barged have ended up in coastal waters. Section 1 (a), line 12, would read, "purpose of rafting or transporting by floating, barging, or towing shall display. . .."

2. Section 45.50.237 recognizes that some extension of the recovery period may be justified. This might be included in section 1 (a) (3) so that it reads, ". . . 30 days from the date of reporting required under section 232 of this chapter or from the date of expiration of any extended recovery period under section 237 of this chapter . . .."

3. If the intent of section 234 is simply to notify the public of the State's intent to claim abandoned property, we feel the wording in section 1 (a) (3), " . . . 30 days after the time public notice has expired as provided under section 234 of this chapter . . .," can be deleted. The abandonment has already been established and the extra waiting time is not needed.

4. Section 45.50.232 required an "immediate" report of log loss. This may not be possible under certain conditions during towing or log storage periods. Some time period, say 15 days, for reporting would be more reasonable.

5. Section 45.50.232, line 15, provides that the property is considered abandoned 30 days after reporting. An extension of time under section 237 should be recognized here. We suggest it read, "After 30 days from the date of reporting or upon the expiration of any extension granted under section 237 of this chapter, the timber property . . .."

6. When the published notices, required in section 45.50.234, are to be published, should be clarified. Perhaps "once a week for three consecutive weeks" could replace "at least three times" in the second sentence. It also is not clear when the 30-day requirement starts. We presume it starts with the first advertisement.

7. If the State is claiming abandoned logs, some authorization may be needed to sell the property. We are not sure if there is a blanket sale authority or not, but thought it should be mentioned.

I appreciate the opportunity to help you in solving the problems associated with lost logs. It is a progressive and positive step.

Sincerely,

C. A. YATES
Regional Forester

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE—ANCHORAGE 99501

2

6-1721

Pvt

February 10, 1975

Representative Terry Gardiner
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Gardiner:

Mike Smith asked me to reply to your letter concerning a log salvage program.

Since inception, our log salvage program has been frustrating and unsatisfactory to us for a number of reasons:

1. Under existing statutes (AS 45.50.235) the State only claims title to the unbranded log. Since we only have legal jurisdiction from seaward to mean high tide, unless we own the uplands, we do not have many logs to sell. The enclosed aerial photos illustrate this problem. The green line on the photos represents mean high tide. As you can see, most of the logs are above this line. In Southeastern Alaska this means that most of the beach logs are on National Forest land.

2. Since November 1973 when we started making timber sales for salvage of beach logs, 25 contracts have been awarded. To date, logs have been salvaged under only five of these contracts for a total volume of 360 thousand board feet. The State has earned about $1600 in revenue. Most of the revenue resulted from forfeiture of deposits due to contracts expiring without any action by the purchasers. The salaries and travel costs for personnel working on these sales would wipe this out. One could hardly say its a paying proposition.

The idea behind the proposed cooperative agreement is to allow the State and the Forest Service to make joint sales covering both lands above mean high tide and seaward of mean high tide. Under federal law, the Forest Service can claim after proper notice the logs branded, abandoned, or unbranded above mean high tide and without regard to the two year period during which owners of branded logs retain possession under AS 45.50.230. The joint sale concept would permit the Forest Service and the State to sell all the beach logs in a given area thus a more attractive package could be offered to anyone interested in salvaging the material.

OF THE BRAND], it is not in [HAS ESCAPED FROM] the possession and con-

The question will come up in reference to the proposed agreement as to whether the State should claim unbranded logs above mean high tide on National Forest or other uplands. Before executing the agreement the State plans to ask the Attorney General for a review of the agreement and a decision on the ownership of unbranded logs and other questions.

We are not locked in on this agreement idea. At the present, however, it seems to offer some solutions--not only to the jurisdiction over logs above mean high tide, but also to our shortage of personnel and funds. With more than 80 percent of the logs on National Forest land, maybe the Forest Service should be doing most of the work.

There are a number of things which I believe could be considered that would help the log salvage program.

1. Amend the Log Brand Act, AS 41.50 to:

   a) do away with the date stamping requirement.

   b) provide for log owners reporting any spills or lost logs and allowing 30 to 90 days to recover the logs.

   c) provide that any spilled or lost logs not reported or after the elapse of any approved period to recover that the logs are abandoned logs.

   d) provide that abandoned as well as unbranded logs are the property of the State.

2. Undertake to reach agreement with the Forest Service authorizing the State to remove beach logs stranded on National Forest uplands.

3. Amend AS 38.05, Article 4, Disposal of Timber and Materials to provide statutory authority for the Department of Natural Resources to adopt regulations covering the salvage and sale of abandoned logs.

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If we had the above, the basic program we've attempted by trying to sell a few unbranded logs could be developed into a workable log salvage program.

The next time either George Hollett, State Forester, or myself are in Juneau we will contact you to discuss those and any other possibilities you wish. Mike Smith will support and aid any workable solutions that we can come up with.

Sincerely,

L. A. Dutton
Management Forester

OF THE BRAND], it is not in

02-001B

STATE
of ALASKA

MEMORANDUM

Legislation
H-LOG BRANDS

TO: Roger Lewis
Legislative Liaison
Department of Nat. Res.

DATE : February 10, 1976

FROM: L. A. Dutton
Management Forester
State Forester's Office

SUBJECT: Amendments to AS 45.50
by Representative Miller

The following are comments on the attached bill entitled: "An Act relating to log brands and providing for an effective date."

This legislation will eliminate or reduce problems being encountered in the present log salvage program. Under the program the State is attempting to provide for the salvage and utilization of unbranded and abandoned or lost logs. Alaska Statute 45.50.230 provides that timber property displaying the registered brand of the owner of the timber is the sole property of the person in whose name the brand is registered for two calendar years following the year in which branded and "abandoned property" after that. This requirement is detrimental to the salvage of the abandoned logs as they tend to become widely scattered and damaged, sometimes severly, during the two year period. Shortening the time period in which a lost or escaped log becomes "abandoned property" will greatly facilitate the salvage and enhance the utilization of these logs.

For the State to come into possession of the abandoned logs and to provide for their salvage through sale may, however, not be the best approach to the matter of salvage. Other states notably Washington, Oregon, and the province of British Columbia have log salvage programs where persons or concerns engage in the business of salvaging "lost" or "escaped" logs. The laws of these states do not provide for State ownership of lost or escaped logs, but recognize the continued vested interest of the private owner of these logs subject to a lien for salvage. On at least two previous occasions in 1970 and 1973, legislation, similar to the laws in these other states, has been introduced in Alaska, but not enacted.

One of the above was HB No. 384 introduced during the first session of the Eighth Legislature, but not enacted. Were such a bill adopted we question the practicality of the State claiming abandoned logs. This could be interpreted to mean that the State would then be responsible for these logs. Do we want or need them? It would seem that simply providing that the logs are abandoned and subject to salvage would suffice. Significant improvement may result in any log salvage legislation for Alaska, however, by providing that "lost" or "escaped" logs are "abandoned," thus divesting the owner of any interest. This would increase the value of the logs to salvagers and provide a greater incentive for utilizing this material that would otherwise be wasted.

A further problem which complicates any form of salvage program in Alaska is that, in areas where lost or escaped logs tend to accumulate on the beaches, the lands immediately above mean high tide are federal, viz., National Forest. It is estimated at present that 80 percent or more of such logs are so situated and therefore, these logs may be outside of state jurisdiction were the state to attempt to sell these logs. These proposed amendments to the Log Brand Act do not include specific provisions to eliminate this problem. Some type of agreement between the Forest Service and the State will be necessary to allow for either the sale of these logs or the salvage of the logs by licensed salvagers.

Following are comments on specific sections of the act.

Section 1. AS 45.50.230(a)(3):

The words [30 days after the time public notice has expired as pr vided under sec. 234 of this chapter or] should be deleted. The intent of sec. 234 is to notify interested persons of the departments intent to claim abandoned timber property and thus the use of this notification to establish the condition of abandonment is conflicting. As written, you can't have one without the other and thus they cancel out each other.

In addition, consideration is not allowed for any extension of the initial 30 day recovery period. This section should be reworded in part:

> "to be 'abandoned property' if, 30 days from the date of reporting required under sec. 232 of this chapter or ~~from~~ upon the date of expiration of any extended recovery period under sec. 237 of this chapter [AFTER THE ELAPSE - - -"

Section 2. Adding Sec. 45.50.232:

The word "immediately" (line 9) implies that the action of reporting the loss of timber property should be done at once, without delay, or instantly. The nature of log rafting, storage of log rafts, and towing rafts precludes this type of action. A specific time limit for the action rather than immediate action is needed. The word [immediately] should be deleted and in its place the words "as provide by regulation" should be inserted.

The sentence beginning on line 15 provides that the timber property is considered to be abandoned 30 days from the date of reporting without consideration of any extension of the initial 30 day recovery period under sec. 237. This may be confusing by raising a question of ownership during any extended recovery period. The sentence should be worded:

> "After 30 days from the date of reporting or upon the expiration of any extension granted under sec. 237 of this chapter, the timber property is considered to be abandoned- -."

Leaving out the words indicated above could also result in this section being interpreted to imply that the State must publish notice under sec. 234 to claim any logs abandoned after the expiration of any extended recovery period under sec. 237. The addition of these words should make it clear that any timber property included in a loss reported under

sec. 232 becomes the property of the state without publication of notice of intent to claim such property regardless of any extension of the period to recover the logs.

Section 3. Adding sec. 45.50.234:

We cannot see the reason for this section except possibly constitutional. If the statutes clearly provide: (1) that lost logs must be reported, (2) that any lost logs not recovered by the end of the 30 day period following the reporting date or any extended recovery period are abandoned, (3) that any lost logs the loss of which is not reported and which meet the definition of "abandoned property" under sec. 230 are abandoned, (4) that abandoned logs are the property of the State; then it would seem that there should be no need to publish notice of intent to claim.

This section as written is ambiguous in that it is not clear when the notice should be published on when the 30 day publishing period begins or ends in respect to the times when the notice is to be published. Also, it seems redundant to require both 30 days of publishing and 30 more days after the period of notice has expired (sec. 235) before the State's ownership of the abandoned property is effected.

In the first sentence the ending words [not less than 30 days] should be deleted. The second sentence should read:

> "Notice shall be published <u>once a week for three consecutive weeks</u> in a newspaper of general circulation - - -etc."

Section 4. AS 45.50.235:

If sec. 234 <u>is</u> omitted in the final bill there is no reason to change this section.

If sec. 234 <u>is not</u> omitted in the final bill then, in the last sentence of this section beginning on line 10, the words [period of notice has expired] should be deleted and instead, the words, "<u>the date of final publication</u>," should be inserted.

If abandoned logs are claimed by the State, the following sentence should be added to sec. 235:

> "Timber property which is presumed to be th property of the state under this chapter may be sold in accordance with the provisions of AS 38.05.110 through AS 38.05.120 and regulations adopted under those statutes."

If log salvage legislation <u>were</u> adopted and if abandoned logs <u>were not</u> claimed by the State, the last sentence of sec. 235 as proposed in the attached bill should be deleted and a new section added:

Sec. 45.50.236. SALVAGE OF UNBRANDED AND ABANDONED TIMBER PROPERTY. Timber property which is abandoned property as defined in sec. 230(a)(3) of this chapter or which is the property of the state under sec. 235 of this chapter may be salvaged in accordance with AS 41.15.450 through AS 41.15.660.

We see no problems with the remaining sections.

ALASKA LUMBER & PULP CO., INC.
Sitka Office: P.O. BOX 1050 • SITKA, ALASKA 99835 • TELEPHONE 747-0255

March 5, 1976

The Honorable Nels Anderson
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Representative Anderson:

RE: Testimony of James A. Rynearson before the House Natural Resources Committee on HB 769

INTRODUCTION

ALP understands the concern of this Committee with the subject matter addressed by HB 769, but believes that care must be taken to insure that a legal and bureaucratic tangle is not created by the bill's construction. The thirty-day time limit written into the bill (Section 2) is totally unrealistic due to the physical difficulties of beach-salvage operations, (which are totally dependent on tide, topography, and weather conditions) and the burdensome administrative delays which plague efforts to obtain the necessary State and Federal permits to conduct salvage operations. Accordingly, the time limit represents a windfall to the State and constitutes a taking of property, (our insurance company's in the short term and the increase to ALP in insurance premiums which is bound to result from this law) without due process law. Hopefully, the information which will be provided the Committee will compel its conclusion that far more than the 30 days provided in Section 2 is needed.

One further point is needed by way of introduction -- ALP has just learned that much of the momentum for passage of this bill in its present form is a consequence of negotiations between the State Forester's office and the U.S. Forest Service. ALP would have welcomed the opportunity to have participated in these discussions as it is certain that it could have added constructively to the discussions by raising with the other parties the concerns I will address here today. In addition, insurance companies involved should have an opportunity to discuss these problems with you.

In sum, ALP is simply asking that the 30 day period granted in Section 2 be substantially increased and that the bill be groomed so that it can be sensibly construed. We support this Committee's obvious concern with the red tape which has slowed down beach salvage operations and believe as you do, that action should be taken to clear away impediments. Further, we stand ready to hire Alaskan salvers to retrieve logs with ALP's brand on it within the period in which possessing rights to the logs remains in the Company.

II. BEACH SALVAGE OPERATIONS

It is misleading to believe that the logs seen when flying over Southeastern Alaska are a result of logging operations here. Much of the debris on the beaches is not a result of logging at all. Many of the logs drift into Southeastern Alaska from Canada -- thus accounting for a greater concentration of logs in the Southern Tongass than the North. All of this is seen in the 1951 Aerial Photo

you have been shown. I will supplement this written report in my oral presentation and a further letter to you.

III. PERMIT PROCESS

In order to conduct salvage operations the salvor will need certain permits. He will need an easement to cross State land below mean high tide and a permit or easement to operate on Federal or private lands above mean high tide. Since most of the logs on the beach above mean high tide belong to the Forest Service, he will have to coordinate his activities with the Forest Service, and/04, arrange for a sale of the logs to be made to him. Where the salvor intends to take logs below mean high tide a similar process will have to be gone through with the State. These delays are controlled by the administrative requirements of the agencies involved and will necessarily take more than the thirty days allowed by Section 2. All these problems are compounded when beach ownership is in private hands as it soon will be as a result of land distributions under the Alaska Native Claims Settlement Act.

Far more time consuming will be the next step: obtaining a State tideland lease and Corps of Engineer's permit for a rafting area. ALP is presently seeking State tideland leases for log storage areas. Applications therefore were submitted for these areas over a year ago and none has yet been received. To obtain a Corps of Engineer's permit, one must go through the notice procedure which follows filing which procedure can take up to 120 days. Following the notice procedure, the request is forwarded to interested State and Federal agencies in accordance with the procedure outlined

in OMB Circular A-95. The time required for this process is open-ended and depends on the speed with which these agencies take up the application and what, if any, concerns are expressed by these agencies about the proposal.

Accordingly, the salvor is at the mercy of the physical difficulties of salvage logging and the administrative delays of obtaining the necessary permits. It is impossible to do all this in thirty days. Since the administrative process, the speed of which is controlled by State and Federal agencies, not the salvor or ALP, will clearly take more than thirty days, the time limit imposed by Section 2 clearly constitutes a taking of property without due process of law. We would be glad to comply with your objective here, if you would grant us a reasonable time to do it.

IV. LEGAL PROBLEMS

A. Title to the logs.

Paragraph 2(a) of ALP's long term contract with the Forest Service provides in pertinent part:

> All right, title, and interest in or to any timber included in this contract shall remain in the United States until it has been paid for, cut and scaled;"

- - -

Accordingly, even though this same contract assigns the risk of loss during tow to ALP and sets up a formula for payment for lost logs, the logs belong to the Forest Service at the point in time they are lost during tow (since scaling

occurs at the mill). Since ALP is insured, ALP's insurer pays the Forest Service for the lost logs and thereupon becomes their owner by virtue of the insurer's right of subrogation. Thus, the "owner" who must report losses under Section 2 is the Forest Service and it is the Forest Service which the State would prosecute for failure to report such loss. Such a prosecution would of course violate the Supremacy clause of the Federal Constitution. This problem can obviously be solved by more careful draftsmanship.

B. Vagueness. The owner is required to report "immediately". If criminal sanctions for failure to report are to attach, as they do under Section 6, then the time within which reporting must be accomplished should be precise. However, circumstances will dictate the time within which reporting could be accomplished. Accordingly, a far less onerous solution would be to drop the criminal sanction and merely require that reports be submitted within a reasonable time.

C. Administrative Burden. If the duty of reporting is shifted from the Forest Service, where it now rests, to others, they should be given an idea of the administrative burden they are taking on. The whole process is left open due to the words "and any other information which the department requires" in Section 2. All pertinent information seems to be provided for by the preceding three requirements.

Additionally, it is entirely possible that bundles may break open during the night or other events may occur which could allow logs to be lost without the knowledge of the tugboat skipper. This eventuality should be considered. The capacity of DNR to process and make sensible use of the information given should also be assessed.

D. Problems with Section 3. It is unclear when the DNR can publish notice under Section 3, thus triggering the State's rights of ownership. Will this be done at the time of reporting lost logs under Section 2 or will it occur 30 days after the Section 2 reports are filed?

Will the State claim possession during the time title to the logs is still held by the Forest Service (i.e. before ALP pays for the logs which have been lost)? As worded, this eventuality is entirely possible and would violate the Supremacy Clause of the Federal Constitution. The problem can be avoided by granting more time for recovery of the logs since the Forest Service would be paid for the logs in the interim and ownership would be shifted. Payment to the Forest Service for lost logs is rarely made within 30 days of the loss.

Since the owner of the lost property would presumably be known by virtue of his reporting the loss under Section 2, how does posting notice and publishing at a point near the loss rather than by direct notice to the company, satisfy

the due process requirements of the State and Federal Constitutions?

E. Timber Property. As written, timber property is any property upon which a brand has been affixed. How extensive will this term be defined?

More important the bill deletes the former requirement that the last digit of the calendar year of branding be affixed to the log. This makes it far more difficult for all concerned to identify the logs which are the subject of the loss.

CONCLUSION

Since the physical difficulties of salvage and administrative delays created by State and Federal procedure will make it impossible, in most instances, to recover lost logs within thirty days, the time limit of Section 2 must be substantially increased. ALP would support this legislation if the time is increased to a reasonable amount and the drafting problems referred to above are eliminated.

Thank you for you consideration.

Respectfully submitted:

James A. Rynearson, Vice President
Woods Division
Alaska Lumber & Pulp Company

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE – ANCHORAGE 99501

March 10, 1976

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Representative Anderson:

Here is the copy of the letter to Representative Gardiner which was inadvertently left behind when my letter to you of March 9 went out.

Please forgive the poor typing and composition in that March 9 letter. We did it in a hurry.

Sincerely,

L. A. Dutton
Management Forester
State Forester's Office

Log Salvage
M-LEGISLATION

See also file
Log Salvage Sales
M-TIMBER SALES

February 10, 1975

Representative Terry Gardiner
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Gardiner:

Mike Smith asked me to reply to your letter concerning a log salvage program.

Since inception, our log salvage program has been frustrating and unsatisfactory to us for number of reasons:

1. Under existing statutes (AS 45.50.235) the State only claims title to the unbranded log. Since we only have legal jurisdiction from seaward to mean high tide, unless we own the uplands, we do not have many logs to sell. The enclosed aerial photos illustrate this problem. The green line on the photos represents mean high tide. As you can see, most of the logs are above this line. In Southeastern Alaska this means that most of the beach logs are on National Forest land.

The photos you received on 3/5/76 from the U.S. Forest Service are the same as the ones mentioned here.

2. Since November 1973 when we started making timber sales for salvage of beach logs, 25 contracts have been awarded. To date, logs have been salvaged under only five of these contracts for a total volume of 360 thousand board feet. The State has earned about $1600 in revenue. Most of the revenue resulted from forfeiture of deposits due to contracts expiring without any action by the purchasers. The salaries and travel costs for personnel working on these sales would wipe this out. One could hardly say its a paying proposition.

The idea behind the proposed cooperative agreement is to allow the State and the Forest Service to make joint sales covering both lands above mean high tide and seaward of mean high tide. Under federal law, the Forest Service can claim after proper notice the logs branded, abandoned, or unbranded above mean high tide and without regard to the two year period during which owners of branded logs retain possession under AS 45.50.230. The joint sale concept would permit the Forest Service and the State to sell all the beach logs in a given area thus a more attractive package could be offered to anyone interested in salvaging the material.

The question will come up in reference to the proposed agreement as to whether the State should claim unbranded logs above mean high tide on National Forest or other uplands. Before executing the agreement the State plans to ask the Attorney General for a review of the agreement and a decision on the ownership of unbranded logs and other questions.

We are not locked in on this agreement idea. At the present, however, it seems to offer some solutions--not only to the jurisdiction over logs above mean high tide, but also to our shortage of personnel and funds. With more than 80 percent of the logs on National Forest land, maybe the Forest Service should be doing most of the work.

There are a number of things which I believe could be considered that would help the log salvage program.

1. Amend the Log Brand Act, AS 45.50 to:

   a) do away with the date stamping requirement.

   b) provide for log owners reporting any spills or lost logs and allowing 30 to 90 days to recover the logs.

   c) provide that any spilled or lost logs not reported or after the elapse of any approved period to recover that the logs are abandoned logs.

   d) provide that abandoned as well as unbranded logs are the property of the State.

2. Undertake to reach agreement with the Forest Service authorizing the State to remove beach logs stranded on National Forest uplands.

3. Amend AS 38.05, Article 4, Disposal of Timber and Materials to provide statutory authority for the Department of Natural Resources to adopt regulations covering the salvage and sale of abandoned logs.

Include this provision in HB 769 rather than amend AS 38.05

4. Appropriate the necessary funds to the department so that a salvage program could be properly administered.

If we had the above, the basic program we've attempted by trying to sell a few unbranded logs could be developed into a workable log salvage program.

The next time either George Hollett, State Forester, or myself are in Juneau we will contact you to discuss these and any other possibilities you wish. Mike Smith will support and aid any workable solutions that we can come up with.

Sincerely,

L. A. Dutton
Management Forester
cc Henry Lee Hall

also cc: Ted Smith

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS

323 E. 4TH AVENUE – ANCHORAGE 99501

March 9, 1976

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch B, State Capitol
Juneau, Alaska 99811

Dear Representative Anderson:

You asked for a letter stating the problems with log salvage and the reasons why House Bill No. 769 is needed.

The problems basically are:

1. The volume of logs and other materials that are accumulating on Alaska's beaches, particularly in Southeastern. Twenty-five percent or more is probably useable for marketable forest products.

2. The salvage of a significant portion of the useable material is frustrated by the two--three year ownership provision in present law (AS 45.50.230)(a)(1).

3. There are no provisions in existing law requiring the log owner to report log losses from broken log rafts or spills from log rafts or barges so that the time and location of these losses or spills will be known.

4. Most logs stranded on the beaches are above mean high tide and unless the State owns the uplands, the logs are outside of the State's jurisdiction. In most cases, the logs (80 percent or more) are on National Forest land which is under the jurisdiction of the U. S. Forest Service.

5. A statutory or regulatory mechanism, in lieu of the two year ownership period (No. 2 above), is needed to allow log owners an opportunity to recover their lost logs, but allowing the salvage by other persons of these logs within a reasonable time if the log owner does not attempt salvage or abandons salvage and of those logs not recovered by the owner.

6. There are a number of persons or concerns that are engaged in or interested in becoming engaged in log salvage operations. These persons are limited under existing law in developing effective and profitable salvage operations.

7. The State, viz., Department of Natural Resources, is limited by existing law in developing a more effective log salvage program.

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P. O. Box 1628, Juneau, Alaska 99802

MAR 1? 1976

2440
1560

Honorable Nels Anderson
Chairman
House Resource Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

During our testimony on HB 769, House Resource Committee members asked two questions which required some research before answers could be provided. These questions were:

1. Why had not the Forest Service solved the log salvage problem in the last 20 years?

2. Can the Forest Service charge a fee for the "storage" of branded logs that have been lost from rafts and then deposited on National Forest land?

A bit of history may be helpful in answering the first question.

The problem of log salvage was with us long before the increase in log production that resulted from the establishment of the pulpmills in southeast Alaska. However, as these mills went into production, the amount of logs lost during towing operations increased and became of more concern.

At the time, we felt Government's interests were properly protected under our adjustment procedures for lost logs. Since the Federal Government had received payment and the adjustment constituted a scaling of the logs, any branded logs were property of the brand owner. In addition, the State and the Forest Service felt that few, if any, beached logs would be above mean high tide and, therefore, we had little or no interest.

The situation remained relatively static through the 1960's. There were some actions by the State toward a resolution of the problem, such as Commissioner Murkowski's 1969 log salvage hearing in Ketchikan, but no results were forthcoming. Forest Service testimony supported the State's efforts during the period.

We believe you are generally familiar with recent developments, such as the increased interest in log salvage, the studies which showed that more of the salvage volume was above mean high tide than previously estimated, and our proposed cooperative agreement with the State for joint salvage sales.

As you can see, the primary reason for our lack of action was a belief that, since the Federal Government's interests were already protected, the salvage of logs was under the State's jurisdiction, and our role should be one of support for reasonable State programs. We feel this is still our basic role, but with a large proportion of salvage volume now on National Forest land, we intend to be an active partner with the State in a salvage program.

The second question deals primarily with trespass and impoundment actions. Our regulations provide for the impoundment of personal property, in this case logs, that is located on National Forest lands. If the owner is known, we are required to notify him of the trespass and give a reasonable time, at least 5 days, for removal. If the owner is unknown, we must publish a notice of intent to impound and allow at least 15 days from the date of publication before impounding the property.

The owner may redeem his property upon furnishing proof of ownership and paying certain costs, including a fee for the use of the site. If the property is not redeemed, we can sell it 90 days after impoundment. In this case no fees can be collected even though the owner may be known.

In the case of logs, these procedures must be used realistically and only after the brand owner has a reasonable chance to retrieve the logs. Initiating impoundment procedures for each log as it is deposited on National Forest land would be an impossible and undesirable situation.

We hope this answers the Committee's questions. If we can be of further assistance, feel free to contact me or Frank Price, Director of Timber Management, at any time.

Sincerely,

C. A. Yates

C. A. YATES
Regional Forester

ALASKA LUMBER & PULP CO., INC.
Sitka Office: P.O. BOX 1050 • SITKA, ALASKA 99835 • TELE[illegible] 747-0265

March 5, 1976

The Honorable Nels Anderson
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Representative Anderson:

RE: Testimony of James A. Rynearson before the House Natural Resources Committee on HB 769

INTRODUCTION

ALP understands the concern of this Committee with the subject matter addressed by HB 769, but believes that care must be taken to insure that a legal and bureaucratic tangle is not created by the bill's construction. The thirty-day time limit written into the bill (Section 2) is totally unrealistic due to the physical difficulties of beach-salvage operations, (which are totally dependent on tide, topography, and weather conditions) and the burdensome administrative delays which plague efforts to obtain the necessary State and Federal permits to conduct salvage operations. Accordingly, the time limit represents a windfall to the State and constitutes a taking of property, (our insurance company's in the short term and the increase to ALP in insurance premiums which is bound to result from this law) without due process law. Hopefully, the information which will be provided the Committee will compel its conclusion that far more than the 30 days provided in Section 2 is needed.

One further point is needed by way of introduction -- ALP has just learned that much of the momentum for passage of this bill in its present form is a consequence of negotiations between the State Forester's office and the U.S. Forest Service. ALP would have welcomed the opportunity to have participated in these discussions as it is certain that it could have added constructively to the discussions by raising with the other parties the concerns I will address here today. In addition, insurance companies involved should have an opportunity to discuss these problems with you.

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III. PERMIT PROCESS

In order to conduct salvage operations the salvor will need certain permits. He will need an easement to cross State land below mean high tide and a permit or easement to operate on Federal or private lands above mean high tide. Since most of the logs on the beach above mean high tide belong to the Forest Service, he will have to coordinate his activities with the Forest Service, and/04, arrange for a sale of the logs to be made to him. Where the salvor intends to take logs below mean high tide a similar process will have to be gone through with the State. These delays are controlled by the administrative requirements of the agencies involved and will necessarily take more than the thirty days allowed by Section 2. All these problems are compounded when beach ownership is in private hands as it soon will be as a result of land distributions under the Alaska Native Claims Settlement Act.

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Accordingly, the salvor is at the mercy of the physical difficulties of salvage logging and the administrative delays of obtaining the necessary permits. It is impossible to do all this in thirty days. Since the administrative process, the speed of which is controlled by State and Federal agencies, not the salvor or ALP, will clearly take more than thirty days, the time limit imposed by Section 2 clearly constitutes a taking of property without due process of law. We would be glad to comply with your objective here, if you would grant us a reasonable time to do it.

IV. LEGAL PROBLEMS

A. Title to the logs.

Paragraph 2(a) of ALP's long term contract with the Forest Service provides in pertinent part:

> All right, title, and interest in or to any timber included in this contract shall remain in the United States until it has been paid for, cut and scaled;"

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Accordingly, even though this same contract assigns the risk of loss during tow to ALP and sets up a formula for payment for lost logs, the logs belong to the Forest Service at the point in time they are lost during tow (since scaling

occurs at the mill). Since ALP is insured, ALP's insurer pays the Forest Service for the lost logs and thereupon becomes their owner by virtue of the insurer's right of subrogation. Thus, the "owner" who must report losses under Section 2 is the Forest Service and it is the Forest Service which the State would prosecute for failure to report such loss. Such a prosecution would of course violate the Supremacy clause of the Federal Constitution. This problem can obviously be solved by more careful draftsmanship.

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C. Administrative Burden. If the duty of reporting is shifted from the Forest Service, where it now rests, to others, they should be given an idea of the administrative burden they are taking on. The whole process is left open due to the words "and any other information which the department requires" in Section 2. All pertinent information seems to be provided for by the preceding three requirements.

Additionally, it is entirely possible that bundles may break open during the night or other events may occur which could allow logs to be lost without the knowledge of the tugboat skipper. This eventuality should be considered. The capacity of DNR to process and make sensible use of the information given should also be assessed.

D. Problems with Section 3. It is unclear when the DNR can publish notice under Section 3, thus triggering the State's rights of ownership. Will this be done at the time of reporting lost logs under Section 2 or will it occur 30 days after the Section 2 reports are filed?

Will the State claim possession during the time title to the logs is still held by the Forest Service (i.e. before ALP pays for the logs which have been lost)? As worded, this eventuality is entirely possible and would violate the Supremacy Clause of the Federal Constitution. The problem can be avoided by granting more time for recovery of the logs since the Forest Service would be paid for the logs in the interim and ownership would be shifted. Payment to the Forest Service for lost logs is rarely made within 30 days of the loss.

Since the owner of the lost property would presumably be known by virtue of his reporting the loss under Section 2, how does posting notice and publishing at a point near the loss rather than by direct notice to the company, satisfy

the due process requirements of the State and Federal Constitutions?

E. Timber Property. As written, timber property is any property upon which a brand has been affixed. How extensive will this term be defined?

More important the bill deletes the former requirement that the last digit of the calendar year of branding be affixed to the log. This makes it far more difficult for all concerned to identify the logs which are the subject of the loss.

CONCLUSION

Since the physical difficulties of salvage and administrative delays created by State and Federal procedure will make it impossible, in most instances, to recover lost logs within thirty days, the time limit of Section 2 must be substantially increased. ALP would support this legislation if the time is increased to a reasonable amount and the drafting problems referred to above are eliminated.

Thank you for you consideration.

Respectfully submitted:

James A. Rynearson, Vice President
Woods Division
Alaska Lumber & Pulp Company

MARCH 4, 1976

H B 769

Gardiner : Relating Brands Log

Would allow better salvaging for smaller people.

No magic in the time period. If the industry wants ~~later~~ longer date OK w/ Gardiner. (time frame)

Dept of N.R. does not have any regulation for selling salvaged logs.

System ~~as~~ if State did not approve, it would later on become automatically salvagable.

Proposed fed-state agreement on log salvage

Cumbersome process at the present time.

Simple System - Protect Industry but allow Salvage -

Mike Miller : Tremendous amount of abandoned logs. Hazzard to fishermen. U.S Forest Service says 2 yr waiting period is the reason that the salvage plan is not working.

Jim Clark : AK Lumber + Pulp. - Tri morning wood division

For Joel OK When does title to logs pass from Fed to Pvt.?

No one has ever made money as a beach logger.

2 yr. is not the problem but finding a beach logger.

Smith : (1) Amend 38.05 ___ to permit more flexibility in salvage operations

(2) Establish permit

Larry Dutton

~~Tom Clark~~ : State Forester : Fee takes care of Administrative Costs.

Smith: WASHington - Oregon - Check with their Statutes

Log Patrol -

Problem w/ 2 or more parties applying for salvage rights in the same area

Problem with parties not stating how much will be harvested

" " Mean High Tide

Legislation would help Solve some problems allow for joint

Federal State Management + Cooperation.

Towing Season April – September - Insurance -
Industry says 90 day is enough time -
30 days initial period adaquate, can be expanded
60 days more. If industry is going recover 30
days is enough, if they even <u>attempt</u> recovery
time can be expanded.

Smith : State Log patrol

Find Original bill on creating Log Patrol 1970

John Rayner Forrester with U.S forest - One agency would sell the logs - Concerned with use of Uplands - Equip Concept of Cooperative agreement has been developed but NO implementation until 2yr. period has been changed.

Scale Sale - Title passes when Scaleing is Completed. This is the way its usually done in South Eastern Alaska.

Raft is made up amount is reported - When raft arrives at mill they are then counted and reported. Inspection of Raft - payment is made on the amount shipped

When logs go on beach U.S. Forest Service can condem the logs after 90 days after advertising.

If the bill passes the Federal Govt. would be willing to enter a joint agreement to issue permits from one source for salvaging logs both above (Federal) and below (State) mean high tide.

HB 384 ℄ Administration was going to introduce

If the present bill passes and

LA
Get Copy " timber property which is presumed to be sold by the State

CLARK : Insurance company will own any logs that they have paid to the company because of loss—

Insurance Companies - Who covers the Logging Cos

→ Lands - status plats check
Henry Hall S.E.
HB 580 ←

Smith DO PASS
Brown - No Rec

HB 769 - 2:00 - Log Brands.

Walt Pegako Ketchikan pulp.
In favor of using the wood on the beaches
permit required for anything put in the water
Against time Constraints — Lawyers retirement bill
Who owns the logs
When does the Forest Service own the Logs.
ownership problems is one reason why Salvage
is not profitable

Huntington: How long would you need? Ans 1 one year after receiving permits.

Smith: Most concerned with Not wasting a valuable resource
Is there a better way

Title stayes with the Forest Service until Scaling
but insurance goes with the logs
What is the annual loss to the companies —
2million feet of logs annually lost in the last 3 yrs.
approximately #300,000 per year.

Dutton: Does not feel that one year is too long if the salvage operation is monitered.
What period of time would the industry require
before reporting Missing logs.
Go up to a year

M. Miller: How far up do the Canadian logs go

U.S. Forest Service - Report to Committee by Next WK
20 25% of these pictures (Forest Service) 4½ % had)
recognizable Brands-) are logs
700,000 Board' of 300 — 16% Doug fir 20% cedar
Mostly Cottonwood. 50% above high tide of these
25% are marketable —
95 days after the logs are

Log Brands Continued

What is preventing the State - Fed agreement Now.
The two year provision - Be able to salvage while the logs are still good. Talking about Fed - State log sale

Dutton : Lawyers - At the time the forest service determines how many board feet are lost, title changes from Federal Government to put ownership.

Al. Anderson: Companies do care if they loose logs especially because of insurance claims.

What do the companies do with the logs after the insurance company pays them off Sometimes the insurance companies pick up the logs. 1.4 Million — 900,000

Allington & Secretary: Differences between what State - Fed can do - Put parties can do
How you handle logs on put property

Tentative Date for further hearings March 19, 1976

HB

773

Willie Goodwin Sr. RuralCap - Director of land.
Favor of bill - Gear the legislation to State-owned land only. What about pvt. lands - Would probably want to do an impact statement mainly for subsistence.

Smith: Objections. Limited Application - If Federal monies are involved there is an impact statement required - No policies, no funds, no standards set. No managements mechanisms.
* Put in a review mechanism Develop control -
Check with other States -

Ernest Mueller: State Environmental Impact report Admin wants to look into this
Comm of Environment Concerns: Experience with N.E.P.A. little Guidelines in Fed. Act.
little information in this bill on what would require an environmental Impact Statement - Triggering Mechanism needed on what needs to have an impact - MAximum amount of direction from the Legislature

Threshhold ~~where~~ which project requires environmental statement
Definition of Significant effect.
Clarifying administration of the act.
procedures.

Public Hearing problems because of Federal law.
2 impact Statements - if there is a federal impact required NO State would be required.

Within state lands - Perhaps should be "ON" State land.

Fiscal Analysis of the legislation

Jim Clark - Representing AK lumber + Pulp.
Initial feeling good. - Agreeing with Mueller on some of things. - Concerns with jurisdictional between State + Fed.

Fish Report
Dock Reynolds

No single agency to which people can

exempting from legislation where any situation Federal
impact statement or environmental analysis are
required. These statements should go to review
agency (State EP)

also concern over the words within State owned
land - changed to ON State owned land.

triggering - Threshold mechanism
major impact effects human impact

sub-structure - guidelines as what triggers requirement
for statement.

Court case

* Thorny question - Do procedural
of substantive impact -
Cost-Benefit Ratio bad Project wouldn't go ahead.
Statement for people to look at or Stop the project
Review of present authority -

Norman Gorsuch - Alaska -
Some problems with legislation as mentioned -
Significant actions only -
Threshold only - Triggering mechanism.

Bob Tracy - Asst. Regional Forrest with U.S. Forest
Service.
Encourage the state in its efforts.
Tideland lease for log Storage
even now a lot of Coordination for permits

Roger Allingtow Seattle -
NATIVE Corporations. Not received title to their land -
Could effect development of Native land. -
Forest Practices Act. Coastal Zone -

conflict of interest statement

So slow attitude until the Natives receive title

Studies completed -
2 independent Contractors - Each handled parts of The problem. Kent Miller addressed - Economics + site Romberg + Collins - Tech Aspects.

Recommendation to Naughton take working documents + hold hearings approx. 2 weeks.

City + Borough asked to study the hill further.
but the end of the meandering Gastineau channel

ALASKA LUMBER & PULP CO., INC.
Sitka Office: P.O. BOX 1050 • SITKA, ALASKA 99835 • TELEPHONE 747-0265

March 1, 1976

The Honorable Nels Anderson
Chairman, House Natural Resources Committee
Alaska State House of Representatives
Pouch "V", State Capitol Building
Juneau, Alaska 99811

Re: House Bill No. 773

Dear Representative Anderson:

Thank you for allowing Jim Clark an opportunity to testify on behalf of Alaska Lumber & Pulp Company, Inc. with respect to the captioned bill. ALP has long been involved in the process of environmental impact reporting as a result of its logging activities on Federal lands, which, as you know, is subject to the National Environmental Policy Act of 1969. The discipline of going through the process of preparing an Environmental Impact Statement is useful in identifying environmental problems so that adequate protective measures can be devised. Accordingly, ALP accepts the concept of the bill but recommends certain changes as appear below.

First, ALP enthusiastically endorses Section 46.36.060 of the Act, which requires a review of present environmental law rules, regulations and policies. As you are aware, there was a plethora of environmental laws passed during the late 1960's and the late 1970's. As of this time, the interrelationship between those laws is poorly understood, if it is understood at all. In many instances, conflicting schemes of management and planning cannot rationally be reconciled. Section 46.36.060 recognizes this problem. It is our understanding that such a review has already been undertaken, and is presently being pursued by the Administration. Given the desirability of what is ordered by Section 46.36.060, and the fact that such a review is already underway by the State Administration, ALP believes it appropriate to wait finalization of the review prior to passing HB 773.

Consistent with the approach you have taken in 46.36.060, it would be most useful to have each state agency prepare a written statement of its understanding of its own authority under the various Federal and State laws, rules, regulations, policies and procedures, and forward those documents to one central agency, preferably the Attorney General's office, for review and coordination. Doubtless,

such a procedure would reveal that certain laws ought to be repealed because they are duplicative, inconsistent, or have an unfavorable cost-benefit ratio. ALP believes that once this process has been accomplished, it will be possible to come up with a rational, harmonized, systematic approach to environmental problems, which will save the State considerable money, will result in considerable administrative savings in the private sector, and will substantially aid the public benefit by speeding up the administration of the permit issuing process -- all without loss of the environmental objectives which are sought. Accordingly, ALP recommends that language ordering such a "weeding-out" and revision process be added to the bill.

ALP is certain that when going through the process suggested by 46.36.060 of HB 773, as supplemented by the above, the State will discover further that perhaps the thorniest area of overlap, duplication, administrative waste, and chaos arises out of the interrelationship between Federal and State laws -- particularly, when the Federal and State governments seek to regulate the same thing. Under HB 773, as presently written, it can be argued that any State agency commenting upon a Federal proposal which is going through the NEPA circulation process required by OMB Circular A-95, would have to precede its comments with an HB 773 Enviornmental Impact report. That is to say, an HB 773 Environmental Impact report would have to be prepared by the State before it could comment upon a draft Federal Environmental Impact Statement. For example, the State recently commented upon the Draft Environmental Impact Statement prepared by the Forest Service regarding West Chichagof. It could be argued that HB 773 would have required State comment thereon to have been preceeded by an environmental impact report. If that were true, it would either slow down the Federal environmental reporting process considerably, or perhaps, make it impossible for the State to reply to Federal proposals within the time guidelines for those Federal proposals. Since the end sought is an environmental report prior to an action having a significant environmental impact, it would be consistent with your objectives as we understand them, and ALP requests, that HB 773 exempt from the environmental impact report requirement all situations where the Federal NEPA is used. This would create a clean dovetailing of the State and Federal laws, thereby preventing needless duplication, while assuring that an environmental impact report is written on projects affecting State land.

The words "within state owned lands" as found in 46.36.020 and 46.36.030 arguably encompass all Federal land and private land within the State. This, then, leads to a result where any activity with which the State is involved on Federal or private land has to be preceded by an environmental impact report notwithstanding the fact that the Federal NEPA process has been utilized. This problem can be eliminated by changing the word "within" to "on". This wording change, when coupled with the exemption for activities where the Federal NEPA prccess has been used, discussed above, should avoid the problem of jurisdictional dispute and needless duplication of administrative effort in both the public and private sector.

Finally, what is the purpose of the difference between the language used in Section 46.36.020 which triggers the writing of a report and that in the Environmental Policy Act of 1969? The Federal Act requires the writing of an impact statement for every "major action significantly affecting human environment." (emphasis added) HB 773 requires an impact report for every "project, activity, or action that has or could have a significant effect on the environment within State owned land." As was stated by those appearing before the House Resources Committee, on February 27, 1976, careful attention will have to be paid to the mechanism which triggers the preparation of such reports and specific guidelines will have to be drawn. In this regard, ALP endorses the position of Commissioner Mueller that the committee should consider similar legislation in other states to determine what their triggering mechanism is and what their experience has been regarding it.

Thank you for the opportunity to provide written testimony on the subject.

Yours very truly,

James A. Rynearson,
Vice President-Woods Division

HB
803

"An Act providing for an oil production income tax; and providing for an effective date."

COMMITTEE REPORT

HOUSE

4/7/76 FINANCE

Mr. Speaker: Date 4-15-76

The Committee on RESOURCES has had 2nd SSHB 803 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

(X) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

(1) Bob C. Anderson Do Not Pass Ever Ever Ever!!!

(2) _____

(3) _____

(4) _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob C. Anderson Chairman

AGO 547402

File

HOUSE RESOURCES COMMITTEE

TESTIMONY OF LAWRENCE L. WILSON

April 14, 1976

2d SSHB 803

My name is Lawrence L. Wilson, Associate Tax Counsel, Union Oil Company of California. I appreciate the opportunity to speak to the Committee in connection with 2d Sponsor Substitute for House Bill 803.

This bill purports to define net income from oil producing operations in Alaska and subject it to a 9.4% tax. Such tax would become a credit against the State's corporate income tax which is computed on all operations of the taxpayer.

2d SSHB 803 would introduce new concepts of taxing an oil producer which radically depart from concepts found under the regular State corporate income tax structure. The practical effect for present oil producers in Alaska would be that the regular corporate income tax would be rendered meaningless, and the traditional concepts of taxation worked out over decades of experience would not be applicable.

A further effect of this new form of taxing income would be double taxation on the taxpayer because Alaska would tax the income fully and yet the same income would be subjected to tax in other states under their apportionment formulas. Union and other companies do not object to income taxation by the various states. The objection comes when the states, through taxing mechanisms

such as that contained in 2d SSHB 803, attempt to tax more than what adds up to 100% of the income.

Adoption of this new form of taxation would be in clear violation of the basic concepts of uniformity of state taxation of multistate business embraced by Alaska in its adoption of the Multistate Tax Compact of 1970. In adopting the Compact, the State decided that it was preferable to determine the amount of income attributable to the Alaska operations of a multistate business by means of a uniform apportionment formula. Under this formula, a portion of the taxpayer's total income would be attributed to the State based on the ratio of property, payroll and sales within the State to property, payroll and sales everywhere. The Compact has served the State well, as indicated in a staff "Review of the Multistate Tax Compact" submitted as part of Senator Huber's report to the Legislative Council, January 9, 1976. Having thus enjoyed the fruits of uniform apportionment under the Compact, it would now be extremely unfair for the State to abandon uniformity in favor of the perceived short-range advantage of separately taxing income from oil production operations in Alaska.

The bill is objectionable in that it fails to properly measure net income from oil producing operations. It ignores the basic concepts of arriving at net income under the income tax provisions of Chapter 20, Title 43 of the Alaska Statutes, which concepts have been worked out after decades of experience. The bill would formulate a completely new tax base.

The bill is structured in a way to specify a limited class of specific deductions with certain of the classes given further

limited or restricted meanings. Hence, the traditional broader view of income taxation which permits as deductions those ordinary and necessary expenditures of a business to arrive at net income has been sacrificed in favor of an exceedingly narrow view as to what items constitute legitimate deductions. For example, the following is a partial list of items which are either excluded as a deduction or it is at best unclear that they fit within a category which will provide a deduction:

1. ad valorem taxes on producing equipment;
2. lease rentals;
3. interest paid on borrowed capital invested in production facilities or exploratory operations;
4. abandoned or scrapped property;
5. certain maintenance and repair expenses;
6. cost of abandonment of facilities, such as platforms;
7. fees, licenses, permits, and similar items.

The bill would deny any deduction for depreciation or amortization of lease acquisition or exploration costs incurred before 1974. The bill would also deny deductions for depreciation of development costs incurred before 1970. To give some perspective to this, there would be no deduction for costs of discovering and acquiring interests in the Prudhoe field, there would be no deduction for any of the $900 million spent on North Slope bonuses, and there would be no deduction for depreciation of any of the platforms and related facilities in the Cook Inlet. We fail to see any rational basis for excluding these substantial costs.

The bill would deny deduction for research, engineering and design costs of facilities necessary to produce oil in Alaska, as well as other costs and overhead attributable to Alaska operations simply because such costs are incurred outside the State. This is an arbitrary and unfair distinction which loses sight of the reality that such costs are necessarily a part of the investment in Alaska. It is somewhat ironic that the State presently is vigilant in seeing that these very same costs are part of the Alaska property tax base for purposes of the state's 20-mill property tax.

The bill would require capitalization of intangible drilling and development costs (IDC), dry hole losses, unsuccessful geological and geophysical projects and non-variable operating expenses, notwithstanding that such costs are currently deductible for Alaska corporate income tax purposes. This feature of the bill alone would in most cases substantially increase taxes on Alaska-based producers, including the Regional Native corporations, as well as on the multistate producers.

The bill contains a formula for determining what part of exploration costs and bonuses is to be attributed to oil. The formula is the ratio of the producer's oil value in the preceding year to the total value of his oil and gas in such preceding year. The formula really has no relationship to costs incurred by the taxpayer or to the objective he may have in mind for a particular exploratory property. In short, the formula is wholly arbitrary and can lead to distorted and inequitable results.

The bill permits a deduction for oil production taxes but limits the deduction to the net production tax paid after any allowance of credit for reserves tax against the production tax. The reserves tax can be viewed as a prepaid production tax since it can be used as a credit for the production tax liability. The bill would deny a deduction for that part of the reserves tax when used as a credit. Put in perspective, the effect would be to deny nearly $500 million of deductions for the Prudhoe field producers and other producers in Alaska.

The bill permits a deduction of 25 cents per barrel for "general administrative costs." So far as I can determine, the term is not a term of art having a definite meaning nor is it defined in the bill. The amount appears to be an arbitrary one and, because it is arbitrary, it would be coincidence if it applied equitably to all taxpayers. This is a prime example of the narrow view taken in the bill as contrasted to the broader and more traditional view permitting those deductions which are the ordinary and necessary expenses of a business to arrive at net income from that business.

The bill ostensibly provides for certain loss carryovers but these are limited to development and production cost deductions and then only to the extent that such particular deductions exceed the total value of the oil at the point where oil is valued. This fails to accomplish the basic purpose of loss carryovers and carrybacks where such a loss to be carried to a future or prior year does not depend on a particular deduction but, rather, the totality of the deductions.

The bill would create numerous controversies as to the proper interpretation of the statutory language. Where does exploration cease and development begin? What costs are variable, i.e., would not be incurred if production ceased? What constitutes cessation of production? What are "fair" transportation costs? What is a general administrative cost? All of these questions and more would undoubtedly require final resolution in the courts of this State.

Finally, I would like to say a word about the 9.4% rate of tax. As pointed out in my testimony, 2d SSHB 803 represents a radical departure from concepts under the Alaska corporate income tax which also has a 9.4% rate of tax. Even under traditional concepts of income taxation to arrive at net income, a tax rate of 9.4% is one of the highest in the nation. But when the tax base is arrived at under a bill such as 2d SSHB 803 and is still taxed at the same rate, then the effective rate on true net income would be substantially higher than 9.4%. Alaska's present tax package on the oil industry, considering income, property and production taxes, is already the highest of any oil producing state in the nation. It is our belief that any new taxes or increases in existing taxes will work to the detriment of the State and its citizens, as well as the oil industry.

WORK COPY —

TAXES IN THE EIGHT LARGEST OIL PRODUCING STATES[a/]

Rank in Oil Production	State	Tax As A Percent Of Producer's Share Of Oil Revenue: Production Tax (Percent)	Property Tax[b/] (Percent)	Total (Percent)	Maximum State Corporate Income Tax Rates (Percent)	Production, Property, and State Income Tax as a Percent of Producers Share of Oil Revenue[g/] (Percent)
1	Texas	4.6	2.5	7.1	None	7.1
2	Louisiana	12.5	0.4	12.9	4.0 (Louisiana has 38% depletion allowance)	14.2
3	California	None	8.0	8.0	9.0	15.2
4	Oklahoma	7.0	Nil	7.0	4.0 (Okla. has 22% depl.)	~~10.3~~ 9.3
5	Wyoming	4.0	5.5	9.5	None	9.5
6	New Mexico	6.5	1.5	8.0	5.0	11.9
7	Kansas	Nil	4.5	4.5	6.75	10.1
8	Alaska					
	-Present Taxes					
	At Cook Inlet	8.3[c/]	2.5	10.8	9.4	
	At Prudhoe Bay	7.7[d/]	1.9[e/]	9.6	9.4	17.0
	-Dr. Tanzer's Proposed Income Tax					
	At Prudhoe Bay	7.7[d/]	1.9[e/]	9.6	50.0	48.7
	-Senator Huber's Proposed Taxes					
	At Cook Inlet	9.9[f/]	2.5	12.4	50.0	
	At Prudhoe Bay	12.6[d/]	1.9[e/]	14.5	50.0	

a/ Disregards nominal conservation and regulatory levies.
b/ Used estimated industry statewide average except in Alaska.
c/ Industry average in December 1975.
d/ Assumes 10,000 barrels per well per day of 27° oil at $7.00 per barrel.
e/ Assumes $50 million annual property tax and 1.2 million barrels per day of $7.00 oil.
f/ Assumes 875 barrels per well per day of $4.65 oil, 35° gravity.
g/ Assumes $7.00 per barrel wellhead price, 12.5% royalty and $0.75 per barrel operating expenses and depreciation. See page 2 for the calculation of these figures.

PRUDHOE BAY					
With Huber Severance	12.6[d/]	1.9[e/]	14.5	9.4	21.4
With CSSB 295 Severance	11.2[d/]	1.9[e/]	13.1	9.4	20.3

AGO 547409

TAXES IN THE LARGEST OIL PRODUCING STATES

Production, Property, And State Income Tax As A Combined Percent of Producer's Share of Revenue[a/]
(Dollars Per Barrel)

Item	Prudhoe Bay, Alaska		Texas	Louisiana	California	Oklahoma	Wyoming	New Mexico	Kansas
	Under Present Law	Under Tanzer Proposal							
1. Wellhead Value	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00
2. Royalty (12.5%)	.88	.88	.88	.88	.88	.88	.88	.88	.88
3. Producer's Share of Oil Revenue	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12
4. Production Tax[b/]	.47	.47	.28	.76	-	.43	.24	.40	-
5. Property Tax[b/]	.12	.12	.15	.02	.49	-	.34	.09	.28
6. Operating Expenses and Depreciation	.75	.75	.75	.75	.75	.75	.75	.75	.75
7. Depletion Allowance	-	-	-	2.33	-	-	1.35*	-	-	-
8. Subject to State Income Tax	4.78	4.78	4.94	2.26	4.88	4.94	3.59	4.79	4.88	5.09
9. State Income Tax[b/]	.45	2.39	-	.09	.44	.20	.14	-	.24	.34
10. Production, Property and State Income Tax -Total (4+5+9)	1.04	2.98	.43	.87	.93	.63	.57	.58	.73	.62
-Total as Percent of Producer's Share of Oil Revenue	17.0%	48.7%	7.1%	14.2%	15.2%	10.3%	9.3%	9.5%	11.9%	10.1%

a/ Assuming a wellhead value of $7.00 per barrel and $0.75 per barrel operating expenses and depreciation.
b/ At the tax rates shown on page 1.

*Note: After this page was prepared we noted that we forgot to take into account the 22% depletion allowance in Oklahoma.

AGO 547610

TAXES IN THE EIGHT LEADING OIL PRODUCING STATES
COMBINED ALASKAN PRODUCTION PROPERTY AND STATE INCOME TAX
AS A PERCENT OF THE COMBINED TAXES IN OTHER STATES

Prudhoe Bay Alaska				Texas	Louisiana	California	Oklahoma		Wyoming	New Mexico	Kansas
Existing	Tanzer	Huber Severance	CSSB 295 Severance								
Taxes as a % of Producers Share of Oil Revenue:											
17.0%	48.7%	21.4%	20.3%	7.1%	14.2%	15.2%	~~10.3%~~	9.3%	9.5%	11.9%	10.1%
Alaskan Taxes as a Percent of Taxes in Other States (%)											
With Alaska's Existing Taxes				239%[a]	120%	112%	~~165%~~	182%	179%	143%	168%
With Tanzer Income Tax				686	343	320	~~473~~	524	513	409	482
With Huber Severance Tax				301	151	141	~~208~~	230	225	180	212
With CSSB 295 Severance Tax				286	143	134	~~197~~	218	214	171	201

a. This indicates that existing Alaskan taxes are 239% of the taxes in the State of Texas -- 17.0% ÷ 7.1% = 239%.

Note: These figures reflect taxes only, not the State of Alaska's royalty at Prudhoe Bay.

AGO 547411

S C Sandusky
Manager Anchorage Division
Production US & Canada

Marathon Oil Company

PO Box 2380
Anchorage Alaska 99510
Telephone 907/274 1511

March 22, 1976

The Honorable Nels A. Anderson, Jr.
Chairman, House Resource Committee
Alaska State House of Representatives
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Mr. Anderson:

Thank you for your letter of March 8, 1976, advising of your House Resource Committee Hearings on oil and gas legislation.

Because a number of other companies will be presenting witnesses, we fear that our testimony would be repetitive. Therefore, we do not plan to testify. It may be, however, that there will be testimony presented during the hearings which we wish to support or rebut, in which case we would ask for time at these or other hearings of your Committee.

We respectfully request, however, that in your deliberations concerning oil and gas taxes, you consider the type of operations conducted by our company in Alaska. We think we've made a positive contribution to Alaska and we think Alaska has potential for continued exploration. But we don't have enough exploration capital to look everywhere there might be oil. Obviously, we must explore where the yield will be the best. As long as taxes are equal in all the places we have under consideration, they will not be a factor. If one area has disproportionately high taxes, we must disregard the area.

We sincerely believe that if such were the case here, the State of Alaska and her people would be detrimentally impacted. Marathon's operations in the Cook Inlet are significant to Alaska in a number of respects. Marathon employs about 160 permanent Alaska residents. These are sound citizens who make their homes in Alaska. Marathon has produced oil in this state on a significant scale since

AGO 547412

1966. While there is much subjective debate about some types of development in the state, we sincerely doubt that any serious objector could say that Marathon's presence in Alaska has been anything but a real and positive contribution. While many do not even know where our operations are, we and our associates have supplied the natural gas needs of the City of Anchorage and supply the fuel necessary for electricity generation for Alaskans. We have contributed 32.9 million dollars in taxes and this does not include the taxes which our Alaskan employees pay.

In short, we think we have been good Alaskan citizens, both individual and corporate. We sincerely urge that you not make it difficult for us to go about our business by adding to a state tax burden that already ranks among the most expensive in the nation.

Yours very truly,

S. C. Sandusky

SCS/ls

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6140
JUNEAU, ALASKA 99801

#

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PMS NELS ANDERSON
6955
JUN

PROPOSED HOUSE AND SENATE BILLS CONCERNING TAX INCREASES ON OIL AND GAS DEVELOPMENT THROUGH AN EXCESSIVELY HIGH NET PROCEEDS TAX DOUBLING OF THE SEVERENCE TAX LAND AN EXCESS VALUE SURE TAX COULD PROVE DISASTROUS FOR ALASKA OIL AND GAS DEVELOPMENT FOR YEARS TO COME. AS A LONG TIME ALASKA RESIDENT AND PROFESSIONAL BUSINESSMAN INVOLVED THROUGHOUT THE STATE IN DESIGN AND CONSTRUCTION ADMINISTRATION OF ALL TYPES OF PROJECTS FOR PRIVATE INDUSTRY AND GOVERNMENT I AM INTIMATELY AWARE OF THE ONGOING AND SIGNIFICANT INCREASES IN LABOR MATERIALS EQUIPMENT AND BUILDING COSTS FACED BY THE OIL AND GAS INDUSTRY AND BY OTHER INDUSTRIES. ALASKAS LACK OF AN EXTENSIVE SURFACE TRANSPORTATION NETWORT TOGETHER WITH SUBSTANTIAL YEARLY INCREASES IN EXPLORATION AND DEVELOPMENT COSTS DRASTICALLY ERODE THE DESIREABILITY FOR OIL AND GAS PRODUCTION IN ALASKA AS COMPARED TO OTHER PARTS OF THE WORLD. I RESPECTFULLY REQUEST THAT THESE BILLS NOT BE PASSED IN THEIR PRESENT FORM. AN EXCESSIVE TAXATION MAY CURTAIL PRODUCTION ALL TOGETHER. FURTHER THE PROPOSED EXEMPTION OF NON-GOVERNMENTALLY OWNED LAND IS NOT CONSISTANT WITH FAIR TAXATION PRINCIPLES AND I URGE THAT NON-GOVERNMENTALLY OWNED LANDS NOT BE EXEMPTED FROM THE FINAL LEGISLATIVE TAX STRUCTURE.

DAVID G FRITZ EXECUTIVE VICE PRESIDENT KELLY PITTELKO FRITZ AND FORSSEN

AGO 547414

Thomas J. Miklautsch
& Associates

Post Office Box 1
Fairbanks, Alaska 99707
Area Code 907
452-5503 - 452-5571 - 452-5574

10 April 1976

Hon. Nels Anderson
Alaska House of Representatives
Juneau, Alaska 99801

Dear Nels:

One of the issues of this legislature that has caught the attention of almost everyone is the proposed oil-tax legislation. I am sure that if it were possible for the legislature to somehow capture the response quickly of the electorate, there would be clear cut direction for action.

Of course, we don't have that utopian advantage, and perhaps it's a good thing because instant mass communication would eliminate the need for legislatures. I still like our good old system.

I am concerned, however, along with so many others that the legislature is misunderstanding the ethics and morality of the people they represent, the people who in good conscience intend its elected ones to act wisely and prudently.

In the matter of the proposed oil-tax legislation of which you have some direct concern as Chairman of the House Resources Committee, there is a growing feeling that the legislature is trying to win something without regard to possible consequences down the road.

Nels, I really don't know your stand on this, but I trust you will give consideration to the opinions of others statewide. There is an overall attitude that the legislature is crowding the industry in an untimely way and that imposing heavy restrictions before the industry is economically sound in Alaska could bring adverse reactions to the people.

You won't find argument with fair taxation of the industry, but to prevent it from growing and developing is to bring abuse upon the State in not realizing the benefits it is struggling for.

It is important that the legislature keep in mind that a proper time exists for everything. There will be a time when once the oil industry is entrenched on a sound economic basis, the legislature will reassess the value of returns from its resources and act accordingly. That time is not here yet.

You know I have some oil interests, Nels, but ruling them out and in good conscience I would have to make the same recommendation to oppose the proposed oil-tax legislation.

The people today are weary of "government". Be assured that they are looking for legislation that is fair, rational and sensible.

Best regards,

tom

AGO 547415 +

THE ALASKA MINERS ASSOCIATION

Anchorage Branch

Star Route A - Box 78D
Anchorage, AK 99507

April 7, 1976

The Honorable Nels A. Anderson, Jr.
Chairman House Resources Committee
Box 234
Dillingham, AK 99576

Dear Nels:

Enclosed is a resolution just passed by the Alaska Miners Association on the Oil Taxation issue. It looks like the proposals will not pass, but we do want to be on record in opposition to these proposals.

Also enclosed is another and more critical resolution together with a copy of a letter to Governor Hammond. Somehow we must get mining expertise into the regulation of the placer mining industry. This resolution is a beginning. We would appreciate your efforts in drafting legislation on this subject.

Sincerely,

Chuck Hawley

C. C. Hawley, Chairman
Anchorage Branch AMA

ams
cc Governor Hammond
Charles Towill, BP
Keith Arnold, AOGA
Anchorage Times
Anchorage News

AGO 547416

Adopted - Anch. Meet April 5

BE IT RESOLVED BY THE ALASKA MINERS ASSOCIATION:

WHEREAS, additional oil industry taxation will substantially reduce bonus payments at future Native Corporation and State of Alaska lease sales; and

WHEREAS, additional excessive oil industry taxation by the State of Alaska could precipitate Congressional action to drastically alter the rights of individual states to tax interstate companies; and

WHEREAS, additional oil industry taxation would reduce the incentives to explore for new oil fields in the State of Alaska, the most promising of the fifty United States, and would contribute to our nation's tragic increasing dependence on foreign sources; and

WHEREAS, additional oil industry taxation would substantially reduce employment opportunities for many Alaskan residents; and

WHEREAS, additional taxation of our Natural Resource industries is not in the best interests of the State of Alaska or our nation;

the Alaska Miners Association strongly urges the Ninth Legislature of the State of Alaska to refrain from further consideration of those proposals advocating additional taxation of the oil industry.

Resolved

AGO 547417

Legislative Affairs Agency
Research Division
April 13, 1976

2d SSHB 803
PROJECTED TAX REVENUE - PRUDHOE BAY
(In Millions of Dollars)

Year	$10	$13	$16
1977	6.7	27.5	48.3
1978	142.4	254.6	361.4
1979	205.1	337.0	468.9
1980	219.3	353.8	488.3
1981	222.7	357.2	491.8
1982	226.9	361.5	496.0
1983	226.7	361.2	495.8
1984	226.9	361.4	496.0
1985	226.4	360.9	495.5

AGO 547418

Legislative Af' irs Agency
Research Divis .i
April 13, 1976

2d SSHB 803
PROJECTED TAX REVENUE - COOK INLET
(In Millions of Dollars)

Year	
1977	21.3
1978	22.0
1979	22.2
1980	21.9
1981	20.2
1982	19.2
1983	18.2
1984	17.6
1985	16.5

AGO 547419

NOTES TO PROJECTED REVENUE ESTIMATES FOR 2d SSHB 803

PRUDHOE BAY

The revenue estimate is on calendar year basis and was developed on the following assumptions:

1. We used the thruput figures from the Tanzer Report, on calendar year basis. Since then, new Division of Oil and Gas estimates reflect a certain delay in the completion of the transportation system. This will cause a limited shift of expected revenue from 1977 to calendar 1978 and early 1979.
2. Transporation cost as well as operating cost figures were taken from the Tanzer Report. Since then we obtained new cost figures for the pipeline. These will tend to lower the respective wellhead values in the chosen price categories. The estimates presented are thus slightly high.
3. The depreciation estimate is based on a 10 year, straight line depreciation schedule.
4. The severance tax deduction was estimated by applying a 7.5 per cent rate to the respective wellhead values.

COOK INLET

Operating revenue was derived from production data and projections published by the Division of Oil and Gas, and price projections published by the Division of Research. Other assumptions are:

1. Straight line depreciation beginning in 1970, but (as the legislation specified) only those accruals after 1 January 1977 counted, and with apportionment as between oil and gas based on projected oil and gas wellhead values published by the Division of Research.
2. Secondary recovery and workover costs estimated and treated as development costs.
3. No exploration costs deducted.

NATIONAL COMMITTEE FOR THE ALL-AMERICAN, ALL-ALASKAN GAS PIPELINE

USAlaska Energy

ORGANIZATION FOR THE MANAGEMENT OF ALASKA'S RESOURCES (OMAR)
Box 516 / Anchorage, Alaska 99510
907/278-9615

March 22, 1976

Representative Nels Anderson
Pouch V
Juneau, Alaska

Dear Nels:

Please enter the enclosed in your records of the gas line hearings.

Yours truly,

Beverly Isenson
Executive Director

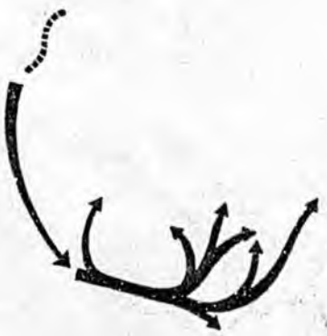
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AGO 547422 +

NATIONAL COMMITTEE FOR THE ALL-AMERICAN, ALL-ALASKAN GAS PIPELINE

USAlaska Energy

ORGANIZATION FOR THE MANAGEMENT OF ALASKA'S RESOURCES (OMAR)
Box 516 / Anchorage, Alaska 99510
907/278-9615



RESOLUTION

BE IT RESOLVED by the unanimous vote of Directors attending the Board of Directors meeting of the Organization for the Management of Alaska's Resources, assembled on March 20, 1976, in Anchorage, Alaska; that The OMAR (Organization for the Management of Alaska's Resources) opposes any new or additional taxes on resources or the extraction, or processing thereof, for the following reasons:

1. Alaska's present taxes on resources are equitable. They are comparable to resource taxes in the other states.

2. New or additional taxes on resources will impair efforts to obtain oil, gas and other processing facilities within the state.

3. New or additional taxes on resources will impair efforts to have a gas pipeline built across Alaska.

4. New or additional taxes on resources will make financing of a gas pipeline difficult, if not impossible.

5. New or additional taxes on resources will severely limit the availability of jobs and of energy sources within Alaska.

6. New or additional taxes on resources will deter exploration for and development of oil, gas and minerals within Alaska.

7. New or additional taxes on resources, or even proposals therefor, contribute to economic and political instability, to the detriment of all Americans.

8. New or additional taxes on resources will impede efforts of Alaska Native Corporations to develop resources on their lands.

Signatures attached for:

Homer L. Burrell	George R. Dash	P. M. McCollum
Paula P. Easley	Tom Fink	James M. Crawford
Muktuk Marston	Kelly Gay	Richard M. Pittenger
Elaine Atwood	Lee E. Fisher	H. Glenzer Jr.
Barton R. Vernon	Philip G. Degnan	Richard L. Cattanach
John Rhodes	John C. Morris, M.D.	George Ed Smith
Gloria J. Tokar	Frank Chapados	Robert W. Fleming
Wm. R. Wood	Beverly Isenson	Robert Penney
Kay M. Linton	John C. Garland	P. J. Penney
		J. M. Foode
		James G. Dye

AGO 547423

NATIONAL COMMITTEE FOR THE ALL-AMERICAN, ALL-ALASKAN GAS PIPELINE

USAlaska Energy

ORGANIZATION FOR THE MANAGEMENT OF ALASKA'S RESOURCES (OMAR)
Box 516 / Anchorage, Alaska 99510
907/278-9615

Howard Burnell
Paula P. Easley
Merkuk Marstad
Elaine Atwood
Barton R. Vernon
J. L. Rhoads
Gloria J. Tucker
Wm R. Wood
Kay M. Linton
Leo R. Nash
Ron Fisk
Kelly G. Ayo
Lee Fisher

Ralph G. Wagner
John E. Nowicki M.D.
Frank A. Rapadas
Beverly Johnson
John C. Garland
P. M. McCollum
James M. Crawford
Richard A. Pettenger
X Helenjo Jr.
Raymond L. Cotton
George Ed. Smith
Robert W. Heneen Jr.
Robert A. Feeney
A. C. Swalling
P. J. Feeney
Jim Foode
Walter D. Hoyt

A Vital Link in . . . **"PROJECT INDEPENDENCE"**

AGO 547424

Tom Williams 4-14-76 Director Div. of Petroleum Revenues - Department of Rev.

T

will take at least one million more in the Dept of Revenue than is now in their budget. to ~~xxxx~~ administer the programs.

Sec #1

9.4

Sec. 020.

How to compute the tax

Ques. Each individuals ~~xxxxx~~ TAXpayer or work throughout the State =

ques on Sub-section (c) pg 3.

How would the tax affect the feelings in Washington w/ F.E.A.

Fred Boetch — Deputy Comm. of Revenue

Concerns

(1) Timing - could have depressing

(2) Gov has asked for more research on taxing ability

(3) Prudoe Bay Production won't begin till next yr_

appears to be a replacement for corporate income tax

MARK Singletary A.R.C.O. - Oil + Gas industry has provided for a better life for the people of Alaska

Question whether it is appropriate for the Leg. Should discriminate against the oil + gas industry - No objection to taxing all industry at the same rate. This tax is not equatable with other industries. **Why??**

Dick Donaldson S.O.H.I.O.

Questions: Multi-State compact 21 states.

Property. Payroll - Sales - 803 based only on Sales.

Contrary to fundamental concept of multip state.

AGO 547425

Attempts to tax all of the income wherever its earned

duplicative taxation. Other states tax also. Tax falls on other Royalty producers.

Sales only - Drifts into Commerce clause + Restraint of trade.

(1) Time limitations

limitations of expenses ocurred outside of state for deve.

(2) Sec 24. Deduction for severance ~~tax~~. Deduction from deduction - Taxing SOHIO for money paid for reserves urged period of Stability - Gov asked for period of research - Lipton look over the "Big Picture" before you make any tax decision.

Larry Vaborn - Union oil - Larry Wilson Assoc. Tax Council Union oil Based in Los Angeles.

Credit to taxing on income tax. - Double taxation - OTHER

Uniformity with other states. - Ignored -

Net Income - Formulate New TAX base - HARDOW list

20.43. of deductions.

1. Ad Valorum
3 Lease Rentals
4

Abandoned or scrapped property

5. ~~Deduc~~ Depreciation of Platform
7. Research + Design.
6.

Arbitrary + unfair costs - Distorted. STATE USES

~~Arbitrary~~ The Non-allowable deductions for taxing on the property tax.

500 Million doller deductions Not allowed for Prudoe -

Nels A. Anderson. Not in the best interest of the state of Alaska to have a tax at this time. Should take the time to address the problems, but will bow to the expertise of the finance committee. Too many unanswered questions regarding this.
Brown moved to pass the bill out of Committee + requested a roll call vote. Swanson seconded the motion.

Eliason commented on the bill - Untimely, No one in favor of the bill except the sponsors. Should Not make the
Eliason moved to table —
Anderson Adjourned.

HB
804

POLICY STATEMENT ON SUBSISTENCE UTILIZATION OF FISH AND GAME

A. LETTER TO BILLY G. BARRIER, DIRECTOR
DIVISION OF LEGAL SERVICES

B. HB 804 AND CH 199

C. JOEL BENNETT - EXPLANATORY LETTER

D. COMMISSIONER JAMES W. BROOKS ANALYSIS

E. POLICY STATEMENT ON SUBSISTENCE UTILIZATION OF FISH AND GAME

F. RESPONSE TO ANALYSIS - PENDING

A

February 5, 1976

Billy G. Barrier, Director
Division of Legal Services

I respectfully request that the following proposed legislation be drafted.

A) Option to create subsistence zone area.

The thought is that a fish and game unit area or combination of two or more game units or regional area coincidental to regional association area (such as Association of Village Presidents) can opt to become a subsistence zone area.

The procedure for seeking this particular status will be somewhat similar to that of how municipalities are created, i.e. hearings, application by recognized regional or local fish and game advisory boards to the Dept. of Fish and Game.

A commission of five shall be formed composed of Representatives from the following Departments and organizations.

1) Dept. of Fish and Game

2) Dept. of Community and Regional Affairs

3) Office of the Governor-appointee

4) Two representatives from two other organizations such as Alaska Federation of Natives and Rural Alaska Community Action Program, Inc.

There will be provision for the subsistence zone area dissolution.

Hopefully funding for the commission work will come from each entity collectively or singularly.

Sincerely,

Phillip Guy

LAWS OF ALASKA

1975

Source

SCSHB 369 am S

Chapter No.

199

AN ACT

Relating to game conservation; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 16.05 is amended by adding a new section to read:

Sec. 16.05.255. SUBSISTENCE HUNTING REGULATIONS. (a) The board, at its regularly scheduled annual game board meeting, may adopt regulations providing for subsistence hunting in a game management unit or subunit or a portion of a unit or subunit only upon recommendation of the department, based on biological evidence, or the majority vote of the active local advisory committees for that game management unit or subunit, including but not limited to:

(1) the establishment of subsistence hunting areas;

(2) the regulation of transportation methods and means to protect subsistence hunting within subsistence hunting areas, including the prohibition or limitation of pack animals, mechanized vehicles and air craft, other than watercraft or wheeled vehicles operating on a road maintained by public funds;

(3) the establishment of open and closed seasons and areas to protect subsistence hunting;

(4) the limitation of hunting to only one sex of the animal.

(b) In this section

(1) "subsistence hunting" means the taking of

game animals by a state resident for food or clothing for personal or immediate family use;

(2) "subsistence hunting area" means an area designated by the board as primarily important for subsistence use and in which it is unlikely that subsistence needs will be met if recreational hunting including hunting for trophy purposes is permitted or if certain methods and means are continued.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved by governor: June 25, 1975
Actual effective date: June 26, 1975

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M March 2, 1976

SUBJECT: HB #804 and Ch 199 (SLA 1975)

TO: Phillip Guy

FROM: Joel Bennett JAB

1) AS 16.05.255 is the section dealing with the regulatory authority of the Board of Game. AS 16.05.257 is the subsistence hunting regulation section. Therefore section 257 is appropriate for repeal under HB 804.

2) The difference between existing 16.05.257 and HB 804 lies primarily in the fact that HB 804 provides an expanded mechanism for the creation of subsistence areas. Where AS 16.05.257 empowers the game board to set up areas only upon recommendation of the Department of Fish and Game, based on biological evidence, or the majority vote of active local advisory committees, HB 804 directs such to be considered in response to (1) petitions by resident groups, the governing body of a village or rural community, the board of directors of a village corporation created under ANSCA, or a fish and game advisory committee. Hearings are expressly provided for with direction that a decision must be made by the board within a reasonable time after hearings are concluded. HB 804 sets up a separate subsistence advisory commission to facilitate board determinations (not in present law) and provides that subsistence fishery areas may be considered as well as game subsistence areas (not in present section 257).

The types of limitations possible to the board to protect subsistence uses are enumerated in present AS 16.05.257(a)(1)-(4). These would be covered via consideration of the petition request in section 735 of HB 804. In other words, the burden is on the petitioner to set out what is required to protect his specific subsistence situation. The board would then consider whether to incorporate that in the creation of the area.

Present AS 16.05.251-255 includes very general authority relating to subsistence activity, if AS 16.05.257 were not law and without the provisions of HB 804. Both 257 and HB 804 are attempts to specify what that authority is, and expand it to include necessary additional concerns.

I hope this will be of some assistance to you in explaining this legislation.

JB:smh

D

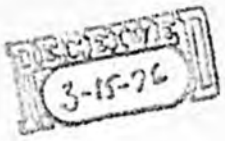
STATE OF ALASKA

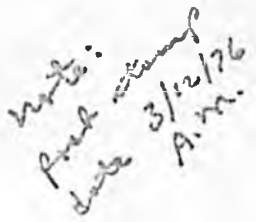
JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER / SUBPORT BUILDING
JUNEAU 99801

March 4, 1976





The Honorable Phillip Guy
House of Representatives
Alaska State Legislature
Pouch V, State Capitol
Juneau, Alaska 99801

Dear Mr. Guy:

I have prepared an analysis of HB 804 and Sec. 16.05.257 of Title 16 for your consideration. Copies of this analysis are also being sent to the House and Senate Resources Committees, at their request. The department believes that Sec. 16.05.257 of Title 16 is the preferred method for designing a system to insure local benefits from the game resource. Previously the Board of Fish and Game and the commissioner adopted a policy on subsistence utilization of fish and game (a copy is enclosed). Section 16.05.257 is consistent with that policy and provides direction and authority to the Board of Game.

The Boards of Game and Fisheries (formerly the Fish and Game Board) have consistently provided for local preferences under existing statutes without undue discrimination. Examples are abundant and include: the sale of caribou for barter and commercial purposes north of the Yukon River; unlimited caribou bag limits and year-around seasons north of the Yukon; bag limits on walruses that recognize differences between animals taken for food and for recreational purposes; registration systems for taking game that require registration at specific entrance points, thereby favoring local residents; seasons timed to facilitate natural preservation of meat; seasons late in the winter to provide meat at a critical time of the year; restrictions on taking game with the aid of mechanical vehicles; and restrictions on taking big game the same day airborne. The foregoing are a few of the many regulations the Boards have promulgated in their efforts to assure continued benefits to rural consumers of game.

An Analysis of HB 804

Sec. 16.05.730, Legislative Findings. While subsistence uses of fish, game, berries and plants are of particular importance to the health, safety and general welfare of rural Alaskans, they are of no less value for the same and additional purposes to many urban dwellers.

Sec. 16.05.735, Petition for the Establishment of a Subsistence Area. The probable effect of this provision would be to elicit petitions for subsistence areas around each village in Alaska. The effect of these areas, if established, is not clear in this bill. For example, if the intent of the subsistence area concept is to allow subsistence use only by a certain class, such as those residents of the subsistence area, then the proposal may violate Article VIII, Sec. 4 of the Constitution. Alaska Constitution, Sec. 4, "Fish, forest, wildlife, grasslands and all other replenishable resources belonging to the state shall be utilized, developed and maintained on the sustained yield principle, subject to preferences among beneficial uses." The creation of a separate class of user perhaps would be a subversion of the term "uses" by interpreting it to mean "users." Undoubtedly an opinion from the Attorney General's office is appropriate. The intent of the phrase "length of time necessary to adequately utilize the species for subsistence purposes" is not clear to us. There is also the probability that so large a number of petitions would make the Board's mandated task of reviewing impossible. This tends to be reinforced by the term "shall" on page 1, line 22.

In several instances the bill refers to the retention of authorities already vested in the Boards of Fisheries and Game. These repetitions appear unnecessary. Examples are found on page 2, lines 7 through 11, and 26 through 29, and page 3, lines 18 through 23.

On page 4, lines 15 through 18, (29) "sustained yield level," this appears to be a paraphrase of the term "optimum sustained yield" that appears in the

Marine Mammal Protection Act of 1972. In the Marine Mammal Protection Act of 1972 the term "'optimum sustainable population' means with respect to any population of stock, the number of animals which will result in the maximum productivity of the population or the species, keeping in mind the optimum carrying capacity of the habitat and health of the ecosystem of which they form a constituent element." This term has never been satisfactorily defined and it remains a stumbling block in Alaska's attempt to regain management of marine mammals. Such a difficult terminology should not be a part of state legislation.

Page 3, lines 12 through 17, Sec. 16.05.748, Application of the Administrative Procedures Act. This section appears to exempt the establishment of subsistence areas from the Administrative Procedures Act. If that is the meaning of the term "classification" the department believes that such an exemption is both unnecessary and undesirable. Since most other regulations enacted by the Board require adherence to the A.P.A., there seems no necessity for such an exemption. Establishment of subsistence areas will be of general interest and concern to all citizens and they should have the protection and coverages afforded by the Administrative Procedures Act.

Differences between HB 804 and Sec. 16.05.257 of Title 16.

There are several essential differences between HB 804 and Sec. 16.05.257 of Title 16. Sec. 16.05.257 basically is a management statute providing the department and the board with several powers to respond to legitimate needs of the various citizen groups. It is permissive, requiring only that the Board of Game seek the best solution to a particular problem. The powers listed include, "(1) the establishment of subsistence hunting areas; (2) the regulation of transportation methods and means to protect subsistence hunting within subsistence hunting areas, including the prohibition or limitation of pack animals, mechanized vehicles and aircraft, other than water craft or wheeled vehicles operating on a road maintained by public funds; (3) the establishment of open and closed seasons in areas to protect subsistence hunting; (4) the limitation of hunting to only one sex of the animal." These powers allow for enactment of regulations to provide for local needs without going to the extreme of establishing exclusivity in the use of the resource.

Also, the definition of "subsistence hunting" is straightforward and it does not establish classes or areas of preference.

House Bill 804 establishes a new regime for managing fish and wildlife in that it requires consideration of each petition for a subsistence area, establishes a commission to assist in evaluating these petitions and waives the Administrative Procedures Act. While exclusivity of use by residents of the subsistence areas that might be created by HB 804 is not mandated, there is strong suggestion that such is the intent.

HB 804 clearly intends to include the subsistence fishery within its scope of activity. However, it is difficult for the department to analyze the impact of the fishery portions of the bill upon the existing commercial and recreational fisheries. Section AS 16.05.740(b)(3) authorizes either board, or both in joint meeting, to change the boundaries of a subsistence area if "a conflict exists in an area that is being commercially fished as of the effective date of this act." However, the definition of subsistence area (AS 16.05.940(28)) refers only to the impact on subsistence needs of recreational hunting for trophy purposes. No mention is made of either the commercial or recreational fishery. We can but speculate as to the intended interaction of these and other features of the bill with respect to the existing recreational and subsistence fisheries. For example, is it the intent of the bill that a commercial fishery outside the subsistence area could be in essence terminated by the Board by means of extending the subsistence area to include the area of the commercial fishery? No!

Justification for this, conceivably, could be that the commercial fishery in an area far removed from the subsistence area was having a definite impact on subsistence requirements. The same principal of course could apply for recreational fisheries both in and removed from the subsistence area itself.

In summary, the department believes that Sec. 16.05.257 of Title 16 provides all of the tools necessary for the Board of Game and the department to provide for local uses of game. For that and other reasons listed above, we prefer 16.05.257 to House Bill 804.

Sincerely,

James W. Brooks
Commissioner

cc: Nels Anderson
Mrs. Kay Poland

Enclosure

POLICY STATEMENT ON SUBSISTENCE UTILIZATION OF FISH AND GAME

E

BY THE

ALASKA BOARD OF FISH AND GAME

AND

COMMISSIONER, ALASKA DEPARTMENT OF FISH AND GAME



While fish and game resources were once a crucial factor in the survival of all Alaskans, a growing population segment is becoming partially or totally independent of these resources. This change is the result of advanced food production technologies elsewhere, rapidly improving logistics, and a growing immigrant population whose demands mainly involve recreational and nonconsumptive resource uses. Nevertheless, direct domestic utilization of fish and game is still vital to the maintenance of most rural Alaskans and is an essential supplement to the larders of some urban citizens. Beyond directly satisfying food requirements, home consumption of fish and game tends to preserve indigenous cultures and traditions and gives justification and gratification to a strong desire possessed by many to hunt and fish. The latter functions seem genuinely important to the physical and psychological well-being of a large number of Alaskans.

The very rapid changes occurring in Alaska now give rise to grave concerns that the accustomed contribution of fish and game to subsistence economies will be threatened. By reason of culture, location, economic situation or choice, large numbers of people will find it impossible to abandon or alter their way of life at a pace paralleling changes brought by new shifts in land status and ownership, nonrenewable resource developments, road extensions and transportation improvements and a phenomenal rate of population growth. In recognition of the above facts and of the responsibilities mandated to the Board and the Commissioner, the following statements which express the views of these authorities are considered necessary and timely.

The existing variety of cultures and life styles in Alaska are of great value and should be preserved. While limitations on the productivity of fish and game must discourage continued increases in the numbers of subsistence type resource users, domestic utilization is still of fundamental importance to many Alaskans, and accordingly it is assigned the highest priority among beneficial uses. Within legal and biological constraints, fish and game will be allocated to subsistence users on the basis of need. It is understood that the needs of individuals, families or groups will differ in type and degree and that subjective judgments will unavoidably be necessary in weighing actual need. Elements considered in establishing the level of need include culture, custom, economic status, alternative resources, location, and voluntary choice of life style. It is further understood that subsistence requirements will not make equal demands on all resources in all areas, and that recreational, commercial and nonconsumptive uses will continue to be permitted where and to the extent that they do not truly interfere with or jeopardize subsistence resource use. It is the expressed intent of the Board and Commissioner to be guided by the above stated policies in fulfilling their duties of managing Alaska's fish and game in the face of drastic changes in land status, nonrenewable resource development, and economic and social changes.

HB
808

"An Act authorizing state land to be made available as homesites."

COMMITTEE REPORT

2/17/76 FINANCE

HOUSE

Mr. Speaker: Date 4-6-76

The Committee on RESOURCES has had HB 808 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 808 AND THAT CS FOR HB 808 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Walt A. Anderson

Tom Hirshberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Walt A. Anderson Chairman

4/21/76

To whom it may concern,

My name is Michael O. Sheppard and I have lived in Homer since 1971. I am interested in the 2 acre homestead sites the state has recently made available.

Would it be possible to forward an application? I would also appreciate a map or description of the available areas — those open to the claim.

Regards.

Michael O. Sheppard
Box 565
Homer Ak.

file 808

March 22, 1976
3005 West 33rd, Apt. 3
Anchorage 99509

House Resources Committee Chairman
Democrat Nets Anderson

Dear Rep. Anderson:

We'd like to see House Bill No. 808 ("An act authorizing state land to be made available as homesites") become law. We can't afford to buy houses or the land to put them on at the incredibly high Alaskan market rates -- and Bill No. 808 offers us a chance to own an Alaskan home.

Although we're basically in favor of the bill as it stands, we think the following two changes would benefit a large numbe r of Alaskans the bill is intended to help:

Section 38.05.327, page 2, lines 26-28. This provision as stated would prevent applicants for homesites from "holding title to, or interest, other than as a tenant for a limited term, in a habitable dwelling." We think this should be amended to say applicants should "hold no title to land a habitable dwelling occupies." Many Alaskans prefer to invest in mobile homes rather than pay hundreds of no-return dollars in apartment or house rent each month, but can't afford to buy land to locate those mobile homes on. So, while they own title to a "habitable dwelling," they're still "tenants" because they must pay land rental fees each month.

Subsection D(f), page 4, line 2. This provision calls for the homesite permit holder to erect on the homesite land a "dwelling of a permanent nature." We think mobile homes located on land the permit holder is in the process of acquiring should be considered "dwellings of a permanent nature." House Bill No. 808 is intended to provide "land for Alaskans to settle at a cost reasonably within their means." Many Alaskans simply can't afford house construction costs -- even if they could acquire homesite land at a nominal cost. Few people have the skills necessary to build a house themselves -- and the cost of hiring a builder would be prohibitive. Thousands of Alaskans live for many years in mobile homes that have been skirted and equipped with water, heating, sewage and elelctric facilities.

We live here, we vote here, we pay taxes here -- and we intend to stay. Thanks for giving us the charce to own homes here.

Very truly yours,
John W. Sadusky
Linda Leask

John W. Sadusky
Linda Leask

Hon. Nels Anderson

TESTIMONY BEFORE THE HOUSE RESOURCES COMMITTEE
REGARDING HOUSE BILL 808

WORK COPY

PLANNING ASSOCIATION OF ALASKA

Mr. Chairman:

My name is Bob Pavitt. I am a professional planner currently in private practice in Juneau. I am also a "card-carrying" lobbyist, and am serving as the Legislative Agent for the Planning Association of Alaska in the presentation of this testimony.

Senator John Rader recently found himself speaking favorably on what turned out to be an unpopular bill. He remarked that that was O.K. with him, as "it got monotonous always being on the winning side." Planners in general, and the Planning Association of Alaska in particular have been chronic losers for so long, that we are not often troubled with the monotony of finding ourselves on the winning side. We are acutely aware of the instant popularity that H. B. 808 seems to have developed (at least in the press), as well as the fact that the proposed Homesite Act is sponsored by no fewer than 28 astute members of this august legislative body. Nevertheless, the Planning Association of Alaska feels that the application of foresight to the conduct of public affairs which is the essence of the planning process, should also be an important element in the legislative process. In our opinion, that foresight has been conspicuously lacking in the introduction and endorsement of House Bill 808.

We have no quarrel with the long-standing policy of the State expressed in the Alaska Land Act "to encourage the settlement of the State's lands and the development of its resources by making them available..." , but we strongly disagree that this bill will further that policy in a manner "consistent with the public interest." We also agree that the "highest and best use of some land may clearly be for habitation", but until the Alaska Regional Profiles are completed, and a Statewide Land Use Plan adopted, it is our feeling that neither the Division of Lands nor any other governmental agency is competent to make determinations as to the highest and best use of Alaska's land.

Section 2 of the bill deals with classification, and states that the director may classify for homesite entry state land which is otherwise vacant, unappropriated and unreserved and is suitable for erection of a residential dwelling to use as a permanent abode. We suggest that a glance at an ADL status plat will provide the information with respect to land being vacant, unappropriated and unreserved, but that it takes a bit more expertize to make a determination that land is, in fact, suitable for residential purposes. Topography, hydrology, geology, soils conditions, drainage, geophysical hazards and a host of other physical and environmental considerations should properly be elements in making such a finding. It might be wise for Mike Smith to inquire into the cost of malpractice insurance, because failure to pursue such prudent practices might well constitute culpable negligence on the part of the division, and you may be sure that after several homesites have been washed away by floods, crushed under snow avalanches, destroyed by earthquake or subjected to other predictable natural catastrophes, legal actions will surely be brought against the State.

It is interesting to speculate on how the already overburdened Division of Lands is going to tackle the task of determining that each of the permittees has indeed occupied his habitable dwelling for a period of not less than five months each year for three consecutive years. That kind of speculation is sort of fun, as it conjures up the picture of a whole new expensive section of the Division of Lands headed by a Chief Homesite Habitation Inspector, with a large crew of violation clerks, eviction specialists, habitation timekeepers and uninhabitable dwelling removers, accompanied by the inevitable accountants, budget analysts, clerk-typists and other support personnel. It is considerably less fun for planners, who recognize land as Alaska's basic resource, to contemplate that the permittee, after observing a few simple rules for the requisite period of time, finds himself armed with an unencumbered title to his two acre homesite, and the ability to subdivide this small tract into about 25 40' x 70' trailer lots.

The bill goes on to say that the land shall be divided into parcels, but does not specify subdivision under the terms of the appropriate title of the Alaska Statutes which call for road rights-of-way, survey, and other minimum development practices.

While the rotating regional basis of offering these parcels sounds reasonable, as it spreads the "goodies" on a theoretically equal basis, it is hard to believe that the exigencies of politics, and the fact that "the squeaky wheel gets the grease" are going to be less evident in this program than in other governmental giveaway efforts. With respect to the "rate consistent with the planning processes of the division," we are confident that Parkinsons Law will rapidly produce (given enough budgetary support), a whole new bureaucracy in the division devoted less to the planning process than to serving the homesite program.

Paragraphs (4) and (5) (starting on line 15, page 2) confirm our belief that in addition to the land use horrors of the bill, it will also produce an administrative nightmare reminiscent of the federal bureacracy at its most ridiculous. Just picture the task that confronts the division after 1,200 applicants file on 320 parcels... particularly in light of paragraph (4) which allows each applicant to apply for more than one available homesite!! Besides the problem of untangling such a mess, we find serious difficulty with the standard established in paragraph (5) which seems to hold that the Outside construction worker or Seattle-based fisherman who has been coming to Alaska for 20 years from May through September, and returning to more hospitable climates to spend his Alaskan dollars in the winter, has preference over the Alaskan who has over 8 years of full-time residency in the state.

"At the time of application, the applicant must hold no title to, or interest, other than as a tenant for a limited term, in a habitable dwelling." That requirement raises a bunch of questions...How about a condominium in Hawaii; what about a 40-unit apartment house (all rented out nicely, thank you) in Houston; is it O.K. to transfer title of a home in Alaska to a family-owned corporation and be renting it back at the time of application??? How about the time after application while the permittee is proving up his homesite? (If any members of the Committee think for a minute that these examples are unlikely, we would refer them to the multiple and ingenious abuses that caused the state to shut down the Open-to-entry program a few years back.)

At least we can take comfort in knowing that the clanking bureacracy that we have created in the Division of Lands will not be idle...before they can assume their duties as Habitable Homesite Dwelling Inspectors, they will have many months work as Title Examiners to make sure that the applicants are on the up and up. Aside from the administrative difficulties encountered in making these determinations, we would submit that the concept seems to favor the Outside pipeline worker whose family will indeed occupy the trailer that he slaps on a foundation on the homesite while he is off making big money on the Slope; rather than the hard-pressed Alaskan that I am confident Representative Freeman intended to assist when he introduced this bill.

It is all very well to agree to erect a habitable dwelling, have a survey made, and occupy the dwelling for the requisite period of time; but it is an entirely different thing to actually accomplish those things in that order. Obviously one cannot erect the dwelling until entry has been gained (by the issuance of the permit) It is extremely reckless to erect a dwelling without first obtaining a survey to at least be sure that you are building on the right parcel. Agreeing to occupy, and actually occupying are again two different things, as the dynamics of employment opportunities and family requirements have made us an extremely mobile people; and not even the most astute planner can tell you with any certainty where he will be residing three years from now. Also, it would be well to consider the nature of the dwellings that are likely to be erected on these homesites. Are they all to be simple log cabins, built from native materials by the sweat of the entryman's brow, or are they more likely to be trailers hauled in to meet the minimum requirements of the regulations? How many banks or savings and loan institutions are going to loan money on construction where the applicant has no survey, no title to the land, and nothing saleable if he finds it necessary to default on his honorable intentions with respect to the homesite?

(b) and (c) of the subsection (starting on line 6, page 3) tend to add to the administrative and bureaucratic nightmare that we have already attempted to describe, wo we'll pass on to sub-section (d) which sets up an instant and substantial conflict between municipalities entitled to select vacant, unappropriated and unreserved state lands, and the classification of these lands by the division for homesite entry use. I will leave any substantive comment on this potential conflict to the Alaska Municipal League, but as a former Borough Planning Director, I think I can assure you that the communities who seriously use their land selection capabilities for the benefit of their citizens will take an extremely dim view of this clause.

We would like to shed a little factual light on the naive assertion in subsection (e) (line 28, page 3) that "Nothing in this section obligates the state to provide services to lands which are the subject of homesite entry and patent"...the first comment being "You've got to be kidding!!!" Assuming that land classified for homesite entry will be provided with essential road access by the division, that leaves a minimum of 512 acres per section of land, or more than 250 homesites. At an occupancy of 3.5 persons per dwelling unit (actually 3.8 - 4.0 is more likely in semi-rural areas of Alaska according to census figures), we are looking at a density of over 750 persons per square mile...and that's a long way from the concept of the "last frontier"!! What we are creating is an early need and demand for police and fire services, schools, parks and recreation facilities, zoning, road maintenance and a host of other costly but necessary public services.It seems inconceivable that the State of Alaska which is charged with providing these services to its people, is going to be able to ignore its responsibilities.

One can only hope that the Finance Committees will seek expert projections from Community and Regional Affairs and the Division of Budget and Management as to the eventual cost to the State per homesite...but I can tell you right now that this will turn out to be the most costly "free land" that the State has ever seen!!

Our only comment on subsection (f) (page 4 of the bill) is that the 1946 model quonsets at Barrow, and the 1943 barracks at Dutch Harbor should provide ample evidence to the fact that nothing is as permanent as a temporary structure.

Our testimony regarding H.B. 808 has admittedly been harsh and negative, and we don't wish to leave the Committee with the impression that the Planning Association of Alaska is negative to the concept of making part of Alaska's huge land patrimony available to Alaskans at a nominal cost. We do not feel, however, that this bill, or the ill-fated Open-to entry bill of a few years back are the way to do it. We would respectfully suggest that the Division of Lands and/or the Division of Policy Development and Planning in the Governor's Office be directed to develop a program that will accomplish this objective in a manner consistent with the public interest, and submit the program in the form of a bill to the next Legislature.

In conclusion, Mr. Chairman; we would like to point out that a local radio personality called "Uncle Fatty" has dubbed H.B. 808 "The Hippy Homestead Bill." We tend to disagree with that label. A real homestead bill granting qualified Alaskan residents entry to 160 acres of habitable land, where there is at least some potential for agriculture, or just living off the land; even though fraught with other problems, would be vastly preferable to what we feel will be tagged the "Instant Slum and Land Abuse Act of 1976".

Thank you for this opportunity to testify.

* * *

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House Resource Committee

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LETTER OF INTENT - CS HB 808

The intent of the committee in passing out Committee Substitute for HB 808 is that priority will be given to persons who do not, at the time of application, own a habitable dwelling. The committee does not intend to eliminate the dwelling owner completely, but feels that the legislation should address itself to persons who cannot otherwise acquire land.

Nels A. Anderson Jr. Chairman

Review and Report - House Bill 808

By: Department of Natural Resources

General - Because there is a clearly-felt need for a program like that described in H. B. 808, and because the sponsorship of the bill indicates that active consideration of the bill is desired, the Department of Natural Resources has undertaken a detailed and serious review of the legislation and offers the following report. It includes the following sections: An overview of the bill and its purposes as it now stands (including an evaluation of the cost to the homesite recipient); a summary of legal issues; summary of administrative issues; fiscal impact information; and suggested modifications.

Overview - The following relates to the bill as presently drafted:

1. Like many State programs, the bill operates as a subsidy and should be recognized as such to be balanced against its benefits. While the land will be free (See Table I) to the successful applicant, it will not be free to the taxpayer, who will pay administrative costs, the cost of State land given away, and the costs of later State and local servicess . The public benefits of the program may well be found to overbalance the costs, some of which are estimated herein.

2. The purpose of the bill appears to be a mix between homesteading and a homesite approach, and might be further defined so as to identify the intended beneficiaries of the program. As later sections on residency will indicate, this could be a difficult issue.

3. For the location of "homesite" areas, the bill has been sensitive to the need for this program to fit into overall planning and staff capabilities within the Department of Natural Resources and the Division of Lands. An additional area of needed specificity might well deal with the number of such sites desired each year and the general regional locations desired. Also, a distinction of some magnitude exists between a program in rural areas and one near settled areas. The implications of this difference are outlined in other sections of this report.

4. The problem of "residence" is a substantial one. As the bill now stands, non-residents will be favored. They are entitled to own State land, the length of residency test is legally questionable, the migrant non-resident would be less likely to own another dwelling, and seasonal workers would be more likely to be able to staisfy the 5-month "live on" requirement. The possibility of in-migration by non-residents to gain free land

would probably be determined by the size of the program and could be substantial.

5. On issues other than residence, it appears likely that low income (invididuals unlikely owners of another dwelling), seasonal workers, students, retired persons, migrants and similar groups would be favored. Those who own land, but not other habitable dwellings would be eligible as well. The patterns regarding land recipients would vary greatly between a rural homesite area and one near settled areas.

6. Speculation under this bill is delayed and diminished. However, after patent is given (three years) the land may be the subject of speculation. The best answer to this is to either give less than full title at the end of three years, or give title with covenants against subdivision or certain designated users.

7. The cost of future State and local services issue is not resolved, even though nothing in this bill is intended to create them. It is doubious if any legal disclaimer could be made to avoid such future taxpayer costs. Nonetheless, they are unpredictable subject to need and demand, and are certainly State and local costs to be considered in later years in homesite areas.

8. Cost of settlement - the bill intends that Alaskans might settle at " a cost reasonably within their means". As pointed out, it is hoped tax program will assist Alaskans now renting or leasing or non-residents with similar circumstances. The following analysis is a rough idea of the cost to a 2-acre recipient under the program looking both at a "bush" and "close-in" site. All assumptions are stated.

The costs associated with the bill vary according to the location of the two-acre tracts. In the bush situation, the costs would include numerous plane trips to and from the site to move the family, building materials, and supplies in as well as provide for the families' travel in and out of the area associated with each five-month period over the three-year period. Other expenses include costs associated with the materials for the habitable dwelling, the survey, and the potential loss of wages during the five month periods in the bush (assuming that it is the head of the household who applies). If the tract is close to a settled area, the major costs are associated with the dwelling itself and include a downpayment on a trailer or money for construction costs, and possibly water, sewer and foundation fees.

Table I summarizes the estimated expenses for each situation for the land recipient.

Cost Items	Remote Area	Close-In
Applicant Permit	$10.00	$10.00
Transportation (a) (family of 4)		
1. To move	6 trips - $780	$200
2. Other trips	6 trips - $780	
3. House Materials	3 trips - $390	
4. Supplies	3 trips - $390	
Habitable Dwelling Costs		
1. Materials	$1,000	$3,000 (downpayment on trailer)
2. Water and sewer	-0-	$2,000
3. Foundation	-0-	$1,000
Surveying Costs	$ 800 - $1200 (d)	$500 (state group survey)
Potential Loss of Wages (b)	15 months - $15,000	None
TOTAL COSTS	$4,150 to $4,550 without wage losses	$6,710
Value of Property Received (c)	$500 to $1,000	$5,000 to $10,000

(a) Assumes a fifty-mile one-way plane ride at a cost of $130 per trip. Trips are calculated on the basis of transportation needed over a 3 year period.
(b) Varies according to individual situations.
(c) Assumes a per-acre cost of $400 to $500 in a bush area and $2,500 - $5,000 cost in urban area.
(d) Assumes several homesite applicants jointly survey property. For a single individual in a bush area, it may cost as much as $2,000.

The table indicates that the expenses required to get started under the homesite bill are understandably greater in the area than the bush area due to initial habitable dwelling costs. This observation, however, does not recognize the potential loss of wages associated with the bush area and the non-recoverability of the bush transportation costs. Furthermore, the start-up costs in the bush areas are significantly greater than the land costs whereas in the settled area the opposite situation exists.

Consequently, the two acres of land provided by the homesite program would provide a major boost to a person's ability to own a habitable dwelling near a settled area. The use of homesite land made available near urban areas may fulfill the Bill's intent.

Administrative Issues

In its attempt to ensure that the purposes of the program are not violated and the State's interest not abused, the bill creates administrative responsibilities necessary to the program, but nonetheless demanding. The administrative analysis assumes that the sponsors desire enforcement, and maintenance of a credible program which avoids the abuses of prior open to entry programs.

(1) Implementing the bill would require a number of verification procedures.

(a) Sec. 2(a) The land has to be suitable for erection of a residential dwelling to use as a permanent abode. This implies verification by the State of the availability of water, the suitability of the land to accept a dwelling, and the suitability of the land for accepting a sewage system. This would be a large administrative task.

(b) The State would have to verify that the applicant did not own a habitable dwelling elsewhere. This is very difficult without a residence requirement. Even with a residence requirement, an applicant should be required to certify that he does not own a dwelling with penalties for false statement.

(c) The State would have to verify and arbitrate length of Alaskan residency if a lottery system is not used to resolve conflicts.

(d) The State would have to verify that the dwelling meets the conditions for a habitable dwelling.

(e) The State would have to verify if the dwelling was occupied for the required time and determine if head of household has been occupying the land.

(f) If the permit was revoked, the State would have to verify if the conditions of revocation had been met. If not, it would be the State's responsibility to locate the applicant or reclaim the land at taxpayer's expense.

(2) Since the State will only paper survey the land, the applicant will be responsible for locating the tract on the ground. Experience indicates that this leads to disputes and administrative problems when the final surveying is done due to improvements which are made outside original boundries, etc. This could be solved by having the State survey the land first and charge the applicant.

(3) The bill does not clearly indicate the length of time the application or permit will be valid. Is it valid for only three (3) years from the time of issuance or time of occupancy? Could the permit continue indefinitely if all the stipulations are not met?

(4) The condemnation procedure may require a large administrative force, although this is not clear at this time.

(5) Although it is not the bill's intension to make money, a $10.00 filing fee is unrealistic since this fee is inadequate to even set the wheels in motion regarding verification of the applicant's credentials. Similarly, the costs in time of setting up a file would more nearly approximate $50.00 or more. This fee should also be non-refundable which may possibly discourage capricious filings.

(6) Sec. 2(a) If the intent of the bill is to provide full-time occupancy for the applicant and not just part-time or recreational occupancy, the five month provision should be changed to at least eight (8) months. A five month occupancy implies only a part-time commitment to the improvements and stipulations in the bill. This would mean that housing and other developments such as sewers, etc. would be of much lower quality than if the land were occupied full-time.

ESTIMATED STATE IMPLEMENTATION COSTS

State expenses required to implement the Homesite program include administrative costs for additional staff salaries and travel expenses as well as homesite land value costs. This section briefly outlines the required administrative services, estimates the associated administrative expense, and calculates the value of land which might be provided as homesites.

For the purposes of this analysis, it is assumed that the administrative regions in which homesites are located will generally correspond to the three existing Division of Lands Districts: Southeastern District (SED), Southcentral Distrcit (SCD), and the Northcentral District (NCD). It is also assumed that sites will either be in remote areas or areas close to existing settlements. In order to set a range for the program costs, the analysis provides 100 available sites in each region as a minmum program response and 1,000 sites in each region as a maximum response.

Administrative Costs

The estimated costs of the program are based on the following scenarios: The program, which would be set up on a statewide basis, must furnish homesite lands from existing patented or tentatively approved state lands. These lands would need to be field inspected for their homesite suitability and land planning reports prepared. AFter being approved by the Planning Section and/or the Land Use Planning Commission, the land would be classified. During this time, systems must be set up to qualify the applicants by checking the application background material against court recordings, title recordings, voter registrations, etc. Once this was accomplished, provisions for choosing recipients would be established. Following this preparation, actual management of the program would begin. This would include enforcement capability during the three-year residency period.

The following estimates of personnel and travel expenses are based upon the assumptions and the knowledge of time and costs involved in the initiation and management of the past Open-to-Entry Program.

Selections: This phase would require the services of a full-time Land Management Officer IV (L.M.O.IV) and a Land Management Officer (L.M.O. II) and a Land Management Assistant I (L. M. A. I) to adequately supervise and coordinate the program on a state-wide basis. The services of a Cartographer II and two Planners would be required. District offices would need additional personnel for initial field examination in the category of an L.M.O. I plus budgetary monies for remote as well as close-in travel and per diem. Land planning reports instigated by thedistricts would need processing thereby necessitating additional classification workload and thus personnel.

Qualifying of Applicants: An adequate, though not necessarily stringent check of the applicant's legal qualification would be necessary requiring adding personnel to existing district's rosters, as well as personnel to set up and oversee the auctions and/or lotteries.

Enforcement of Management: Enforcement for compliance would require that field inspection be a continuing and time consuming item requiring coordination and administration work by people out of the District as well as headquarter offices.

District Office Expenses: The District offices would require two new positions and a substantial increase in travel funding. The estimates set forth below assume a minimum program of 100 and a maximum program of 1,000 homesites per District per year.

District Office Expenses

in Dollars/year

District	Personnel Salaries (a)	Regional Travel Costs			
		100 Units/District		1,000 Units District	
		Remote Areas(b)	Close-in Areas (c)	Remote Areas	Close-in Areas
Southeastern					
L.M.O. II	27,224	18,000	3,600	180,000	36,000
L.M.A. I	17,742				
Southcentral					
L.M.O. II	27,224	18,000	3,600	180,000	36,000
L.M.A. I	17,742				
Northcentral					
L.M.O. II	31,516	18,000	3,600	180,000	36,000
L.M.A. I	20,271				
TOTALS	141,719	54,000	10,800	540,000	108,000

(a) Employees' salaries include base salary plus State provided benefit costs.

(b) Remote area refers to any area which cannot readily be inspected, but requires a charter (boat or plane) to inspect. Known costs are transposed with emphasis on flying as the fastest means of verification of compliance. 10/25 inspections per day within a 100-mile radius of the district offices. If areas greater than 100 miles are opened, then inspection time/costs will increase in proportion.

(c) Close-in refers to areas available to highway, railbelt and nearby water access which can be reached with relative ease. After the fact costs are predicated on a monthly check basis, with between 25/50 inspections per day.

Headquarters Expenses: A staff of seven full-time employees to oversee selections, classifications, contracts, lotteries and servicing of the program would be needed in the Anchorage headquarters office.

Headquarters Expenses

in Dollars/year

Position Title	Salary	Travel Costs (a)	
		Remote	Close-in
1 L.M.O. IV	32,058	1,500	300
2 L.M.O. II	54,448	3,000	600
1 Carographer II	21,800	1,200	1,200
1 L.M.A. II	20,271		
2 Planners - 16	23,490		
- 18	27,224		
TOTAL EXPENSES	179,291	5,700	2,100

(a) Travel costs are limited to one trip for three headquarters personnel to District Offices to observe field work. The Cartographer would be expected to make several trips for record coordination purposes.

Advertising Costs: Three days public notice in a major paper would costs $250.00. Such a notice would have to be printed at least twice a year in a paper in each District with a total cots of $1,500.00.

Total Administrative Costs

in Dollars/year

	300 Homesites		3,000 Homesites	
	Remote	Close-In	Remote	Close-In
3 District Offices				
Salaries	141,719	141,719	141,719	141,719
Travel	54,000	10,800	540,000	108,000
Headquarters				
Salaries	179,291	179,291	179,291	179,291
Travel	5,700	2,100	5,700	2,100
Newspaper Costs	1,500	1,500	1,500	1,500
TOTAL COSTS	382,210	335,410	868,210	432,659

Value of State Public Land Given in the Program

Sales in the various districts indicate approximate values which can be used in estimate value lost if the State provides homesite land free rather than at the fair market value. Though great disparity exists between individual values for both remote and close-in properties, the median values have been used for this analysis. Land in remote areas has been valued at $400 to $500 an acre and land close in to settled areas valued at $2,000 to $2,500 an acre. All homesites are assumed to be of the 2-acre lot size.

Values of Homesite Lands

in Dollars/Year

District	100 Sites/District		1,000 Units/District	
	Remote	Close-in	Remote	Close-In
Southeastern	100,000	500,000	1,000,000	5,000,000
Southcentral	80,000	400,000	800,000	4,000,000
Northcentral	80,000	400,000	800,000	4,000,000
TOTAL COSTS	260,000	1,300,000	2,600,000	13,000,000

Summary

Summary of State Homesite Program Costs
(Land Value and Administration Expenses)a

In Dollars/Year

Site Processed Per Year	Remote Areas			Close to Settlement Areas		
	Land Value[d]	Admin	Total	Land Value[e]	Admin.	Total
300[b]	260,000	382,210	642,210	1,300,000	335,410	1,635,41
	2,600,000					
3,000[c]	2,600,000	868,210	3,468,210	13,000,000	432,659	13,432,65

a. Does not include ancillary costs to the State for required services such as new schools, etc.

b. 100 sites per District for 3 districts.

c. Maximum number of sites - 1,000 per district for 3 districts.

d. Assumes a cost of $400 to $500 an acre for remote areas.

e. Assumes a cost of $2,000 to $2,500 an acre for close to settlement areas.

State Costs per Homesite Unit

in Dollars/Unit

Location	Per Year	Total Costs	Per Site	Per Acre
Remote	300	642,210	2,140.70	1,070.35
Remote	3,000	3,468,210	1,156.07	578.04
Close-in	300	1,635,410	5,451.37	2,725.68
Close-in	3,000	13,432,659	4,475.55	2,237.77

a. A site is assumed to be 2 acres.

LEGAL ISSUES

1. Subsection 2(a)5 - Is it constitutional to award homesite permits on the basis of length of residency? This stipulation may be unconstitutional and would probably be challenged in court. However, there are some inherent problems in this system even if it may be shown to be legal. Who would be awarded a permit if all applications were non-residents? This particular stipulation would also create an administrative burden just resolving disputes of length of residency. This problem could be solved by using a lottery system for all applicants rather than length of residence.

2. Subsection 2(a)6 - Is it legal to restrict land applicants to those who don't own habitable dwellings? The basic concept of providing land to a restricted segment of the population based on a standard of need is probably legal. However, defining and drawing the line as to what segment really is in need is where the problem arises. The line has to be drawn very carefully. For example, in this bill someone could own large amounts of land and still be eligible as an applicant. If it is shown to be legal, the State should probably require filing of certification by the applicant that they hold no title or interest in a habitable dwelling and provide a penalty for making a false statement in this certification.

3. Section 2(e) - Does the State have a legal responsibility to provide services to its residents regardless of their status? Such things as providing an education, protection, and other social services will have to be provided at some cost to the State. The further away the land is from present developments, the higher the probable costs. Education and possible unemployment insurance or welfare costs are two examples. The services alluded to in the bill probably mainly concern such things as road building and maintenance costs which can be transferred to the applicant, but as discussed above, there are significant costs which the applicant can't be expected to assume. It appears to be legally impossible to discriminate among citizens of the State based on their land status.

4. Section 2(b) - If it is the intent of the bill to completely limit conveyance of the permit, the language will have to be tightened up. Inability to assign or otherwise transfer the rights under the permit, will still allow the applicant to hold all his rights but to sublease the land for other uses such as, for example, a campground.

5. Would it be legal to amend the bill to apply to Alaskan residents only? There may be a better case for this stipulation than the length of residence stipulation, since it has already been widely discussed regarding local hire, but there remains a legal question on this issue.

POSSIBLE MODIFICATIONS

The following are suggested modifications which begin to solve some of the policy, planning, and administrative problems mentioned above.

1. The bill should insure that the State is not forced to provide free homesites in areas not physically suitable or appropriate at this time for settlement (i. e. far away from settled areas).

2. The bill's clause for proper planning should be emphasized to assure the State is not forced to make homesites available before proper planning is completed. A maximum number of homesites a year might be stipulated.

3. The bill must provide the State Division of Lands with the necessary manpower and financial resources required to wisely and efficiently manage the additional program. The problems associated with the lack of resources available for the open-to-entry program testifies to the crucial importance of tthis assumption.

4. The bill should emphasize that the State would decide where homesite lands will be offered and shall lay such lands out for homesite selection in accordance with area plans. This includes the assumptions that the lands offered in the next few years will be near settled areas and can be made available adjacent to each other in the specified areas.

5. The bill should provide that the State could place logical covenants on land given away. The recipient might not receive unrestricted title in appropriate circumstances. For example, the State may require that even after patent, the land could not be further subdivided.

6. A lottery system should be substituted for the length of residence clause.

7. The bill should provide a strong enforceable residency requirement for entitlement under the program.

8. If the intent of the bill is for permanent residency, the five-month clause should be changed to at least 8 or 9 months.

9. Certification and penalties for false information should be included if the intent is to limit applicants only to those who don't own dwellings.

10. Since lands near settled areas would initially be best for the homesite program, the bill should require that the Borough approve of site locations as well as participate in the planning process.

11. The language in the last sentence in Section 2(b) needs to be tightened since the words "assigned or otherwise transferred" are inadequate to prevent conveyance.

12. State services would have to apply to applicants as well as all other citizens. Section 2(e) is cosmetic and legally meaningless.

13. The entire program should have a fixed expiration date (4 years). If it is working, it can be renewed; if not, the political problems with repeal will be reduced.

Filed

General Delivery
Aniak, AK 99557
March 18, 1976

Rep. Nels Anderson, Chairman
House Natural Resources Committee
Alaska State Legislature
Pouch V
Juneau, AK 99801

Dear Rep. Anderson

Recently I requested information about House Bill No. 808 "Homesite" from Representative Oral E. Freeman. I have just received his reply and he states that the Bill is in your hands and that no further action has taken place.

Being a resident in Alaska for over five years, I am most happy with this country and would so like to obtain a parcel of land to homestead. Representative Freeman's Bill has much merit and I hope to see it become law.

I would be most appreciative if you would move the Bill along as soon as possible. Your efforts would be most helpful.

Sincerely

Ronnie Knapick

Miss Ronnie Knapick

constitutionality of this. I am sure that some type of residency requirement is desired and indeed should be included in any bill which is passed, but the legislature should be realistic about the possibilities of a residence section surviving a court test.

Section 38.05.327 (a) states that upon satisfying the conditions for patent, a person receives a free and unencumbered title to the land. If there are fears about speculators taking advantage of this program, the legislature might consider conveyance of less than full title to the land. For example, the state could convey the land to the applicant, for use as a principal place of residence, without the transfer rights to the land except to heirs. Another possibility would be to allow the state to share in profits from transfers of title by giving the state the right to appraise the land and structures being sold and tax a percentage of the sale price which is attributed to the value of the land. Steps like these could well keep abuses at a minimum, since any profit motive would be discouraged.

Over all, I am not really committed one way or another on this bill. I feel that one reason that this bill and others have been introduced is that the division of lands has not yet produced any concrete proposals of its own to bring land disposition policies up to date. I have been urging both Mike Smith and Guy Martin to initiate some type of effort which will lead to a clear policy statement from the division of land regarding the new administrations dispolsition policies.

4622 Parsons Avenue
Anchorage, Ak. 99504
March 3, 1976

Rep. Sam Cotten
Pouch V
Juneau, Ak. 99801

Dear Mr. Cotten;

I am concerned about House Bill No. 808, Homesite Entry. While such a program appears to be an ideal procedure for providing "Land for Alaskans"; the Act, as currently written, lacks requirements and contains restrictions which seem to work against this goal.

The only mention of residence is in connection with conflicting applications. Does other State law contain residential requirements for obtaining land from the State? If not, could a residential requirement be included in this Act?

A second, perhaps minor point, is the size and shape of the parcels. Could they be described by aliquot parts? In the long run it might save the State money since reviewing survey plats and the eventual disposal of odd shaped tracts of land created by scattered entries would be unnecessary.

Other than the apparent lack of a residential requirement I am most disappointed by and in disagreement with the property ownership restriction. Is this Act really designed to provide "Land for Alaskans" or land for newcomers and seasonal workers, etc.? Property ownership is sometimes very difficult to prove.

Is it even reasonable to attempt to check records not maintained by ADL? How about home ownership outside of Alaska or ownership of a mobile home on a rented space?

The ownership clause will, for the most part, restrict the very people who have chosen to make Alaska their home. These individuals and families should certainly have the first opportunity to acquire small tracts for homesites for either permanent or recreational dwellings. The occupancy requirements, limit of one non-transferable permit per applicant, and State law restricting the total acreage a person can obtain through State land programs should be sufficient to insure that abuses by land speculators will not be a problem.

Again, I want to make the point that while the Act could be effective in providing homesites for Alaskans, it probably will not be if it is passed in its present form. It is very nice to see a land disposal program designed to put small tracts into private ownership as opposed to the auction of large tracts to developers who can afford to hold land for possible future profits. However, a program which encourages people, who are as yet uncommitted to Alaskan living, to obtain cheap land while many of the people who vote and pay the taxes that will fund such a program are effectivly prohibited from acquiring such homesites is hardly fair to residents.

Hopefully something has been learned from the problems which arose in the Open-to-Entry program. The State should by now be able to provide a program that will make land available at a reasonable cost to <u>Alaskans</u>!

Sincerely yours,

Michelle Elliott

Michelle Elliott

March 24, 1976

Dear Mr. Anderson:

There are many reasons why I believe HB 808 is good for Alaskans, and I would like to express myself to that " Homesite " Bill. I have lived in this general area of Alaska for 34 years and during that time have watched the changes, both good and not so good. One of the not so good changes was the appearance of land speculators in the last six to eight years.

I sincerely believe that should HB 808 be passed that it will materially assist many young couples starting out in life and it will reduce the horrible effects that speculators have brought to all areas of Alaska. It hardly speaks well of a State government that does more to assist the speculators and the Bureaucracy than its own citizens.

With the passage of HB 808 we can expect many small businesses' to realize a start with some assurance of being able to sustain themselves. With the cooperation of local government toward its citizens I foresee no major problems. Those local governments who are opposed to this HB 808 want to sell land in large acreage's thus depriving many from the opportunity to fulfilling their hopes and wishes that they too can some day own a small piece of land. I know of no more human desire than the average person's dreams of living on his own land, no matter how small it may be.

Reviewing the land sales in the Mat-Su Borough is very revealing. You and I know there is little chance for the average Alaskan to purchase land when he has to bid on large acreage and against the rest of the world. Taxes at the local level are increasing faster than at the State and Federal levels. We desperately need some relief and this should help to broaden the Tax Base, throughout Alaska.

HB 808 is the kind of legislation that will build Alaska. I also know it is under strong pressure from " Special Interests ". You will serve the public interest if you will move this Bill along.

Sincerely

Robert H. Mellin

Robert H. Mellin
P.O. Box 444 Wasilla, Alaska
99687

Robert H Mellin

Dear Sir.

I would like to stat that I support your comittie view on the proposed 2 acre homesite, 100%. I feel this is the most intelligent approach the head of lake. I hope it passes.

Sincerly
James R Tibbs

James R Tibbs
STAR RT BOX 728-½
CHUGIAK ALASKA
99567

ANCHORAGE, AK 995
PM
28 FEB
1976

Rep. Nels Anderson
HOUSE RESOURCES COM.
POUCH V
JUNEA ALASKA
99811



FROM THE DESK OF
Kenneth A. Carter
5929 CAMDEN CIRCLE
ANCHORAGE, ALASKA
99504

FEB. 27, 1976

REPRESENTATIVE
NELS ANDERSON
HOUSE RESOURCES COMMITTEE

SIR,

IN REFERENCE TO THE BILL ADOPTED BY THE COMMITTEE CONCERNING THE 2 ACRE HOMESTEAD PROPOSAL.

HAVING READ THE BILL AND SPEAKING AS A 10 YEAR RESIDENT OF ANCHORAGE, I STRONGLY CONCUR WITH THE PROPOSAL AND ENCOURAGE IT'S ENACTMENT BY THE LEGISLATIVE BODY.

CLOSE SURVEILLANCE OF RESIDENCE REQUIREMENTS IS A MUST. YOU CAN'T HOMESTEAD HERE AND LIVE IN HAWAII.

SINCERELY,
Kenneth A. Carter
KENNETH A. CARTER

Form PP 162 ©The Drawing Board, Inc., Box 505, Dallas, Texas

Fd

Anchorage Alaska

Mar. 13-76

Rep. Nels Anderson

Dear Sir.

Regarding the Homestead act.

Bill which I understand is in the hands of your committee, of which you are chairman

I am very instred in it would be Very happey to see you Help push it through

My personal reason have been here since 1940 long enough to own a lot of property but due to raising six children and putting them through school

And I happened to have had a lot of sickness myself and family also.

To make a long story short I have enough Money to build a small comfortable home but these high land Prices Makes it almost impossible

And am sure there are several More Senior citicans in the same boat

And Mr Anderson if it Would

help any to get signatures from pretty popular citizens such as former Gov. Egan Wallie Hickle Red Boucher and Many of the Pioneers of Alaska can give You a pretty long list

Thanks for listening to me Mr Anderson and will be very grateful for What help you will give us.

Bill Mueller
2509 W. 30th
Anch. Alaska
99503

P.S. I think We got a lot of room in our great State for more settlers

Bill

March 9, 1976

Michelle Elliott
4622 Parsons Avenue
Anchorage, Alaska 99504

Dear Ms. Elliott:

I am in receipt of your letter regarding House Bill No. 808 concerning Homesite Entry.

House Bill No. 808 is presently in the House Resource Committee and then has a referral to the House Finance Committee. To date, no hearings have been scheduled for this bill.

I am in agreement with the deficiencies of the bill that you mentioned in your letter. I am confident that Representative Anderson, Chairman of the House Resource Committee, will work out these deficiencies by having a committee substitute submitted.

Thank you for your letter stating your views on the bill. If I can be of any assistance, please do not hesitate to contact my office.

Sincerely,

Bob Bradley

cc: Rep. Anderson

4622 Parsons Avenue
Anchorage, Ak. 99504
March 3, 1976

Rep. Bob Bradley
Pouch V
Juneau, Ak. 99801

Dear Mr. Bradley;

I am concerned about House Bill No. 808, Homesite Entry. While such a program appears to be an ideal procedure for providing "Land for Alaskans"; the Act, as currently written, lacks requirements and contains restrictions which seem to work against this goal.

The only mention of residence is in connection with conflicting applications. Does other State law contain residential requirements for obtaining land from the State? If not, could a residential requirement be included in this Act?

A second, perhaps minor point, is the size and shape of the parcels. Could they be described by aliquot parts? In the long run it might save the State money since reviewing survey plats and the eventual disposal of odd shaped tracts of land created by scattered entries would be unnecessary.

Other than the apparent lack of a residential requirement I am most disappointed by and in disagreement with the property ownership restriction. Is this Act really designed to provide "Land for Alaskans" or land for newcomers and seasonal workers, etc.? Property ownership is sometimes very difficult to prove.

Is it even feasable to attempt to check records not maintained by ADL? How about home ownership outside of Alaska or ownership of a mobile home on a rented space?

The ownership clause will, for the most part, restrict the very people who have chosen to make Alaska their home. These individuals and families should certainly have the first opportunity to acquire small tracts for homesites for either permanent or recreational dwellings. The occupancy requirements, limit of one non-transferable permit per applicant, and State law restricting the total acreage a person can obtain through State land programs should be sufficient to insure that abuses by land speculators will not be a problem.

Again, I want to make the point that while the Act could be effective in providing homesites for Alaskans, it probably will not be if it is passed in its present form. It is very nice to see a land disposal program designed to put small tracts into private ownership as opposed to the auction of large tracts to developers who can afford to hold land for possible future profits. However, a program which encourages people, who are as yet uncommitted to Alaskan living, to obtain cheap land while many of the people who vote and pay the taxes that will fund such a program are effectivly prohibited from acquiring such homesites is hardly fair to residents.

Hopefully something has been learned from the problems which arose in the Open-to-Entry program. The State should by now be able to provide a program that will make land available at a reasonable cost to Alaskans!

Sincerely yours,

Michelle Elliott

Michelle Elliott

File HB 808

Alaska State Legislature

REPRESENTATIVE
SAM R. COTTEN
P.O. BOX 296
EAGLE RIVER, ALASKA 99577

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811

CHAIRMAN
COMMUNITY & REGIONAL
AFFAIRS COMMITTEE

VICE-CHAIRMAN
RULES COMMITTEE

MEMBER
JUDICIARY COMMITTEE

House of Representatives

March 18, 1976

Michelle Elliot
4622 Parsons Ave
Anchorage, AK. 99504

Dear Michells:

Thank you for your March 3rd letter concerning HB 808, authorizing state land to be made available as homesites. I share many of your concerns.

The House Resources Committee has not yet held hearings on this bill, but I have snet a copy of your letter to the Chairman, Nels Anderson. I am sure that many of these points will be brought out in committee discussion of the bill.

One additional concern that I have is that the Division of Lands should be directed to dispose of land in this manner rather than permitted to so so.

If these problems get straightened out, I think we can have a strong program.

Sincerely yours,

Sam R. Cotten

SRC:veh
cc: Rep. Nels Anderson, Chairman
House Resources Committee

MEMO

To: Nels Anderson

From: Jamie Love

Re: HB 808

Date: 3/3/76

808

I have reviewed the homesite bill and discussed the various goals of the bill with Guy Martin. As you undoubtedly know, Dept. of Natural Resources has a great many problems with this bill. From what I can determine, they feel that the division of lands does not have the capability to effectively administer the program and provide the necessary enforcement of the elements of the program which will be subject to the most abuses.

From a review of the bill, it does appear as if it will be a complex task to insure that applicants for patents actually meet all the criteria and that without some type of active supervision of the program, we could very well experience the same types of abuses which led to the close of the open entry program. I would suggest discussing the problem of enforcement and supervision of the program with officiials of the division of lands.

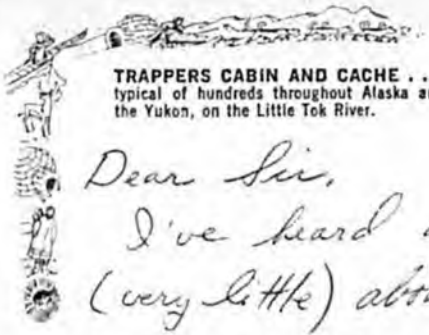
One item, which is apparent from a quick reading of the bill, is that applicants who own habital dwellings are precluded from applying for homesites, but it is possible for an individual to own any amount of land, which could be used for building a home and still apply for the homesite as well, as long as the applicant lived on the homesite and not on the other property he owned. This probably should be changed.

I like the concept of giving preference to applicants based upon length of residence, (AS 38.05.327 (a) (5)), but suggest that your committee get an Attorney General or legislative affairs opinion on the

constitutionality of this. I am sure that some type of residency requirement is desired and indeed should be included in any bill which is passed, but the legislature should be realistic about the possibilities of a residence section surviving a court test.

Section 38.05.327 (a) states that upon satisfying the conditions for patent, a person receives a free and unencumbered title to the land. If there are fears about speculators taking advantage of this program, the legislature might consider conveyance of less than full title to the land. For example, the state could convey the land to the applicant, for use as a principal place of residence, without the transfer rights to the land except to heirs. Another possibility would be to allow the state to share in profits from transfers of title by giving the state the right to appraise the land and structures being sold and tax a percentage of the sale price which is attributed to the value of the land. Steps like these could well keep abuses at a minimum, since any profit motive would be discouraged.

Over all, I am not really committed one way or another on this bill. I feel that one reason that this bill and others have been introduced is that the division of lands has not yet produced any concrete proposals of its own to bring land disposition policies up to date. I have been urging both Mike Smith and Guy Martin to initiate some type of effort which will lead to a clear policy statement from the division of land regarding the new administrations dispolsition policies.



TRAPPERS CABIN AND CACHE . . .
typical of hundreds throughout Alaska and the Yukon, on the Little Tok River.





Dear Sir,

I've heard a little (very little) about an upcoming 2 acre homestead-ing bill. Will you send a copy to me at:

6611 E. 12
Anch. AK 99504?

Thanks!

Ms. Marianne Lanier

ALASKA COLOR CARD CO., BOX 1466, ANCHORAGE, ALASKA 99501

208

Mels Anderson
Chairman House Resources Com.
Capitol Rm 118
Juneau AK.

Dear
3/15

HB 804

March 12, 1976

Rep. Nels Anderson
Chairman of the House
Revenue Committee
Capitol Room 118
Juneau, Alaska 99801

Re: 2 acre Homesites

Dear Rep. Anderson:

Being a divorcee with one child to support, a loan obligation and owning no property; I feel I am eligible for the 2 acre homesites that are now being considered in the legislature.

As you know, the oil impact has changed the life style for many Alaskans, especially the Alaskans like myself, whom are not able to work on the pipeline due to family obligations - but are still not able to afford the inflated real estate costs that have skyrocketed in the last few years - not to mention the almost prohibitive rents we are now forced to pay.

This homesite bill is the answer for such people like myself and

even our Senior citizens that have chosen to stay in Alaska.

I would appreciate any additional information you might have concerning this very important legislation - the progress that is being made and also if there is anything that I, and other Alaskans can do to speed this along.

My address is:

Theodora Jensen
P.O. Box H-60
Anchorage, Alaska 99509

Sincerely,

Theodora Jensen

~~line 24 add a~~

1st amendment

Page 1 line 28 change "five" to "seven"

2nd Page 2 line 16 delete "together with members of same Household"

3rd Page 2 line 23 delete all after "state" - - - add comma, "and who" + language of 6 A.

add "be of legal age & majority.

and applicant must have 3 years of residence in Alaska.

B) and applicant must have proof of continuous residency by affidavit.

Page 4 line 5 Change specific to reasonable.

Review and Report - House Bill 808

By: Department of Natural Resources

General - Because there is a clearly-felt need for a program like that described in H. B. 808, and because the sponsorship of the bill indicates that active consideration of the bill is desired, the Department of Natural Resources has undertaken a detailed and serious review of the legislation and offers the following report. It includes the following sections: An overview of the bill and its purposes as it now stands (including an evaluation of the cost to the homesite recipient); a summary of legal issues; summary of administrative issues; fiscal impact information; and suggested modifications.

Overview - The following relates to the bill as presently drafted:

1. Like many State programs, the bill operates as a subsidy and should be recognized as such to be balanced against its benefits. While the land will be free (See Table I) to the successful applicant, it will not be free to the taxpayer, who will pay administrative costs, the cost of State land given away, and the costs of later State and local servicess . The public benefits of the program may well be found to overbalance the costs, some of which are estimated herein.

2. The purpose of the bill appears to be a mix between homesteading and a homesite approach, and might be further defined so as to identify the intended beneficiaries of the program. As later sections on residency will indicate, this could be a difficult issue.

3. For the location of "homesite" areas, the bill has been sensitive to the need for this program to fit into overall planning and staff capabilities within the Department of Natural Resources and the Division of Lands. An additional area of needed specificity might well deal with the number of such sites desired each year and the general regional locations desired. Also, a distinction of some magnitude exists between a program in rural areas and one near settled areas. The implications of this difference are outlined in other sections of this report.

4. The problem of "residence" is a substantial one. As the bill now stands, non-residents will be favored. They are entitled to own State land, the length of residency test is legally questionable, the migrant non-resident would be less likely to own another dwelling, and seasonal workers would be more likely to be able to staisfy the 5-month "live on" requirement. The possibility of in-migration by non-residents to gain free land

would probably be determined by the size of the program and could be substantial.

5. On issues other than residence, it appears likely that low income (invididuals unlikely owners of another dwelling), seasonal workers, students, retired persons, migrants and similar groups would be favored. Those who own land, but not other habitable dwellings would be eligible as well. The patterns regarding land recipients would vary greatly between a rural homesite area and one near settled areas.

6. Speculation under this bill is delayed and diminished. However, after patent is given (three years) the land may be the subject of speculation. The best answer to this is to either give less than full title at the end of three years, or give title with covenants against subdivision or certain designated users.

7. The cost of future State and local services issue is not resolved, even though nothing in this bill is intended to create them. It is doubious if any legal disclaimer could be made to avoid such future taxpayer costs. Nonetheless, they are unpredictable subject to need and demand, and are certainly State and local costs to be considered in later years in homesite areas.

8. Cost of settlement - the bill intends that Alaskans might settle at " a cost reasonably within their means". As pointed out, it is hoped tax program will assist Alaskans now renting or leasing or non-residents with similar circumstances. The following analysis is a rough idea of the cost to a 2-acre recipient under the program looking both at a "bush" and "close-in" site. All assumptions are stated:

The costs associated with the bill vary according to the location of the two-acre tracts. In the bush situation, the costs would include numerous plane trips to and from the site to move the family, building materials, and supplies in as well as provide for the families' travel in and out of the area associated with each five-month period over the three-year period. Other expenses include costs associated with the materials for the habitable dwelling, the survey, and the potential loss of wages during the five month periods in the bush (assuming that it is the head of the household who applies). If the tract is close to a settled area, the major costs are associated with the dwelling itself and include a downpayment on a trailer or money for construction costs, and possibly water, sewer and foundation fees.

Table I summarizes the estimated expenses for each situation for the land recipient.

(3)

Cost Items	Remote Area	Close-In
Applicant Permit	$10.00	$10.00
Transportation (a) (family of 4)		
1. To move	6 trips - $780	$200
2. Other trips	6 trips - $780	
3. House Materials	3 trips - $390	
4. Supplies	3 trips - $390	
Habitable Dwelling Costs		
1. Materials	$1,000	$3,000 (downpayment on trailer)
2. Water and sewer	-0-	$2,000
3. Foundation	-0-	$1,000
Surveying Costs	$ 800 - $1200 (d)	$500 (state group survey)
Potential Loss of Wages (b)	15 months - $15,000	None
TOTAL COSTS	$4,150 to $4,550 without wage losses	$6,710
Value of Property Received (c)	$500 to $1,000	$5,000 to $10,000

(a) Assumes a fifty-mile one-way plane ride at a cost of $130 per trip. Trips are calculated on the basis of transportation needed over a 3 year period.
(b) Varies according to individual situations.
(c) Assumes a per-acre cost of $400 to $500 in a bush area and $2,500 - $5,000 cost in urban area.
(d) Assumes several homesite applicants jointly survey property. For a single individual in a bush area, it may cost as much as $2,000.

The table indicates that the expenses required to get started under the homesite bill are understandably greater in the area than the bush area due to initial habitable dwelling costs. This observation, however, does not recognize the potential loss of wages associated with the bush area and the non-recoverability of the bush transportation costs. Furthermore, the start-up costs in the bush areas are significantly greater than the land costs whereas in the settled area the opposite situation exists.

Consequently, the two acres of land provided by the homesite program would provide a major boost to a person's ability to own a habitable dwelling near a settled area. The use of homesite land made available near urban areas may fulfill the Bill's intent.

Administrative Issues

In its attempt to ensure that the purposes of the program are not violated and the State's interest not abused, the bill creates administrative responsibilities necessary to the program, but nonetheless demanding. The administrative analysis assumes that the sponsors desire enforcement, and maintenance of a credible program which avoids the abuses of prior open to entry programs.

(1) Implementing the bill would require a number of verification procedures.

(a) Sec. 2(a) The land has to be suitable for erection of a residential dwelling to use as a permanent abode. This implies verification by the State of the availability of water, the suitability of the land to accept a dwelling, and the suitability of the land for accepting a sewage system. This would be a large administrative task.

(b) The State would have to verify that the applicant did not own a habitable dwelling elsewhere. This is very difficult without a residence requirement. Even with a residence requirement, an applicant should be required to certify that he does not own a dwelling with penalties for false statement.

(c) The State would have to verify and arbitrate length of Alaskan residency if a lottery system is not used to resolve conflicts.

(d) The State would have to verify that the dwelling meets the conditions for a habitable dwelling.

(e) The State would have to verify if the dwelling was occupied for the required time and determine if head of household has been occupying the land.

(f) If the permit was revoked, the State would have to verify if the conditions of revocation had been met. If not, it would be the State's responsibility to locate the applicant or reclaim the land at taxpayer's expense.

(2) Since the State will only paper survey the land, the applicant will be responsible for locating the tract on the ground. Experience indicates that this leads to disputes and administrative problems when the final surveying is done due to improvements which are made outside original boundries, etc. This could be solved by having the State survey the land first and charge the applicant.

(3) The bill does not clearly indicate the length of time the application or permit will be valid. Is it valid for only three (3) years from the time of issuance or time of occupancy? Could the permit continue indefinitely if all the stipulations are not met?

(4) The condemnation procedure may require a large administrative force, although this is not clear at this time.

(5) Although it is not the bill's intension to make money, a $10.00 filing fee is unrealistic since this fee is inadequate to even set the wheels in motion regarding verification of the applicant's credentials. Similarly, the costs in time of setting up a file would more nearly approximate $50.00 or more. This fee should also be non-refundable which may possibly discourage capricious filings.

(6) Sec. 2(a) If the intent of the bill is to provide full-time occupancy for the applicant and not just part-time or recreational occupancy, the five month provision should be changed to at least eight (8) months. A five month occupancy implies only a part-time commitment to the improvements and stipulations in the bill. This would mean that housing and other developments such as sewers, etc. would be of much lower quality than if the land were occupied full-time.

ESTIMATED STATE IMPLEMENTATION COSTS

State expenses required to implement the Homesite program include administrative costs for additional staff salaries and travel expenses as well as homesite land value costs. This section briefly outlines the required administrative services, estimates the associated administrative expense, and calculates the value of land which might be provided as homesites.

For the purposes of this analysis, it is assumed that the administrative regions in which homesites are located will generally correspond to the three existing Division of Lands Districts: Southeastern District (SED), Southcentral Distrcit (SCD), and the Northcentral District (NCD). It is also assumed that sites will either be in remote areas or areas close to existing settlements. In order to set a range for the program costs, the analysis provides 100 available sites in each region as a minmum program response and 1,000 sites in each region as a maximum response.

Administrative Costs

The estimated costs of the program are based on the following scenarios: The program, which would be set up on a statewide basis, must furnish homesite lands from existing patented or tentatively approved state lands. These lands would need to be field inspected for their homesite suitability and land planning reports prepared. AFter being approved by the Planning Section and/or the Land Use Planning Commission, the land would be classified. During this time, systems must be set up to qualify the applicants by checking the application background material against court recordings, title recordings, voter registrations, etc. Once this was accomplished, provisions for choosing recipients would be established. Following this preparation, actual management of the program would begin. This would include enforcement capability during the three-year residency period.

The following estimates of personnel and travel expenses are based upon the assumptions and the knowledge of time and costs involved in the initiation and management of the past Open-to-Entry Program.

Selections: This phase would require the services of a full-time Land Management Officer IV (L.M.O.IV) and a Land Management Officer (L.M.O. II) and a Land Management Assistant I (L. M. A. I) to adequately supervise and coordinate the program on a state-wide basis. The services of a Cartographer II and two Planners would be required. District offices would need additional personnel for initial field examination in the category of an L.M.O. I plus budgetary monies for remote as well as close-in travel and per diem. Land planning reports instigated by thedistricts would need processing thereby necessitating additional classification workload and thus personnel.

Qualifying of Applicants: An adequate, though not necessarily stringent check of the applicant's legal qualification would be necessary requiring adding personnel to existing district's rosters, as well as personnel to set up and oversee the auctions and/or lotteries.

Enforcement of Management: Enforcement for compliance would require that field inspection be a continuing and time consuming item requiring coordination and administration work by people out of the District as well as headquarter offices.

District Office Expenses: The District offices would require two new positions and a substantial increase in travel funding. The estimates set forth below assume a minimum program of 100 and a maximum program of 1,000 homesites per District per year.

District Office Expenses

in Dollars/year

District	Personnel Salaries (a)	Regional Travel Costs			
		100 Units/District		1,000 Units District	
		Remote Areas (b)	Close-in Areas (c)	Remote Areas	Close-in Areas
Southeastern					
L.M.O. II L.M.A. I	27,224 17,742	18,000	3,600	180,000	36,000
Southcentral					
L.M.O. II L.M.A. I	27,224 17,742	18,000	3,600	180,000	36,000
Northcentral					
L.M.O. II L.M.A. I	31,516 20,271	18,000	3,600	180,000	36,000
TOTALS	141,719	54,000	10,800	540,000	108,000

(a) Employees' salaries include base salary plus State provided benefit costs.

(b) Remote area refers to any area which cannot readily be inspected, but requires a charter (boat or plane) to inspect. Known costs are transposed with emphasis on flying as the fastest means of verification of compliance. 10/25 inspections per day within a 100-mile radius of the district offices. If areas greater than 100 miles are opened, then inspection time/costs will increase in proportion.

(c) Close-in refers to areas available to highway, railbelt and nearby water access which can be reached with relative ease. After the fact costs are predicated on a monthly check basis, with between 25/50 inspections per day.

Headquarters Expenses: A staff of seven full-time employees to oversee selections, classifications, contracts, lotteries and servicing of the program would be needed in the Anchorage headquarters office.

Headquarters Expenses

in Dollars/year

Position Title	Salary	Travel Costs (a)	
		Remote	Close-in
1 L.M.O. IV	32,058	1,500	300
2 L.M.O. II	54,448	3,000	600
1 Carographer II	21,800	1,200	1,200
1 L.M.A. II	20,271		
2 Planners - 16	23,490		
- 18	27,224		
TOTAL EXPENSES	179,291	5,700	2,100

(a) Travel costs are limited to one trip for three headquarters personnel to District Offices to observe field work. The Cartographer would be expected to make several trips for record coordination purposes.

Advertising Costs: Three days public notice in a major paper would costs $250.00. Such a notice would have to be printed at least twice a year in a paper in each District with a total cots of $1,500.00.

Total Administrative Costs

in Dollars/year

	300 Homesites		3,000 Homesites	
	Remote	Close-In	Remote	Close-In
3 District Offices				
Salaries	141,719	141,719	141,719	141,719
Travel	54,000	10,800	540,000	108,000
Headquarters				
Salaries	179,291	179,291	179,291	179,291
Travel	5,700	2,100	5,700	2,100
Newspaper Costs	1,500	1,500	1,500	1,500
TOTAL COSTS	382,210	335,410	868,210	432,659

Value of State Public Land Given in the Program

Sales in the various districts indicate approximate values which can be used in estimate value lost if the State provides homesite land free rather than at the fair market value. Though great disparity exists between individual values for both remote and close-in properties, the median values have been used for this analysis. Land in remote areas has been valued at $400 to $500 an acre and land close in to settled areas valued at $2,000 to $2,500 an acre. All homesites are assumed to be of the 2-acre lot size.

Values of Homesite Lands

in Dollars/Year

District	100 Sites/District		1,000 Units/District	
	Remote	Close-in	Remote	Close-In
Southeastern	100,000	500,000	1,000,000	5,000,000
Southcentral	80,000	400,000	800,000	4,000,000
Northcentral	80,000	400,000	800,000	4,000,000
TOTAL COSTS	260,000	1,300,000	2,600,000	13,000,000

Summary

Summary of State Homesite Program Costs
(Land Value and Administration Expenses)a

In Dollars/Year

Site Processed Per Year	Remote Areas			Close to Settlement Areas		
	Land Value[d]	Admin	Total	Land Value[e]	Admin.	Total
300[b]	260,000	382,210	642,210	1,300,000	335,410	1,635,41
	2,600,000					
3,000[c]	2,600,000	868,210	3,468,210	13,000,000	432,659	13,432,65

a. Does not include ancillary costs to the State for required services such as new schools, etc.

b. 100 sites per District for 3 districts.

c. Maximum number of sites - 1,000 per district for 3 districts.

d. Assumes a cost of $400 to $500 an acre for remote areas.

e. Assumes a cost of $2,000 to $2,500 an acre for close to settlement areas.

State Costs per Homesite Unit

in Dollars/Unit

Location	Per Year	Total Costs	Per Site	Per Acre
Remote	300	642,210	2,140.70	1,070.35
Remote	3,000	3,468,210	1,156.07	578.04
Close-in	300	1,635,410	5,451.37	2,725.68
Close-in	3,000	13,432,659	4,475.55	2,237.77

a. A site is assumed to be 2 acres.

LEGAL ISSUES

1. Subsection 2(a)5 - Is it constitutional to award homesite permits on the basis of length of residency? This stipulation may be unconstitutional and would probably be challenged in court. However, there are some inherent problems in this system even if it may be shown to be legal. Who would be awarded a permit if all applications were non-residents? This particular stipulation would also create an administrative burden just resolving disputes of length of residency. This problem could be solved by using a lottery system for all applicants rather than length of residence.

2. Subsection 2(a)6 - Is it legal to restrict land applicants to those who don't own habitable dwellings? The basic concept of providing land to a restricted segment of the population based on a standard of need is probably legal. However, defining and drawing the line as to what segment really is in need is where the problem arises. The line has to be drawn very carefully. For example, in this bill someone could own large amounts of land and still be eligible as an applicant. If it is shown to be legal, the State should probably require filing of certification by the applicant that they hold no title or interest in a habitable dwelling and provide a penalty for making a false statement in this certification.

3. Section 2(e) - Does the State have a legal responsibility to provide services to its residents regardless of their status? Such things as providing an education, protection, and other social services will have to be provided at some cost to the State. The further away the land is from present developments, the higher the probable costs. Education and possible unemployment insurance or welfare costs are two examples. The services alluded to in the bill probably mainly concern such things as road building and maintenance costs which can be transferred to the applicant, but as discussed above, there are significant costs which the applicant can't be expected to assume. It appears to be legally impossible to discriminate among citizens of the State based on their land status.

4. Section 2(b) - If it is the intent of the bill to completely limit conveyance of the permit, the language will have to be tightened up. Inability to assign or otherwise transfer the rights under the permit, will still allow the applicant to hold all his rights but to sublease the land for other uses such as, for example, a campground.

5. Would it be legal to amend the bill to apply to Alaskan residents only? There may be a better case for this stipulation than the length of residence stipulation, since it has already been widely discussed regarding local hire, but there remains a legal question on this issue.

POSSIBLE MODIFICATIONS

The following are suggested modifications which begin to solve some of the policy, planning, and administrative problems mentioned above.

1. The bill should insure that the State is not forced to provide free homesites in areas not physically suitable or appropriate at this time for settlement (i. e. far away from settled areas).

2. The bill's clause for proper planning should be emphasized to assure the State is not forced to make homesites available before proper planning is completed. A maximum number of homesites a year might be stipulated.

3. The bill must provide the State Division of Lands with the necessary manpower and financial resources required to wisely and efficiently manage the additional program. The problems associated with the lack of resources available for the open-to-entry program testifies to the crucial importance of tthis assumption.

4. The bill should emphasize that the State would decide where homesite lands will be offered and shall lay such lands out for homesite selection in accordance with area plans. This includes the assumptions that the lands offered in the next few years will be near settled areas and can be made available adjacent to each other in the specified areas.

5. The bill should provide that the State could place logical covenants on land given away. The recipient might not receive unrestricted title in appropriate circumstances. For example, the State may require that even after patent, the land could not be further subdivided.

6. A lottery system should be substituted for the length of residence clause.

7. The bill should provide a strong enforceable residency requirement for entitlement under the program.

8. If the intent of the bill is for permanent residency, the five-month clause should be changed to at least 8 or 9 months.

9. Certification and penalties for false information should be included if the intent is to limit applicants only to those who don't own dwellings.

10. Since lands near settled areas would initially be best for the homesite program, the bill should require that the Borough approve of site locations as well as participate in the planning process.

11. The language in the last sentence in Section 2(b) needs to be tightened since the words "assigned or otherwise transferred" are inadequate to prevent conveyance.

12. State services would have to apply to applicants as well as all other citizens. Section 2(e) is cosmetic and legally meaningless.

13. The entire program should have a fixed expiration date (4 years). If it is working, it can be renewed; if not, the political problems with repeal will be reduced.

Chris Miller
4100 Balchen Drive
Anchorage, Alaska 99503

March 19, 1976

Representative Nels Anderson
Capital Room 118
Pouch V
Juneau, Alaska 99801

Dear Representative Anderson,

I am writing in regard to House Bill 808. In being a long-time resident of Alaska and wanting to obtain land at a price I can afford, I am interested in seeing the bill passed. After reading the conditions and qualifications required and comparing them to the present policy, I feel it would provide a good and equitable opportunity for state residents to take advantage of their home land as well as contribute to it.

One thing you can count on: Only independent people will take advantage of the homestead act. Isn't this the type of person that brings stability to the state? As it is, only wealthy indiviuals can buy land in Alaska. It seems unfair to always be playing into their hands. So, I support the bill and I am very interested in any information concerning it.

Sincerely,

Chris Miller

Chris Miller

HB

840

Copies to

Truman Embery

Herman Schroeder

12 Regional Corps

B.B.NA.

Members of board of Fish

Requesting Comments

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S – JUNEAU 99811

March 4, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK

Re: House Bill No. 840

Dear Mr. Anderson:

House Bill No. 840, an Act relating to commercial fish licensing was introduced in the House on February 25, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum and accompanying schedules prepared by R. H. Pilcher, Manager, Juneau Field Office, Department of Revenue advising of estimated additional revenues and problems of administration and that no additional costs of administration are anticipated as concerns the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Pilcher for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

Enclosures

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

The Honorable William Parker
Chairman
House Rules Committee

R. H. Pilcher
Manager, Juneau Field Office
Department of Revenue

Form SA 1

MEMORANDUM State of Alaska

TO: R.D. Stevenson
Special Assistant
Department of Revenue

DATE : March 2, 1976

FROM: R.H. Pilcher
Manager
Juneau Field Office

SUBJECT: House Bill No. 840

Passage of HB 840 will:

1. Increase all salmon and long line vessel, gear, and personal commercial fishing license fees threefold, and
2. Require fishermen to renew licenses in person annually before March 31st, except under circumstances of extreme hardship, effective January 1, 1977.

EFFECT ON TREASURY

Based on calendar year 1975 license sales, passage of HB 840 will result in a dollar revenue increase of approximately $1,634,300.00 for distribution to the General Fund and to the Fishermens fund. (See attached breakdown of revenue estimates).

PROBLEMS OF ADMINISTRATION

The Department of Revenue presently sells commercial fishing licenses to an applicant who applies and pays the fees in person, through an agent, or through the U.S. Mails.

Under the present license structure the various processors can contract for the fishermen and have them fill out applications. The processors can send in groups of applications and a check to cover the license fees thus eliminating the necessity for the individual to come up with the money. Under HB 840 the individual fisherman will have to come up with the money, not only for the licenses but for the transportation to the license agent, which will bring severe hardship for many. Yet this bill specifically states that "financial inability to travel shall not be considered extreme hardship".

The Department of Revenue maintains 36 stations throughout Alaska Coastal areas and Fairbanks, where all three types of commercial licenses are sold (personal, vessel and gear) and another 23 stations where just personal licenses are sold. (See list and map attached). Many Alaska residents, as well as non-residents, will have to travel many miles in order to apply in person for a license to fish commercially. In addition if a resident of Southeast Alaska fishes Bristol Bay, he will have to travel to Bristol Bay before the deadline to purchase his licenses.

The majority of applications are at present received at locations within the areas that will be fished with the greater percentage

being received by mail. It would be quite unfeasible from the vendor standpoint to have to issue all of the licenses while the person was present. Most of the commissioned vendors operate businesses in addition to handling license sales and they are able to handle mail orders during times when they are not required to take care of their own work. By being able to regulate the work we have been able to secure fairly competent vendors in most locations. We would lose some of these people if the proposed law went into effect since the rate of commission would not make it worthwhile to hire additional help for this short period of time.

COST OF ADMINISTRATION

It is anticipated that passage of HB 840 will have little, if any, effect on costs of administration.

ESTIMATED REVENUES BASED ON CALENDAR 1975 COMMERCIAL FISH LICENSE SALES USING PROPOSED INCREASE IN LICENSE FEES. HB 840.

RECEIPT CODE	TYPE OF LICENSE	NUMBER SOLD	GROSS	COST	NET
126	Vessel	11,630	476,172	16,798.11	459,373.89
127	Troll Line	2,810	149,760	2,882.76	146,877.24
128	Long Line	1,393	111,870	2,727.21	109,142.79
129	Drift Gill Net	4,511	318,630	14,051.16	304,578.84
130	Set Gill Net	3,139	107,700	3,396.09	104,303.91
131	Beach Seine	30	1,200	31.95	1,168.05
132	Purse&Hand Purse Seine	1,265	363,540	12,425.13	351,114.87
133	*Beam Trawl	57	3,150	(15.43)	3,165.43
134	*Otter Trawl	172	14,100	102.33	13,997.67
135	*Shellfish Pots	936	28,875	344.16	28,530.84
136-40%	*Clam Diggers	168	452.	35.79	416.21
137-40%	Res Comm Fishermen	16,064	192,756	14,929.56	176,826.44
138-40%	Nonres Comm Fishermen	5,796	208,656	13,676.88	194,979.12
139	*Scallop Dredge	6	300	5.53	294.47
140	*Comm Fish Ext Fees		945.	-0-	945.00
SUBTOTAL - TO GENERAL FUND		*47,977	1,978,106.	81,391.23	1,896,714.77
843-60%	*Clam Digger's		678	-0-	678.00
844-60%	Res Comm Fishermen		289,134	-0-	289,134.00
845-60%	Nonres Comm Fishermen		312,984	-0-	312,984.00
SUBTOTAL TO FISHERMENS FUND			602,796	-0-	602,796.00
TOTAL RECEIPTS		47,977	2,580,902	81,391.23	2,499,510.77

GROSS SALES	$ 2,580,902.00	
COST OF SALES	81,391.23	- 3.154%
NET RECEIPTS	$ 2,499,510.77	
1975 RECEIPTS	865,168.67	
REVENUE INCREASE	$ 1,634,342.10	

STATE OF ALASKA, DEPARTMENT OF REVENUE, FISH AND GAME LICENSE DIVISION

1976 COMMERCIAL FISH LICENSE OFFICER LIST
VENDORS INDICATED WITH AN * ARE SUPPLIED WITH PERSONAL LICENSES ONLY. 2-27-76

1. Frank Alstrom
Alakanuk, Alaska 99554

2. Alaska Dept. of Fish and Game
Anchorage, Alaska 99501

3. Richard L. Powers
Angoon, Alaska 99820

4. Judy Horn
Bethel, Alaska 99559

5. *B. L. Hall
Chignik Lagoon, Alaska 99565

6. Ellen Dettinger
Cordova, Alaska 99574

7. Ralph Pirtle
Cordova, Alaska 99574

8. Patricia Ann Bippus
Craig, Alaska 99921

9. Mike Nelson
Dillingham, Alaska 99576

10. Tom Ward
Dillingham, Alaska 99576

11. *Parascovia Deigh
Egegik, Alaska 99579

12. *Mike Lee
Egegik, Alaska 99579

13. Mary Jo Lord
Elfin Cove, Alaska 99825

14. Alaska Dept. of Fish and Game
Fairbanks, Alaska 99701

15. *William E. Bright
False Pass, Alaska 99583

16. Dave Olerud
Haines, Alaska 99827

17. *Randy Caldwell
Hawk Inlet, Alaska 99828

18. Alaska Dept. of Fish and Game
Homer, Alaska 99603

19. *Arthur D. Aspaas
Homer, Alaska 99603

20. Thomas G. Carney
Homer, Alaska 99603

21. Marlene Johnson
Hoonah, Alaska 99829

22. *Alice Kitkoon
Hydaburg, Alaska 99922

23. Kathleen G. Conn
Juneau, Alaska 99801

24. *Robert N. Blanchard
Kake, Alaska 99830

25. Darlene Crostick
Ketchikan, Alaska 99901

26. Helen Hille
Kenai, Alaska 99611

27. *David Williams
King Cove, Alaska 99612

28. Arnold Omholt
King Salmon, Alaska 99613

29. *Christian A. Peterson
Klawock, Alaska 99925

30. Alaska Dept. of Fish and Game
Kodiak, Alaska 99615

31. *Hewit Kirkpatrick
Kodiak, Alaska 99615

32. Barbara Steckel
Kotzebue, Alaska 99752

33. *Don Overmiller
Larson Bay, Alaska 99624

34. *Karl Cook
Metlakatla, Alaska 99926

35. Henry Wilde Sr.
Mt. Village, Alaska 99632

36. *Elmer Hauke
Naknek, Alaska 99633

37. *Lionel Kagley
Naknek, Alaska 99633

38. *Tibor Young
Naknek, Alaska 99633

39. Ernest Tiemann
Ninilchik, Alaska 99639

40. Bonnie Deneen
Nome, Alaska 99762

41. William E. Odell
Pelican, Alaska 99832

42. Norma Tefjord
Petersburg, Alaska 99833

43. Dept. of Fish and Game
Petersburg, Alaska 99833

44. *David Kashiwagi
Port Moller, Alaska 99695

45. *Rita Martinsen
Sand Point, Alaska 99661

46. Elaine Giles
Seldovia, Alaska 996633

47. Luella Wilfong
Seward, Alaska 99664

48. Alaska Dept. of Fish and Game
Sitka, Alaska 99835

49. *John Connor
South Naknek, Alaska 99670

50. *Gary R. Johnson
South Naknek, Alaska 99670

51. *Odd Skogstad
South Naknek, Alaska 99670

52. *Henry Gunderson
Steamboat Bay, Alaska

53. George E. Walters
St. Michael, Alaska 99659

54. Sylvia Geraghty
Tokeen, Alaska 99901

55. Mary Ann Haugen
Unalakleet, Alaska 99684

56. *Martha G. Norton
Unalaska, Alaska 99635

57. Eileen Cruver
Valdez, Alaska 99686

58. Alaska Dept. of Fish and Game
Wrangell, Alaska 99929

59. Cornelia Howard
Yakutat, Alaska 99689

COMMERCIAL FISH VENDORS

KOTZEBUE
Kotzebue Sound
NOME
Norton Sound
UNALAKLEET
ALAKANUK
ST. MICHAEL
MT. VILLAGE
SCAMMON BAY
BETHEL
Kuskokwim Bay
DILLINGHAM
TOGIAK
TULIAKSIK
NAKNEK
KING SALMON
SO. NAKNEK
Bristol Bay
EGEGIK
PORTAGE
CHIGNIK
False Pass
KING COVE
SAND POINT
UNALASKA
LARSEN BAY
SELDOVIA
KODIAK
KENAI
NINILCHIK
HOMER
SEWARD
ANCHORAGE
PALMER
VALDEZ
CORDOVA
FAIRBANKS
YAKUTAT
HAINES
JUNEAU
HOONAH
PELICAN
SITKA
KLAWOCK
CRAIG
STEAMBOAT BAY
HYDABURG
KETCHIKAN
METLAKATLA
WRANGELL
PETERSBURG
WRANGELL
ELFIN COVE
TAKU INLET
TAKU

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S – JUNEAU 99811

April 1, 1976

Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: House Bill No. 840

Dear Mr. Anderson:

Under the date of March 4, 1976 I forwarded to you a copy of a memorandum and accompanying schedules prepared by R. H. Pilcher, Manager, Juneau Field Office, Department of Revenue advising of estimated additional revenues and problems of administration and further advising that no additional costs of administration would be anticipated as concerns the proposed legislation.

After a further review of the proposed legislation, I am respectfully enclosing a copy of a memorandum prepared by Katie Conn, Supervisor, Fish & Game Licenses, Department of Revenue indicating some further administrative problems. This information is transmitted to the House Resources Committee for your further consideration.

If you or any members of the House Commerce Committee have any questions on the material submitted, please contact the writer and I will contact either or both Mr. Pilcher and Mrs. Conn for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

The Honorable William Parker
Chairman
House Rules Committee

R. H. Pilcher
Manager, Juneau Field Office
Department of Revenue

Katie Conn
Supervisor, Fish & Game Licenses
Department of Revenue

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S – JUNEAU 99811

March 4, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK

Re: House Bill No. 840

Dear Mr. Anderson:

House Bill No. 840, an Act relating to commercial fish licensing was introduced in the House on February 25, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum and accompanying schedules prepared by R. H. Pilcher, Manager, Juneau Field Office, Department of Revenue advising of estimated additional revenues and problems of administration and that no additional costs of administration are anticipated as concerns the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Pilcher for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

Enclosures

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

The Honorable William Parker
Chairman
House Rules Committee

R. H. Pilcher
Manager, Juneau Field Office
Department of Revenue

02-001B

STATE
of ALASKA

MEMORANDUM

TO: Ralph Kimlinger, Director
Division of Collections
Department of Revenue
State Office Building, Juneau

DATE : March 26, 1976

FROM: Katie Conn, Supervisor
Fish and Game Licenses
Dept. of Revenue, Juneau

SUBJECT: HB 840 Commercial Fish Licensing

House Bill 840 amends 16.05.440 to provide that all commercial licenses required by Sections 440 through 720 shall be renewed annually before March 31 of the year for which they are issued ..... and that all applications for initial licenses shall be submitted before March 31 of each license year.

16.05.450 is also amended to provide that a license may be issued to each person who files an application in person at places in the state designated by the commissioner.....together with the required fee. It adds a section which says the commissioner may permit persons to acquire commercial fishing gear licenses by mail under circumstances of extreme hardship, as determined by the commissioner. FINANCIAL INABILITY TO TRAVEL SHALL NOT BE CONSIDERED EXTREME HARDSHIP UNDER THIS SUBSECTION. (Emphases ours) The application shall be executed by the applicant under penalty of perjury.

This amendment is to subsection (a) only, therefore, we assume that subsections (b) and (c) remain unchanged.

We would like to amend our memorandum to Mr. Stevenson under date of March 2,1976 in which we stated there would be little, if any, effect on the costs of administration. Additional research of the effect of the bill, if passed, brought up the following points that need clarification before we can estimate the amount of the increased administrative costs:

1. The amendment to 16.05.440 by using the term "all commercial licenses required by Sections 440 through 720" would be applicable to crew members as well as to gear and vessel licensees since they do not differentiate between personal, vessel or gear licenses. The administration of the March 31 deadline would be under the direction of the Commissioner of Revenue or his duly authorized deputy.

The bill does not amend or repeal 16.05.250 (14) which empowers the Board of Fish and Game to establish the times and dates during which the issuance of fish and game licenses, permits and registrations and the transfer of permits and registrations between registration areas, game management units or subunits, is allowed.

It further does not amend 16.05.065 which empowers the Commissioner of Fish and Game to extend the times and dates during which application may be made for fish and game licensing or registration under certain conditions. No reference was made to this section.

Since under the present structure licenses and registration are one operation for the salmon net fishery, it would be necessary to split this to two

operations with licensing imposing the March 31 deadline and Fish and Game imposing an April 15 and June 1 registration for this fishery.

We have been advised that if the Department of Fish and Game would have to set up a separate registration procedure in their area offices, they would no longer be able to handle commercial license sales in their offices. This would mean the loss of the sole vendors in Sitka, Wrangell, Fairbanks, Anchorage and Kodiak and the back-up vendors in Ketchikan, Petersburg, Cordova, Homer, Dillingham and King Salmon. This would be a severe blow for the commercial licensing program even with the existing regulatory deadlines.

We feel the conflicting statutes should be brought into conformity and that consideration be given to exempting crew members from having to comply with any deadline. We know that it would be a physical impossibility to actually issue the number of licenses sold each year through state and commission vendors by March 31 of each year since in most cases commission vendors handle the licensing within their places of business. It could only be administered by having the vendor accept the application and fees, furnish the licensee with a receipt and allow him to issue the licenses as rapidly as he could reasonably be expected to. This would mean mailing the issued licenses back to the licensee and in some areas could cause enough problems that some vendors would terminate their services.

The amendment to 16.05.450 requiring that each person who files an application must do so in person and pay the required fees. It further adds a section saying the commissioner may permit persons to acquire commercial fishing gear licenses by mail under circumstances of extreme hardship as determined by the commissioner. It further states that FINANCIAL INABILITY TO TRAVEL SHALL NOT BE CONSIDERED EXTREME HARDSHIP UNDER THIS SUBSECTION. We feel that clarification of several points is necessary to determine the additional administrative costs, and more clearly set up extreme hardship guidelines.

The residents of Alaska will be the hardest hit by having to appear in person to license since they are also required to appear in the area in which they register for fishing. Since financial inability to travel shall not be considered a hardship exemption from appearing in person, we feel that either definite guidelines should be set up within the bill or it should be amended to be allowed only in cases of serious illness or injury that prevent the applicant from traveling. In certain areas of Alaska which are considered poverty areas, financial inability to travel would be the only hardship they would have. It does not seem reasonable to set up another barrier for people who are receiving some sort of welfare assistance just to exist.

We would also point out that the permission is granted only for acquiring commercial fishing gear licenses and does not take care of acquiring personal licenses or vessel licenses. We would have to assume that they would still have to appear in person for purchase of those licenses and therefore the exemption for gear would be nullified.

DILLINGHAM VILLAGE COUNCIL
P.O. BOX 247
Dillingham, Alaska 99576

March 24, 1976

Mr. Nels Anderson
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Nels:

I looked over the legislation, House Bill No. 840, which you forwarded for review. As I stated clearly in Juneau I support the increase in liscensing fees. However under no circumstances can I accept the in person clause required of all applicants. The people in my district are unable to travel easily from their villages to central points. Such a restriction would work a great hardship on village fisherman. Particularly in view of the fact that financial inability to travel is not considered extreme hardship.

Perhaps the bill can be amended so that the application process can be further decentralized or localized. If authorized revenue personnel were available in more villages and people had ready access to them then this clause would be more palatable. But as it stands the amendments to Section 6 AS 16. 05.450(a) spell difficulties for this area's fisherman.

We urge you remedy this defect in House Bill 840.

Sincerely yours,

Herman Schroeder

Herman Schroeder
President

HS/RMH

Ninilchik, Alaska

Mar. 22, 1976

Representative Nels Anderson,

Juneau, Ak.

Dear Representative Anderson,

Enclosed are my comments on HB # 840 as you requested and I thank you for your consideration in this matter.

I believe all fishing and hunting licenses should be increased and at the same percentage. This percentage to be somewhere from 50% to 100%.

The same for all commercial fishing boats and all types of fishing gear.

Having to appear in person to get a license may not be so good. It could be a spot in the bill that the opponents could pick at.

In Sec. 9 page 3

Lines 27 & 28 ; I would like to see the wording read

A license is required for troll lines in the taking, catching, or landing of fish for commercial purposes in the waters of the state.

Respectfully

Dan Garroutte

Dan Garroutte
Board of Fisheries

DG/RG

Post Office Box 1633
Kodiak, Alaska 99615
March 22, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

Thank you for the information you sent concerning House Bill No. 840 relating to commercial fish licensing.

I do not have any objection to the raising of license fees. I have long felt a substantial increase in license fees to be a more acceptable alternative to the present limited entry system. For example, if the fee for a commercial license for a resident were raised to $1000 and the 3:1 ratio retained, then the non-resident fee would be $3000. In certain cases the State could subsidize the resident license as it presently does by its issuing twenty-five-cent hunting, trapping and sportfishing licenses for individuals who fall below a certain economic level. I think a substantial increase in license fees would tend to eliminate the part-time fisherman and the amateur speculator who usually endangers not only himself but also everyone near him. Needless to say, it would have a similar effect on non-resident participation.

I have no strong feelings on the section that requires applicants to acquire licenses in person. While the intent seems to be to place a hardship on the nonresident, if it also puts a hardship on the resident, it may be self-defeating. I do not think it would create a hardship for residents in the Kodiak area, but I do not know how it would specifically affect other Alaskans in areas where vendors are less accessible.

Thank you for the opportunity to comment on this legislation.

Sincerely,

Nick Szabo

Nick Szabo
Alaska Board of Fisheries

DILLINGHAM VILLAGE COUNCIL
P.O. BOX 247
Dillingham, Alaska 99576

March 24, 1976

Mr. Nels Anderson
District #10 Representative
Pouch V
Juneau, Alaska 99811

Dear Nels:

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Perhaps the bill can be amended so that the application process can be further decentralized or localized. If authorized revenue personnel were available in more villages and people had ready access to them then this clause would be more palatable. But as it stands the amendments to Section 6 AS 16. 05.450(a) spell difficulties for this area's fisherman.

We urge you remedy this defect in House Bill 840.

Sincerely yours,

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President

HS/RMH

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Thank you for the opportunity to comment on this legislation.

Sincerely,

Nick Szabo

Nick Szabo
Alaska Board of Fisheries

HB
846

"An Act creating the Fisheries Economic Impact Council."

COMMITTEE REPORT

HOUSE

2/27/76

FINANCE

Mr. Speaker: Date 4-21-76

The Committee on RESOURCES has had HB 846 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB846 AND THAT CS FOR HB 846 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Robert Anderson, Jr., Rose Ann McCann

Members NOT concurring in the Majority report:

Julia Emmons recommends: DO Pass

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Robert A. Anderson, Jr. Chairman

Today I saw a god go down in death.
I saw the splendid figure sway and crash.
I heard the stricken earth's deep shuddered breath
and

Trading Bay & Marathon concerned with the Refuge - Doug Baily

excluding existing pipelines, Rights of way & leases.

exclude oil treatment plant.

AS 46 Fisheries Impact Council

line 26 Pg 1 4 public Members appointed by the

Pg 2 line 7 provided that ½ of plant all public members

Pg 4 - change to 50,000 from 100,000

Pg 3 Prevailing minimum wage

FISHERIES ECONOMIC IMPACT COUNCIL

--Fisheries Economic Impact Council and Department of Commerce & Economic Development (DEE)

1. Forecast income from Alaska Department of Fish and Game fishery run predictions by fishery

2. Evaluate income forecast

3. Identify potential fishery failures

4. Review and submit recommendation to the Governor for proclaiming fisheries failure area.

--Governor Evaluate Recommendation of Fisheries Economic Impact Council

1. Declare fisheries failure area(s)

   a. Request (charge) the Fisheries Economic Impact Council to proceed with plans for State's response

   b. Alert Governor's cabinet members of potential fisheries failure and inform cabinet members of this decision.

2. Ignore recommendation

   a. Request Fisheries Economic Impact Council to monitor situation

   b. Declare fisheries disaster at a later date

   c. Proceed as in "A" above

--Fisheries Economic Impact Council activity related to fishery failure

1. Evaluate current State capital expenditure plans for target area

2. Recommend to Governor what projects which could be expedited to stimulate income earning opportunities.

3. Fisheries Economic Impact Council develop plans (in cooperation with Department of Commerce & Economic Development and other State agencies) to impact employment opportunities

4. Continue to monitor fishing activity throughout the State (concentrate on anticipated fishery failure areas.)

5. Advise the Governor as the fishing season progresses (still possible to take action).

ASSUMPTIONS

1. That the bill has passed

2. That the Governor has appointed the council members to the Fisheries Economic Impact Council

3. That the Alaska Department of Fish and Game has prepared forecasts for the 1977 fishing season and that there are expectations that at least one area is expected to have a poor fishing season

J

A PROFESSIONAL CORPORATION

March 18, 1976

Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
and House Resources Committee
Members
Pouch V, State Capitol Building
Juneau, Alaska 99811

Re: House Bill 846 - Fisheries
Economic Impact Council

Dear Chairman Anderson and
Members of the House Resource Committee:

This letter is written on behalf of the American Insurance Association.

The subject bill is a praiseworthy attempt to provide economic relief for areas hard hit by fishing-run failures, and the Association is sympathetic with its goals. We wish, however, to comment on the bond waiver provision in proposed Sec. 44.33.300, at the bottom of page 3 of the the bill. The intent of this provision is apparently to make it easier for contractors in an economically impacted area to bid on public contracts, and thereby make it easier for public contract money to be pumped into the depressed area. It may, however, have an unintended and adverse result. The bonds referred to in this section are those set out in AS 36.25.010, and are of two different kinds. Under 36.25.010(a)(1), a performance bond must be provided the state on contracts over $2,000.00. If that bond is not given, and the

performance is not forthcoming, the state is the loser, and would have no alternative but to place the contract with some other contractor and proceed with whatever remedies it may have against the defaulting contractor. The more serious problem is created by waiver of the bond required by 36.25.010(a)(2), which is a payment bond, "for the protection of all persons who supply labor and material in the prosecution of the work provided for in the contract." If such a bond is not provided, then persons and firms supplying materials and labor to the government project, in reliance upon payment under the contract, are given no protection against a contractor who fails and whose assets are inadequate or unavailable. This could be particularly serious in an already economically impacted area such as is being addressed by this bill. Presumably, this legislation would be intended to provide as much work and sales opportunity in the impacted area as possible. Local suppliers and laborers would be involved in the project. The impact upon them of a defaulted contract would predictably be especially severe.

The payment and performance bond requirements of Alaska Statutes relating to public contracts are required for good policy reasons, and it appears that those policies are especially strong when dealing with public contracts in an economically depressed area. The protection that such bonds provide for the small businessman is invaluable, and it would appear unwise to take that protection away.

We would be happy to provide any further information on this provision that you may find helpful, and I

would appreciate an opportunity to testify briefly on this matter when it is scheduled for hearing.

Very truly yours,

M. T. THOMAS

bcc: Robert W. McCann
Victor Slevin

MEMORANDUM State of Alaska

TO: Frances Ulmer
Legislative Assistant
Governor's Office

DATE: March 5, 1976

FILE NO:

TELEPHONE NO:

FROM: Arthur H. Peterson
Assistant Attorney General
Department of Law

SUBJECT: HB 846 (fisheries impact council) and HB 642 (fishery impact fund)

You have indicated that the House Resources Committee is interested in favorably reporting out HB 846 and attaching HB 642 to it, and you asked whether the latter is invalid as creating a "dedicated fund" under art. IX, sec. 7 of the Alaska Constitution.

We believe that HB 642, as written, is invalid. Presumably, its drafters were relying on a literal reading of the phrase "tax or license" in art. IX, sec. 7. However, this department no longer believes that that is a sound interpretation of that constitutional provision. The May 2, 1975 opinion of this department on the dedication of revenues (copy attached) applies a broader interpretation of the prohibition, reading the phrase as meaning "revenues".

Nevertheless, there are many "dedicated" or special funds of the state which are valid. We believe that the invalidity of HB 642 could be avoided by using wording something like the following for the proposed AS 37.11.010(b) (with the indicated amendments here showing the changes in the original bill, not existing law);

> (b) An amount equivalent to not less than two per cent of the receipts paid the state from mineral lease bonuses and rentals for state land and royalties derived from minerals produced on state land may [SHALL] be appropriated by the legislature to [DEPOSITED IN] the Alaska fishery impact fund.

This language would avoid the dedicated fund problem and would serve as a guide for legislative appropriation while not attempting to bind the legislature invalidly. (I might add that the second sentence of the proposed AS 37.11.010(a) is rather confusing and should be re-worded.)

AHP:md

J

A PROFESSIONAL CORPORATION

March 18, 1976

Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
and House Resources Committee
Members
Pouch V, State Capitol Building
Juneau, Alaska 99811

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We would be happy to provide any further information on this provision that you may find helpful, and I

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Very truly yours,

M. T. THOMAS

bcc: Robert W. McCann
Victor Slevin

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 19, 1976

SUBJECT: Evaluation of HB 846, Fisheries Impact Fund, and Recommended Changes (W.O. #2379)

TO: The Honorable Nels Anderson

FROM: James Owers J.O.
Research Analyst

Council Membership

With respect to Sec. 44.33.260, MEMBERSHIP AND VACANCIES, it should be pointed out that the Commercial Fisheries Entry Commission has a fulltime research staff devoted to analyzing economic data from the fisheries. The committee may, therefore, wish to consider adding the chairman of the Commercial Fisheries Entry Commission to the Fisheries Economic Impact Council. This would insure coordination of all those agencies with relevant data.

Definition of Base Period

In Sec. 44.33.310 "base period" is defined as "any 10 years after 1950, not necessarily continuous, during which a fishery produced at economically acceptable levels as determined by the Alaska Department of Fish and Game."

It should be pointed out that the Department of Fish and Game has no expertise to determine what is "economically acceptable." This would

appear to be more appropriately handled by the council. In any case, with rising economic expectations and a near doubling in the number of fishermen over the last 15 years, what may be "acceptable" may not be even biologically possible. Certain fisheries practically never produce at "economically acceptable" levels because many of the participants have non-economic goals, such as the hand troll fishery and certain set net fisheries. A more realistic approach would appear to be for the council to select a base period which is "reasonably representative" of economic conditions in the fishery.

There does not appear to be any need to extend the base period further back than 1960 and five years would appear adequate. This would greatly simplify data problems and, in any case, average salmon production during the 1960's exceeded the 1950's. A large number of the fisheries in the state barely existed or did not exist at all prior to 1960, such as the Arctic-Yukon-Kuskokwim salmon fisheries and many shellfish fisheries. The table attached at the end of this memo shows a base period between 1969 and 1973 for the 19 salmon fisheries which have limited entry. This appears to be reasonably representative of dollars produced by these fisheries. Even though production was about average, total revenues reached record and near record levels, even adjusting for inflation.

The following definition of "base period" is offered for the committee's consideration based on the above comments:

> "Base period," means any five years after 1960, not necessarily continuous, during which a fishery produced a reasonably representative total annual catch value as determined by the council."

Definition of Fisheries Failure

In the present bill a fisheries failure "means income to the participants in a fishery dropped below 50 per cent of the average annual income for the base period..." The first problem with the existing language is that it appears to be comparing total revenue produced by a fishery with individual earnings. Suppose a fishery has a base period income of 10 million dollars with 1,000 participants, or in other words an average income of $10,000 per fisherman. Does the language in the existing bill mean that if the number of fishermen increases to say 2,500 fishermen that a fishery failure has occurred, since average income to participants in the fishery will have dropped to $4,000?

It is suggested that this ambiguity be removed and that the committee adopt language that would make it clear that in all cases the total catch value of the fishery will be used, if that is in fact the committee's intent.

There is nothing in the present language that makes it clear that the council is dealing primarily with biological failures. For example, in the present bill a large price reduction could be considered a "fisheries failure." On several occasions prices in shellfish fisheries have more than dropped in half when catches have remained constant. In addition, the Board of Fisheries may well make "man made" fisheries failures by a decision to eliminate a certain type of gear in an area or reduce the catch allocation to a particular fishery. For example, it is likely that increased restrictions on the interception of Bristol Bay fish by Alaska Peninsula fishermen will be forthcoming. In 1972 the Board eliminated the Southeast set net fishery. Should this be considered a

"fisheries failure"?

There does not appear to be an adequate definition of a "fishery." Does this mean the Alaska salmon fishery or the Prince William Sound drift gill net fishery?

It is not stated that the council should adjust for inflation. With a 7% rate of inflation, fish prices could well double over the next 10 years along with operating costs and related items, yet the council would have to wait until revenues dropped to 25% of their present level before a fisheries failure could be declared.

Also, no justification has been submitted for requiring the total annual catch value to drop below 50% of the average for the base period. As the analysis at the end of this memo shows, this may not be practical. In certain fisheries where incomes are already low and where there is little alternative employment, acute problems may be felt long before this, particularly in fisheries that do not fluctuate as widely as the salmon fisheries, such as halibut. Furthermore, since the purpose of the council is to advise and recommend action to the governor, there does not appear any reason why the council should be locked into a rigid mechanical formula.

The second requirement for a fisheries failure is that "the average family income of all residents of the designated area as determined by the council is below the Federal Social Security Administration Poverty Guideline ..." There appear to be several problems with this requirement; two technical and the other more philosophical. First, there do not appear to be adequate statistics relating to family incomes. The main source of earnings information is unemployment insurance and state and local government payroll information. This information is related to

individuals, not families. Second, there are several federal agencies which publish poverty guidelines depending on the purpose of their program. Those used by the Limited Entry Commission, for example, are published by the Community Services Administration. It appears that Social Security Administration guidelines are contingent upon, among other things, bank deposits, home ownership, and other assets held by an applicant for benefits. The best approach would appear to be to leave out the specific agency who would supply poverty guideline statistics and leave this up to the council's discretion. The third problem is that, regardless of the number of families that may be above or below the poverty guideline in a certain locality, fishermen impacted by a fisheries failure may still not be able to find employment. Thus the real issue appears to be whether alternative employment is available. It would appear that one duty of the council could be to define availability or lack of alternative employment. For example, it could be a function of population, economic diversification, regional unemployment or some combination. This approach would appear to have the advantages of relying on existing data as well as dealing with the fundamental problem, which is to provide employment to fishermen who cannot find work in other fisheries or other sectors of the economy. Again, no justification or studies are submitted by the administration to show that the existing formula is practical or workable.

The following definition of a fisheries failure is offered for the committee's consideration. This definition still leaves the method of calculating inflation up to the council, and it is possible that it will still be difficult to sort out biological from economic causes of fisheries

failures. In addition, a definition of "fishery" borrowed from AS 16.-43.380 is used here since extensive data files of both the department of Fish and Game and the Limited Entry Commission are organized this way.

> "Fisheries failure" means that the total catch value in a fishery, adjusted for inflation, has, for biological reasons, dropped significantly below the base period total catch value and that few alternative employment opportunities exist for fishermen in the region.

> "Fishery" means the commercial taking of a specific fishery resource in a specific administrative area with a specific type of gear.

Analysis of "Acceptable" Incomes in Certain Alaskan Salmon Fisheries

In 1974 an economic survey of fishermen examined what fishermen themselves felt was a reasonable level of gross earnings. The following table shows the average response for each fishery. The response fishermen gave appears fairly realistic in view of operating costs in each fishery and a comparison with prevailing wage scales in such industries as logging and contract construction. In the second column of the table, this figure has been multiplied by the number of entry permit holders in each fishery to provide an estimate of the total revenue each fishery would have to produce so that the average earnings of fishermen would equal an "acceptable" level. This amount can then be compared to the average total earnings in each fishery over the five years between 1969 and 1973.

What is immediately apparent is the wide difference between what may be considered "acceptable" and what has actually occurred even

during a period of relative prosperity in the salmon fisheries (see graph). In fact, the average earnings of fishermen over the five year period, even adjusting for inflation, is less than half what was considered "acceptable." In many fisheries, even record high years did not produce an "acceptable" level of earnings.

JO:jm

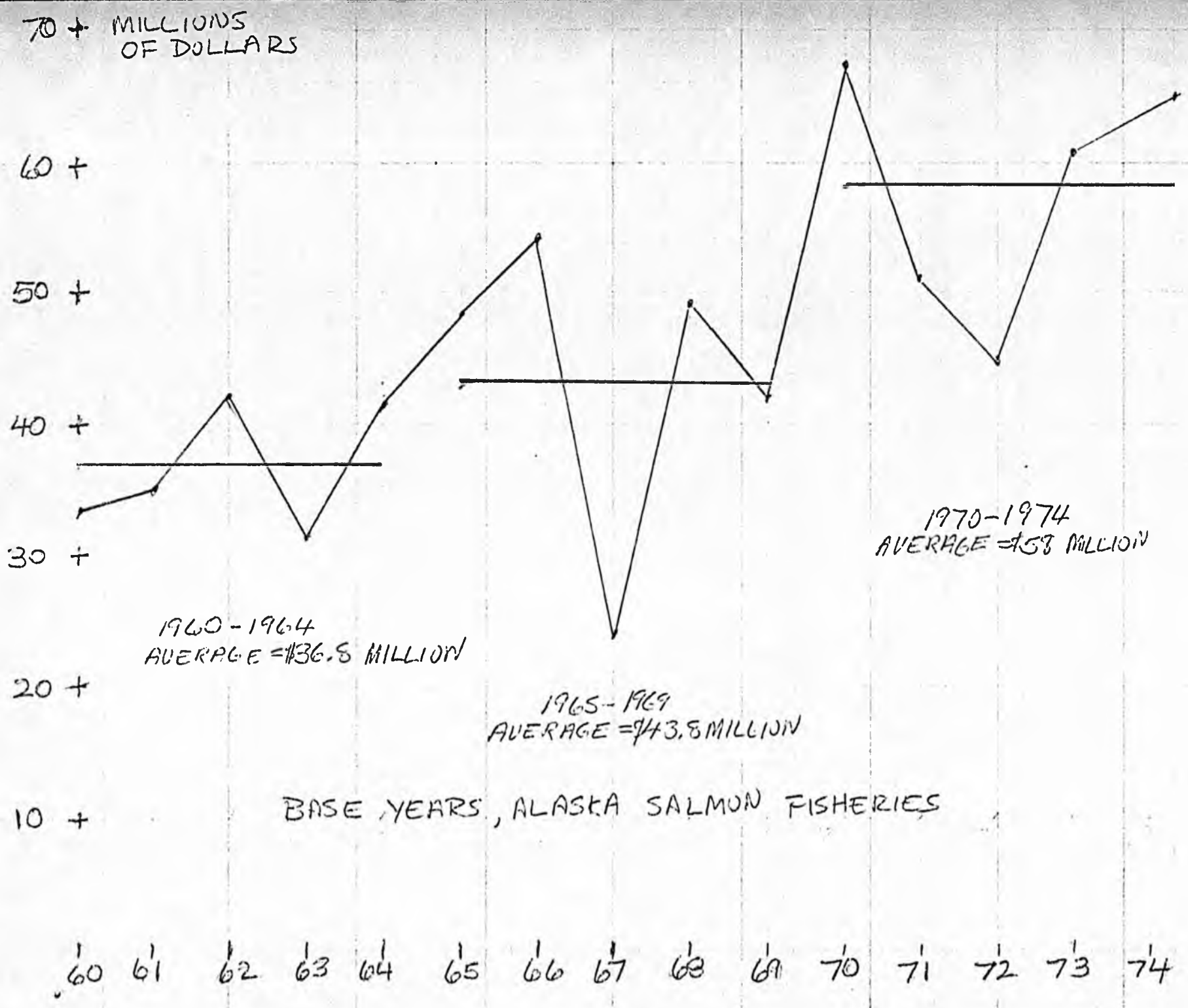

70 + MILLIONS OF DOLLARS
60 +
50 +
40 +
30 +
20 +
10 +
1960 - 1964
AVERAGE = 136.8 MILLION
1965 - 1969
AVERAGE = 143.8 MILLION
1970 - 1974
AVERAGE = 153 MILLION
BASE YEARS, ALASKA SALMON FISHERIES
'60 '61 '62 '63 '64 '65 '66 '67 '68 '69 '70 '71 '72 '73 '74

TABLE 1
TOTAL REVENUE BY SALMON FISHERY
ADJUSTED BY WHOLESALE PRICE INDEX

1969-1973
(In thousands of dollars)

	1969	1970	1971	1972	1973	5 year Average
Southeast						
Purse Seine	$4,177	$9,456	$8,573	$13,168	$13,376	$9,750
Drift gill Net	2,785	3,108	3,054	5,489	7,588	4,404
Yakutat						
Set Gill Net	329	226	394	479	952	476
Prince William Sound						
Purse Seine	3,997	2,584	6,163	1/	4,796	4,385
Drift Gill Net	2,472	3,680	2,656	2,780	3,727	3,063
Set Gill Net	177	84	2/	133	83	119
Cook Inlet						
Purse Seine	204	650	500	229	752	467
Drift Gill Net	1,454	2,164	1,297	2,237	4,023	2,235
Set Gill Net	1,071	1,444	906	1,842	2,281	1,508
Kodiak						
Purse Seine	9,345	8,720	5,534	,019	1,893	5,902
Beach Seine	25	91	57	40	13	45
Set Gill Net	611	706	464	331	186	459

TABLE 1
TOTAL REVENUE BY SALMON FISHERY
ADJUSTED BY WHOLESALE PRICE INDEX

1969-1973
(In thousands of dollars)

(Continued)

	1969	1970	1971	1972	1973	5 year Average
Chignik						
Purse Seine	$1,973	$3,962	$2,579	$1,129	$3,066	$2,541
Peninsula						
Purse Seine	1,268	3,489	1,968	789	502	1,603
Drift Gill Net	1,480	2,055	1,529	1,413	1,155	1,526
Set Gill Net	188	345	210	119	272	226
Bristol Bay						
Drift Gill Net	12,399	30,952	17,309	5,633	3,372	13,953
Set Gill Net	1,560	2,214	1,875	372	221	1,248
Statewide						
Power Troll 3/	2,772	5,490	4,536	5,332	8,047	5,235

Gross earnings have been adjusted by the wholesale price index using 1973 as a base year.

1/ closed in 1972

2/ closed in 1971

3/ estimated from total catch of both hand and power trollers

"ACCEPTABLE" EARNINGS IN ALASKA'S SALMON FISHERIES
(all figures in thousands of dollars)

	"Reasonable" Gross Earnings as Estimated by Fishermen	Total Earnings from Fishery Required to Produce Reasonable Earnings for all Operating Units	Actual Average Total Earnings 1969-1973
Southeastern			
Purse Seine	$ 31.9	$ 12,660	$ 9,750
Drift Gill Net	22.6	10,237	4,404
Yakutat			
Set Gill Net	14.9	2,235	476
Prince William Sound			
Purse Seine	26.9	6,402	4,385
Drift Gill Net	19.6	10,015	3,063
Set Gill Net	14.9	476	119
Cook Inlet			
Purse Seine	24.2	1,645	467
Drift Gill Net	14.5	7,902	2,235
Set Gill Net	14.9	10,221	1,508
Kodiak			
Purse Seine	32.8	12,070	5,902
Set Gill Net	11.1	2,031	459
Chignik			
Purse Seine	39.5	3,160	2,541
Peninsula-Aleutians			
Purse Seine	12.2	1,354	1,603
Drift Gill Net	17.9	2,774	1,526
Set Gill Net	7.8	600	226
Bristol Bay			
Drift Gill Net	16.4	27,371	13,953
Set Gill Net	12.4	9,957	1,248
Statewide			
Power Troll	15.3	13,693	5,235
TOTAL		$134,803	$53,865

HB
849

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER / POUCH S - JUNEAU 99811

May 10, 1976

File
HB 849

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: House Bill No. 849

Dear Mr. Anderson:

House Bill No. 849, an Act relating to the leases of state land for oil and gas and the taking of royalty gas from them, was introduced in the House on March 2, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum prepared by Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage, Alaska suggesting some amendatory language to the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Williams in Anchorage for further information.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

Thomas K. Williams
Director, Petroleum Revenue Division
Department of Revenue
Anchorage, Alaska

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"

THE SEAL OF THE STATE OF ALASKA

AGO 546521

02-6618 (REV. 66-73)

MEMORANDUM State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: April 30, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: SB 687; HB 849

In response to your request regarding SB 687 (introduced in the House as HB 849), the following is offered:

The Bill says it amends AS 38.05.181, but the statute it obviously is intended to amend is AS 38.05.180. AS 38.05.181 relates to geothermal resources.

The Bill would require future oil and gas leases to reserve an option to the State to defer receiving its royalty on production. It would not affect Treasury at this time since all expectations arise from leases already issued.

Administration of the Bill, and the decision to exercise the option in the future, would be the responsibility of the Department of Natural Resources.

TKW:dh

AGO 546522

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

11TH FLOOR, STATE OFFICE BLDG.
POUCH M – JUNEAU 99811

March 22, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

The following comments on H. B. 849 were prepared by the Division of Oil and Gas and given by me as testimony before the House Resources Committee on March 20, at Commissioner Martin's request.

1. We think inclusion of a provision such as outlined in this bill will be completely undesirable to the operators and will result in a highly reduced bid for leases which contain this provision. The instances where the State might want to use the banking priviledge will be few, but each lease will have to stand the burden of having the provision in it.

   The following example will show the effect on both the State and the operator by assuming a gross production from a well of 2,000 MCF per day and assuming that the State elects "to bank" its gas or apply the provisions of the proposed bill:

   Total Gross Production
   2,000 MCF/Day

   Royalty share of total sales rate
   250 MCF/Day

   Working interest share of total sales rate
   1,750 MCF/Day

   If the working interest has to market the full gross production, he would market 114% of his normal daily production for a period of three years at which time the State could start taking its royalty gas.

AGO 546524

If the State took the gas on the miniumum terms proposed in the bill, then the State would take 906 MCF per day for a one year period. This would represent a 45% reduction in the total sales rate that the operator had been taking for the three year period, or it would represent a 52% reduction in the normal operator's take of 7/8ths of the sales rate. Thus the operator could not fulfill the terms of most gas transmission purchase contracts because of erratic takes. Also, the erratic volumes available and the short time probably would not permit the State to obtain a favorable price or contract for its royalty gas. There are some other aspects of this bill regarding deferring the State's royalty production. During the three year period this royalty production was deferred, the State could allow the operator to take the full 8/8ths share of the total sales volume. If this were the case, the production tax the operator would pay during this period would be higher in the amount of the additional royalty share that he would be producing and selling. If, however, the State should decide to defer its sale of royalty production by reinjecting the royalty volume, the State would have to pay for the operating cost incurred for the gas reinjection and the production tax would be less than if the operator were taking the full produced volume. When the State decided to take its deferred gas at some future date, and during the period of time in which it was taking the deferred volumes, the production tax would be lowered by whatever amounts these volumes resulted in. In summary, any time the State should decide to defer its gas production, there are many variables that come into play. For example, the State could start incurring operating costs if it elected to have its deferred gas reinjected. Its royalty would go to zero. During the period the gas is being deferred, there would be no royalty income. And of course, there would be larger amounts of royalty income during the period that it elected to take its deferred gas back. Production tax, likewise, would be fluctuating in the reverse fashion. There could be periods of higher production taxes if the operator takes the full sales volume of 8/8ths of the production stream, but the production tax would be reduced dramatically during the time period the State elected to take its deferred royalty production in kind. All of these factors should be considered before an option that was available to the State, such as deferring its royalty production, was exercised.

AGO 546525

In addition to having undesirable current production and income effects, the following discussion indicates some other problems with the bill:

1. Delay in the recovery of gas will necessitate production at a later time when operating costs are high. If it is too late in the reservoir life, the operator may want to give the lease back to the State, or abandon the property if it is uneconomic for him to recover the State's gas.

2. If the operator is producing royalty gas and the lease reaches the economic limit, we would lose the unrecoverable hydrocarbons. The operator probably couldn't be forced legally to operate at a loss even though we hadn't recovered our royalty gas.

3. Uncertainties of the reservoir recovery mechanisms could add a risk to the recovery of deferred royalty gas. For example, water fingering causes early or premature breakthroughs and watering out of wells, or scale deposition on the formation face causes cessation of production, or casing leaks flood out the well bore. These are some of the common causes that might result in premature abandonment of the well or reservoir. In these cases, if all of the State's banked royalty gas has not been recovered, it would be lost forever.

4. The State would have to follow reservoir performance very carefully to be sure that adequate reserves remain and could be recovered before the economic life of the equipment expires. If the operator has to make a major investment in equipment to finish a recovery process, he may chose to plug and abandon or give the lease back. It is questionable if we could force him to make capital expenditures late in the life of the field that would not pay out. Normally, it is this equipment failure that ultimately determines the precise abandonment date.

5. The bill is anti-conservation. It would encourage the operator to produce his reserves early in the life and attempt earlier abandonment of properties if the State waited too long to take its oil or gas royalty.

6. We have been considering possible use of sliding scale royalties in our bidding and inclusion of the banking provision would be an administrative nightmare to determine the amount of royalty gas that might be produced at some future date. This would also affect the volume that was subject to the tax laws.

AGO 546526

7. It would defeat one of the purposes of sliding scale royalties since royalty recoveries would be delayed until lower production rates are achieved. The purpose of sliding scale royalties is to receive higher royalty income when production rates are high and this bill would completely defeat that purpose. It would permit the operator to recover 8/8ths of the production while the "banking" provision is in effect and then require that State royalties be recovered at a later date or while production rates are low.

8. The State will lose current income if there is any delay in its recovery of royalty on the chance that it can be produced later. If one considers a 10 per cent present worth factor, we would have to receive delayed additional benefits approaching a minimum of 35 per cent to even recover the same income and we question if the State can afford to wait on recoveries for that period of time.

9. The operator cannot permit a sizeable disruption in his oil or gas sales because they are made on long term basis if possible. If leases are on the decline, the operator cannot plan his sales unless long lead times are available and he knows precisely how the future production availability will affect his contracts.

10. Considering all of the above problems and uncertainties, at best, the operators will discount future lease bids highly to provide for this provision and we don't think it is necessary in the first place.

Yours truly,

William C. Fackler

William C. Fackler
Executive Director

AGO 546527

HB

850

HB 850

Alaska State Legislature

Senate

JUNEAU, ALASKA

February 27, 1976

Senator Chancy Croft
President of the Senate
Alaska State Legislature
State Capitol, Pouch V
Juneau, Alaska 99811

Representative Mike Bradner
Speaker of the House
Alaska State Legislature
State Capitol, Pouch V
Juneau, Alaska 99811

RE: Interim Report of the Joint Gas Pipeline Impact Committee

Dear Mr. President and Mr. Speaker:

Please consider this to be a letter of transmittal of the Interim Report of the Joint Gas Pipeline Impact Committee existing pursuant to H.B. 258 "The Gas Pipeline Impact Committee", Chapter 170 SLA 75. I request that this letter of transmittal, together with the report, be read into the appropriate Journal in each house.

As an aid to the interpretation of the Interim Report, I submit the following as being my understanding of the sense of the Committee:

1. The Committee does not intend to suggest that the Commissioner of Natural Resources or the Royalty Board enter into unreasonable agreements with prospective purchasers. It is the sense of the Committee that Alaska should indicate that it is a "willing seller" of a portion of it's gas and is seeking a "willing buyer" on terms which will reserve as much gas as possible for future use to meet Alaska's internal domestic and other needs. The Committee would expect the executive to negotiate the best possible agreement. Understanding, that when such an agreement is negotiated, it may or may not be acceptable to the Legislature. It may be that the executive will negotiate the best possible agreement, at the same time recommending against its implementation on the basis that too little is received by the State and too much given by the State. We believe that it is imperative, however, in the conduct of the people's business, that such a tentative agreement be made public and its merits debated.

2. We do not wish to tie our negotiator's hands by quantifying the word "substantial" as used in paragraph #7 in the Committee's findings, and paragraph #1 of the Committee's recommendations.

3. The Committee does not suggest an arbitrary time deadline for our executive negotiators. We do point out, however, for the agreement to be finalized, legislative approval is necessary and a special session should be avoided if possible.

4. We do not intend in any manner to preclude negotiations for use of royalty gas within the State of Alaska and the further exploration of petrochemical and domestic uses. The major thrust of the Committee's recommendations is based on the belief that a Trans-Alaska pipeline is essential for future domestic and petrochemical in-state use options of North Slope gas.

5. Pursuant to other action by the Committee, the following have been introduced by the respective Rules Committee by request:

SCR 85/HCR 107	"Relating to the Impact on Alaska of a Trans-Canada Gas Transportation System"
SB 685/HB 848	"An Act Making a Special Appropriation to the Department of Natural Resources for the Purpose of Conducting Negotiations with Prospective Purchasers of North Slope Natural Gas and Providing for an Effective Date"
SB 686/HB 850	"An Act Relating to Waste of Oil and Gas and Providing for an Effective Date"
SB 687/HB 849	"An Act Relating to the Leases of State Land for Oil and Gas into taking of Royalty Gas from them and Providing for an Effective Date"

6. Finally, and most importantly, our recommendations are based on the facts and circumstances as they exist today.

   The situation may change at any time rendering the presently recommended strategy inappropriate. For example, it has been suggested that the Federal Power Commission may conduct allocation proceedings nullifying contractual sales commitments. Gas may be more or less deregulated. The recent request of the President for authority to make the final route decision subsequent to January 1, 1977 may effect the political climate. It may be determined, as has been suggested by some, that neither the Trans-Alaska nor the Trans-Canada line are economically feasible at this time.

The recommendations of the Committee rely strongly on the advice of our consultant, Mr. Rush Moody, recently Vice-Chairman of the Federal Power Commission. The strategy may only be appropriate if the Federal Power Commission closes the certification hearings in May according to it's present schedule and further certifies one route based on the precedents, principles, and considerations customarily employed in past certification proceedings admittedly more limited in scope and of much less national significance.

The opportunity to use royalty gas to accomplish our public purposes as we perceive them may be lost unless we have substantially negotiated possible sale terms and are ready to move if and when the time arrives - which may be very soon.

Respectfully submitted,

Senator John Rader, Chairman
Gas Pipeline Impact Committee

JR/kb

INTERIM REPORT
OF THE
JOINT GAS PIPELINE IMPACT COMMITTEE

This Committee, through public hearings and staff investigation, has become convinced that immediate action by the State of Alaska is essential if the citizens of this State are to receive maximum benefit from the State's natural gas resource.

The Committee will issue a full and complete report on its findings and recommendations at a later date, but is impelled to submit this interim report to the Legislature and the people of the State of Alaska because of the urgency of the present situation.

The Committee finds and concludes the following:

1. A federal decision authorizing the transportation of North Slope natural gas across Canada would be inimical to the interests of the State of Alaska. The State's resource would be drained, its people denied access to a premium fuel and raw material, its work force deprived of employment opportunities, and productive economic growth would be thwarted.
2. A federal decision authorizing the transportation of North Slope natural gas across the State of Alaska to an open port will serve the best interests of the State.
3. The level of benefits, and burdens reasonably to be expected by the State as a consequence of any decision on a North Slope gas transportation system are of such magnitude that the routing decision must be regarded as critical to the future of the State. Action to secure a Trans-Alaska routing must be pursued as expeditiously as possible; no reasonable step should be left untaken.
4. The position of the state as owner of a one-eighth royalty in natural

gas and natural gas liquids produced from State-owned lands on the North Slope creates an immediate opportunity for effective State action which can assist in securing a Trans-Alaska transportation system.

5. Affirmative, agressive action by the Governor, the Commissioner of Natural Resources, the State Royalty Board, and the Legislature with respect to the State's royalty gas is imperative.

6. Effective use of the State's royalty gas, to serve the best interests of the State, requires:

   a. The State must elect to take its royalty share of natural gas and natural gas liquids in kind.

   b. The State must commit a portion of its royalty gas to purchasers who will assist in securing approval of a Trans-Alaska transportation system, and who will thereafter utilize such a Trans-Alaska system.

7. Present levels of natural gas demand in Alaska permit a commitment of a portion of the State's royalty gas to purchasers outside the State; while every effort must be made to retain a substantial part of Alaska's gas for present and future in-state needs, it is in the overall best interests of the State to offer for sale outside the State, a substantial portion of the State's royalty gas to purchasers who can, and will, assist in securing authorization of a Trans-Alaska transportation system.

8. Those persons and firms interested in the construction and operation of a Trans-Alaska transportation system can materially alleviate State unemployment problems, and the State should, in striking a bargain for the commitment of State resources to a Trans-Alaska

system, secure appropriate commitments for the hire and training of Alaska residents in the construction and operation of such a system.

9. Finally, the risk that non-action by the State, or delayed action by the State, will cause the selection of a Trans-Canadian routing, and the risk that the State will lose substantial benefit of its natural gas resource are so great, it is the sense of this Committee that State action must not be delayed.

BY REASON OF THE FOREGOING, IT IS THE RECOMMENDATION OF THIS COMMITTEE THAT:

1. The commissioner of Natural Resources and the State Royalty Board should undertake immediate negotiations with interested out-of-state purchasers to reach definitive sales and/or exchange agreements covering disposition of substantial portions of the State's royalty gas on the best obtainable terms.
2. The Commissioner of Natural Resources and the State Royalty Board should undertake immediate negotiations with natural gas transporters involved in the proposal for a Trans-Alaska system to reach definitive transportation agreements covering the State's royalty gas sold for out-of-state use, and the State's withdrawal of the unsold portion of its royalty gas from the system for in-state use; appropriate commitments should be obtained with respect to hire and training of Alaska residents.
3. The arrangements and agreements so negotiated should be presented to the Legislature for ratification prior to the end of the Second Session of the Ninth Legislature to avoid, if possible, a special session.
4. The Legislature should hold itself ready for immediate consideration

of and prompt action on, the recommendations of the Commissioner and Board.

5. Such arrangements, contracts, and agreements as are negotiated by the Commissioner and Board and approved by the Legislature should be incorporated into the pending applications for a Trans-Alaska transportation system, presented to the Federal Power Commission by the appropriate transporter-applicant, and approval thereof obtained in the pending Federal Power Commission proceedings.
6. The Legislature should adopt SCR 66 and further seek the active cooperation of all owners of North Slope gas in support of the Trans-Alaska pipeline route.

2/24/76

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, GOVERNOR

ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

11TH FLOOR, STATE OFFICE BLDG.
POUCH M — JUNEAU 99811

March 22, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

The following comments on H. B. 850 were prepared by the Division of Oil and Gas and given by me as testimony before the House Resources Committee on March 20, at Commissioner Martin's request.

We believe that the inclusion of the words "economic waste" is being put in the wrong place in the statute. Instead, we recommend that Section 1 read: AS 31.05.170 (11) is amended to read 'waste' means, in addition to its ordinary meaning, "physical and economic waste" and includes" ...

The bill as proposed would indicate that subparagraph (j) is physical waste and that obviously is not the intent of the additional definition.

Existing Statute AS 31 does not cover economic waste per se. However, studies by the Interstate Oil Compact Commission legal committee has concluded that "there is in law and in fact a necessary relationship, a legitimate relationship, between economics and conservation". A copy of pages 75 and 76 from the 1964 report on economic waste is included for your information. You will note that the Interstate Oil Compact Commission advises that no state has a statute which defines economic waste.

Since economic waste could occur on a lease or in a pool, individual attention and hearings must be held for each economic waste determination. Although economic waste could occur at several locations simultaneously each lease must be treated as a separate entity for consideration and large scale studies and investigations as some have visualized are not appropriate for this consideration. Consequently, if it is necessary to determine if economic waste exists or conditions exist that cause economic waste this must be done on a pool by pool basis. We believe that the knowledge, ability and expertise within the present Division of Oil and Gas is sufficient to make these determinations.

The additional definition might prove to be helpful at some time in the future but as you were advised sometime ago we do not feel it is necessary at this time. If, in fact, it is ever needed it will be helpful to have it in the statute and we can visualize no additional expenditure or monetary impact resulting if it is included.

Yours truly,

William C. Fackler

William C. Fackler
Executive Director

Enclosure

FROM LOCC LEGAL REFERENCE 7/18/67

equitable allowables are established the incentive to produce in a wasteful manner is gone. Unitize a pool and there is little need for further regulation.

Thus, whether or not a conservation statute expressly includes reference to the protection of correlative rights, the duty to protect such rights exists either to render the statute or regulation valid or as a means to prevent waste.

In fact, the earliest conservation case to reach the Supreme Court of the United States[36/] sustained the Indiana statute in question primarily as an incident to the protection of correlative rights.

On the other hand, one of the few instances where an oil and gas conservation statute has been held invalid[37/] was in a case where a well-spacing statute prohibited the drilling of a well without giving to the landowner an adequate substitute means of recovering or receiving his fair share of the oil and gas from the common pool on the grounds that it infringed upon his constitutional guarantees. The court said that the right to pool voluntarily his interest with adjacent tracts to form a drilling unit was not an adequate substitute right.

The statutes of 17 states, namely, Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Kansas, Mississippi, Nebraska, New Mexico, North Carolina, North Dakota, Oklahoma, Pennsylvania, South Dakota, and Texas, in express terms grant the regulatory agencies broad powers to protect correlative rights.

The statutes of the states of Alabama, Arkansas, Colorado, Georgia, Mississippi, Nebraska, and North Carolina, define waste to include the abuse of correlative rights.

While the statutes of Iowa, Louisiana, Michigan, Oregon, and Tennessee do not use the term "protect correlative rights", they contain numerous requirements and provisions with respect to the prevention of drainage, injury to others, assuring an owner his just and equitable share, or similar provisions which are but another way of describing the protection of correlative rights.

The statutes of Alaska, Illinois, Nevada, New York, Utah, and Wyoming although mentioning correlative rights in the declaration of policy, or in some instances defining correlative rights, do not make further reference thereto in connection with any power or duty of the regulatory agency other than in respect to the pooling of interests in a well spacing unit or in connection with pool unitization. They make no mention of correlative rights with respect to the broad conservation powers of the regulatory agencies.

The statutes of Indiana, Kentucky, Maryland, Montana, Ohio, Virginia, and West Virginia have no language of any kind that directly or indirectly refers to the protection of correlative or other private rights of the landowners.

The California statutes mention the subject only in respect to the giving to the owner of a tract of less than an acre the right to participate in the production from a well drilled on an adjacent lease.[37a/] This is a provision adopted to conform to the decision in the earlier California case cited in footnote 37.

Notwithstanding, or perhaps better stated, because of, the constitutional requirement that correlative rights be protected where and to the extent reasonably possible, it would seem wise for a statute to express in clear terms the duty of the regulatory agency in regard thereto.

3.5.2.13 Economic Considerations Other Than Price Regulation[38/]

Like in the case of "correlative rights", the purposes of the Interstate Oil Compact Commission and, in fact, the conservation statutes of most of the states, omit any reference to economic considerations or "economic waste" in defining the authority of the regulatory agency. Some mention economic

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36/ Ohio Oil Co. v. Indiana, 177 US 190 (1901).
37/ Bernstein v. Bush, 177 P. 2d 913 (Cal. Sup. 1947).
37a/ Sec. 3608, as amended, Public Resources Code.
38/ For price regulation see section 3.5.2.14 next following.

considerations only in respect to well spacing, pooling within well spacing units, or pool unitization. Others expressly negate any authority to "prevent economic waste".

Some extremists say that there is and should be no relationship between economics and conservation. They advocate conservation "at any cost" asserting that economics should neither be a motive nor a result. Other extremists say that the whole basis for any conservation program is economic. There are also those critics who charge that the conservation programs adopted by the states are but an economic device to manipulate prices and profits rather than prevent waste in the public interest.

The long history of oil and gas conservation legislation in the United States, its beneficial fruits in terms of prevention of actual physical waste and the greater recovery of oil and gas, and the many and unanimous holdings of the courts sustaining regulations for conservation purposes negative unqualifiedly all such extreme positions.

As pointed out in connection with the discussion of correlative rights, the legislation and regulations to be valid under both the Federal and state constitutions must be "reasonable". To be reasonable, whether stated in the statute or not, economics and economic considerations must be taken into account, as otherwise the whole system would be arbitrary and unreasonable and would amount to the taking of private property without due process of law or the equal protection of the law. There is in law and in fact a necessary relationship, a legitimate relationship, between economics and conservation.

In fact, the only incentive to explore for, produce, conserve, market, transport, refine, distribute, and usefully utilize oil and gas is economic. Ignore and remove that incentive and "physical waste" results. This has been the repeated experience that has sired a great portion of the conservation legislation providing for an orderly, sensible, and economically sound program of development and production of oil and gas. The best means or tool to bring about the greatest recovery of oil and gas, and to prevent its physical waste is the avoidance of economic waste. To require the recovery and conservation of oil and gas at a loss would be unconstitutional. A failure to recover the maximum economically recoverable oil and gas is in itself "economi waste" of a valuable natural resource, as well as physical waste.

On the other hand, all of the court decisions sustaining conservation legislation have consistently refuted the claim that the conservation program of the states is designed primarily for economic and profit motives rather than to prevent waste of a natural resource for the common and the public good. The decisions make it clear that the prevention of waste of the natural resources is the principal objective and that economic considerations, if any, are but a means to that end or are incidental. 32/

The statutes of Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Dakota, Oregon, Pennsylvania, South Dakota, Tennessee, Utah, Washington, and Wyoming all mention economic considerations in respect to the drilling of unnecessary wells, well spacing, pooling, and unitization.

Arizona defines as waste the production of oil when it is unprofitable to dispose of such production.

The statutes of Kansas and Oklahoma include "economic waste" as a part of the definition of waste, that is prohibited by the statutes.

The statutes of Illinois and Kentucky expressly prohibit limitation of production to prevent or control "economic waste".

The statutes of Maryland, Ohio, Virginia, and West Virginia make no mention of economic waste.

No statute defines economic waste.

32/ Danciger Oil & Refining Co. v. Railroad Commission, 49 SW 2d 837 (Tex. Civ. App. 1932).
People v. Associated Oil Co. 249 P 717 (Calif. Sup. 1930).
Champlin Refining Co. v. Corporation Commission, 31 Fed. 2d 823 (WD Okla. 1931), aff'd 286 US 210 (1932).
Julian Oil v. Royalties Co. v. Capshaw, 292 Pac. 841 (Okla. Sup. 1930).

3-20-71 HB 849 - 856

Eric Ekholm. S.A. Gas & Oil Pipeline Impact Committee Option.

Bill Fackler: Comments are Div. of Oil & Gas & Personal

31.05.170 (11) waste
No definition of Economic waste in any state - pool to pool determination.

849 - Undesirable to operators - Diminish lease bonus on any lease. Because this would place the burden on the lessee to provide for this even though this may not be used.
Shut-in the lease and clean up operations afterwards.
State would have to constantly monitor the well.
Anti-conservation - Early abandonment - Discount of future lease bids -

Howie Taylor: Exxon - Good addition to the statutes but not really necessary.
Lease bonuses substantially reduced. State would be getting into risk position - No determination on how much gas will be produced - Banking is not done on a long-term basis short term only -
State can enter into short-term agreements but not long term.
Perhaps storing up of the oil is not a bad idea.
Bring up the bill

Roslee Moor -
C.R.I. KENAI NATIVE ASSOC. KATCHEMAC Bay Protective Assoc.
Compatible uses with Commercial fisheries -
Opinion poll bad -

Lauren Flagg Local Habitat Biologist F. & G.
Highly productive -
60% of Shellfish products in COOK INLET.
Bluff point high concentration of King crab larvae center of concentration is also in the middle of the lease / area.

KEN Mory N.P.F. ASSOC. ~~NORTHWEST~~ Northern Pacific Fisheries
600,000 - 700,000 per year
Shipping lanes trying to be used -

Paul Jones: Lease Sale Should Not have happened.

→ Check on Palmers stand on Leases - Any protests.
F + G. only given three days to comment on the proposed lease Sale -
Local + Borough planning commissions were Not Notified in writing - No input at all.
Grazing leases -
Controls Not adaquate for the area on the Ferris.
Containment boom 90 miles away - Not adaquate for containment of spill should it happen.
Tourist dollers significant amount. Major uses should be considered.
Lottie Eddelmen 125 Kenai Penn. Fishermen

K.F.C.A. Unanimously Voted Support -
1. Unique because of shell fish. + larvea.
7 Million wholesale fisheries. 100 resident owned boats.
Shell Oil + N.M.F.S. would be detrimental to fisheries — Report will be refined + available w/in 4 wks.
2. Recreational area.
C I F A of Anchorage - Supports est. of Marine Sanct.
3. U.F.A. Board of directors Supports SSIB 626
41 year resident -
Existing Platforms have not substantially affected C.I.
Year round fishery in the area.
Economic Considerations - Re: Boom + Bust
No hearing re: Leases -
Irregularities in Lease sale. Gorsch felt this.
Leases could have been rescinded 3 Months later.
Phil Dawials U.F.A. Recommends the Committee pass the bill out with a favorable recommendation
STAN Rice P.H.D. in Physiology.
Oil Toxitidy damage to existing fisheries -
Gear damage - oil Toxitity.
fuel oil spills Most damaging - Crude oil is not as bad -
Aeromatic Toxiticity -
Report ~~released~~ finished by April 5th. but must be reviewed before being released to the public.
Some Mishaps will occur. Not enough data available to access how much of a problem it will be.
Bob Palmer - Project Co-ordinator of the Fisheries Council -
Record of Special fisheries Committee on Kachemac Bay -
Minute concentration seeking out but building up to amounts which create

April 17, 1972 - Press Release -
No Public Hearings - No work with other Agencies.
Fish + Game memo.
Oct 23, 197 Notice of Sale to oil industry.
308 people signed the petition to request hearings.
Day before Sale people put on Notice the Admin.
would be subject to legal actions.
Herbert - Fishermen made NO Concrete reference.

Huntington: Credit toward Severance tax - Lease sales, Production Tax
get figures → Figures of Raw Fish products. 3.5 Million ← in F+G.
1st Tax.
→ Seperate two bills - Put fisheries Management
any authority Now allowed the Dept Now has.
→ Boundary Changes to exclude STATE BOARD
Language change in bill.
Jiel - Listen to tapes.
development of timber barging -

SB 612 Condemnation of oil leases.
Monte TAYLOR - EXXON
Parts of oil in the WATER -
Oil & Fisheries are compatable in the Gulf.
Industry Can operate with fishing industry.
2 industry working together - Always will be problems.
Doug Pope -
35.05.35 /casing.
Comm. of Natural Resources did not KNow that the area leased Was a critical habitat area for Crab.
Must Meet Obligations - Commissioner did not meet his statututory obligations IN leasing the Waters in question.
Copies of the 3 legal briefs. 612 -
Problems: All the leases were not in Critical Habitat area.
F+G - State Cannot grant lease then refuse to allow drilling.

HB
870

STATE OF ALASKA

JAY S. HAMMOND
GOVERNOR

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D -- JUNEAU 99811

April 9, 1976

Honorable Theodore G. Smith
Vice Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Smith:

The enclosed booklets show the progress to date of the Bristol Bay Regional Development Council. The opening pages of the Bristol Bay - Its Potential and Development lists a detailed work program for an economic development specialist located in Bristol Bay. Even though it outlines more work than one person could hope to accomplish in one year, it directly answers the original charge to the Commission, that being a thorough evaluation of the economic alternatives to the red salmon industry. The original legislation asked that the Council:

> Explore the short-term and long-term economic factors and federal and State programs and policies affecting the Bristol Bay region with a view toward producing a long-term economic and social development program for the region consistent with the living patterns of the resident population and integrating natural resources development with the environmental concerns of the region.

The economic factors have been explored, the analysis stage has been completed. What we now need is funding for an implementation stage.

Incidently, the last time I appeared before your committee, with two University of Alaska professors who aided the Bristol Bay Native Association, some comments concerned the waste of money on consultants. This Council has been unique in one sense: Over 90% of the 18 month appropriation for planning has gone to the Bristol Bay Native Association. They have called the shots, and have spent the money, and we on the Council feel they have done a pretty good job at it.

Sincerely,

Jim Edenso
Deputy Commissioner

Enclosure

102.24

MEMORANDUM State of Alaska

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

TO: Honorable Nels Anderson, Chairman
House Resources Committee

DATE: March 9, 1976

FILE NO:

TELEPHONE NO:

FROM: Jim Edenso, Deputy Commissioner
Department of Commerce & Economic Development

SUBJECT: Bristol Bay Regional Development Council

The Bristol Bay Native Association, which has served as the primary contractor to the Council since its inception eighteen months ago, is prepared to resume developmental activities to implement the recommendations of Bristol Bay, Its Potential and Development, and Bristol Bay, the Fisheries and the People, the two planning reports issued by the Council.

BBNA under contract will follow the following work program:

1) Strongly urge that federal legislation establishing future land use, carry a provision that specifically guarantees traditional users the right to traditional usage on federally withdrawn lands,

2) Urge the Bureau of Indian Affairs to establish a Regional Office in Dillingham,

3) Request Congress to authorize and appropriate funds under PL 93-638, the Indian Self-Determination and Indian Educational Assistance Act, to allow small villages to hire a village leader and establish a village administrative office,

4) Encourage the U.S. Forest Service to make an inventory of timber resources of Bristol Bay and determine the maximum sustainable yield,

5) Strongly urge the Forest Service Laboratory in Juneau to evaluate the grazing potential of forest lands in the Bristol Bay region when funds are available,

6) Urge the Soil Conservation Service to make an Environmental Impact Statement of the effect of reindeer herding in Bristol Bay including an estimate of the holding capacity,

7) Seek funds from EDA to conduct a manpower assessment and training program to support a reindeer industry,

8) Strongly urge that specific legislation be enacted guaranteeing traditional usage of the land for designated state restricted lands, for example, the proposed Wood-Tikchik State Park,

9) Develop bi-lingual and bi-cultural curriculums in educational facilities of the region which include industrial and commercial training,

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10) Urge the Department of Labor to develop a training program for vocational skills needed in construction and in possible oil and gas development,

11) Develop a projected construction schedule and prepare funding applications for upgrading airports in Bristol Bay villages; Priority will be given to those villages needing airfield improvements in order to develop their business pptential,

12) Methodically contact and urge the Department of Fish and Game to develop and initiate projects to replenish the stock of salmon,

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13) Ask the Department of Fish and Game to evaluate the impact of reindeer herding on the game resources of Bristol Bay,

14) Complete application forms to enable the Department of Public Works to build a boat harbor at Perryville and Chignik so that local fishermen can fish on a year-round basis,

15) Lay preliminary ground work to establish a boat harbor also at Naknek and South Naknek.

16) Work with the University of Alaska to develop training programs which are designed to develop entrepreneural and management talent among Bristol Bay residents. This training must be conducted in Bristol Bay,

17) Urge the University to consider establishing an Agricultural Experiment Station in the Bristol Bay region,

18) Encourage and demand that the Tourism Management Program of the University of Alaska be utilized in the Bristol Bay region,

19) Contract petroleum firms and urge them to continue to train Bristol Bay residents to operate oil-related equipment,

20) Continue to work closely with village corporations and the Bristol Bay Native Association to alert them to possible profitable opportunities arising from Bristol Bay Native Corporation activities in the minerals and energy area,

21) Consider working with Bristol Bay fishermen and processors to develop a promotional campaign to promote Alaska seafood,

22) Aid the economic development planner on the Bristol Bay Native Association staff in gathering complete information on all funding sources,

23) Develop additional strategies to stimulate local initiative, which entails a follow-up on the village priorities listed in Bristol Bay, the Fishery and the People.

24) Identify location, capacity and operating condition of sawmills in the Bristol Bay region,

25) Assist the villages in feasibility studies of local lumber mills or log mills,

26) Evaluate and consider conducting a manpower training assessment of the Bristol Bay region to determine the productive capacity for arts and crafts,

27) Examine the advantages of developing a marketing system for arts and crafts in cooperation with existing arts and crafts marketers,

28) Promote the private establishment of retail outlets for arts and crafts in cooperation with lodges and other tourist-related facilities,

29) Request that Alaska Natives Arts and Crafts (ANAC) present a training program for village craftsmen,

30) Encourage the study and possible development of a specialty products industry for salmon,

31) Encourage further study of the development of a possible ground-fishery,

32) File application for office-municipal facilities in five Bay villages.

3
33) Follow through with the Economic Development Administration on the the force account contract to modify the existing cold storage facility at Dillingham.

This will be more than enough to keep one person busy full-time through FY-1977.

It will insure that the two reports, with their comprehensive recommendations, completed under the original State appropriation do not "just gather dust" but are implemented by the people residing in the region.

Three applicants have indicated interest in pursuing the above work program. Any indications of continuation of the Council to June 1977 would greatly aid in attracting the best qualified development specialist from Bristol Bay. This Department will work closely with the BBNA representation to insure the efforts toward the above 33 point work program are productive.

HB
872

STATE of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
Division of Oil and Gas

TO: Guy R. Martin
Commissioner

DATE : April 16, 1976

FROM: O. K. Gilbreth, Jr.
Director

SUBJECT: Review of House Bill 872

The following will supplement information furnished by Hoyle Hamilton's letter through me to you of March 31, 1976 on the subject bill. There are some points that Hoyle failed to cover that I feel should be brought out in more detail and are discussed as follows:

Section 38.05.180 (a) on line 15 states "on the basis of a cash bonus bid with a royalty reserved to the State of 12 1/2%". This should read "with a minimum royalty reserved for the State of 12 1/2%." There should be enough latitude to allow the Commissioner to provide for a royalty of 16 2/3% or 20% or 25% if he so desires. But it should set the floor. Our last lease sales have provided for royalties above the 12 1/2% figure on a cash bonus bid type sale.

Section 38.05.180(a) (2) provides for a cash bonus bid with a share of the net profit. In subsection (b) of the same section there is an attempt to define what the net profit share will be and certain criteria are set out. It provides that operating costs directly assignable to the development and operation of oil and gas lease issued under a net sharing profit arrangement may be included. No mention is made about allocated overhead, that is, the overhead from the district office which normally is allocated to the individual leases. It might be intentional that this was omitted, but it is called to your attention because it is a significant cost factor in lease operations and one considered by all companies.

In 38.05.180 (a) (4) on line 24 provision is made for a fixed cash bonus with the royalty reserved to the State as a bid variable after public hearing and certification to the legislature by the Commissioner that it would be in the best interest of the State. Since all of the variables in this subsection have a bearing on alternate State income, we can see no difference in no. 4 and nos. 1, 2, and 3 so far as effect on the State treasury is concerned. It would appear that the public hearing route and certification to the legislature would not be any more advantageous on no. 4 than on the others and certainly will require at least an additional year of planning to determine a method of bidding for the sale itself. We can't see the special handling of no. 4 is required.

In section 38.05.180 (b) provision is made for calculation of the State's net profit share of income from a lease. On line 11, page 2, provision is made for net profit share to be taken in kind for both oil and gas production. The methods set out provide that it will be taken

in kind after the fact. The value of production of both oil and gas cannot be determined until the end of month in which it is produced when it is sold to the purchaser and settlement made on the basis of the facts at that time. Some twenty-five days after that accounting is made to determine the amount due the State. Thus settlement cannot be made for from 25 to 55 days after the date the oil and gas has been produced. Values at that time may have changed and in general an additional 20 to 30 days is necessary to correct all the paperwork required just in settlement of normal oil and gas royalties and making corrections on errors made. Thus this portion of the bill will be virtually impossible to administer if the option is taken to do so. From the operator's point of view, it will be very undesirable because he will not know with any degree of reliability what volumes of oil and gas will be available for him to contract for sales to third parties. It is doubtful that anyone would execute a gas purchase contract with such a variable which could cause significant delivery deficiencies. Further, on line 19 the attribution of profits between oil and gas shall be proportionate to the value of the respective shares of production. We believe that this should be the respective shares of production saved, removed, or sold from the lease since there is a difference between amounts produced and amounts sold.

Subsection (c) provides for perpetuation of a lease producing oil or gas in paying quantities if it is part of a unit approved by the Commissioner under AS 31.05.100-31.05.110. It should be pointed out that AS 31.05.100 provides for the pooling of interest of owners in two or more leases to provide for the drilling of a well within a drilling unit or a spacing unit. Our normal statewide spacing is 160 acres for oil and 640 acres for gas and in some cases an operator may not have enough acreage to drill one well on his lease. The provision in this section of the Statute permits operators to join together to form a pooling unit to drill under the spacing orders provided. AS 31.05.110 provides that the operators may voluntarily integrate their interest to form a unit and where they have not agreed the Department has jurisdiction, power and authority after public hearing where certain criteria are met. It should be pointed out that provision is not made in this section for the Department to approve a unit where the operators voluntarily integrate their interest although under AS 38 a provision does exist. All of the units formed in the State to this date have been voluntary units and do not fall under AS 31. We recommend that consideration be given to changing this portion of the proposal to read that the lease may be perpetuated if oil and gas is produced in paying quantities from the lease or if the lease is part of a unit approved by the Commissioner. This way it would catch any approvals under either AS 31 or AS 38.

In subsection (d) on page 3 provision is made for no rentals for the first and second years. This obviously would give the lessee time to shop the lease in an effort to make a better deal without any additional income to the State. We would recommend consideration that rentals for the first and second year be placed at a minimum of $1 per acre or $1 for the first year and $2 for the second year. We feel that there would be additional incentive under these conditions for development and this

would minimize the time spent in trying to peddle the acreage. A similar remark could be made for the provisions outlined in paragraph (E) on line 17 and 18 of page 3. Also (3) on line 19 does not provide for any royalty past the primary term if the lease is in production. This would preclude establishment of any minimum income from the acreage. If the leases had the minimum provision that royalty production income must exceed $1 per acre per year or the operator would pay the difference in rental income, this would assure a continuous income from all acreage under lease.

In lines 6 and 7, page 4, the requirement is made that the leases shall contain a provision requiring a lessee to operate under a reasonable cooperative or unit plan without regard to whether it is in the public interest. Serious consideration should be given about making this a mandatory requirement because some situations can exist where it might not be in the public interest to force a cooperative or unit plan. Existing Statute AS 31 has provision for mandatory formation of a unit or cooperative plan and adequate authority exists for this at the present time.

On line 21, page 4 subsection (g) provision is made to eliminate acreage on a "known geologic structure" from chargeability. This term should definitely be defined and there is a great deal of difference of opinion on what a geologic structure actually is. In the State, our original discovery royalty award was based on a "new geologic structure." In the Cook Inlet area where a decision was based on the existence of a known geologic structure or a new structure, a law suit was filed in each case against the decision of the administration. There are many opinions on what constitutes a geologic structure and the intent should be fully spelled out to minimize the number of law suits that would occur in the future.

On line 24, page 4, subsection (h) most of the provisions included in this section are already covered in AS 31 and AS 38. On page 5, line 13, section (j) provision is made for the storing of oil or gas. The wording of this paragraph provides that a fee must be paid for the storage or rental on the storage of oil or gas acreage subject to lease under this section. The injection of gas occurs many times in oil reservoirs for enhanced recovery. In secton (j), any gas or oil or any other hydrocarbon injected for the purpose of improving the recovery of oil in the reservoir should not be subject to this fee and it should be due only when the products are injected for storage. For example, in the Swanson River field, large quantities of gas are being injected now in a secondary recovery program. This process has been loosely referred to as storage gas in many cases. However, the additional benefits are considerable in the recovery of crude oil and a large portion of the gas ultimately will be recovered. A distinction therefore should be made on what gas and oil the rental fee is due. Also, on line 22 provision is made that the lease shall be in effect so long thereafter as oil or gas not previously produced is produced in paying quantities. This could conceivably result in cessation or cancellation of a lease when huge quantities of oil or gas still remain to be recovered from either a storage project or a secondary recovery project. This would be a paperwork exercise in

futility. It would probably be better if the words "not previously produced" were excluded and permit the lease to stay in effect so long as oil or gas is produced in paying quantities which is what present leases already provide.

Section 38.05.184 provides for granting competive contract exploration permits with the reward payable by the State to the permit holder per unit of recoverable hydrocarbon discovered. This presumes that the amount of hydrocarbon discovered can be ascertained with some degree of reliability. Many people are being mislead into believing that reserves can be estimated with a high degree of accuracy. Nothing could be farther from the truth. Studies based on estimates of petroleum reserves discovered in the south 48 over many, many years have indicated that on the average, first estimates are in the order of 200 to 300% too low because additional reserves are discovered from additional pools and outlying exploration over many future years. One might look at Prudhoe Bay as an example where after eight years of knowledge and the drilling of more than 100 wells, reserve estimates are changing daily. Very recently a well was completed in the interior portion of the Prudhoe Bay field which did not have enough hydrocarbon saturation to complete as an oil or gas well. Reserve estimates in this area are being revised with the drilling of each well and there is a very large degree of difference in the individual estimates of the different operators in Prudhoe Bay as to what the reserves actually are. In the case of the State's reservoir study, during the last six months of 1975, the area containing gas was increased approximately 10% based on drilling and new information. Wells are being completed daily that are changing the geologic picture and the estimates of reserves are dynamic. There is no way that reserves can be estimated with any degree of reliability until 35 to 50% of the total reserve has been produced and even then the estimates have a degree of accuracy in the order of 90% at most. With a provision included such as proposed, there can be nothing but law suits on the basis of every discovery. We believe that at best $150,000 should be set aside each year to defend law suits on this matter.

On lines 17, 18 and 19 on page 6 provision is made for payment to be made on basis of quantity of hydrocarbons proven to be economically recoverable from the land, covered by the permit. No one can tell the amount of hydrocarbons to be recovered and no one can tell what reserves can be recovered economically because operating costs and crude price play an important factor in these determinations. The only reason that we haven't been plagued by law suits on the "reserves tax" already is because of the "pay back" provision, but we shouldn't be so naive as to believe operators would not file suit on this bill. Further, in line 21 provision is made for an independent assessment board consisting of three professional engineers. No provision is made for the type of professional engineers however, it should be pointed out that of all the types of professional engineers, only petroleum engineers are trained in this line of work.

Section (d) page 6 provides that no reassessment will be allowed after 10 years have elapsed except as required by actual production. No provision is made as to how often this could occur, whether it would be annually, monthly, or some number of years. Either party should be able to request a reassessment at his expense but assessment should be made no more often than once each 3 years. Also, the right of appeal from the decision of the assessment board should be spelled out because there will be disagreement of major magnitude. Section (e) page 7, line 2 provides for payment of gas discovered on the basis of a ratio determined by the Commissioner before offering the contract. However, the payments may be made many years down the road. For example, actual production may change the reserve estimates and some monetary exchange would be necessary. The relative value at that time might be far different than at the time the permit went out for bid. As a matter of fact, this section does not provide for any payment on actual amount of gas discovered, only that it will be paid on the basis of a ratio with oil as determined by the Commissioner prior to bidding. If an operator finds a major gas field and a very minor oil field, the way we read the bill, settlement would be made on the basis of an arbitrary ratio established by the Commissioner regardless of the actual values of oil and gas produced.

Section (f) says that the Commissioner may limit the actual annual discovery reward payment prior to the issuance of the permit or contract. This might prove to be self-limiting as few if any oil operators are willing to take the risk and spend money to discover something knowing that they can only get a return based on some annual partial payment to be determined by the State. This would appear to be more in line with the utility laws where repayment comes over a long period of time and profits are limited. In this high risk business, an operator would be insane to accept these terms.

In the examination of this bill, we see very little that we believe would prove beneficial to the State. The different bidding provisions on page 1, sections a-1, 2, 3, and 4 might prove helpful to the Department in determining optimum methods of bidding for the State, but they can be just as detrimental by preventing other types of bidding. The additional rental payments provided in subsection (d) could be beneficial and would accelerate development in the State. It should be borne in mind, however, that increase in rentals of this nature would have the effect of an operator attempting to increase his development schedules and it carries an obligation that the State would have to timely approve permits for this. The provisions regarding unitization and perpetuation of leases are already covered in existing leases and we cannot see that they improve the situation, but they may in fact confuse the situation because of conflicting jurisdiction in two different Statutes. And finally, the provision for contract exploration permits is one that we cannot see how any oil and gas operator would, under any condition, be agreeable to doing exploratory work for the State without some assurance that he could participate in the benefits. Certainly, this provision as written assumes that an operator would pay the State a fixed cash bonus for

the opportunity to go and risk his money and drill for oil reserves in the hope that the State would reward him if he found something. The odds are 9 to 1 against him finding anything in the first place and about 50 to 1 that he will make a commercial find. Consequently, without some reasonable assurance that he could recover his money, he would be foolish to make a bid for a contract on this basis. More than likely, the operator would want the State to pay him a fixed bonus to go out and drill with the hope that he would have some option to participate in the discovery, if it occurs, either through acreage acquisition or through some rights to market the oil or gas discovered. A provision like this we think would bring exploration to a complete halt in the State of Alaska except what could be financed directly out of the State treasury.

STATE of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
Division of Oil and Gas

RECEIVED
APR - 1 1976
Department of
Natural Resources

TO: Guy R. Martin
Commissioner

Thru: O. K. Gilbreth, Jr.
Director

DATE : March 31, 1976

FROM: Hoyle H. Hamilton
Chief Petroleum Engineer

SUBJECT: Review of HB 872

Oil and Gas Leasing

This part of the bill provides 4 alternatives the commissioner may follow in regard to bidding oil and gas leases. Alternative (1) provides a fixed royalty of 12 1/2 % and a cash bonus bid. This seems to be a step in the opposite direction that most people seem to be advocating today. A 12 1/2% royalty is less than in our last competitive lease sale, which was 16 2/3%. The general feeling today is for higher royalties, not less royalty. In my opinion, a fixed 16 2/3 % royalty with bonus bidding is the best way to go on competitive lease sales unless there is real drainage acreage involved.

Alternatives (2) and (3) involve a net profit share to the State either in a fixed amount as in (2) or a bid variable as in (3). The commissioner shall by regulation establish accounting procedures for the calculation of net profits.

Net profits would be a very undesirable way for the State to take its share from oil and gas production. The State would be taking the same risks for a net profit share as with a royalty share, however, a net profit share would require much more accounting. In forecasting State revenue from a lease with a royalty provision you have two variables to evaluate, production and wellhead value. With net profits a third variable would be introduced, operating costs. Normally at the end of each month the State royalty share, either in value or kind, can easily be determined. With net profits it may take many months before all the operating costs could be compiled and the State's share accurately determined. The operators incentive to keep operating costs at a minimum are proportionately lessened.

The fourth bidding alternative (fixed cash bonus and royalty bid) would require a public hearing. This seems a useless and time-consuming effort to go through in establishing any bidding procedure. It seems that the royalty board, the legislature and the commissioner should be responsible enough to see that the best interests of the State are met without a public hearing.

On page 2, line 11. It provides for the State to take its net profits share of oil and gas in kind. This would amount to the State taking a share of future production based on the net profits calculated from past production. This would be an accounting nightmare. There is no provision for how frequently the net profit determination would be made.

In lines 14 through 17 on page 2, it is not clear how the determination is to be made for taking in kind volumes of oil and gas.

AGO 935759

On page 3, item (3) under (d) doesn't make sense.

In summary, on the first part of this bill regarding bidding, there seems to be nothing to gain but headaches for the State to go for a net profit share when a royalty share would give the State the same thing with less problems. Fixed royalty and bonus bidding with 12 1/2% as a minimum, as in the present statute, would make more sense and give some leeway for higher fixed royalties.

Oil and Gas Competitive Contract Exploration

This bill provides for competitive contract exploration permits for oil and gas, but does not say whether these are seismic permits, drilling permits, or both.

These competitive exploration permits are to be awarded on a fixed cash bonus with the operator bidding for the reward he wants in terms of the reserves he discovers. What is the reward the State pays the operator? Is this to be money or some stock in the State oil company?

On page 6 (c), the bill provides for an independent assessment board, consisting of three professional engineers that would determine the reserves discovered by the permittee. The bill does not specify what engineering field these professional engineers are to be licensed.

If gas reserves are discovered it provides on page 7 (e) that the payment shall be on the basis of a ratio between the expected average values of oil and gas established by the commissioner before offering the exploration permit for bid. This cannot be done with any certainty even after a discovery is made. For example at Prudhoe Bay, eight years after discovery, this ratio is still uncertain.

In my opinion there would be little interest by the oil operators to try and obtain an exploration permit as described in this bill since there is no assurance they would acquire any of the reserves there might be found.

Assuming that with a very low fixed bonus some operators would bid and acquire an exploration permit. What is the State's position? Since the State does not have any unleased drainage acreage these permittees would be wildcatting for the State. For every dry hole drilled the State would lose its opportunity to acquire a bonus from a lease sale on that land. The Prudhoe Bay field has been like a siren song to many oil operators. This is also true with some of our legislators. We should be looking at the future when advocating a State policy regarding our lands with oil and gas potential. If you do this and look at the odds of finding a large field, I think the State would lose its shirt following the procedures proposed in this bill.

STATE of ALASKA

MEMORANDUM

TO: Roger Lewis
Legislative Liaison
Office of the Commissioner

DATE : April 5, 1976

FROM: Pedro Denton
Chief, Minerals Section
Division of Lands

SUBJECT: HB 872

This bill would eliminate two of the best schemes for oil and gas leasing. These are straight bonus bidding with fixed royalty rates at higher than 12½% (percent) and bonus bidding with a sliding scale royalty. Both of these are allowed under present state law.

I have no objection to the other bidding schemes being provided for; but, I doubt it would be in the best interest of the state to use them. Basically, "net profits" are too difficult to administer. I do not have much confidence in our ability to determine "net profits" when we still do not have an answer to "well head" value in Cook Inlet. We might be able to narrowly define net profits by regulation so that they would be easily definable; but, it would appear just as easy to design a sliding sclae royalty that would accomplish the same thing without the inherent administrative costs of monitoring net profits.

I am opposed to royalty bidding because it encourages speculative bidding by those unable to perform and would lead to waste of resources by premature abandonment. The state would also, more fully, participate in the risk; but this could be controlled somewhat in well known areas by the amount of the fixed bonus.

Another major problem is that the alternatives allowed include almost all the bidding schemes that have been studied so much in relation to oil and gas leasing during the past few years. I am concerned that an administration faced with a tremendously complex decision, potentially involving many millions of dollars, will simply be unable to timely make decisions with so many complex alternatives. As different administrators jump from scheme to scheme, we will only add to the already far too much uncertainty in Alaska and thereby actually decrease our take by whatever scheme we use. This is all so unnecessary because basically the same thing can be accomplished by intelligent management of either of the schemes; some easier and with less cost than the others. We must remember that all of these theories are projected by various proponents to accomplish essentially the same thing; bring in the greatest return to the government. What many of these theorists forget in the equation are the fundamental problems of government and business.

I would thus rather see only one scheme provided by statute, bonus bidding, with the latitude to set fixed or sliding scale royalties. With fairly simple determinations, these can be tailored to fit the basic objectives of the state as situations change. If this bill must be considered, I recommend that Sec. 38.05.180(a)(1) be amended to state the royalty "not less than 12½%" instead of the flat 12½% (percent) proposed.

I recommend deleting the requirement in Sec. 38.05.180(c) to certify leases of over 5 years to the legislature. In many remote areas 5 year leases will be too short to receive maximum return from a sale. The sharply escalating

rentals should protect against abuse from longer term leases and make checking with the legislature unnecessary. The references to AS 31.05.100 through AS 31.05.110 should be deleted. As written, it could imply that leases could only be extended if in a forced unit and I doubt this was the intent. Line 27 and 28 on page 2 should be rewritten to read as follows:

> "lease or, if the lease is committed to a unit approved by the commissioner."

The proposal would (probably by oversight) eliminate the drilling over the expiration date concept in the present law. This provision echoes several problems inherent in mineral development and should be included. It is the third from the last sentence under present AS 38.05.180(a).

The proposal would also eliminate the preference right provision presently under AS 38.05.180(j) and (k). This is a good provision and was designed to solve the title problems in the many federal lease areas with water-bottoms of unknown title. The State's interest is protected by the competitive bid procedures and by our right to object to federal leasing of water-bodies that are clearly navigable.

Section 38.05.184 is confusing and would require considerable study to determine if it is workable. The discovery reward concept appears unworkable but perhaps it could be cured by regulation. The concept of designating "a single petroliferous subsurface geological structure" may also be unworkable or unrealistic without provisions for more data gathering. I doubt that the intended incentives of this bill (i.e. preference right and discovery award) would intice very much revenue, but the bill would be extremely expensive to administer and could condemn considerable state acreage.

cc: Dale Tubbs
Mike Smith

HB

878

"An Act relating to the Alaska Mining License Tax; and providing for an effective date."

COMMITTEE REPORT

3/19/76 HOUSE FINANCE

Mr. Speaker: Date 4-12-76

The Committee on RESOURCES has had HB 878 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Nels A. Anderson

Members NOT concurring in the Majority report:

Mike Hirshberger recommends: ~~Do Not Pass~~ No Recommendation

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Nels A. Anderson Chairman

837 S. Nelson St.
Lakewood, Colo. 80226
April 14, 1976

Mr. Nels Anderson, Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska 99801

Dear Chairman Anderson:

I understand your committee held hearings on HB 878, which would impose a severance tax on income derived from mining. It is almost unbelievable that such a tax would be considered when mining is largely a potential industry which already faces a tough tax structure on top of staggering development and operating costs.

During the past several years, we have considered various mineral ventures in Alaska and, in some instances, conducted preliminary feasibility studies. The ventures have been turned down on the basis of unfavorable financial analyses before the tax factors were considered! We have apparently erroneously assumed that due to the lack of a strong economic base, the State of Alaska would probably grant tax concessions as an incentive for a major mineral development. As is the case with many companies, we look at Alaska's excellent potential for mineral deposits from the technical standpoint and then define the targets in economic terms. This results in limiting ourselves to mineral deposits with such high unit value that the probability of finding one is too low to justify the high exploration cost.

Until the State government and the labor unions recognize that sound economic development requires a favorable tax structure plus competitive labor costs per work unit, I see little chance of significant growth in Alaska's mineral industry.

Very truly yours,

Thomas G. Melrose

Thomas G. Melrose

TGM:cj

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

1976 APR 17 PM 1 53

HB 878

IPMAFUB AHG

2-010738C108 04/17/76

TLX RAA FBK

01 FAIRBANKS ALASKA 4-17-76

PMS NELS A ANDERSON, CHAIRMAN

2962

HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU ALASKA

DEAR CHAIRMAN ANDERSON:

REGARDING HB 878 MINING TAX, I RESPECTFULLY URGE YOU TO HOLD THIS LEGISLATION IN COMMITTEE, NOT LETTING IT SEE THE LIGHT OF DAY.

IT IS COUNTER PRODUCTIVE FOR ALL ALASKANS IN TERMS OF REVENUE GENERATION, BECAUSE IT WILL RESULT IN LESS MINING EXPLORATION, LESS MINING TAX REVENUE, AND WILL ROB ALASKANS OF JOBS. IT STRIKES PARTICULARLY HARD AT SHAREHOLDERS OF ANCSA REGIONAL CORPORATIONS BECAUSE IT TAKES 7 PERCENT OF THEIR MINERAL REVENUE STRAIGHT FROM THE POCKETS OF THE SHAREHOLDERS. IT ALSO OFFERS A SERIOUS IMPEDIMENT TO MINERAL DEVELOPMENT ON NATIVE LANDS

CORPORATIONS BECAUSE IT TAKES 7 PERCENT OF THEIR MINERAL REVENUE STRAIGHT FROM THE POCKETS OF THE SHAREHOLDERS. IT ALSO OFFERS A SERIOUS IMPEDIMENT TO MINERAL DEVELOPMENT ON NATIVE LANDS AND TO MINERAL DEVELOPMENT THAT MIGHT CONTRIBUTE TO THE ALASKA NATIVE FUND.

IF HB 878 PASSES, IT WILL SET IN CONCRETE THE CONCEPT OF SPECIAL TAXES ON MINING, WHICH IS A CONCEPT THAT RUNS AGAINST THE PUBLIC INTEREST, ESPECIALLY IN TIMES OF HIGH INFLATION AND UNEMPLOYMENT.

THANK YOU FOR YOUR CONSIDERATION.

RESPECTFULLY,

JEFF KNAEBEL
TLX 09035402

1643 EST

IPMAFUB AHG

Bear Creek Mining Company

Spokane Office

April 13, 1976

file 4.14

recd 4/16

The Honorable Nels Anderson, Chairman
Resource Committee
Alaska State House of Representatives
Pouch "V", State Capitol Building
Juneau, Alaska 99811

Dear Representative Anderson:

Bear Creek Mining Company wishes to thank you for the opportunity to appear before your committee on April 8, 1976. We feel strongly about the need for real incentives in order to establish a viable mining industry in Alaska, and look forward to working with your committee and the State of Alaska to investigate such matters as infrastructure support and federal government tax policy. We would certainly like to reduce our state tax burden, and feel that although this may not be achieved in this legislature, the revisions we requested would relieve this burden in startup years and resulting from lows in the business cycle. We do feel that stability is worth something, and appreciate this aspect of the current House Bill 878.

A viable, rural mineral industry in Alaska would be an asset worthy of State support -- it would be about the only industry which could be developed to furnish jobs for rural Alaskans, and a diverse economic base for the State. Are you and your committee in favor of working toward its development? We would like to think so, and are ready to work with you -- please call on us.

Sincerely,

R. C. Babcock, Jr.
Exploration District Manager

RCB/bb

cc: H. L. Bauer, Jr.

BOX 9. DISHMAN BRANCH • 7821 EAST SPRAGUE AVENUE • SPOKANE, WASHINGTON 99213 • PHONE: 509-924-2600 • TWX: 509-328-8570

HB 878 recd 4/23

April 17, 1976
David L. Butherus
4.1 mile Chena Ridge Rd.
Fairbanks, Alaska 99701

Mr. Nels A. Anderson Jr., Chairman
HOuse Resource Committee
Pouch V
Juneau, Alaska

Dear Mr. Anderson:

I am writing to you in regard to the proposed new tax bill (HB 878) on mining. This new tax proposal, if passed, would be even more detrimental to the mining industry than the existing Mining License Tax.

Mineral exploration and development in Alaska face great difficulties and extremely high costs already, and I feel that the additional burden of an excessive tax would virtually bring a halt to the mining industry in this state. This would result in a monetary loss to the state and a loss of jobs for the people presently employed by the mining industry.

Alaska ranks among the highest, if not the highest in taxation. The infant mining industry in this state cannot hope to bear a heavy tax burden such as those borne by the mature mining industry in states such as Arizona, Montana, Minnesota, and Idaho.

High taxes would stop the flow of exploration money coming into the state. Without exploration money, efforts to evaluate lands in Alaska will be greatly hampered, and the necessary facts to make wise land use decisions will be sadly lacking.

I would like to go on record as opposing this bill (HB 878) and urge you to hold it in committee so that this extremely important matter may be given the careful consideration it demands.

Thank you for your consideration of this important matter.

Sincerely,

David L. Butherus

David L. Butherus

DLB:seb

878

FINANCIAL DEPARTMENT

U.S.BORAX
A MEMBER OF THE RTZ GROUP

April 12, 1976

Mr. Nels A. Anderson, Jr.
Box 234
Dillingham, Alaska 99576

Dear Mr. Anderson:

This letter is to thank you for permitting me to testify on behalf of United States Borax & Chemical Corporation before your Resources Committee Hearing on House Bill No. 878 on April 8, 1976.

As I stated, United States Borax & Chemical Corporation is very interested in the possibility of mining in Alaska. (See copy of attached News Release). Testimony that was given seems to support either a total repeal of Section 43.65.010 Mining license or modification to recognize and permit (1) deduction of exploration costs in determination of base for tax (2) the deduction of prior losses by permitting carry forward of prior losses until exhausted (3) the allowance of related expenditures incurred outside the State of Alaska and (4) application of 3-1/2 year tax free holiday to each new mine placed in production.

Also, the proposal to establish one rate of 3 per cent or 5 per cent in lieu of present escalating rates could provide some encouragement to future mine operators.

In line with the spirit of 1776, it is believed all taxes should be critically examined to determine if they deter the future developments of Alaska. Your committee has the important role to foster and encourage mineral development that in turn will increase employment and the prosperity of the State.

Hopefully, United States Borax & Chemical Corporation will be able to bring into operation the property now being defined. A favorable tax consideration for the mining industry by your committee would help our future planning as well as others now considering Alaskan operations.

Yours truly,

C. W. McKown

C. W. McKown
Tax Manager

CWM:jf
Attachment

news release

issued by the public relations department
3075 Wilshire Boulevard, Los Angeles, California 90010 · 381-5311

U.S.BORAX
A MEMBER OF THE RTZ GROUP

FOR RELEASE MARCH 17, AT 3 P.M., EST,
12 NOON, PST.

United States Borax & Chemical Corporation has discovered a major molybdenum deposit in the Ketchikan area of southeastern Alaska.

The Los Angeles based company revealed today the results of its preliminary evaluation of the deposit, which was initially discovered in the fall of 1974 during an extensive exploration program conducted in southeastern Alaska over the past five years.

The mineralized area, which covers almost a square mile, is located 45 miles east of Ketchikan in the southern Alaska panhandle, and lies at an elevation of 2,000 feet and five miles inland from tidewater.

Drilling to date indicates a potential ore body in excess of 100 million tons grading 0.20 percent to 0.35 percent molybdenum disulfide with the mineralization at or near the surface, permitting mining by open pit methods. The potential for increasing the tonnages both laterally and at depth is considered excellent. Two hundred and thirty-five claims have been filed in the area.

Prospects for future mining of the ore body appear to be promising. However, because of the extent of the mineralized area, considerable further exploration drilling and evaluation will be necessary before a decision can be reached to bring the property into production. The potential ore reserves could support a substantial mining operation.

The company plans further extensive exploration work and environmental studies on the property during 1976 to define the extent of the near-surface mineralization by shallow drilling, to test by deep drilling for the continuity of mineralization at depth and to continue geological mapping and sampling.

The cost of constructing an open pit mine, a concentrating plant to process 30,000 tons of ore per day, and dock and other support facilities is currently estimated at around $250 million. The project, if brought into production, would employ 700-1,000 people during the construction phase, and about 500 workers on a full-time basis thereafter. The city of Ketchikan would be the major supply base during the construction and operations.

The exploration program, which has cost in excess of one million dollars to date, consisted of extensive geological, geophysical and geochemical surveys in the western Coast Range conducted by an eight-man geologic team, followed by surface sampling and core drilling. Technical

(continued .....

assistance to the program was given by the company's research facility in Anaheim, California.

During the summer of 1975, forty diamond drill holes averaging about 200 feet in depth were completed in the mineralized area.

Molybdenum is an important alloying agent used to impart hardness, strength, and corrosion resistance to steel, cast iron and nonferrous metals. There are essentially no competitive substitutes for molybdenum in these critical applications. Research is continuing in the use of molybdenum in catalysts for automobile emission controls and coal gasification and as a super alloy for aircraft and industrial gas turbine engines. Free world consumption of the metal in 1975 was approximately 200 million pounds.

U.S.BORAX is a member of the RTZ Group of mining and mineral processing companies. It has a 100-year history of borax mining in southwestern United States and today it operates a borax mine and refinery at Boron, California, producing about 60 percent of free world borates. It manufactures and distributes a wide range of borate products and chemicals domestically and internationally. It also has a 40 percent interest in Allan Potash Mines at Allan, Saskatchewan.

March 17, 1976

file HB 478

cc: HB 473

The Honorable H. M. Hershberger
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, AK 99811

April 19, 1976

Dear Congressman Hershberger:

I am writing to comment on two questions you raised at the hearings on the Mining License Tax on April 8 which were not adequately answered at the time.

Your point is well taken that there was much talk about how gold mining would increase when the price of gold rose and there have been few developments since the increase. What has happened, however, well illustrates the reality of mining, the lag time from discovery to production and the risk inherent in the volatility of world metal prices.

Gold mining, particularly placer gold mining, is relatively simple but even in those instances where reserves were known and major capital investments of the past, as in the case of gold dredges, could be capitalized on, it took two years before production could be revived. The complexity of other forms of mining would take more planning and much greater investment.

Revival of small scale placer mining, as you are aware, has been hindered by environmental prohibitions which have not only delayed but in instances required closing of some placer operations.

With the price of gold up, nevertheless, exploration for gold has intensified. The Golden Zone deposit has been drilled during the past two seasons and the Willow Creek mining district is under exploration by a major company, which are two examples of the efforts being made by the mining industry to locate minable deposits.

The Chandalar mining district, with which I am particularly familiar, has been under active exploration during the past two field seasons by established mining companies which have been unsuccessful in preliminary efforts to delimit potential major gold reserves. The Little Squaw Gold Mining Company, owner of the claims in the area, now plans to mine the small tonnage of high grade ore which has been known for years, but is doing so only after having made the effort to evaluate the district for larger scale mining developments.

Significantly, during the period of the past two years, the price of gold has declined to less than one-half its historic high and there are predictions of a collapse in the price, a necessary consideration in any investment planning for a gold mining undertaking.

On another question, you made the valid point that you could only relate to what you know and illustrated that 7% of $500,000 is $35,000 an amount equal to what a pipeline worker makes in a half-year and asked why U. S. Borax couldn't pay that amount. The comparison would have been apt were the $500,000 to have been a relevant figure but unfortunately was off by an order of magnitude which made the inference misleading. In order to explain, let me ask the question, "If you invested $250, would you be looking to earn 50¢ per year before taxes?" That is the equivalent of $500,000 earned on the $250 million investment U. S. Borax projects for the molybdenum development. In proper perspective, therefore, U. S. Borax would have to plan on taxable income of at least 25 times that amount and at a rate of taxation that would be not 7%, but 7% plus 9.4%. Thus the figure to relate to is $2 million not $35,000. I should add that it goes without saying that there would be the further tax revenues from property taxes and a considerable swell in personal income tax and sales tax revenues as the effects of the development permeated the southeast Alaskan economy.

I don't think that there is an awareness that the State's tax policy has had a severe depressing influence on the mining industry nor that any change will have more than a minimal influence on near term tax revenues. Were a mineral industry to be attracted to Alaska, the tax revenue benefits could not be expected to be realized to any substantial degree before the mid 1980's. Thereafter, however, the direct as well as indirect benefits of a broad based mining industry would be substantial and long term.

I strongly believe that legislative action on the Revised Mining License Tax Bill would be ill-advised at the present time. Without action, nothing is to be lost to the State in revenues to be derived from the present Mining License Tax. What would be lost would be the impetus to thoroughly study the influence of taxation on the mineral industry of Alaska and the ability to meet the tax revenue objectives for the State in the long term.

In closing, let me say that those of us who testified greatly appreciated the interest you expressed in the questions you raised during the hearing.

Sincerely,

Wallace McGregor

WMcG:pn

cc: The Honorable Nels Anderson

RESOURCE ASSOCIATES OF ALASKA, INC.
3230 AIRPORT WAY, FAIRBANKS, ALASKA 99701
TELEPHONE: (907) 479-6231 / 6097
TELEX: 090 35402

April 23, 1976

Mr. Nels Anderson
House of Representatives
Pouch V
State Capitol
Juneau, AK 99811

Re: HB 878, Mining License Tax

Dear Representative Anderson:

The enclosed letters, from potential clients (sources of exploration funds) hopefully will help show why the mining license tax has the effect of robbing jobs from Alaskans, with the noteworthy secondary effect that total tax revenue to the state is less than it would be if the severance tax did not exist and the resulting flow of exploration capital provided jobs.

Anybody who has an understanding of these economic factors and a concern for unemployment would seem to be in favor of repealing the existing mining license tax.

Respectfully,

Jeff Knaebel

JK/dc
Encl: Letters

RECEIVED APR 19 1976

TECK CORPORATION LIMITED

1199 WEST HASTINGS STREET
VANCOUVER, B.C. V6E 2K5

TEL: (604) 681-1392
TELEX: 04-507709

April 14, 1976

Representative Nels Anderson, Jr.,
Chairman,
House Resource Committee,
Pouch V,
Juneau, Alaska

Dear Mr. Anderson:

Re: House Bill 878 (Mining License Tax)

As a Canadian company prepared to invest in Alaska mining ventures provided a reasonable rate of return is possible, we wish you to understand that implementation of the above bill will discourage us further from participation in your State which is already one of the highest cost areas available to us.

Yours truly,

TECK CORPORATION LIMITED

J. M. Carr,
Chief Geologist

JMC:mjb

c.c. J. Knaebel,
Resource Associates of Alaska, Inc.

This outfit is a potential client that turned us down. Our company depends on outside capital to provide 20 to 30 permanent jobs for Alaskans and 3 to 6 helicopter contracts per year.

Jeff Knaebel Resource Associates.

4-22-76

RECEIVED APR 1 9 1976

837 S. Nelson St.
Lakewood, Colo. 80226
April 14, 1976

Mr. Nels Anderson, Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska 99801

Dear Chairman Anderson:

I understand your committee held hearings on HB 878, which would impose a severance tax on income derived from mining. It is almost unbelievable that such a tax would be considered when mining is largely a potential industry which already faces a tough tax structure on top of staggering development and operating costs.

During the past several years, we have considered various mineral ventures in Alaska and, in some instances, conducted preliminary feasibility studies. The ventures have been turned down on the basis of unfavorable financial analyses before the tax factors were considered! We have apparently erroneously assumed that due to the lack of a strong economic base, the State of Alaska would probably grant tax concessions as an incentive for a major mineral development. As is the case with many companies, we look at Alaska's excellent potential for mineral deposits from the technical standpoint and then define the targets in economic terms. This results in limiting ourselves to mineral deposits with such high unit value that the probability of finding one is too low to justify the high exploration cost.

Until the State government and the labor unions recognize that sound economic development requires a favorable tax structure plus competitive labor costs per work unit, I see little chance of significant growth in Alaska's mineral industry.

Very truly yours,

Thomas G. Melrose

Thomas G. Melrose

TGM:cj

cc: J. Knaebel

My company depends on sources of outside capital like this to provide jobs for Alaskans. When you raise special taxes on mining, you take jobs away from Alaskans.

Jeff Knaebel Resource Associates 4-22-76

HB 878

April 17, 1976
3230 Airport Way
Fairbanks, Alaska

Nels A. Anderson, Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska

Dear Mr. Anderson:

In reference to the resource committee studying Alaskan taxes on the mining industry, I would very much appreciate making the following points. These are my own thoughts, buy everyone I talk to feels the same way about excessive taxation that destroys our ability to work and provide jobs for others, as well as, takes away needed monies for basic studies.

1.) The proposed new bax bill (HB878) on mining which would replace the Alaska Mining License tax should be held in committee and not be presented to the legislature. This new tax proposal is even more detrimental than the Mining License Tax.

2.) The Mining License Tax is excessive taxation and very detrimental to any eventual mining industry that can provided needed revenue to the people of Alaska. This added tax hinders any mine from going into production, and also stops exploration money from coming into Alaska.

Without exploration money, Alaska will never be given the chance for regional evaluation of lands that are open to mineral exploration. When considering the questions of which lands should be set aside for parks or reserves, and not open to mineral production or any other production, we do not acquire any factual parameters to make these judgments.

3.) Perhaps I can illustrate my concern by envisioning this scenario:

The Bristol Bay fisheries resources is reported to be nearly in the same category as other endangered species. By baseline studies (requiring State and Federal funding) definite factual parameters need to be ascertained in order to not allow these species to become extinct.

A panic situation invades the people and the state legislature -

we must come up with these costly research programs! Everyone agrees we must spend this money. The people say, tax the mining and oil industry more! The commission of revenue reports happily - the mining and oil industry left ten years ago. The people say - what about the Alaska Oil and Minerals producing company we recently funded with 3 billion dollars. The commissioner says - although we will "eventually" show a profit we are like the U. S. Postal Service, we need an extra 3 billion this year. A visiting geologist in his normal maverick style says, maybe if you lowered taxes the oil and mining people may return. He is tarred and feathered and sent back to the lower 48 - what nerve these outsiders have trying to run our business! In the mean time, the last red salmon ala Bristol Bay is being fried in someones cabin near Naknek.

The commissioner says - our problem is the people, they won't work because they say they don't have enough enery without a balanced diet. A commission is formed to study the problem of eliminating these undersirables. Before the commission is through receiving testimony, the problem is eliminated by these people dying of starvation.

Fifty years later Bristol Bay has developed a new ecosystem - red and green algae flourish and take all available oxygen in the waters; only anaerobic bacteria survives in this stagnant mass of black water and mud. Fifty million years later these black muds form oil and gas deposits for future generations of Martians. A bright young Martian geologist studying the ancient fossils makes a major breakthrough - there used to be a prolific and marvelous fish called the Bristol Bay red salmon! This species is very important for oil explorers, because once the drill encounters the red salmon fossil beds, no oil is to be found in these formerly oxygen-rich waters.

Thanks very much for your consideration on this very important matter.

Sincerely,

E. R. Chipp

E. R. Chipp

HB878

April 19, 1976
Rodney A. Blakestad
PO Box 80747
College, Alaska 99701

Nels A. Anderson Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska

Dear Mr. Anderson:

May I point out to you and your Resource Committee the results of a recently (December, 1975) conducted poll by our Senator Stevens concerning use of the Federally withheld lands under the Native Land Claims Settlement Act. The question read: "Do you favor the multiple-use of D-2 lands to allow for hunting, recreation, fishing, logging, mining and oil and gas exploration activities, rather than single use of such lands for recreation and preservation of natural resources only?" A full 79% of the responding Alaskans were in favor of this, 15% were against, and 6% undecided.

On the same questionaire was the following: "Do you favor the permanent prohibition of mining in the Mt. McKinley and Glacier Bay areas?" Of the responding Alaskan people 67% said "no"!

This attitude, I believe, is very significant with respect to how the people of Alaska feel about development of our state's natural resources. All those in the State Legislature should take note of this stand and be cognizance of it when considering legislation that bears on the question of development.

Now the reason I am writing is to urge you and your fellow committeemen to work over the proposed new tax bill (HB878) in such a manor that it will not hinder further the infantile mining industry of Alaska.

As a minerals exploration geologist, resident in Alaska for seven years, I have an accute understanding of the economics for large scale minerals development. Alaska is on the threshold of becoming a major supplier of greatly needed raw metals to our American industry. We in the industry have worked hard and spent hundreds of millions of dollars trying to locate minerals in quanity and grades sufficient to overcome the extremely high cost of extraction already realized in Alaska.

There is no question that taxation of the industry will add a great deal to the coffers of our state over an extremely long period of time when, but only when, the industry is established and working. This high risk industry can develop only if our tax system is equitable and stable (please review the adverse affect inequitable taxation had in the province of British Columbia in recent years).

HB878 should be overhauled to conform with the attitudes of the majority of Alaskans as expressed in the above mentioned poll. It would be best if HB878 remained in committee and a new bill proposed that would set forth a firm taxation foundation upon which the mining industry of Alaska can develop.

Respectfully submitted,

Rodney A. Blakestad

Rodney A. Blakestad

TECK CORPORATION LIMITED

1199 WEST HASTINGS STREET
VANCOUVER, B.C. V6E 2K5

TEL: (604) 681-1392
TELEX: 04-507709

April 14, 1976

HB 878

Representative Nels Anderson, Jr.,
Chairman,
House Resource Committee,
Pouch V,
Juneau, Alaska

Dear Mr. Anderson:

Re: House Bill 878 (Mining License Tax)

As a Canadian company prepared to invest in Alaska mining ventures provided a reasonable rate of return is possible, we wish you to understand that implementation of the above bill will discourage us further from participation in your State which is already one of the highest cost areas available to us.

Yours truly,

TECK CORPORATION LIMITED

J. M. Carr,
Chief Geologist

JMC:mjb

c.c. J. Knaebel,
Resource Associates of Alaska, Inc.

AJV CORPORATION

HB878

The Honorable Nels Anderson
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

April 14, 1976

Dear Congressman Anderson:

I participated in the Resource Committee hearings on April 8 concerning House Bill 878, the revised Mining License Tax Bill. I spoke on behalf of the Northwest Mining Association and presented facts relating Alaska State taxation to other state taxations and the relationship of taxation on mining income relative to other incomes within the State. I did not express my personal strongly held views concerning the inadvisability of passing HB-878 and am writing to do so for the record.

If the Bill is intended to produce tax revenues, it is self evident that its objective will not be met based upon the experience with the tax during the past 25 years. I can attest to the fact that major corporations with whom I have been involved in joint venture undertakings in Alaskan exploration have been discouraged from proceeding with Alaskan investments based upon the findings of feasibility analyses which show the effect of total taxation to be grossly discouraging to development investments.

It has been my experience that the geologic potential for the discovery of mineral deposits has been the attraction for mineral exploration in Alaska with the initial investigations being carried out with little regard for the over-all economic aspects of profitably developing a discovery. The disenchantment sets in when the specifics of cost, including the cost of taxation, are analyzed.

Only private investment will create the tax base from which tax revenues will be derived. The deterrent to investment that the present State tax policy presents can only perpetuate the non-job creating non-tax producing

N. 10018 HUNTINGTON ROAD • SPOKANE, WASHINGTON 99218 • (509) 326-1673

situation that exists in Alaska mining today. It is my strong belief that passage of HB-878 would be counter-productive to the creation of tax revenues and I urge you to hold the Bill in Committee for the remainder of the current legislative session. In so doing, the long standing Mining License Tax Statute will remain in effect but time would be provided for an in-depth look at a tax plan that could attract rather than discourage development of resource created tax revenues for the long term.

Sincerely,

Wallace McGregor
President
AJV Corporation

WMcG:pn

AURORA AIR SERVICE, INC.
P. O. Box 1640, Fairbanks, Alaska 99707
Ph. (907) 452-5422
(907) 456-5212

File
HB 878

April 14, 1976

Representative Nels Anderson, Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska 99801

Dear Chairman Anderson:

I am writing to express my concern about the apparent trend demonstrated by the State of Alaska to place special taxes on mineral resource development, and especially to voice my opposition to HB 878.

Nels, I realize that every industry and every business in Alaska must contribute to the tax base of the State. Because of the obvious and inherent disadvantages to conventional industry in Alaska as compared to other States, we must develop rather unconventional industries, and depend on those industries for our economy, and therefore our tax base. Timber, fishing, guiding, petroleum and mineral exploration and development, tourism, and transportation are all industries which are rather unique to Alaska, and should be encouraged in every reasonable way in order for us to develop a self sufficient year-round economy capable of supporting Alaskans, and Alaskan needs.

As a small business owner in Alaska, I am rather sensitive to any proposed regulation, control, or tax placed on business which may discourage investment in Alaska. We have all heard the term "fragile" used in reference to our Alaskan ecology, and I believe that applies as well to our economy. I can well assure you that there are relativey few incentives to business as compared to the ever present problems, and with most small Alaskan businesses, the year-round expenses tend to decrease the net gains made in the short summer months to a concernable level. For those of us who do remain in business despite the obstacles, there is the hope that better times are ahead and that a year-round economy will eventually evolve from the seasonal highs and lows which we now experience. For this evolution to occur, a favorable business climate must be established, for without the investment of "outside" capital, Alaskan industry development will not keep pace with the rising cost of living and job demands.

As you know, a few years ago my company was a small bush flying service which contributed little to the local or State economic base. We flew when and where we could, motivated more by the spirit of adventure than any real concern for providing jobs for others or becoming an integral part of the Alaskan business community. But business is more complicated now. We operate several airplanes, employ several pilots, and have committed ourselves to long term obligations which in turn have caused others to look toward us for support and security. In order for us to provide this security our year-round business volume must remain at a high level.

Since 1971, Aurora Air Service has developed a specialized flight service which is designed to support mineral exploration and development activities in Alaska. Because

we are specialized, the majority of our business is conducted for companies such as Kennecott Copper, Anaconda, Resource Associates of Alaska, Placid Oil Company, and other mineral related companies. In dealing with these companies, it has become obvious that mineral development and petroleum development differ in one major respect: the budgets of mineral companies are considerably smaller than those of petroleum companies. We have attempted to keep our service prices to a minimum level in the hope that our specialized services and reasonable charter and contract rates will act as an incentive for these companies to plan more extensive operations in Alaska each year. Eventually, we hope that year-round mining operations will develop, and our business will be able to maintain a volume level which is necessary for our continued growth.

While I do not claim to be an expert in such matters as State economics, I do believe that the State will benefit from mineral development, if not directly from severance taxes then certainly from the increased jobs and business provided by service companies such as mine. As I said previously, I realize that every industry must contribute a fair share towards our tax base. My concern, however, is that through unreasonable greed, we may kill the goose before it lays the golden egg and those of us who live and work here will die with it.

Your job of establishing a fair mineral tax is a difficult one, and I have no profound suggestions for a tax which will make all parties happy. I would suggest, however, that all the economic implications of mineral development and mineral taxes be considered before a decision is reached, and special incentives be offered which will increase, rather than decrease Alaskan mineral development.

Sincerely;
Aurora Air Service, Inc.

James H. Pippin
President

sc

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

recd 4/13
848 file

12062 NL FAIRBANKS ALASKA 50 04-12 935A AST

PMS NELS ANDERSON CHAIRMAN

HOUSE RESOURCES COMMITTE 2145

JUN

RE BILL 878 REQUEST YOU RECONSIDER CONSEQUENCES

OF PROPOSED SPECIAL MINING TAXES RESULTANT INFLATION CAUSED

IN GRAVEL COST PROHIBITANT HARDSHIPS INFLICTED ON SMALL

MINING VENTURES COULD CRIPPLE AN INDUSTRY IMPORTANT

TO STATE ECONOMY

GEORGE R HORNER PRES H AND H CONTRACTORS INC

1976 APR 12 PM 6 08

#113

E. 5603 Third Avenue
Spokane, Washington 99206

U.S. BORAX
A MEMBER OF THE RTZ GROUP

(509) 534-9321

April 9, 1976

Mr. Nels Anderson
c/o Natural Resources
Pouch M
Juneau, Alaska 99801

Dear Nels:

Thank you very much for allowing me to attend your resource committee meeting on April 8, 1976 (Thursday). As you probably know, U.S. Borax has been quite actively exploring for minerals in Alaska, and has recently made a formal news release in the Ketchikan area of a new molybdenum prospect discovery. Because of our exploration efforts and success, the political and tax environments of Alaska are extremely important.

I feel that one of the main thoughts that should have been left with the committee was that no significant mining presently exists in Alaska at the present, and why? Consider the following facts:

1. Alaska is large and mineral rich.
2. Cost of doing anything in Alaska is high.
3. Taxes on the mining industry are higher than in any other state.

In review, the high taxes for mining in Alaska are as follows:

a. 48% United States corporate tax
b. 9.4% Alaska corporate tax
c. 7% Alaska mining license tax

This is the highest rate of taxation for any state in the United States. It will certainly be a miracle if any company can bring into production a major mine considering the above tax handicaps.

For the record, U.S. Borax does not subscribe to the continuation of the mining license tax (Bill 878) as did

several at your hearing. This mining license tax alone may not thwart the start up of any major producer, but added to a presently existing unfavorable economic situation, may continue to kill the goose that could lay Alaskan corporate taxation dollars, and lose badly needed jobs in rural areas.

Thanks for your time.

Yours truly,

Jackie E. Stephens,
Northwest Regional Manager

JES/cl

JOHN A. MISCOVICH
HYDRAULIC MINING CONSULTANT
EQUIPMENT DESIGN

GOLD*****

PHOSPHATE

COPPER

Alaska Address:
June–September
Otter Dredging Co.
Flat, Alaska 99584
Air Mail Only

file HB878



California Address:
October–May
1093 No. Greengrove St.
Orange, California 92667
714 - 532-3943

recd 4/9/76

April 6, 1976

Mr. Nels Anderson, Chairman
House Resources Committee
Alaska State Capital
Juneau, Alaska

Dear Nels:

I have not had the pleasure of meeting you but I learned recently a hearing will be held in Juneau on April 8 regarding a tax on the mining industry.

The politicians representing the people of Alaska must start thinking in terms of developing the mining indus' y of Alaska and not killing it entirely by the burden of taxes on ore ye' to be proben profitably and produced.

With the present problems of meeting the demads of the EPA, Fish and Game, Osha, Mesa, inflation, inefficiency of man hour production, high labor costs, short mining season and others I wont mention, it is time that the politicians realize what is happending to Alaska and its future.

We have had a windfall because of the oil strikes in the Prudhoe Bay area and the gigantic pipeline construction program. As a mining consultant traveling over many parts of the world in mining, I have seen the boom and then the lull. Alaska needs continuous development and lots of new capital to develop with. The fear of higher taxes on minerals before they are produced or developed only turns new capital away from Alaska.

I have lived at Flat, Alaska all my life and haye worked and travled in many other parts of Alaska over the past 50 years in gold mining. I have been trying to get an ore deposit at Flat investigated and hopefully into production on a fairly large scale. My work started in 1964 toward this goal and now I find the actions of our politicians has developed a stalemate situation and the company involved is waiting it out and only doing assesment work. This is not good for Alaska or Alaskans. I have found the same to be true with many other companies who once had eyes on Alaska but now have turned away.

I urge you to try and influence your committee to consider legislation that will once again open the doors in Alaska for new and large amounts of capital. Exploration is what we need which means employment. Exploration and evaluation will not commence if that dollar for exploration is going to be sliced into taxes before work begins or otherwise burdened by penalties.

I am opposed to any form of new taxes on the mining industry at this time and urge you to concentrate efforts toward a more active exploration and mining program.

With kind regards to you,

Sincerely yours,
John A. Miscovich
John A. Miscovich

MGMAHGB AHG
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file 878

rec'd 4/9/76

NELS ANDERSON
CHAIRMAN OF HOUSE RESOURCES COMMITTEE
POUCH V
JUNEAU, ALASKA 99811

SPECIAL MINING TAXES AS PROPOSED IN THE REVISED MINING LICENSE TAX BILL BEING INTRODUCED AT THE REQUEST OF GOVERNOR HAMMOND MUST BE DEFEATED.

ALASKA HAS THE POTENTIAL FOR VIABLE MINING INDUSTRY BUT IF THIS OR SIMILAR BILLS ARE PASSED BY THE LEGISLATURE NO MINING INDUSTRY CAN EXIST. EXPLORATION AND DEVELOPMENT COSTS ARE ALREADY EXCESSIVE IN ALASKA AND MORE TAXATION WILL KILL A BUDDING MINING INDUSTRY.

SINCERELY,

HAROLD L. READE
REGIONAL GEOLOGIST
RESOURCE ASSOCIATES OF ALASKA
FT COLLING, CO 80521

1759 EST

MGMAHGB AHG

Form L-0134-0
1601567

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

File 878

#

18005 NOME ALASKA 119 04-08 125P BST

PMS REP NELS ANDERSON JR, CHAIRMAN HOUSE RESOURCE COMMITTEE

POUCH V 817

JUNEAU

DEAR CHAIRMAN ANDERSON:

HB 878 REVISING THE MINING LICENSE TAX IS OF GREAT CONCERN TO US. THE CONSEQUENCES OF THE BILL MAY HAVE A NEGATIVE EFFECT ON THE DEVELOPMENT OF THE MINING INDUSTRY SO VITALLY NEEDED HERE IN ALASKA. I ENCOURAGE YOUR TO SET UP, NEXT YEAR, A JOINT STUDY COMMITTEE WITH THE ALASKA MINERS ASSOCIATION TO EVALUATE POSITIVE APPROACHES TO MINING ACTIVITY IN ALASKA. ITEMS OF STUDY SHOULD INCLUDE REDUCTION OF TAX RATE, PERMIT CARRY FROWARD OF NET OPERATING LOSSES AND PERMIT DEDUCTION OF FEDERAL TAXES BEFORE COMPUTING ALASKA TAX BASE.

A TAX INCENTIVE TO THE MINING INDUSTRY CAN GENERATE A LARGE TAX BASE IN A COMMUNITY SUCH AS NOME WITH THE MULTITUDE OF TAXES NOW ON THE BOOKS. THIS RIPPLE EFFECT WILL PROVIDE JOBS AND REDUCE OUR DEPENDENCE ON FEDERAL AND STATE HANDOUTS.

RESPECTFULLY SUBMITTED, E.T. HUNTER, MANAGER ALASKA GOLD COMPANY

NOME, ALASKA

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

IPMAFUB AHG

2-034414C098 04/07/76

TLX RAA FBK

01 FAIRBANKS ALASKA 4-7-76

PMS NELS ANDERSON, CHAIRMAN

HOUSE RESOURCE COMMITTEE **1620**

POUCH V

JUNEAU, ALASKA

HB 878 IS AN IMPROVEMENT OVER THE PRESENT MINING TAX ON THE SMALL MINER HAVING NET PROCEEDS OF LESS THAN 150,000. HOWEVER, HB 878 IS VERY OBJECTIONABLE IN THAT IS PROVIDES FOR A SPECIAL TAX OF 7 PERCENT ON MINING OVER AND ABOVE OTHER TAXES ANY LARGE MINING COMPANY MUST PAY.

WHY SHOULD THE MINING INDUSTRY BE SINGLED OUT FOR AN ADDITIONAL

TAX? WE HAVE NO CONTROL ON THE CURRENT PRICE OF MINERALS. ALL MINERAL PRICES ARE EITHER UNCHANGED OR ARE FALLING EXCEPT FOR URANIUM.

ONE OF OUR CLIENTS SPENT OVER 1750,000 LAST YEAR DOING EXPLORATION WORK ON A GOLD PROPERTY. THEY WILL NOT BE IN ALASKA THIS YEAR BECAUSE OF THE DROP IN THE PRICE OF GOLD. MOST OF THIS 1750,000 EXPENDITURE STAYED IN ALASKA, WHICH RESULTED IN THOUSANDS OF TAX DOLLARS GOING TO STATE AND FEDERAL GOVERNMENTS. EVEN IF THE GOLD PRICE HAD NOT DROPPED, THE ADDITIONAL SPECIAL TAY OF 7 PERCENT WOULD HAVE HAD AO EFFECT ON THEIR DECISION AS TO WHETHER OR NOT THE PROPERTY WAS ECONOMIC AT THIS TIME.

ONE OF OUR CLIENTS SPENT OVER !750,000 LAST YEAR DOING EXPLORATION WORK ON A GOLD PROPERTY. THEY WILL NOT BE IN ALASKA THIS YEAR BECAUSE OF THE DROP IN THE PRICE OF GOLD. MOST OF THIS !750,000 EXPENDITURE STAYED IN ALASKA, WHICH RESULTED IN THOUSANDS OF TAX DOLLARS GOING TO STATE AND FEDERAL GOVERNMENTS. EVEN IF THE GOLD PRICE HAD NOT DROPPED, THE ADDITIONAL SPECIAL TAY OF 7 PERCENT WOULD HAVE HAD AO EFFECT ON THEIR DECISION AS TO WHETHER OR NOT THE PROPERTY WAS ECONOMIC AT THIS TIME.

IN VIEW OF THE ESCALATING COSTS OF DOING BUSINESS AND THE ALMOST CERTAIN PENDING MINERAL CRUNCH, IT IS UNCONCEIVABLE HOW A SPECIAL TAX ON MINING CAN BE BENEFICIAL TO THE STATE AND ITS RESIDENTS.

SHOULD THE TIME EVER COME THAT MINING DOES IN FACT, CONTRIBUTE SUBSTANTIALLY TO ALASKAS ECONOMY, CONSIDERATION CAN THEN BE GIVEN TO
ADDITIONAL TAXES. UNTIL THEN, SPECIAL MINING TAXES CAN ONLY RESULT IN FEWER REVENUE DOLLARS TO THE STATE.

DOUGLAS B COLP, 1101 GILLAM WAY, FAIRBANKS ALASKA 99701
TLX 09035402

2014 EST

IPMAFUB AHG

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TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 APR 7 PM 12 14

IPMAFUB AHG

2-042214E098 04/07/76

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8015825632 TDRN SALT LAKE UT 87 04-07 0307P EST

PMS NELS ANDERSON CHAIRMAN HOUSE RESOURCES COMMITTEE STATE OF ALASKA, DLR 1510

JUNEAU AK

MOST URGENTLY BEG THAT YOURSELF AND ASSOCIATES NOT IMPOSE THE PROPOSED SPECIAL TAX UPON THE MINING INDUSTRY OF AN ADDITIONAL 7 PERCENT UPON INCOME. THE MINING INDUSTRY OF ALASKA IS NOW BURDENED WITH A FULL MEASURE OF TAXATION AND HIGI COST DUE IN PART TO ALASKAS DISTANCE FROM MARKET AND SUPPLIES. IT IS DIFFICULT TO UNDERSTAND WHY THE GOVERNMENT OG ALASKA DOES NOT ADOPT A POLICY OF

WELCOMING AND OFFERING INDUCEMENTS FOR CAPITAL INVESTED IN MINING VENTURES IN ALASKA

R N HUNT 992 OAK HILL WAY SALT LAKE CITY UT

1509 EST

.PMAFUB AHG

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

pcco 11/13

#

02026 ANCHORAGE AK 88 04-12 1025A AST

PMS REP NELS ANDERSON

JUN 2095

CONTRARY TC STATEMENTS BEING MADE IN TELEGRAMS OR IN THE PRESS THE ALASKA MINERS ASSOCIATION IS IN GENERAL SUPPORT OF HB878 WE DID REQUEST MINOR AMENDMENTS WHICH CLARIFIED INTENT OF LEGISLATION, AND POINTED OUT THAT CARRY OVER OF NET OPERATING LOSES SHOULD BE ADDED TO ADDRESS THE PROBLEM OF OPERATIONS IN A PERIOD OF LOW METAL PRICE. HOWEVER WITH THESE MINOR POINTS, WE HONOR OUR OBLIGATION TO THE STATE AND DEPARTMENT OF REVENUE MADE IN OUR JOINT MEETINGS ON THIS TAX

1976 APR 12 PM 4 10

C C HAWLEY CHAIRMAN ANCHORAGE BRANCH AMA

SRA BOX 780 ANCHORAGE AK 99507

PLUMBING HEATING SHEET METAL

C. R. LEWIS CO.
INCORPORATED
1500 POST ROAD • TELEPHONE 272-4541
ANCHORAGE, ALASKA 99501

recd 4/9/76

April 7, 1976

The Honorable Nels Anderson, Chairman
House Resources Committee
State Capitol
Juneau, Alaska

Subject: House Bill 878

Dear Nels:

You have this Bill in Committee, as I understand it, and will be holding hearings shortly. I do not know if I can get to Juneau for the hearings, but wish to express my strong opposition to House Bill 878. This appears to work out as basically an income tax of seven percent added to other taxes that the mining industry pays. It is a special burden against one industry, mining, whose costs are already exorbitant and more than the industry will bear.

There appears to be a strong anti-business bias on the part of many in the Administration, and we as citizens and tax payers must look to the Legislature to represent us, which is the way it should be anyway.

In any event, Nels, let me ask you to oppose this Bill as strongly as possible, and assure you that my request reflects the wishes of practically the entire Alaskan business community, whether mining or otherwise, and also, a predominant majority of the working people.

I will appreciate being informed on the status of the Bill and the action which you and your Committee take.

Very sincerely yours,

C.R. LEWIS CO., INC.

Clyde R. Lewis

CRL:jf

TELEGRAM

HQA ALASKA COMMUNICATIONS, INC.
PHONE 586-6440
JUNEAU, ALASKA

02065 NL ANCHORAGE AK 249 04-06 237P AST

PMS REP NELS ANDERSON

1387

JUN

1976 APR 6 PM 5 50

GENTLEMEN:

I URGE YOU TO RESIST THE CURRENT EFFORTS TO FIND ALL SORTS OF NEW METHODS TO TAX THE MINING INDUSTRY IN ALASKA WITHOUT FIRST DETERMINING WHAT OTHER AREAS OF THE ECONOMY ARE SIGNIFICANTLY HURT BY THE IMPOSITION OF SUCH NEW TAXES.

A CASE IN POINT WOULD BE THE AIR TRANSPORTATION BUSINESS IN ALASKA ANDS SPECIFICALLY MY COMPANY.

WE HAVE HISTORICALLY CONTRACTED OUR SMALL THREE PLACE RECIPRO-CATING POWERD HELICOPTERS TO USERS THAT ARE TYPIFIED BY THE SMALL PROSPECTOR OR CONSULTING GEOLOGY FIRMS OF ALASKA.

THESE FIRMS OR INDIVIDUALS NORMALLY HAVE VERY LEAN BUDGETS AND INCREASES IN THEIR COST ARE QUITE OFTEN MADE VISIBLE BY EITHER CURTAILING OR CANCELLING EXPLORATION PROGRAMS.

THESE FIRMS OR INDIVIDUALS NORMALLY HAVE VERY LEAN BUDGETS AND INCREASES IN THEIR COST ARE QUITE OFTEN MADE VISIBLE BY EITHER CURTAILING OR CANCELLING EXPLORATION PROGRAMS.

LAST YEAR THIS COMPANY HAD TWO THREE-MONTH PROGRAMS CANCELLED BY EXPLORATION GEOLOGISTS BECAUSE OF THE UNCERTAINTY OF THE CONTINUED VIABILITY OF THE PROGRAMS THEY WERE WORKING ON DUE TO NEW TAXATION METHODS.

MY POINT IS THAT THE STATE LOST TWICE.IT NOT ONLY LOST BY NOT BEING ABLE TO FAIRLY TAX A MINING PROGRAM THAT MIGHT HAVE BEEN THE RESULT OF THE SURFACE GEOLOGICAL EXPLORATIONS THAT WERE NEVER CARRIED OUT, IT LOST BECAUSE WE DID NOT PAY AN INCREASED AMOUNT OF GROSS RECEIPTS TAX, CORPORATE INCOME TAX, ETC., ETC.BECAUSE WE DIDN,T HAVE A JOB.

PLEASE RECOGNIZE THAT DIRECT TAXATION OF ANY ONE SEGMENT OF THE CONTRIBUTORS TO THE ECONOMY OF OUR STATE DOES IN FACT IMPACT OTHER SEGMENTS OF THE ECONOMY, AND DOES SO RAPIDLY.

YOURS VERY TRULY

C. R. GALLAGHER - PRESIDENT
EVERGREEN HELICOPTERS OF ALASKA, INC.
P. O. BOX 578
ANCHORAGE, AK. 99510

4-8-76

Since 1953 There have been NO changes in the amount of tax.

Chuck Holly - AK Miners Assoc.

(1) Support General -

(2) State should recognize responsibility to miners

Why has Mining Slowed down.

Bill benifited from input.

Escalating tax -

Royalty rates are higher for smaller operations + lower for larger

Suggestion Fixed tax rate at a medium level -

Deduction - Net operating loss -

3 1/2 yr exemption for the start of the operation

Capital Costs to get started from 100 million - 300 million

Metal prices are low Now -

Special tax Need transportation at smaller - State Should help the industry in providing services. one example could be the haul-road open for mining traffic - Also the rail road extension.

Russel Babcock -

exploration Geologist Bear Creek. - Kennicut

called for incentives - transportation - Tax on the same basis as other industries - Bill will promote a feeling of Stability - welcome Miners lower tax.

Hoffshlager: Does the existing tax discourage development? Only in that exploration costs are higher. Tax would show stability

DALE TUBBS Deputy Director Div. of Lands

Mining - under the bill, includes Sand + Gravel - one of the biggest mining prospects in the state

pg 9 line 26 In definitions Sand + Gravel are included - Not in conf with Title 38. Should [illegible] surface Materi

Include Materials in Tax in definition

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC. 1976 APR 5 AM 10 35
PHC 2: 5364-40
JUNEAU, ALASKA 99801

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VIPMAFUB AHG

1-011141C096 04/05/76

TLX RAA FBK

01 FAIRBANKS ALASKA 4-5-76 -

PMS NELS ANDERSON, JR CHAIRMAN

HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU ALASKA

1031

REPRESENTATIVE NELS ANDERSON, JR , CHAIRMAN

HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU ALASKA

DEAR CHAIRMAN ANDRESON:

IN RESPONSE TO YOUR NOTICE REGARDING HEARINGS ON HB 878 TO BE HELD IN JUNEAU ON APRIL 8 I HEREWITH SUBMIT THE FOLLOWING TESTIMONY IN LIEU OF PERSONAL APPEARANCE BECAUSE OF PREVIOUSLY SCHEDULED DENTAL SURGERY. YOUR COMMITTEES CONSIDERATION OF THIS TESTIMONY IS GREATLY APPRECIATED.

(1)

HB 878 FUNCTIONS AS A SEVERANCE TAX AT THE RATE OF ABOUT SEVEN PERCENT OF INCOME FROM MINING OPERATIONS. IT IS IMPOSED ON TOP OF FEDERAL AND STATE INCOME TAXES, PROPERTY TAXES, SALES TAXES, ETC. IN COMBINATION WITH EXISTING STATE INCOME TAXES IT RESULTS IN WHAT MAY BE THE HIGHEST RATE OF STATE TAXATION ON MINING IN THE U.SM.

MY TESTIMONY IS BASED UPON THE FOLLOWING ASSUMPTIONS. TO THE EXTENT THAT THESE ASSUMPTIONS MIGHT NOT BE CORRECT, THIS TESTIMONY WOULD NOT HAVE APPLICATION.

1. THAT ALASKANS DESIRE TO BE A FREE PEOPLE.

2. THAT ALASKANS DESIRE TO BE AS NEARLY SELF SUFFICIENT AS THEIR RESOURCES WILL ALLOW.

3. THAT ALASKANS PREFER NOT TO CALL FOR FEDERAL HAODOUTS WITH THEIR ATTENDANT BUREAUCRATIC CONTROLS OR OUTRIGHT COERCION.

4. THAT KNOWLEDGEABLE ALASKANS RECOGNIZE THAT IN MOST OF THE STATE, PARTICULARLY NORTH OF THE ALASKA RANGE, THERE IS VERY LITTLE BASIS FOR SIGNIFICANT ECONOMIC DEVELOPMENTOTHER THAN THE EXTRACTION OF MINERALS OR MINERAL FUELS.

5. THAT ALASKANS UNDERSTAND THAT BECAUSE OF SAVAGELY HIGH COSTS, LACK OF TRANSPORTATION AND LACK OF INFRASTRUCTURE, HARD ROCK MINERAL DEPOSITS IN MOST AREAS OF ALASKA MUST BE TWO OR THREE TIMES MORE VALUABLE THAN IN CONTINRNTAL U.S. IN ORDER TO BE COMMERCIAL, AND THAT THESE EXCEPTIONAL DEPOSITS ARE VEY DIFFICULT AND VERY EXPENSIVE TO FIND.

6. THAT KNOWLEDGEABLE ALASKANS REALIZE THAT SINCE .HE LAST SIGNIFICANT MINING OPERATION IN ALASKA CLOSED IN 1938, MORE THAN 125 MILLION DOLLARS HAS BEEN EXPENDED IN HARD ROCK EXPLORATION WITHOUT MAKING A DISCOVERY PROVEN TO BE COMMERCIAL UNDER CURRENT CONDITIONS. THIS EXPENDITURE DOES NOT COUNT GOVERNMENT GEOLOGICAL SURVEYS.

7. THAT THE MINING INDUSTRY WILL BEAR THE COSTS OF DEVELOPMENT OF TRANSPORTATION AND INFRASTRUCTURE TO THE EXTENT THESE MAY NOT EXIST AT THE TIME OF ANY FUTURE DECISION TO PRODUCE.

8. THAT KNOWLEDGEABLE ALASKANS RECOGNIZE THE SEVERE PROBLEMS OF CAPITAL SHORTAGE AND CAPITAL FORMATION FACED BY THE U.S., AND THAT UNLESS TAXES ARE REVISED TO ALLOW FASTER GENERATION OF PRIVATE CAPITAL, THE CAPITAL NEEDS OF U.S. INDUSTRYWI WILL EXCEED THE SUPPLY BY INCREASINFG MARGINS , WITH SERIOUS CONSEQUENCES UPON THE ABILITY OF U.S. INDUSTRY TO PRODUCE THE NEEDS OF ITS CITIZENS. REFERENCE IS MADE TO THE CURRENT PLIGHT OF THE STEEL, RAILROAD, AND MINING INDUSRIES AMONG OTHERS.

9. THAT ALASKANS ARE CONCERNED ABOUT THE BURGEONONG BUREAUCRACY AND MIND BOGGLING WASTE THEY SEE IN THE EXPENDITUURE OF THEIR TAX DOLLARS.

10. THAT ALASKANS UNDERSTAND THAT METAL PRICES ARE SET BY THE WORLD MARKET, AND THAT BECAUSE OF THIS, MINE OPERATORS CANNOT PASS ON THE COST OF TAXES.

11. THAT ALASKA COMPETES WITH THE REST OF THE WORLD AS A PLACE TO SPEND EXPLORATION DOLLARS, AND THAT POLITICAL STABILITY AND INVESTMENT CLIMATE ARE CRITICAL FACTORS IN MANAGEMENT DECISIONS ABOUT WHERE TO SPEND EXPLORATION DOLLARS. CURRENT PROBLEMS OF LAND STATUS, TAX LEGISLATION, AND GOVERNMENT REGULATION ARE CASTING A CLOUD OVER ALASKAS EXPLORATION POTENTIAL.

12. THAT ALASKANS WANT JOBS FOR THEMSELVES AND FOR THEIR CHILDREN.

13. THAT ALASKANS UNDERSTAND THAT JOBS COME FROM INDUSTRY, INDUSTRY RESULTS FROM INVESTMENT, AND INVESTMENT REQUIRES A RETURN COMMENSURATE WITH ITS RISK.

BASED UPOM THE FOREGOING ASSUMPTIONS, THE ISSUES EVOKED BY HB 878, AS BY ANY SPECIAL TAX ON MINING, INCLUDING THE EXISTING ONE TO BE REPLACED BY HB 878 , ARE MORE THAN SIMPLE TAX ISSUES.

5

THE ISSUES ARE JOBS FOR OURSELVES AND OUR CHILDREN, THE SURVIVAL OF A FREE ENTERPRISE ECONOMY, AND THE PRESERVATION OF INDIVIDUAL LIBERTY.

THE SEVERANCE TAX PROPOSED BY HB 878 , AS ALSO THE PRESENT MINING LICENSE TAX, TENDS TO PREVENT THE CREATION OF JOBS, THE DEVELOPMENT OF ENTERPRISE, THE PRIDE OF SELF SUFFICIENCY, AND THE PRESERVATION OF INDIVIDUAL LIBERTY. IT IMPEDES THESE THINGS BECAUSE IT DISCOURAGES EXPLORATION, WHICH MUST PRECEDE THE DEVELOPMENT OF A MINING INDUSTRY. WITHOUT INDUSTRY THERE ARE NO JOBS, AND WITHOUT JOBS ALASKANS ARE REDUCED TO A KIND OF PARASITIC SERVITUDE AT THE MERCY OF THE FEDERAL PORK BARREL.

THE QUESTION POSED BY HB878 AND BY THE CONTINUED EXISTANCE OF THE PRESENT MINING LICENSE TAX WHISH IS ALSO A SEVERANCE TAX IN CONCEPT, IS:

DO ALASKANS WANT A MINING INDUSTRY?

WE HAVE NOT HAD A HARD ROCK MINE, MUCH LESS AN INDUSTRY, FOR ALMOST FORTY YEARS. PERHAPS IT MIGHT OCCUR TO THE PUBLIC AND THE LEGISLATURE THAT A COMBINED RAE OF CORPORATE INCOME TAX AND SPECIAL MINING TAX OF PROBABLY THE HIGHEST IN THE NATION IS A MAJOR CONTRIBUTING FACTOR TO AL MISSING MINING INDUSTRY.

SEVERANCE TAXES IMPOSED ON MINING DISCOURAGE EXPLORATION INVESTMENT, THEREBY CAUSING ALOSS OF EMPLOYMENT. THE CONTINUED NON DEVELOPMENT OF A TAX BASE THUS ACTUALLY CAUSES A LOSS OF REVENUE TO THE STATE COMPARED TO WHAT COULD HAVE BEEN REALIZESD FROM REGULAR CORPORATE INCOME TAXES ON AN INDUSTRY THAT MIGHT GROW IN THE ABSENCE OF A SEVERANCE TAX.

ONE MUST HAVE INCOME BEFORE THERE IS ANYTHING TO TAX. IF THE PEOPLE OF ALASKA WANT INCOME FROM MINING, THEN IT WILL PROVE USEFUL TO HAVE A MINE.

IF ALASKANS WANT JOBS THEY WILL NEED MINING. IF ALASKANS WANT A MINE, THEY SHOULD ASK YOU LEGISLATORS TO REMOVE THE SPECIAL TAXES ON MINING. IT IS UP TO ALASKANS TO MAKE THEIR WISHES KNOWN.

MINING TAXES PROPOSED IN 1975 AND 1976 HAVE LOST FIFTEEN POTENTIAL JOBS FOR ALASKANS IN MY COMPANY AND ITS SUB CONTRACTORS. 8 I BELIVE B MOST ALASKANS PREFER WORK TO WELFARE. I BELIEVE MOST ALASKANS WOULD LIKE TO BUILD SOMETHING OF VALUE AND WOULD LIKE TO BE A FREE AND SELF SUPPORTING PEOPLE, NOT LIVING OFF THE TAXES PAID BY THEIR FELLOW AMERICANS.

(5)

ONE STEP TOWARD SELF SUFFIENCY IS TO REMOVE THE SPECIAL TAXES ON MINING AND THUS TO ENCOURAGE THE DEVELOPMENT OF AN INDUSTRY THAT CREATES REAL JOBS.

RESPECTIVELY SUBMITTED,

JEFF KNAEBEL, 3230 AIRPORT WAY, FAIRBANKS AK

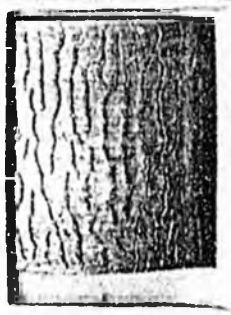
JEFF KNAEBEL

TLX 09035402

1252 EST

IPMAFUB AHG

(6)



Anchorage Helicopter Service, Inc.
1812 East 5th Avenue
Anchorage, Alaska 99501
(907) 277-1437

Rec'd 4/7

Anchorage Helicopter
a Cordon International
Company

4-5-76

DEAR REP. ANDERSON,

I'M A TWELVE YEAR ALASKA RESIDENT, AND I'M FLYING HELICOPTERS FOR A LIVING. I'D LIKE TO CONVEY TO YOU MY PERSONAL DISLIKE OF SPECIAL TAXES ON THE MINING INDUSTRY. WE QUITE OFTEN WORK FOR MINERAL EXPLORATION FIRMS, AND I KNOW FIRST HAND THE ARDUOUS, FINANCIALLY RISKY, NATURE OF THEIR WORK. TO ADD FURTHER BURDENS OF SPECIAL TAXES, OR RESTRICTIVE REGULATIONS, WOULD BE UNFORTUNATE FOR OUR STATE. ONE OF OUR MOST PRODUCTIVE INDUSTRIES WOULD BE CUT BACK AT THE TIME WE SHOULD BE ADVANCING TO BECOME THE STORE HOUSE FOR VITAL SUPPLYS TO OUR NATION. PLEASE DO WHAT YOU CAN TO HELP.

THANK-YOU FOR YOUR TIME.

SINCERELY,

F. M. HEFFERNAN

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 MAR 25 PM 1 20

HB 878

#

IPMAFUB AHG

1-023915C085 03/25/76

TLX RAA FBK

7053

01 FAIRBANKS ALASKA 3-25-76

PMS NELS ANDERSON, CHAIRMAN

7053

HOUSE RESOURCES COMMITTE

POUCH V

JUNEAU, ALASKA

I WILL APPRECIATE BEING NOTIFIED OF THE HEARING SCHEDULE FOR THE MINING LICENSE TAX LEGISLATION WITH THE HOPE THAT I MIGHT BE ABLE TO TESTIFY.

JEFF KNAEBEL, RESOURCE ASSOCIATES OF ALASKA

3230 AIRPORT WAY

FAIRBANKS, ALASKA

PH 479 6231

3/29

JEFF KNAEBEL

TLX 09035402

Notified

1551 EST

IPMAFUB AHG

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC. 1976 APR 5 AM 10 35
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

VIPMAFUB AHG

1-011141C096 04/05/76

TLX RAA FBK

01 FAIRBANKS ALASKA 4-5-76

PMS NELS ANDERSON, JR CHAIRMAN

HOUSE RESOURCE COMMITTEE 1031

POUCH V

JUNEAU ALASKA

REPRESENTATIVE NELS ANDERSON, JR , CHAIRMAN

HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU ALASKA

DEAR CHAIRMAN ANDRESON:

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(1)

HB 878 FUNCTIONS AS A SEVERANCE TAX AT THE RATE OF ABOUT SEVEN PERCENT OF INCOME FROM MINING OPERATIONS. IT IS IMPOSED ON TOP OF FEDERAL AND STATE INCOME TAXES, PROPERTY TAXES, SALES TAXES, ETC. IN COMBINATION WITH EXISTING STATE INCOME TAXES IT RESULTS IN WHAT MAY BE THE HIGHEST RATE OF STATE TAXATION ON MINING IN THE U.SM.

MY TESTIMONY IS BASED UPON THE FOLLOWING ASSUMPTIONS. TO THE EXTENT THAT THESE ASSUMPTIONS MIGHT NOT BE CORRECT, THIS TESTIMONY WOULD NOT HAVE APPLICATION.

1. THAT ALASKANS DESIRE TO BE A FREE PEOPLE.

2. THAT ALASKANS DESIRE TO BE AS NEARLY SELF SUFFICIENT AS THEIR RESOURCES WILL ALLOW.

3. THAT ALASKANS PREFER NOT TO CALL FOR FEDERAL HAODOUTS WITH THEIR ATTENDANT BUREAUCRATIC CONTROLS OR OUTRIGHT COERCION.

4. THAT KNOWLEDGEABLE ALASKANS RECOGNIZE THAT IN MOST OF THE STATE, PARTICULARLY NORTH OF THE ALASKA RANGE, THERE IS VERY LITTLE BASIS FOR SIGNIFICANT ECONOMIC DEVELOPMENTOTHER THAN THE EXTRACTION OF MINERALS OR MINERAL FUELS.

5. THAT ALASKANS UNDERSTAND THAT BECAUSE OF SAVAGELY HIGH COSTS, LACK OF TRANSPORTATION AND LACK OF INFRASTRUCTURE, HARD ROCK MINERAL DEPOSITS IN MOST AREAS OF ALASKA MUST BE TWO OR THREE TIMES MORE VALUABLE THAN IN CONTINRNTAL U.S. IN ORDER TO BE COMMERCIAL., AND THAT THESE EXCEPTIONAL DEPOSITS ARE VEY DIFFICULT AND VERY EXPENSIVE TO FIND.

6. THAT KNOWLEDGEABLE ALASKANS REALIZE THAT SINCE THE LAST SIGNIFICANT MINING OPERATION IN ALASKA CLOSED IN 1938, MORE THAN 125 MILLION DOLLARS HAS BEEN EXPENDED IN HARD ROCK EXPLORATION WITHOUT MAKING A DISCOVERY PROVEN TO BE COMMERCIAL UNDER CURRENT CONDITIONS. THIS EXPENDITURE DOES NOT COUNT GOVERNMENT GEOLOGICAL SURVEYS.

7. THAT THE MINING INDUSTRY WILL BEAR THE COSTS OF DEVELOPMENT OF TRANSPORTATION AND INFRASTRUCTURE TO THE EXTENT THESE MAY NOT EXIST AT THE TIME OF ANY FUTURE DECISION TO PRODUCE.

8. THAT KNOWLEDGEABLE ALASKANS RECOGNIZE THE SEVERE PROBLEMS OF CAPITAL SHORTAGE AND CAPITAL FORMATION FACED BY THE U.S., AND THAT UNLESS TAXES ARE REVISED TO ALLOW FASTER GENERATION OF PRIVATE CAPITAL, THE CAPITAL NEEDS OF U.S. INDUSTRYWI WILL EXCEED THE SUPPLY BY INCREASINFG MARGINS, WITH SERIOUS CONSEQUENCES UPON THE ABILITY OF U.S. INDUSTRY TO PRODUCE THE NEEDS OF ITS CITIZENS. REFERENCE IS MADE TO THE CURRENT PLIGHT OF THE STEEL, RAILROAD, AND MINING INDUSRIES AMONG OTHERS.

9. THAT ALASKANS ARE CONCERNED ABOUT THE BURGEONONG BUREAUCRACY AND MIND BOGGLING WASTE THEY SEE IN THE EXPENDITUURE OF THEIR TAX DOLLARS.

10. THAT ALASKANS UNDERSTAND THAT METAL PRICES ARE SET BY THE WORLD MARKET, AND THAT BECAUSE OF THIS, MINE OPERATORS CANNOT PASS ON THE COST OF TAXES.

11. THAT ALASKA COMPETES WITH THE REST OF THE WORLD AS A PLACE TO SPEND EXPLORATION DOLLARS, AND THAT POLITICAL STABILITY AND INVESTMENT CLIMATE ARE CRITICAL FACTORS IN MANAGEMENT DECISIONS ABOUT WHERE TO SPEND EXPLORATION DOLLARS. CURRENT PROBLEMS OF LAND STATUS, TAX LEGISLATION, AND GOVERNMENT REGULATION ARE CASTING A CLOUD OVER ALASKAS EXPLORATION POTENTIAL.

12. THAT ALASKANS WANT JOBS FOR THEMSELVES AND FOR THEIR CHILDREN.

13. THAT ALASKANS UNDERSTAND THAT JOBS COME FROM INDUSTRY, INDUSTRY RESULTS FROM INVESTMENT, AND INVESTMENT REQUIRES A RETURN COMMENSURATE WITH ITS RISK.

BASED UPOM THE FOREGOING ASSUMPTIONS, THE ISSUES EVOKED BY HB 878, AS BY ANY SPECIAL TAX ON MINING, I.. UDING THE EXISTING ONE TO BE REPLACED BY HB 878 , ARE MORE THAN SIMPLE TAX ISSUES.

5

THE ISSUES ARE JOBS FOR OURSELVES AND OUR CHILDREN, THE SURVIVAL OF A FREE ENTERPRISE ECONOMY, AND THE PRESERVATION OF INDIVIDUAL LIBERTY.

THE SEVERANCE TAX PROPOSED BY HB 878 , AS ALSO THE PRESENT MINING LICENSE TAX, TENDS TO PREVENT THE CREATION OF JOBS, THE DEVELOPMENT OF ENTERPRISE, THE PRIDE OF SELF SUFFICIENCY, AND THE PRESERVATION OF INDIVIDUAL LIBERTY. IT IMPEDES THESE THINGS BECAUSE IT DISCOURAGES EXPLORATION, WHICH MUST PRECEDE THE DEVELOPMENT OF A MINING INDUSTRY. WITHOUT INDUSTRY THERE ARE NO JOBS, AND WITHOUT JOBS ALASKANS ARE REDUCED TO A KIND OF PARASITIC SERVITUDE AT THE MERCY OF THE FEDERAL PORK BARREL.

THE QUESTION POSED BY HB878 AND BY THE CONTINUED EXISTANCE OF THE PRESENT MINING LICENSE TAX WHISH IS ALSO A SEVERANCE TAX IN CONCEPT, IS:

DO ALASKANS WANT A MINING INDUSTRY?

WE HAVE NOT HAD A HARD ROCK MINE, MUCH LESS AN INDUSTRY, FOR ALMOST FORTY YEARS. PERHAPS IT MIGHT OCCUR TO THE PUBLIC AND THE LEGISLATURE THAT A COMBINED RAE OF CORPORATE INCOME TAX AND SPECIAL MINING TAX OF PROBABLY THE HIGHEST IN THE NATION IS A MAJOR CONTRIBUTING FACTOR TO AL MISSING MINING INDUSTRY.

SEVERANCE TAXES IMPOSED ON MINING DISCOURAGE EXPLORATION INVESTMENT, THEREBY CAUSING ALOSS OF EMPLOYMENT. THE CONTINUED NON DEVELOPMENT OF A TAX BASE THUS ACTUALLY CAUSES A LOSS OF REVENUE TO THE STATE COMPARED TO WHAT COULD HAVE BEEN REALIZESD FROM REGULAR CORPORATE INCOME TAXES ON AN INDUSTRY THAT MIGHT GROW IN THE ABSENCE OF A SEVERANCE TAX.

ONE MUST HAVE INCOME BEFORE THERE IS ANYTHING TO TAX. IF THE PEOPLE OF ALASKA WANT INCOME FROM MINING, THEN IT WILL PROVE USEFUL TO HAVE A MINE.

IF ALASKANS WANT JOBS THEY WILL NEED MINING. IF ALASKANS WANT A MINE, THEY SHOULD ASK YOU LEGISLATORS TO REMOVE THE SPECIAL TAXES ON MINING. IT IS UP TO ALASKANS TO MAKE THEIR WISHES KNOWN.

MINING TAXES PROPOSED IN 1975 AND 1976 HAVE LOST FIFTEEN POTENTIAL JOBS FOR ALASKANS IN MY COMPANY AND ITS SUB CONTRACTORS. 8 I BELIVE B MOST ALASKANS PREFER WORK TO WELFARE. I BELIEVE MOST ALASKANS WOULD LIKE TO BUILD SOMETHING OF VALUE AND WOULD LIKE TO BE A FREE AND SELF SUPPORTING PEOPLE, NOT LIVING OFF THE TAXES PAID BY THEIR FELLOW AMERICANS.

(5)

ONE STEP TOWARD SELF SUFFIENCY IS TO REMOVE THE SPECIAL TAXES ON MINING AND THUS TO ENCOURAGE THE DEVELOPMENT OF AN INDUSTRY THAT CREATES REAL JOBS.

RESPECTIVELY SUBMITTED,

JEFF KNAEBEL, 3230 AIRPORT WAY, FAIRBANKS AK

JEFF KNAEBEL

TLX 09035402

1252 EST

IPMAFUB AHG

(6)

Anchorage Helicopter Service, Inc.
1812 East 5th Avenue
Anchorage, Alaska 99501
(907) 277-1437

Rec'd 4/7

4-5-76

DEAR REP. ANDERSON,

I'M A TWELVE YEAR ALASKA RESIDENT, AND I'M FLYING HELICOPTERS FOR A LIVING. I'D LIKE TO CONVEY TO YOU MY PERSONAL DISLIKE OF SPECIAL TAXES ON THE MINING INDUSTRY. WE QUITE OFTEN WORK FOR MINERAL EXPLORATION FIRMS, AND I KNOW FIRST HAND THE ARDUOUS, FINANCIALLY RISKY, NATURE OF THEIR WORK. TO ADD FURTHER BURDENS OF SPECIAL TAXES, OR RESTRICTIVE REGULATIONS, WOULD BE UNFORTUNATE FOR OUR STATE. ONE OF OUR MOST PRODUCTIVE INDUSTRIES WOULD BE CUT BACK AT THE TIME WE SHOULD BE ADVANCING TO BECOME THE STORE HOUSE FOR VITAL SUPPLYS TO OUR NATION. PLEASE DO WHAT YOU CAN TO HELP.

THANK-YOU FOR YOUR TIME.

SINCERELY,

F. H. HEFFERNAN

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HB
878

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Tie Wire
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Plumbing Fixtures
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Stoves — Grills —
Heavy Hardware

April 1, 1976

Nels Anderson
Chairman House Resources Committee
Juneau, Alaska

Dear Sir:

It is my understanding that hearings begin early this month, concerning special mining taxes it is my opinion if we are going have people productively employed at doing worthwhile things for themselves and their fellow man we cannot kill them with taxation.

I am against any concept of special mining tactics.

Sincerely,

E S Albright

E. S. Albright, President

April 1, 1976

Wm. Hovey Smith
3230 Airport Way
Fairbanks, Alaska 99701

Dear Sirs:

I would like to register the following comments on the proposed Mining License Tax:

A. If the Mining License Tax as presently proposed is enacted, Alaska would effectively price itself out of the metallic mineral market. Known porphyry mineral deposits in Alaska are large, but low grade. This type of deposit has the potential of bringing into Alaska large amounts of outside money for exploration, development, and production; but the low grade of known deposits, the very high cost of developing such a deposit in Alaska, and the addition of a Mining License Tax would effectively kill exploration and development of this variety of mineral deposit.

B. Another type of mineral deposit which is presently being sought in Alaska is the massive sulfide type. These deposits are much smaller than porphyry deposits, must be higher grade, but still outside exploration capital is required for their exploration and development. Finding these deposits is a very high risk exploration venture. If any hope of profit is removed by taxation, this exploration will not be done and no mineral deposits which would help the Alaskan economy will ever be developed.

C. If the purpose of the legislature is to bow under the pressure of the Sierra Club and others who seek to keep Alaska as a sort of Natural Park, the Mining License Tax will help insure that Alaska will be forever poor, underdeveloped, and dependent on the federal government. If a strong financially secure state is desired, we must develop our own natural resources.

D. If mining is to be taxed, and no one disputes that the mining industry should pay taxes, the taxes should be nominal; and the approach of a tax free holliday while a property is being explored and for the first three years of production should have serious consideration.

Sincerely,

Hovey Smith

Wm. Hovey Smith
Exploration Geologist

Send copy
to
Bob Bacon
Gen. Mgr.
BBWC
Dillingham
for his info

Pacific Northwest Exploration Office/Building N-2, Spokane Industrial Park/Spokane, Washington 99216
Tel. (509) 928-5050

recd 4/27

Cominco American

The Honorable Terry Gardiner
Chairman Judiciary Committee
Pouch V
State Capitol
Juneau, AK 99811

April 22, 1976

Dear Mr. Gardiner:

Cominco American Incorporated has been active in exploring for minerals in Alaska for the past four years, and we consider Alaska an excellent location to discover new mineral deposits. If the political and tax structures within the State are not conducive to develop and mine new deposits, our exploration efforts would be better directed to areas more favorable and receptive to keep us competitive in the world market.

Having been unable to attend the resource committee meeting regarding the Mining License Tax in Alaska on April 8, 1976, I would like to comment at this time. For the record, Cominco American Incorporated does not subscribe to the continuation of the Mining License Tax (Bill 878) as recently revised and resubmitted. We realize this is not in accord with those from Industry who spoke at the April 8 meeting, and hence the reason for this reply.

The Mining License Tax by itself will not preclude the development of a major producing venture, but it most certainly does and will add to the total tax burden present for the development and production of minerals in the State of Alaska. At this time, I know you are well aware of the high taxes set for mining in Alaska and the high cost of doing business in the state, let alone the remoteness of nearly all areas within the State.

In the particular instance of the present Mining License Tax (Bill 878) which has been presented, reviewed and nearly passed, attention should be given to a thorough analysis as to its effect on the total mining tax picture before passage. This is to mean: 1. Will the passing of the present bill bring future dollars into the State from something which is nearly nonexistent, and 2. Is there a more viable tax structure which would give the State a base from which to gain additional revenues?

Your attention and time devoted to our thoughts is appreciated, and we would hope your good judgment to the matter could be beneficial to both the State and Industry.

Yours truly,

GG Booth

G.G. Booth,
Exploration Geologist

cc: W.E. Bradley
Fred Brown
Samuel R. Cotton
Richard I. Eliason
Charles H. Parr
Keith W. Specking
Mike Colletta
John Butrovich
Nels A. Anderson, Jr.
Hugh Malone
H. Eyrich
K. Mote
R. Babcock
R. Chadwick
M. Chase
C. Hawley
P. Holdsworth
J. Knaebel
J. Stephens
W. McGregor

GGB/drs

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-5410
JUNEAU, ALASKA 99801

#

12 024 POM FAIRBANKS ALASKA 15 03-31 915A AST 1976 MAR 31 PM 2 37

REP NELS ANDERSON
7359
JUN

WE ARE AGAINST SPECIAL TAX ON MINING INDUSTRY SPECIAL
PENALITY NOT NEEDED IN ALASKA

GEORGE E GORDON PRES COLLEGE UTILITIES CORP
BOX 80909 COLLEGE

MINING TAX B. 11

8

TELEGRAM

:CA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

02 029 ANCHORAGE AK 88 04-12 1025A AST

PMS GOV J HAMMOND

JUN 2098

CONTRARY TO STATEMENTS BEING MADE IN TELEGRAMS OR IN THE PRESS, THE ALASKA MINERS ASSOCIATION IS IN GENERAL SUPPORT OF HB878 WE DID REQUEST MINOR AMENDMENTS WHICH CLARIFIED INTENT OF LEGISLATION, AND POINTED OUT THAT CARRY OVER OF NET OPERATING LOSES SHOULD BE ADDED TO ADDRESS THE PROBLEM OF OPERATIONS IN A PERIOD OF LOW METAL PRICE. HOWEVER WITH THESE MINOR POINTS, WE HONOR OUR OBLIGATION TO THE STATE AND DEPARTMENT OF REVENUE MADE IN OUR JOINT MEETINGS ON THIS TAX

C C HAWLEY CHAIRMAN ANCHORAGE BRANCH AMA

SRA BOX 780 ANCHORAGE AK 99507

1976 APR 12 PM 4 10

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETH O'DONNELL~~
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

May 10, 1976

Jeff Knaebel
PO Box 81467
College, Alaska 99701

Dear Mr. Knaebel:

Thank you for giving me an opportunity to further express my views on an issue that requires further explanation. I am not adverse to public exposure provided by the press. I believe deeply in every view getting "aired" adequately.

The mining tax issue is one issue that brings us to the point of where mark-up work is done. I am sure you know that committees seldom take news releases as a reliable source for amendments to specific pieces of legislation.

The democratic process commands an open forum on all issues. My feelings on your opposition to the rewritten mining tax law are unimportant. My statement regarding the work that needs to be done in the committee system is still valid. The committee system is open to all people and my committee had this measure before it for a long enough time to allow all sides to take part.

The bill is still in the Finance Committee at this time. The Finance Committee would be happy to hear your views when the bill comes up for consideration. The process there will be an open process, as it was in my committee.

I appreciate the comments and hope that this letter will help you see my point of view.

Here's to open participatory government.

Very Sincerely,

Nels A. Anderson, Jr.

cc. B. Waugaman, C. Hawley, P. Holdsworth, F. Pratt, A. Gregory, T. Snapp

recd 4/22

PO Box 81467
College, Alaska
April 20, 1976

Mr. Nels A. Anderson, Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska

Dear Chairman Anderson:

Thank you for taking the time to talk with me on the telephone today. I do appreciate it.

One thing that you said concerns me because of how it might relate to the operation of our system of democratic government. You said, more or less, "do yourwork in committee, not in the press". This leads me to wonder how you perceive the democratic process.

Do you favor work in a closed system of committees, or truly participatory democracy? The press is a vehicle through which the public is informed of issues so that people may respond. Few people know what happens in legislative committees. Only a very few have the mony and can take the time from their jobs to come to Juneau to "work through committee", as you say. Usually it is only the special interests who make it to the closed system of "committee work". I am concerned because you sounded as if you might be averse to press exposure of issues in committee.

Since, according to some of my friends who know you, you are an "up and coming" politician, I am concerned about how you view this process. I truly hope that you favor an open, participatory government with maximum involvement of the public. This would seem to require an active, informed free press. Government of the people, by the people, for the people inherently must be an open process or it cannot succeed.

I would appreciate your views on this matter, and once again I thank you for your time on the telephone today.

Respectfully,

Jeff Knaebel

JK:km
cc: B. Waugaman, C. Hawley, D. Holdsworth, F.Pratt, A. Gregory, T. Snapp

✓ Wm. I. Waugaman, Pres.
Alaska Miners Association
P.O. Box 60450
Fairbanks, Alaska 99701

✓ C.C. Howley
5109 Shaun Circle
Star Route A, Box 78-D
Anchorage, Alaska 99507

✓ Tom Snapp
Tundra Times
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Fairbanks, Alaska 99701

Albro Gregory, Editor
Nome Nugget
Nome, Alaska 99762

✓ Fred Pratt
Fairbanks NM
Box 710 Flint 99701

Frank Pratt
7446 20th Ave.
Anchorage Alaska 99504

Phil R. Holdsworth
326 - 4th St., No. 1009
Juneau, Alaska 99801

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rec'd 5/10

May 5, 1976

Mr. Nels Anderson, Jr.
Chairman House Resource Committee
Pouch V
Juneau, Alaska

Dear Nels:

It was good to see you in Juneau a few days ago. Wish I had had more time to spend there and you and I could have had some time together.

We share one thing in common. That is the concern for jobs in Alaska for Alaskans. In view of this, I trust you will carefully consider any increase in taxes or change in tax structure which would make it more difficult for outside risk capital to come in and develop our resources and provide jobs for Alaskans--especially those in the bush area.

What is the present status of House Bill 878? I am especially concerned about this bill and certainly hope it never gets out of your committee.

Will appreciate a note at your convenience.

Best Personal Regards,

C. R. Lewis

Clyde R. Lewis
C. R. Lewis Co.

CRL/ces

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~XXXXXXXXXXXXXXX~~
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

May 13, 1976

C.R. Lewis Co., Inc.
1500 Post Road
Anchorage, Alaska 99501

Dear Mr. Lewis:

Sorry I'm so late in answering your letter of May 5, 1976, regarding HB 878.

The bill moved out of my committee on April 12, 1976, with a Do Pass recommendation. Mr. Phil Holdsworth, C.C. Hawley, and others were here during the mark-up. The information we got from the mining industry and the administration was that the existing mining tax was rewritten jointly.

The new bill imposes no new tax exposure in the mining industry as I understand it. If it does, then I am guilty of a horrible oversight.

Please find enclosed our CS for HB 878 for your consideration. I also would ask you to contact Mr. Holdsworth, or C.C. Hawley, to clarify any problems that may be in the bill.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra

HB
882

"An Act relating to timber salvage contracts."

COMMITTEE REPORT

HOUSE

3/25/76

Mr. Speaker: Date 4-22-76

The Committee on RESOURCES has had HB 882 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB882 AND THAT CS FOR HB 882 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Neb B. Anderson Jr. | Hilmer Hershberger | _____

_____ | _____ | _____

_____ | _____ | _____

Henderson | _____ | _____

Members NOT concurring in the Majority report.

_____ recommends: No Rec.

~~Hilmer Hershberger~~ recommends: No Rec.

_____ recommends:

_____ recommends:

_____ recommends:

Neb B. Anderson Jr. Chairman

Tape 7 Side 2 2642 - end
Tape 8 Side 1 0 - 1402

HOUSE RESOURCE COMMITTEE - Minutes - March 4, 1976

Present were Huntington, Hershberger, Rhode, Osterback, Smith, Brown Swanson, Staff Assistant Van Doren and Chairman Anderson

Subject: HB 769, HB 580

Sponsor Gardiner began. The basic problem is that a two-year time frame imposed on the salvage operations is unworkable. This bill would cut down the time-frame to 30 days with an extension possible. A loss would be recorded by the Department, then after 30 days, if salvage was still desired, but had not begun, an extension would be available. The desire is to make salvage possible of logs the timber industry is not interested in. The Dept. of Natural Resources does not have a policy on the sale of logs from beaches. Permits now are tied up in paperwork--so salvage takes place "illegally". Under HB 769, the state doesn't have to respond to a request for a permit. Automatic approval is granted if no response. Also, the bill would set up a federal-state log agreement. Most salvage logs are above the mean high water--which is federal land. Regarding brands--each business has its own brand.

(2783) According to Gardiner, there would not be any added administrative problem under this proposed legislation.

Chairman Anderson asked whether there was now a problem with permits. Answer: Yes, the process is cumbersome. The timing in the proposed bill is based on the current abandoned log status.

In answer to a question as to what happens to undistinguishable brands on abandoned timber, statement was made that it is now salvageable under permit. Gardiner also stressed that there is no magic in the 30-day timing in the bill. Time is needed to retreive the logs, but the longer you wait the more "junk" accumulates in the logs. They then become unusable in the mills.

Osterback stated that logs are a hazard to boats. The bill would be an aid to fishermen.

Mr. Smith asked whether there might be another solution to the problem. The proposed bill still presents a cumbersome proposition.

Rep. Gardiner stated that the "sign off" procedure in the bill for the state could speed up the process. Basically the industry is interested only in the larger amounts of logs. They don't bother reporting the smaller amounts. The state does nothing to or with reported losses. It only files them. It is up to the salvager to "do something".

Mr. Miller, co-sponsor of the bill, stated that, as Gardiner had said, the two-year waiting period was the hassel. (Miller referred to letters from Mr. Yates, and Mr. Dutton, copies of which are in committee folders)

Mr. Jim Clark, representing Alaska Lumber and Pulp, presented testimony on HB769. He stated that people will be here Fri., Mar. 5, who could present additional testimony on this bill. Mr. Clark stated that the problem is not when the title passes, although there could be a constitutional problem involved, but the problem is finding people who are willing to salvage the logs.

Mr. Clark elaborated on the title problem. Probably the logs belong to the Forest Service until they are scaled--which is when the actual number of board feet in the contract is known.

Contracting for beach salvage logging is difficult. Tides are a problem--no one has ever "made it" as a beach logger in Southeast. The companies end up getting people from down south to do the salvaging. Industry would "like to have a contract with a beach logger".

Chairman Anderson asked how industry now reflects salvage loss. Mr. Clark stated that it shows up on the books as a loss--the monitoring program shows the loss.

Mr. Clark stated that floating logs are comparatively easy to get. Beached logs are much harder to get. In answer to a question on what the market is for beached logs, Mr. Clark answered that it depends on the condition of the logs. Clark also stated that 30 days was not long enough for industry--people cannot be brought up fast enough to recover the logs in the 30-days.

Chairman Anderson asked whether a 1:30 p.m. meeting Friday would be acceptable with the industry people. The meeting was then set.

Mr. Clark stated additional industry concerns--under the failure to report clause, the term "lost logs" should be used, not "timber property". Also, clarification of "immediate" is needed. Also, there is an unclear relationship between the sections of the proposed Act. Clark made reference to the "Uniform Commercial Code" and its requirements.

Rep. Smith asked that there be clear title passage wording in the Act.

Mr. Anderson asked who owned the logs while they were being pulled down the channel. Mr. Clark answered that the Forest Service says that they own them at that time. However, the question is very real, as to who owns break-away logs. The industry and government have been working under "understandings". Now they are attempting to ascertain "definite" ownership criteria.

Rep. Miller stated that the title problem has nothing to do with the bill.

Clark continued--Industry does bear the risk of loss--they are concerned about the right to get their logs back.

Mr. Huntington asked whether in industry's opinion the present law giving 2 years was o.k. Clark answered "not necessarily, but 30 days is too short".

Rep. Brown referred to the "Uniform Commercial Code", and stated that problems in the proposed legislation could be amended. He stated that others must have had similar problems--and they must have solved them. It would be helpful to have law reference from other jurisdictions.

Mr. Smith asked why the log salvage had become an issue.

Mr. Larry Dutton, State Forester, presented testimony. He said that the state has been attempting to solve the salvage problems since at least 1970. Evidently the bill as presented would preclude sale of salvagable timber. The problem with permits is that the state should be able to recover administrative costs of the program. A fee is needed--either a flat fee or a volume-based fee. Also, the state has to know how much is actually being salvaged. Mr. Dutton felt that the permit system is burdensome. Also, the problem of logs above high water necessitates agreement with the federal people. An estimated value of the logs in question is necessary, with a price.

(Tape 8, Side 1) It is difficult to award a sale without watching out for protection of wildlife habitat. Cooperation with Fish and Game is thus necessary. Also, if 2 or more are applying for the same salvage logs, who gets it? Not enough information is provided. Mr. Dutton stated that large sales are not advertised--they are negotiated. He stated approval of the cooperative agreement that would be forthcoming under the bill between the federal and state governments.

Discussion of salvage problems included: Only 5 to 6 months per year can be used for salvage. Also, only 5 to 6 months per year are covered by insurance on log-towing. Initial recovery period should be for at least 90 days. If industry attempts salvage, it will begin within 30 days. The total time needed would not be more than 90 days.

Mr. Smith asked about research on a state "Log Patrol". The answer was that in 1970 one was tried, but had a lack of support from the timber industry.

According to Mr. Dutton, Alaskan people are in the majority in applying for salvage permits.

Mr. Osterback asked whether if the insurance company has paid for the lost logs, then do they no longer belong to industry? Answer: Maybe.

As to what the insurance company is actually insuring, answer was that this is all or part of the question on when title passes.

Mr. Dutton added that a tremendous amount of money is involved in each log from the minute cutting starts. What the brand means is that that company has an interest in that log, even if the ownership at a given time is not clear.

Mr. Brown elaborated, stating that an example would be the sale of property (land) under contract. Lots can happen before the title

actually passes to the next party.

Mr. John Raynor, U.S.F.S., Div. of Timber Management, testified. (Tape 8 Side 1 0474--0595)

Form 421 is used to report the tree count to the Forest Service. When the raft arrives at the scaling point, a recount is made. If there is a significant difference, a check is made. If the check indicates that adverse conditions of weather or raft were present, adjustments might be made on the basis of comparing with the logs shipped.

Mr. Huntington asked why, if the Forest Service has been selling logs for over 20 years, how come no solution has been reached yet. Also, if the logs are on your beach, why wouldn't they be your logs. Answer was made that ownership of the brands goes for two years, with a 1 year extension possible. That's why this bill is necessary. After a three-year period, the logs are worthless.

A problem was stated as to combining state and federal logs in any one sale.

Mr. Anderson asked how come the problem hasn't been solved (salvage) yet, at least on federal lands. He also asked whether the federal government could charge industry a rental fee for space the logs take up. There was no concrete answer.

A question regarding navigation problems, ascertained that if the logs are not on National Forest lands, they are not the responsibility of the Forest Service.

Mr. Brown stated that the Federal Government has control of the navigable areas through the Coast Guard.

In answer to a question from Mr. Huntington as to what other states do about this situation, reply was made that the magnitude of the problems other states face is not as great as ours.

It was stated that there is support for the state and federal governments working together on this problem. As to progress on a proposed state-federal agreement alluded to, Mr. Raynor answered that only the concept has been discussed, with no agreement proposed yet. The bill would accelerate the process of getting agreement finalized. Probably three years would be necessary to complete the agreement.

Chairman Anderson stated that we definitely need to move on the waste problem.

Mr. Dutton quoted a memorandum to Roger Lewis re: a governor's log salvage bill. Evidently it is not going to be available. If HB 769 is passed, and if sale is involved, wording from the memorandum needs to be included.

Mr. Clark added information on timing. The logs go from the U.S.F.S. to the insurance company (if lost) and possibly a "reasonable" time needs to be specified for each step of the process. Chairman Anderson felt that this problem could be solved by regulations. Clark stated that regulations might be better than law for timing.

Mr. Brown asked whether the bill could refer not to the owner of the logs, but the owner of interest in the logs? Clark answered--"Probably".

Action on HB769 was recessed until 1:30 p.m. Friday, Mar. 5, 1976.

Announcement was made that status platts are to be sent on SB444 from Anchorage.

Mr. Smith moved that HB580 be passed with No Recommendation to Finance. Motion passed.

HOUSE RESOURCE COMMITTEE - Minutes - March 5, 1976
1:30 P.M.

Tape 8 Side 1
2730 to end
Side 2-0 to 1321

Present were Eliason, Huntington, Rhode, Smith, Osterback and Brown, with Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 769

Mr. Smith began continuation of the hearing on HB 769 by asking whether a tidelands lease was really necessary to salvage logs.

Mr. Jim Clark, of Alaska Lumber and Pulp Co. (counsel) stated affirmatively. The state still has some requests for permits from a year ago. In order to salvage the logs, a rafting area must be established. The "killer" is that the Corps of Engineers require a permit for a rafting area. This problem could use up the entire 30 days plus an extension proposed in HB 769.

Mr. Smith stated that short term permits only are necessary for such as rafting procedures. That wouldn't take as much time.

Rep. Mike Miller stated that an entire raft breakup would not be usual. Small breakups are the common occurrence.

Mr. Walt Begalka, of Ketchikan Pulp Co., stated that he has worked with permits at least since 1958. Originally much leeway was allowed. Now permits are required for everytrhing. If a change of as little as one-half mile is incurred from the original permit, a new permit must be obtained.

Question: What is the feasability of logging salvage?
Answer: If "everything" was picked up, it could be profitable.
Question: How soon do you have to get wood for it to be saleable?
Answer: The biggest problem is iron and rocks in the wood..

Mr. Jim Rynearson, of Ketchikan Pulp, stated that salvageability depends upon when the logs were lost. If the logs are originally washed up high on the beach, they may be good for at least 3 years. However, if they are washed up at low tide, they probably will be battered.

Question: How can salvage operations be improved?
Answer: There are many problems--legal problems. So far, private ownership situations are no problem, but when the native ownership takes over additional problems will occur
Also, the Corps of Engineers permits take up large amounts of time. Temporary permits used to be offered, but now only permanent permits are available.
British Columbia operations have been observed for several years, and many ways have been tried to solve the salvage problem. No profitable solution has yet been found.
Question: Why are there no Alaskan salvage operators?
Answer: Possibly because of the ownership problem (ownership of the logs). But basically, because of the cumbersome salvage permit system.

Mr. Begalka stated that many ways have been tried. Many losses are incurred at this time of year when it is impossible to retreive lost logs.

Mr. Huntington asked for a suggestion of a proper time frame for the bill. The answer was maybe a year, but some agencies don't move very fast. A year after the permit was awarded would be plenty of time.

In answer to a question as to how long a salvage permit lasts, answer was one year. It can be renewed, but a new fee is necessary. Also, total areas are not necessarily covered. There may be large open spaces between areas covered by the permit.

Discussion:

Rewrite the bill to fit time constraints. That would be a positive advance.
Eighty percent of logs are left above mean high tide.
Certain types of logs simply can't be used--no metal, no holes, no cedar, no rocks.
Logs used to be moved in flat rafts--logs left the rafts. It was/is difficult to bundle the logs.
The only real way to log after their being stranded on a beach is to load them with an A-frame or a loading machine. They must be bundled.

Regarding title: Title stays with the U.S.F.S. until the logs are scaled. Once rafts are paid for under loss, insurance company would own the logs. (right of subragation)

The industry's loss on an annual basis is possibly 2,000,000 feet a year. or $300,000.00. (Begalka)

Mr. Dutton stated that the Administration wouldn't object to a one-year limit if the subject company notified the state if at any time it actually abandoned the logs.

Discussion of the time involved to deliver logs from their source to their mill elicited that a possible 4 knots could be attained with rafts in good conditions. But the total situation is unpredictable. Logs are started in the South, transfered to northern tugs, then wait for a favorable tide at Sitka.

Mr. Dutton stated that the proposed bill requires an immediate report of log loss, whereas industry doesn't know a loss has been sustained until the scaling of the logs at the destination.

Mr. Begalka stated that any logs not accounted for at the destination must be paid for to the Forest Service.

Mr. Miller stated that the two-year period is generally agreed to be too long, both by government and by industry. But he expressed concern as to the "smoke screens" being raised on the issue. The problem is not title--it's time. Possible 45 days could be allowed for reporting, with no absolute outside limit for recovery. (3485) "If your are going to recover them, we don't care how long it takes".

Miller (cont.) Originally industry was not behind the bill because too much money was involved with little return. Now the main problem may be a need for legal counsel overview to clear up any problems that have been incurred.

Chairman Anderson: There is a problem--If industry is required to retreive logs, then the profitability decreases--is that correct? Mr. Begalka answered that at least 10% of wood on beaches is Douglas fir. Also on beaches is cottonwood and pine. The Forest Service won't allow any logs to be taken unless all are taken. (180). A concerted effort by industry and government is needed to recover the wood.

_____, representing the U.S.F.S., stated that the salvage problem has been recognized for many years--at least since 1957. Many of the stranded logs are not of Alaskan origin. (He will have more facts on this by next week). Probably only 2% to 3% are uprooted trees. The rest were once logs. Brands are unrecognizeable in 96% of the logs beached. Cedar comprises 21% of the useable lumber--and cedar is unuseable in pulp. There is lots of hemlock on the beaches, also. The longer the logs are on the beaches, the more the brands will disappear. There is also a trespass problem in recovering the logs. This problem will also be researched for the committee.

Chairman Anderson asked what was done with the logs no one wanted? Answer: There is no good solution at this time.

The representative of the Forest Service stated that at the time of an adjustment for lost logs, title passes. In effect, scaling is then accomplished.

Anderscn--It dcesn't appear to hurt industry if a few logs are lost. What is industry losing? The federal government should be able to go ahead and say to a salvager in such a situation "Get rid of it".

Mr. Al Anderson, of Alaska Wood Products, stated that just because the logs are insured doesn't mean that industry doesn't care what happens. Insurance rates go up. In answer to a question as to whether an insurance company will go out and gather up logs it has paid for, answer was "Maybe".

Mr. Miller asked how often there was a major spill. Mr. Begalka answered that Ketchikan Pulp has had two major breakups in 20 years. Al Anderson stated that an insurance company had recovered 900,000 out of 1,400,000 b/f in their most recent spill.

Mr. Begalka stated that the problem of lost logs is compounded by count inaccuracies.

Roger Allington, of Sealaska Corporation, testified to future problems foreseen by the native corporations. The corporations will be industry, but will also own the land. There is a problem with what the government

can do, versus what a private land owner can do. For instance, a private land owner cannot condemn property. Also trespass is a problem--there is a need for clarification on when a private owner can handle log property--in other words, who owns and for how long?

Mr. Miller stated that he sees it as a good deal for the private owner. If 30 days goes by they are already your logs by right of possession.

Chairman Anderson informed the committee that the bill will be addressed again after the information is in from Dutton.-- with a tentative date of March 19 for the rehearing. Staff was advised to get in touch with insurance companies for the timber industry.

Meeting adjourned.

Tape 10 Side 2
0479 - 1525

HOUSE RESOURCE COMMITTEE - Minutes - March 18, 1976

Present were Huntington, Swanson, Hershberger, Rhode, Smith and Brown; Staff Assistant Van Doren and Chairman Anderson.

Subject: CS SCR 83 am
CS HB 769
HB 863

Motion was made to Pass CS SCR 83 am out of committee. Swanson made objection. General discussion cleared up the objection by Swanson. Motion carried to recommend Do Pass on CS SCR 83 am.

RE: HB 769. Joel Bennett gave a general resume of the changes in the committee substitute from the original bill. 1) there is now a 90-day salvage clause. 2) there is addition of good faith wording as applied to salvage attempts. 3) there is addition of "rightful transporter" wording.

Mr. Brown asked whether there might be a need for a definition of "rightful transporter".

Mr. Bennett answered that "rightful transporter" is to help clarify responsibility. Bennett also mentioned that the criminal provision of the original bill has been removed at request of the sponsor. Guidelines for the "good faith effort" will be in draft regulations.

Brown stated that regulations wouldn't be needed--"good faith" is familiar in the law. Brown presented a possible definition of "rightful transporter", (approx.) a person having an executory contract or interest in the logs, or his designee, or one who in normal process of trade transports or causes to be transported the logs. (0955)

Swanson expressed concern with regulations--they might present the catch in the bill.

Huntington stated the problem of logs the state owns that are under salvage contract, but the salvagers haven't done the job.

Brown suggested that there might be a need for another phrase covering "good faith" in the salvage operation.

Swanson mentioned situations in which it was impossible to retreive logs because of adverse tides. There is "alot to salvage besides "floating" the log".

Mr. Smith presented a possible "good faith" wording--"good faith effort includes the fact that effects of weather, tide, etc., might preclude salvage operations" (approx.)

Motion was made to include Mr. Smith's "good faith" wording and Mr. Browns "rightful transporter" wording in the Committee Substitute. Motion passed.

Motion for Do Pass recommendation of CS for HB 769 carried unanimously.

Mr. Brown suggested that a bill be presented by the Resources Committee addressing the salvage owner problem. Chairman Anderson requested the staff to handle this as expeditiously as possible.

It was requested that HB 863, scheduled for Monday morning, be brought before the committee for consideration. Committee agreed.

Pending receipt of a fiscal note, the Committee moved a Do Pass recommendation on HB863. Motion carried. If there is an adverse impact reflected in the note, the committee will reconsider the bill.

Meeting adjourned.

HB

890

"An Act relating to cooperative resource management or development agreements; and providing for an effective date."

COMMITTEE REPORT

3/31/76 HOUSE JUDICIARY

Mr. Speaker: Date 4-21-76

The Committee on RESOURCES has had HB 890 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HB 890 AND THAT CS FOR HB 890 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Nick A. Ondeyka

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Nick A. Ondeyka Chairman

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1976 APR 14 PM 4 11

02054 ANCHORAGE AK 34 04-14 135P AST

PMS NELS ANDERSON CHAIRMAN HOUSE RESOURCE COMMITTEE 4653781

POUCH V **2590**

JUNEAU AK 99811

CALISTA CORPORATION AFTER REVIEWING HB890 IS SUPPORTIVE OF ITS INTENT GIVING STATE OF ALASKA EXPLICIT AUTHORITY TO GO INTO COOPERATIVE RESOURCE MANAGEMENT OR DEVELOPMENT OF AGGREEMENTS OF BOTH RENEWABLE AND NON-RENEWABLE RESOURCES IS COMMENDABLE

RAYMOND C CHRISTSEN CHAIRMAN OF BOARD CALISTA CORP

Federal-State
Land Use Planning Commission
For Alaska

733 W. FOURTH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501

April 15, 1976

Honorable Nels A. Anderson, Jr.
Chairman
House Resource Committee
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Chairman Anderson:

We understand that the House Resource Committee will be holding a hearing tomorrow on HB 890, "An Act relating to cooperative resource management development agreements; and providing for an effective date."

Without regard to the technical aspects of this bill or the question which has been raised about the existing authority of certain State officials to consummate cooperative agreements, we are writing to communicate our belief that appropriate State officials should be vested with the authority to enter into cooperative management agreements with adjoining landowners and other parties. The land ownership pattern in Alaska is growing ever more complex as a consequence of the implementation of the Alaska Statehood Act and the Alaska Native Claims Settlement Act. Lands owned by the Federal government, the State, Native corporations, and other parties lie adjacent to each other in tracts the boundaries of which do not necessarily take congnizance of the biotic and other resources found on such lands. This intermixture of land ownership and the somewhat arbitrary location of certain boundaries often jeopardize prudent land management and use.

Given this situation, we believe that adjacent landowners including the custodians of the State public domain and the resources found there, must have the authority to enter into cooperative resource management agreements. Such authority would facilitate the coordinated and consistent management of fish and game which know no man-made boundaries. In addition, the authority to enter into cooperative management agreements would help facilitate the efficient management and use of renewable and nonrenewable resources located on adjoining lands. Through such agreements, fragmented decisionmaking, with all of the deleterious consequences

resulting therefrom, could be avoided. As a result, each of the parties to an agreement would be benefited, and the resource would be managed more rationally.

Thank you for this opportunity to comment on HB 890. If we can be of any subsequent assistance in your evaluation of this legislation, please let us know.

Sincerely,

Burton W. Silcock
Federal Co-Chairman

Sincerely,

Walter B. Parker
State Co-Chairman

cc: Senator Kay Poland

ESCA-TECH CORP.
EARTH SCIENCE CONSULTING AND TECHNOLOGY

April 14, 1976

The Honorable Nels Anderson, Chairman
House Resource Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

RE: H. B. 890

Dear Honorable Anderson:

Reference is made to H. B. 890, a proposed legislation relating to cooperative resource management or development agreements; and providing for an effective date.

Our office has reviewed H. B. 890 and as a result has one concern. That is, we feel that, in order to insure that public interest is protected, we suggest that the word "that" be substituted for the present word "whether" on line 21 of Sec. 38.05-025.

Other than this one expressed concern we are supportive of the intent of H. B. 890. If this bill is passed, it will give explicit authority, rather than implied authority, to the State of Alaska to go into cooperative resource management or development agreements with the federal government and/or private corporations. This is a very wise move and your committee should be commended for its ability to look at both short and long range utilization of Alaska resources, both renewable and non renewable.

Sincerely,

Nelson Angapak

/pw

Ref/76-164

3701 Mountain View Drive Anchorage, Alaska 99504 907/277-2527
a subsidiary of Calista Corporation

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS / 323 E. 4TH AVENUE – ANCHORAGE 99501

April 15, 1976

Honorable Nels Anderson, Chairman
Resources Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Nels:

Guy Van Doren has asked me to comment on HB 890, "An Act relating to cooperative resource management or development agreements; and providing for an effective date." Although the bill has not undergone thorough legal review by the Department, I can comment on its usefulness in park management.

I concur with the basic intent of the bill and with its specific guidelines with one exception. The exception is in Sec. 2 (b) on Page 1. I believe that an annual summary to the legislature would be an unnecessary addition of workload with no substantial benefits.

I believe that the Directors of the Divisions of Lands and Parks presently have the power to enter into agreements of this type. Perhaps a resolution of the legislature emphasizing the issue would be more appropriate. Thank you for the opportunity to comment on this bill.

Sincerely,

Russell W. Cahill

Russell W. Cahill
Director

CC: Commissioner Martin
Mike Smith

HB

911

Call Doug Erickson LA Rec.

ERNEST Z. REHBOCK
ATTORNEY AT LAW
308 "G" STREET, SUITE 220
ANCHORAGE, ALASKA

PHONE: 277-5732 or 279-9132

DATED: December 30, 1975.

Dr. Helen Beirne
State Representative
Pouch 4BB
Anchorage, Alaska

RE: Cornell's Case:

My dear Dr. Beirne,

You kindly confirmed to the writer of the letter that you would if properly informed give consideration to a private bill whereby to compensate the Cornells for their loss in their effort to settle and develop about 50 acres in Alaska for Trade and Manufacturing Site.

This is a sad story because as a result of a final decision on appeal of the Ninth Circuit, the Cornells cannot acquire this land under federal auspices.

The land would form an enclave within a wider area selected by the State of Alaska and as I undersatand was earmarked for recreational park area. It lies in the foothilles of Mount McKinley and south of the Mount McKinley Park Region. It seems to be an area unexcelled by scenic beauty and by potentials for recreational developments. The Director of Divisions Park and Recreation can undoubtedly more competently fill you in on the nature and potential of this area.

All I can do is to attempt to advise you by some basic material of the many efforts undertaken by the Cornells to acquire the land and considerable efforts and sacrifices made.

I believe for information the following items should be and are herein submitted for your kind attention:

(1) Copy of a letter I addressed to Honorable J. Hammond, Governor of Alaska on behalf of the Cornells. Subsequent to this letter Mr. Cayhill of the Division of Parks and Recreation gave me his time to present to him the situation in detail.

(2) An affidavit made by former Governor Miller, a long time friend of the Cornells as an item of personalized information on the integrity of the Cornell's efforts.

(3) A copy of the complaint for review of an adverse final administrative decision that I filed in the United States District Court in 1972. Unfortunately the United States District Court felt bound by the policy of the Department of Interior whereby a

T & M Manufacturing Site will be granted in patent only where during the five years of development proof of a successful commercial enterprise can be furnished. The circumstances that such commercial success did not accompany the investment effort and time were set forth in the complaint and sketched in the above mentioned letter.

(4) A copy of the appeal brief which I filed in the Ninth Circuit because the Statement of the case is believed to give you a brief summary of the events. Unfortunately the Ninth Circuit for technical reasons and without setting forth basic grounds, refused to reverse a final administrative decision.

Under the foregoing the Cornells as bona fide settlers in public land, have suffered a great loss. The State of Alaska is not legally in a position in the absence an act of legislature, to allow a franchise or grant the land. Mr. Cyhill will also be able to fill you in on this. The State of Alaska would be I believe sympathetic to an act of the legislature whereby the Cornells could be compensated for loss. The Cornells are willing and able to personally if so advised to communicate with you and to appear before committees to testify on their behalf and fill you in and explain the labor and many sacrifices whereby they attempted to obtain title.

The situation is one of great hardship and extremely inequitable. It cannot be the sense of the legislature that the State would derive uncompensated benefits from the efforts of these settlers. Remedial legislation for compensation seems to be called for in the interest of justice.

Please address me if I can be of any further assistance.

Any effort which can be made on the behalf of the Cornells will be very much appreciated.

Yours sincerely

Ernest Z. Reibock

Mr. George Utermohle
Legislative Affairs Agency
Pouch "Y"
Juneau, Alaska 99811

April 4,1976

Dear Mr. Utermohle:

My attorney Ernest E. Rehbock has requested me to send you the enclosed Statement of expenses and loss suffered. Please advise me shoul you need additional data.

Very truly yours,

Jay F. Cornell

Jay F.Cornell
P.O.Box 61045
Sacramento, CA 95860

cc:Representative Helen Beirne
Ernest Z.Rehbock

Statement of expenses and loss of
Jay F.Cornell and Vicki A.Cornell

Re: Trade and Manufacturing
claim within State Lands

(1) From March 1964, to September 1974 approximately 4,200 hours of physical labor and effort were put into improving 40 acres of land. At $5.00 per hour, labor cost is $21,000.00.

(2) Improvements includes the clearing of a 200'X1,000' area of birch and spruce trees by hand to be used as an airstrip, clearing of foot trails, and the building of picnic tables and restroom facility in a campground setting.

(3) Expenses for improvements which include equipment, materials, and air and water freight total $3,000.00.

(4) Legal expenses incurred to acquire claim were $6,000.00.

(5) Current market value of land. 40 acres @ $2,000.00 per acre.

A general statement of actual loss suffered is:

Labor	$21,000.00
Improvements	3,000.00
Legal expenses	6,000.00
Land value	80,000.00
Total loss	$110,000.00

I, Jay F.Cornell hereby attest that the above is a true accounting of the actual expenses and loss suffered by not being able to receive our valid claim for a Trade and Manufacturing site on land now owned by the State of Alaska.

Signed: Jay F. Cornell

Jay F. Cornell

DATED: September 2, 1975.

Honorable Jay F. Hammond
Governor of the State of Alaska
Pouch "A"
Juneau, Alaska 99801

RE: Trade & Manufacturing Site of
Jay F. Cornell & Vicki Cornell:

My dear Mr. Governor,

The writer of this letter is an attorney in private practice. Among my clients there have been for many years Jay F. Cornell & Vicki Cornell who have a problem of long standing regarding their effort to acquire certain land for trade and manufacturing site in the State of Alaska.

Being an attorney and therefore professionally attuned to submit controversies to the Court or to such departments as are in immediate administrative control, I am addressing you and your office only with great hesitancy and only because I firmly believe that your appropriate representation to proper authority may prevent grave injustice to these citizens of Alaska;

May I very briefly summarize: Jay F. Cornell and Vicki Cornell have been residents of Alaska of long standing. Around the early 1960s they acquired by their industry and purchased from the United States government five acres as a so-called homesite. On this homesite they built a fine home. This homesite lies in the Mount McKinley area and in an area which now has been tentatively approved for land acquisition from the United States by the State of Alaska; and which the Cornells presented to me is believed to be part of a future park and as such among the lands under the division of lands; parks and recreation.

The ownership of that tract was insufficient for business purpose. Therefore around 1965 Jay F. Cornell developed plans for a trade and manufacturing site. This plan which in my belief was fully and very rationally developed and considered camping facilities for sportsmen, tourists and other traffic; and for facilities to provide travelers with food, lodging and sanitary facilities.

The Cornells did not have much cash capital, but invested a tremendous amount of labor under extremely difficult conditions so to develop and build foot-paths, a camping site, a sanitary facility and many installations designed to accomodate the public.

At that time there was a construction program afoot to build a highway through the area. The plans called for a location of the highway alongside the project. However, for circumstances not under the control of the Cornells and of which the writer of this

atter are somewhat unfamiliar, there was a stoppage and interruption of that program. Under these circumstances Cornell realized that in order to have access to the area he would have to build a landing field for small aircraft. Cornell and his wife under hardship and with the greatest physical effort build such a landing field for small planes. Everything looked perfect, but for lack of highway traffic there was no cash income of a presentable amount from the incipient venture.

When Cornell applied for final approval and title to land of about 40 to 50 acres as trade and manufacturing site for tourist accommodation he received negative replies from the Bureau of Land Management in that he had been unable to make a showing of sufficient cash income and therefore the venture was deemed to be speculative or not of a sufficient commercial nature, to be deemed an "ongoing business".

At this point Cornell went through various steps of appeals from the first administrative decision in the Bureau of Land Management.

Around or about 1971 Cornell engaged my services as attorney for a final appeal to the Board of Land Appeals in the office of the Secretary of Interior. The office of the Secretary of Interior refused a hearing for which I had made myself available and declined a review of the decisions below.

I brought on behalf of Cornell an action in the United States District Court, District of Alaska. The Court felt it was bound by administrative regulations of the BLM of long standing, whereby a trade and manufacturing site would only be patented if profit by the actual operations could be shown. As I pointed out, circumstances beyond Cornell's control had prevented him from operating this site on a successful financial basis at that time.

It was hoped that an appeal to the Ninth Circuit Court of Appeals could change this decision. However, the appeal was dismissed with a minimum of grounds given.

For some time under the former administration, I attempted to persuade the division of lands, Director of Parks and Recreation that there are sufficient legal and equitable grounds that the State should permit Cornell at a minimal rental or some other equitable terms to acquire a lease of portion or of all of the area. It is obvious that if this area is integrated into a park system of the State of Alaska and use of the area can be had by way of leases from the State, other parties could be enriched by the work and labor of the Cornells. The highway has long been opened and the business potential is excellent. The landing field has of course suffered but can be reconditioned. There are roads and foot-paths and various other improvements so that with a minimum of additional effort the entire site can be commercially rehabilitated. At present the homesite of five acres forms an enclave and the highway can technically be reached

only by claiming easements of necessity.

Needless to say that both Cornell and I myself received chilly or no responses of the Division of Parks.

We have a situation where Jay Cornell whose health has severely suffered is temporarily resting and residing in the lower 48. Vicki is working very hard at a job in Valdez. Both of them hope and live for the day where their past dedicated efforts in improving Alaska land could be compensated by a mode of acquisition which is financially bearable and non-competitive or that compensation be had for the definite advantage or enrichment of other parties,

A mere literal reading of title 39 of the Alaska Statutes did not show to me any possibility that such compensation could be administratively or in the Courts enforced but as attorney for the Cornells I cannot believe that legislators and administrators would allow injustice and I believe there was injustice albeit based on a technicality of the law, could be perpetuated.

For this reason and all other reasonable roads to seek for the Cornells some measure of compensation or ability to benefit by their labors being closed, I address your office not without reluctance. I earnestly believe that there is room for legislative improvements which your office could sponsor or even for administrative action to provide some form of appropriate ruling to acquire area or to be otherwise compensated for losses whereby Alaska as the present actual owner of the land largely benefits.

I have not in this letter elaborated in great detail. If your very busy schedule would permit, I would be happy to present myself to your office at any time you would schedule and Vicki Cornell would be available also to fill you in as to her experiences. Further approaches and openings to the Park Division would appear to be fruitless unless proper directives or a specter of new legislation could be opened.

On behalf of the clients I would very deeply appreciate your response in particular as it seems stand to reason that there may be other parties similar situated who have suffered greatly under the restrictive land policies of the Bureau of Land Management.

Respectfully yours

Ernest Z. Rehbock

DATED: September 2, 1975.

Honorable Jay F. Hammond
Governor of the State of Alaska
Pouch "A"
Juneau, Alaska 99801

RE: Trade & Manufacturing Site of
Jay F. Cornell & Vicki Cornell:

My dear Mr. Governor,

The writer of this letter is an attorney in private practice. Among my clients there have been for many years Jay F. Cornell & Vicki Cornell who have a problem of long standing regarding their effort to acquire certain land for trade and manufacturing site in the State of Alaska.

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The ownership of that tract was insufficient for business purpose. Therefore around 1965 Jay F. Cornell developed plans for a trade and manufacturing site. This plan which in my belief was fully and very rationally developed and considered camping facilities for sportsmen, tourists and other traffic; and for facilities to provide travelers with food, lodging and sanitary facilities.

The Cornells did not have much cash capital, but invested a tremendous amount of labor under extremely difficult conditions so to develop and build foot-paths, a camping site, a sanitary facility and many installations designed to accomodate the public.

At that time there was a construction program afoot to build a highway through the area. The plans called for a location of the highway alongside the project. However, for circumstances not under the control of the Cornells and of which the writer of this

atter are somewhat unfamiliar, there was a stoppage and interruption of that program. Under these circumstances Cornell realized that in order to have access to the area he would have to build a landing field for small aircraft. Cornell and his wife under hardship and with the greatest physical effort build such a landing field for small planes. Everything looked perfect, but for lack of highway traffic there was no cash income of a presentable amount from the incipient venture.

When Cornell applied for final approval and title to land of about 40 to 50 acres as trade and manufacturing site for tourist accommodation he received negative replies from the Bureau of Land Management in that he had been unable to make a showing of sufficient cash income and therefore the venture was deemed to be speculative or not of a sufficient commercial nature, to be deemed an "ongoing business".

At this point Cornell went through various steps of appeals from the first administrative decision in the Bureau of Land Management.

Around or about 1971 Cornell engaged my services as attorney for a final appeal to the Board of Land Appeals in the office of the Secretary of Interior. The office of the Secretary of Interior refused a hearing for which I had made myself available and declined a review of the decisions below.

I brought on behalf of Cornell an action in the United States District Court, District of Alaska. The Court felt it was bound by administrative regulations of the BLM of long standing, whereby a trade and manufacturing site would only be patented if profit by the actual operations could be shown. As I pointed out, circumstances beyond Cornell's control had prevented him from operating this site on a successful financial basis at that time.

It was hoped that an appeal to the Ninth Circuit Court of Appeals could change this decision. However, the appeal was dismissed with a minimum of grounds given.

For some time under the former administration, I attempted to persuade the division of lands, Director of Parks and Recreation that there are sufficient legal and equitable grounds that the State should permit Cornell at a minimal rental or some other equitable terms to acquire a lease of portion or of all of the area. It is obvious that if this area is integrated into a park system of the State of Alaska and use of the area can be had by way of leases from the State, other parties could be enriched by the work and labor of the Cornells. The highway has long been opened and the business potential is excellent. The landing field has of course suffered but can be reconditioned. There are roads and foot-paths and various other improvements so that with a minimum of additional effort the entire site can be commercially rehabilitated. At present the homesite of five acres forms an enclave and the highway can technically be reached

only by claiming easements of necessity.

Needless to say that both Cornell and I myself received chilly or no responses of the Division of Parks.

We have a situation where Jay Cornell whose health has severely suffered is temporarily resting and residing in the lower 48. Vicki is working very hard at a job in Valdez. Both of them hope and live for the day where their past dedicated efforts in improving Alaska land could be compensated by a mode of acquisition which is financially bearable and non-competitive or that compensation be had for the definite advantage or enrichment of other parties,

A mere literal reading of title 39 of the Alaska Statutes did not show to me any possibility that such compensation could be administratively or in the Courts enforced but as attorney for the Cornells I cannot believe that legislators and administrators would allow injustice and I believe there was injustice albeit based on a technicality of the law, could be perpetuated.

For this reason and all other reasonable roads to seek for the Cornells some measure of compensation or ability to benefit by their labors being closed, I address your office not without reluctance. I earnestly believe that there is room for legislative improvements which your office could sponsor or even for administrative action to provide some form of appropriate ruling to acquire area or to be otherwise compensated for losses whereby Alaska as the present actual owner of the land largely benefits,

I have not in this letter elaborated in great detail. If your very busy schedule would permit, I would be happy to present myself to your office at any time you would schedule and Vicki Cornell would be available also to fill you in as to her experiences. Further approaches and openings to the Park Division would appear to be fruitless unless proper directives or a specter of new legislation could be opened.

On behalf of the clients I would very deeply appreciate your response in particular as it seems stand to reason that there may be other parties similar situated who have suffered greatly under the restrictive land policies of the Bureau of Land Management.

Respectfully yours

Ernest, Z. Rehbock

4/21

Guy, Attached is a draft of suggested changes to HB 911. I don't know where it really came from. Rep. Beirne requested it, apparently to remedy one person's problem in the interior. A memo was sent to her from Erikson of our Research Division.

HCR 129 was requested by Ted Smith.

HB 888 is self-explanatory and HB 882 should be in your hands already with additional language re the APA and a review procedure for cases of adverse determinations.

Joel

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF PARKS
JAY S. HAMMOND, GOVERNOR
323 E. 4TH AVENUE
ANCHORAGE 99501

April 22, 1976

Honorable Nels Anderson, Chairman
Resources Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Nels:

Helen Beirne asked me to comment on House Bill 911 an act relating to compensation for improvements on certain federal land subsequently patented to the state.

I believe there may be three properties within the State Park System at the present time which would qualify under the three criteria listed in HB 911. The primary one of course is the one claimed by Jay Cornell within the Denali State Park. I believe this Legislation would enable us to pay a fair price for structures and improvements which are usable for the public without getting involved in the question of the value of the real property which the state claims as its own. Although this bill would only effect a few properties, I think it shows that the state is looking out for the "little guy" and as such I give the Legislation my full support. Thank you for the opportunity to comment on HB 911.

Sincerely yours,

Russell W. Cahill

Russell W. Cahill, Director
Alaska State Parks

cc: Representative Helen D. Beirne
Commissioner Guy Martin

RWC:gn

HB

928

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

OFFICE OF THE COMMISSIONER POUCH S - JUNEAU 99811

May 18, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: House Bill No. 928

Dear Mr. Anderson:

House Bill No. 928, an Act making a special appropriation to the Legislative Council to fund a study concerning the optimum producibility of the Prudhoe Bay reservoir, was introduced in the House on May 10, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum prepared by Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, concerning the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer and I will contact Mr. Williams in Anchorage for further information.

Very truly yours,

R. D. Stevenson

R. D. Stevenson
Special Assistant

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

Thomas K. Williams
Director, Petroleum Revenue Division
Department of Revenue
Anchorage, Alaska

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"

THE SEAL OF THE STATE OF ALASKA

MEMORANDUM State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: May 13, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: HB 928

HB 928 appropriates $25,000 to the Legislative Council to contract for a study of the maximum producibility of the Prudhoe Bay reservoir. The Division of Oil and Gas in the Department of Natural Resources has already contracted with H. K. Van Poolen & Associates for such a study for conservation purposes. It has been completed in great detail.

I have two questions about this Bill: Is it really worth $25,000 to re-plow the same ground? Can any meaningful simulation of Prudhoe reservoir performance be developed for only $25,000?

TKW:lgh

R63072

HCR

18

TELEGRAM

NCA ALASKA COMMUNICATIONS, INC.
P.O. BOX 0440
JUNEAU, ALASKA 99801

File HCR 18

12033 NL FAIRBANKS ALASKA 61 06-06 440P ADT

PMS REP NELS ANDERSON JR 0475

1975 MAR 6 PM 7 33

JUN

RE HCR18 THE FAIRBANKS NORTH STAR BOROUGH IS ATTEMPTING TO ESTABLISH TO SOUND MANAGEMENT POLICIES. OPEN TO ENTRY BEING A RANDOM OR UNPLANNED DEVELOPMENT LENDS ITSELF TO HIGH PUBLIC FACILITY COSTS WHEN WE ARE ATTEMPTING TO DEVELOP ECONOMY DURING THIS PIPELINE IMPACT I WOULD ENCOURAGE STATE SURVEY OF LAND AND MAAKING THEM AVAILABLE FOR PUBLIC PURCHASE AS RAPIDLY AS POSSIBLE

JOHN A CARLSON BOROUGH MAYOR

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

File HCR 18

#

1975 MAR 6 PM 4 55

20004 NL KENAI ALASKA 76 03-06 227P ADT 0470

PMS REP NEIL ANDERSON JR CHAIRMAN HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU

AGREE WITH PHILOSOPLY HCR18 CONCERNING OPEN TO ENTRY. DEFINITELY SHOULD BE IMPLEMENTED IT IS A SHAME WHEN WE LIVE IN A STATE WITH MILLION OF VACANT ACRES THAT AN INDIVIDUAL CAN'T GET EVEN FIVE OR TEN ACRES FOR A HOME. MANY PEOPLE DESIRE TO LIVE QUOTE OUT IN THE BUSH UNQUOTE AND NOT IN EITHER PRIVATE OR GOVERNMENT SUB DIVISION AND THEY ARE WILLING TO PAY THE PRICE FOR ISOLATION ECT TO DO SO.

STAN THOMPSON, BOROUGH MAYOR

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

File #18
HCR 13

1975 MAR 6 PM 11 28

02087 NL ANCHORAGE ALASKA 145 03-06 0220P ADT

PMS NELL ANDERSON 0483

POUCH V STATE CAPITOL

JUN

THIS LETTER OPPOSES HCR13 WHICH WOULD URGE THAT OPEN
TO ENTRY BE RESUMED THE BOROUGH UNDER AS29.33.070 IS
RESPONSIBLE FOR EXECUTING A PLAN TO GUIDE PHYSICAL
SOCIAL AND ECONOMICAL DEVELOPMENT. OTE PERMITS SETTLEMENT
WITHOUT REGARD TO PRINCIPLES OF LAND USE DEVELOPMENT
TRANSPORTATION CORRIDOR NEEDS UTILITY EASEMENTS
MINERAL AND OTHER NATURAL RESOURCE POTENTIAL. SCHOOL AND
OTHER PUBLIC FACILITY LOCATION NEED MINIMAL RESTRICTIONS
ON PROPERTY LINE RELATIONSHIPS. OTE FRUFRUSTRATES THE BOROUGH
PLANNING PROCESS CREATION OF PACELS UNDER OTE IS IN FACT
SUBDIVISION OF PROPERTY. BOROUGH ORDINANCES INACTED
PURSUANT TO AS29.33.150 PROHIBIT DIVISION OF PROPERTY
WITHOUT PLATTING AS29.33.170 PERMITS WAIVING OF PLATING
REQUIREMENTSONLY IF PARCELS HAVE ACCESS TO PBLIC ROADS
AND ARE LARGER THAN FIVE ACRES OTE SHOULD NOT BE RESUMED
WITHOUT A MEANS OF ASSURING THAT PARCELS ARE CREATED
IN CONFORMANCE WITH SENSIBLE LAND DEVELOPMENTS REQUIREMENTS
INCLUDED IN BOROUGH ORDINANCES

WESLEY M HOWE BOROUGH MANAGER

HCR

22

Relating to future oil lease sales.

COMMITTEE REPORT

HOUSE

2/26/75 FINANCE

Mr. Speaker: Date 3-12-75

The Committee on Resources has had HCR 22

under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AGO 935667

HOMER L. BURRELL
Attorney at Law
~~3716 WESLEYAN DRIVE~~ P. O. Box 764
ANCHORAGE, ALASKA ~~99504~~ 99510
(907) ~~333-6235~~ 274-8927

April 6, 1975

Mr. H. Samuelson
President, Board of Directors
Bristol Bay Native Corporation
P. O. Box 237
Dillingham, Alaska 99576

Re: HCR 22, Relating
to future oil lease sales

Dear Mr. Samuelson:

Following a recent exchange of correspondence with Representative Nels A. Anderson, Jr. concerning the captioned resolution (which I oppose), Representative Anderson suggested I write you of my belief in the safety of offshore petroleum development.

The resolution urges the Governor not to hold an oil lease sale in any fishery area or near any spawning grounds. The authors of the resolution obviously fear offshore petroleum development is incompatible with commercial fishing.

Rather than give unsupported opinion, I suggest your corporation obtain a copy of Petroleum in the Marine Environment, a recent publication of the National Academy of Sciences. It is available from the Academy's Printing and Publishing Office, 2101 Constitution Avenue, Washington, D.C. 20418 @ $6.50 per copy. It is a most impressive report, not oil industry sponsored.

The report concludes that offshore oil production operations contribute the least oil pollution. Transportation operations contribute the most, followed, in order, by river and urban runoff, coastal refineries and municipal and industrial wastes, atmospheric fallout, natural seeps, and, last of all, offshore oil production operations.

The major danger to the Bristol Bay fishery from oil would therefore be from a spill of diesel, fuel oil, or gasoline from a barge or tanker, while under way or unloading. In addition to the potential volume of such a spill, these highly volatile products are much more dangerous to fishery resources than crude oil.

Despite the foregoing, I seriously doubt that either the residents or commercial fishermen of the Bristol Bay area will cease importing these products.

AGO 935668

Representative Anderson was gracious enough to comment on my "crystal clear view of the situation." I suppose my "crystal clear view" can be attributed to an effort on my part to get facts, not votes. Perhaps a small pool of water would be a reasonable analogy: if one sits on the bank and quietly studies the pool he may get a reasonable idea of what it contains; however, if one agitates the pool, wildly and irresponsibly, with a stick, his view of the contents of the pool will be muddied rather than crystal clear.

I hope this letter will in some small way help inform the people of Bristol Bay that leasing of and oil production from the Bay need not impair their livelihood. Please feel free to call upon me at any time if I can provide additional information or be of any assistance to you or your corporation.

Sincerely,

Homer L. Burrell

cc: Honorable Nels A. Anderson, Jr.
Pouch V
Juneau, Alaska 99811

HCR

34

Relating to an oil lease sale in the Beaufort Sea area.

3/10/75 COMMITTEE REPORT FINANCE

HOUSE

Mr. Speaker: Date March 13, 1975

The Committee on RESOURCES has had HCR 34 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Vic Anderson Jr.

Fritz Hirshberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Vic Anderson Jr. Chairman

AGO 935673

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources

To: AMEND HOUSE BILL No. HCR 34

SENATE BILL No. _____

PAGE: 1 LINE: 19, 20

(19) AFTER THE WORD "WHEREAS" INSERT "WE BELIEVE THAT"

(20) AFTER WHEREAS INSERT "WE FEEL"

AGO 935674

JAY S. HAMMOND
GOVERNOR

HCR 34

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 10, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

Your recent letter raises two questions of concern to your committee regarding our proposed Beaufort Island Oil and Gas Lease Sale.

The necessity of holding public meetings on the results of the environmental assessment of the Beaufort Island area and possible impact of such a sale is brought about by my desire to keep the public informed on matters of general public concern. The environmental considerations as well as the economic considerations will be presented equally to the public for review and comment.

Other areas were not opened for nominations at this time because this area had attracted the greatest interest in the previous statewide request for nominations on a priority basis made about one year ago. One of the essential elements of a successful oil and gas lease sale is to attract the largest possible number of responsible bidders with sufficient information on which to base their bid. The competitive aspect encourages each bidder to outdo his prospective rivals. A sale with few participants possessing essential data does not attract high bids. It is in the State's best interest to delay putting these areas up for sale until more companies have an interest in the area as demonstrated by their geological and geophysical work in the area plus nominations or expressed interest. The selection of areas for oil and gas lease sales is a carefully studied process and not an arbitrary decision.

Sincerely,

Jay S. Hammond
Governor

AGO 935670

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 10, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson.

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Sincerely,

Jay S. Hammond
Governor

AGC 935671

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 10, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

Your recent letter raises two questions of concern to your committee regarding our proposed Beaufort Island Oil and Gas Lease Sale.

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Sincerely,

Jay S. Hammond
Governor

AGO 935672

HCR

82

THOMAS E. KELLY

Consultant Earth Sciences

February 9, 1976

Honorable Nels A. Anderson, Jr.
Chairman House Resources Committee
Pouch V
Juneau, Alaska

Dear Representative Anderson:

I regret that I was unable to present testimony at the joint Resources Committee hearing in Anchorage this past weekend. I attended the afternoon session and was scheduled to address the Committee at 4:45 P.M. A prior obligation prevented me from returning that evening and the following morning (Sunday).

I hope that you will accept this letter as a brief summary of my viewpoints on the proposed Cook Inlet Region, Inc. - State - Federal land exchange.

From the standpoint of information and clarification I am a director and chairman of the Natural Recources - Economic Development Committee of the Anchorage Chamber of Commerce. The Chamber created a special task force to review the proposed land exchange and condensed its findings which sought:

(a) Legislative review.
(b) Greater explanation of the factual basis of the trade.

As a member of the Committee and task force, but not speaking for the Committee itself, I believe that the concerns of the Chamber have been met. If the Chamber takes a further position you will be advised immediately.

Accordingly the opinions herein are those of an interested individual with approximately seventeen years direct involvement in Alaska's natural resources.

I support, without reservation, the land exchange provisions as incorporated in the report accompanying and made a part of the Omnibus Act amending the Alaska Native Claims Settlement Act.

There are certain conditions in the report accompanying H.R. 6644 that I do not favor - and one in particular requiring the endorsement by CIR, Inc. of the Wilderness proposals within the Kenai National Moose Range is unfortunate - however the document represents a fair compromise and should be reviewed as such. The exchange agreement is a complex document that is probably not well understood by anyone not directly involved in the negotiations. It is apparent that the agreement is a delicately balanced instrument that will not survive further modifications, amendments, or adjustments.

DANA BUILDING, SUITE 2 - 700 H STREET - ANCHORAGE, ALASKA 99501 - PHONE 279-9589

It appears to me that the committee must be convinced that the exchange is in the best interest of all of the people of Alaska. In making this determination several questions should be answered:

1. Is it legal, fair to all parties and consistent with economic interests of the State?
2. Are the resulting land management patterns workable?
3. Will final solution avoid further litigation and resulting delays in completing selections pursuant to the Alaska Native Claims Settlement Act as well as final state selections pursuant to the Alaska Statehood Act?
4. Does it make for improved land classification and ownership patterns in Southcentral Alaska including the facilitation of Fish and Game management, recreation, and economic development of those lands to which a highest and best use classification can be determined?
5. Does it strive for a proper balance between lands best suited for development and those suited for purposes other than development?
6. Does it improve the possibilities for resource development on lands that have demonstrable economic significance?

Depending on personal convictions - sometimes colored with confusion, mistrust, or lack of facts - one could argue about whether the Native Corporation is getting more than its entitlement or whether the state is getting too much or too little or giving up valuable resources belonging to all of the people. Additionally we could argue, depending on our individual philosophy, that the federal government is being short changed.

I think it is important to understand honest concerns and apprehensions but I believe that on balance - the final solution that is before you - will be in the best interests of all parties.

The issue of vunerability of the state in potential loss of revenues from Swanson River field or the loss of high value real estate in the Anchorage Bowl should not be a determinant. In other words the exchange will never be accepted if it is a product of duress or threat. I don't believe it is and I think it is our job to convince the people that it is not.

In conclusion if your greatest concern is that the state may be getting short changed particularly because of the Red Herring issue of the Beluga coal fields I recommend that you carefully plot the existing coal leases and/or prospecting permits as well as the mental health grants -the latter having been excluded from the exchange - to see the apparent potential effect on the state from relinquishing the lands in the Capps Glacier area. I think that you will find that the suggested giveaway is very questionable. Were it is possible to select a great deal more fee or subsurface lands within the Kenai National Moose Range I would be very surprised if the Cook Inlet Region did not enthusiastically opt to do this. But it is not possible.

I urge your favorable consideration of the Cook Inlet Region - State - Federal land exchange - but only after you have satisfied yourself that the bug-a-boo is not there.

I wish to commend the committee for its diligence and effort in making it possible for everyone to become better informed on such an important issue as the proposed land exchange.

It is my understanding that legislation may be proposed that would establish guidelines for any future exchanges involving State lands. In this regard I hope that the committees and the legislature will recognize that each trade will have certain unique provisions and any new legislation should allow reasonable flexibility without rigid requirements that would impede prudent judgment.

Thank you for permitting me to include my position in the record of testimony.

Sincerely,

Thomas E. Kelly

TEK/sp

Federal-State
Land Use Planning Commission
For Alaska

701 W. FOURTH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501

REC'D CIRI NOV 3 '75

ROUTE TO:	Info	Action	Initial	
PRESIDENT	✓			
GEN. MANAGER				
LAND DEPT.	✓			
VILLAGE COORDINATOR				
PUBLIC RELATIONS				
LEGAL DEPT.	✓			
CENTRAL FILES		1		
COPY FOR BOARD MBRS.				
COPY FOR VILLAGES				

October 30, 1975

Honorable Henry M. Jackson
Chairman
Senate Committee on Interior
and Insular Affairs
Attn: Steve Quarles
3106 Dirksen Building
Washington, D.C. 20510

Dear Chairman Jackson:

It is our understanding that the Interior Committee will soon commence its markup of certain proposed amendments to the Alaska Native Claims Settlement Act. With this in mind, I am writing to communicate the Commission's strong support for amendatory legislation relating to the land entitlement of Cook Inlet Region, Inc., and its constituent villages, as such legislation is described in the recently announced agreement between Cook Inlet and the State of Alaska.

For the past three years, the Commission has been actively involved in efforts to resolve the land-related problems which have confronted Cook Inlet and its constituent villages. These efforts have taken the form of technical assistance to the regional corporation and, more recently, to the State of Alaska, and recommendations to the Secretary of the Interior with respect to the location and quantity of withdrawals needed to help satisfy the requirements provided in Section 11(a)(3) of the Settlement Act. Most recently, the full Commission has considered the tentative agreement arrived at between Cook Inlet and the State of Alaska. On the basis of this consideration, which took place at a Commission meeting held on October 24-25, 1975, I have been authorized to communicate our unanimous support for the approach taken in the proposed agreement.

The Commission's position is premised on the following principal considerations. First, in our opinion, a significant portion of the acreage presently withdrawn for possible selection by Cook Inlet does not meet the qualitative criterion provided in Section 11(a)(3) of the

Settlement Act. In arriving at this conclusion, we are cognizant of the Federal District Court's ruling in Cook Inlet v Morton, and are constrained to disagree with that portion of the ruling which relates to compliance with the criteria specified in Section 11. Second, the land status pattern in the Cook Inlet region, which encompasses large Federal withdrawals and significant acreage in State and private ownership, indicates that it would be very difficult for Cook Inlet to obtain a satisfactory land entitlement in the absence of the land exchanges and other mechanisms provided in the pending agreement. Third, implementation of the agreement would greatly improve land management within the Cook Inlet region by consolidating Federal, State, and Native ownership in areas which aptly reflect the interests of the various parties. Thus, for example, the agreement would result in Native ownership of certain areas on the Kenai Peninsula which, by virtue of their location, soils, and other characteristics, appear suitable for private settlement and development. Similarly, the State would obtain additional lands in the Bristol Bay watershed, which is of critical importance to the State for its fishery and recreational values, and the Federal government would be assured of a viable management unit in the Lake Clark area, which has been proposed for national park status pursuant to Section 17(d)(2) of the Settlement Act. Improved management and ownership patterns would also result in other areas of the Cook Inlet region, including the Talkeetna Mountains and the Kenai Peninsula. Fourth, the proposed agreement would lessen the impact of private ownership on the Kenai National Moose Range by reducing the total acreage that might otherwise be transfered to Native corporations and by requiring that certain protective measures be taken in a significant portion of the lands that would be conveyed. In short, implementation of the agreement would permit the creation of rational patterns of land management and ownership which reflect the varied interests of the parties involved. Neither the administrative nor judicial alternatives afford the flexibility which is necessary to accomplish this result.

In supporting the proposed agreement, the Commission does not mean to minimize the technical and other problems which must be overcome prior to its final adoption. For example, there are certain legal issues which must be addressed. However, the research conducted by our staff and more extensive work performed by attorneys for Cook Inlet and the State indicate that solutions to these problems do exist. Moreover, since the agreement would authorize Cook Inlet to select lands within the boundaries of certain other regional corporations, the views of those corporations must be considered with great care, and an effort must be made to insure that in the process of improving land ownership and management patterns in the Cook Inlet region, we do not jeopardize

the opportunity to create sensible patterns in other areas of the State. In addition, full participation on the part of Cook Inlet's constituent villages and groups will be required, for the agreement calls for the relocation of certain withdrawals made for their benefit. We believe that the participation and cooperation of all of the parties to the agreement and other affected Native corporations will create an atmosphere in which possible problems can be resolved and the objectives of the current proposal can be successfully achieved.

Thank you for your consideration of this correspondence.

Sincerely,

Burt Silcock, Jr.

Burton W. Silcock
Federal Co-Chairman

cc: Senator Ted Stevens
Senator Mike Gravel
Royston C. Hughes, Assistant Secretary, Program Development and Budget
Ken Brown, Legislative Counsel, Department of the Interior
Guy Martin, Commissioner, State Department of Natural Resources
Michael C.T. Smith, Director, State Division of Lands
Sam Kito, President, Alaska Federation of Natives
Roy Huhdorf, President, Cook Inlet Region, Inc.

Requested by:
Prepared by: Land Trust Fund Counsel
For Reading: 2/10/76

ANCHORAGE ASSEMBLY RESOLUTION ON COOK INLET LAND TRADE PROPOSAL

(See Bottom Page 2)

ANCHORAGE, ALASKA

UNANIMOUSLY ADOPTED

AR NO. 8-76

10 TO 0

A RESOLUTION OF THE ANCHORAGE ASSEMBLY EXPRESSING ITS CONCERN REGARDING THE DISPOSITION OF CERTAIN LARGE TRACTS OF PUBLIC LAND WHICH ARE THE SUBJECT OF PUBLIC LAW 94-204, AN AMENDMENT BY THE U.S. CONGRESS TO THE ALASKA NATIVE CLAIMS SETTLEMENT ACT OF 1971.

THE ANCHORAGE ASSEMBLY RESOLVES:

Section 1. The Congress of the United States has recently enacted Public Law 94-204, containing certain amendments to the Alaska Native Claims Settlement Act of 1971, one of which, at Section 12 of the Act and entitled "Cook Inlet Settlement", would have the effect of trading certain lands and future rights in lands between and among the federal government, the State of Alaska, and Cook Inlet Region, Inc., a native regional corporation, for the stated purposes of consolidating rational land ownership patters and settling certain pending litigation in the public interest.

Section 2. The Cook Inlet Settlement section of P.L. 94-204 provides that, if the Alaska Legislature disapproves of the Cook Inlet Settlement prior to April 15, 1976, that settlement shall be null and void and the options of the Congress to fashion an appropriate remedy shall not have been foreclosed.

Section 3. The great bulk of lands and land rights so exchanged between the parties lie outside the boundaries of the Anchorage Municipality, and do not directly affect the property interests or planning authority of the Municipality; however, certain specific tracts of land identified in P.L. 94-204 directly affect present and future

and may consequently determine the direction of future growth and development which the Municipality will undergo and the amenities and necessities of life which will exist here for future generations. These tracts are the Campbell Airstrip Tract, the Point Campbell Military Reservation, the Point Woronzof FAA Reservation, and the Goose Lake Tract.

Section 4. The Municipality of Anchorage and its predecessors have long attempted to insure that the Campbell Airstrip Tract remains intact in public ownership as the Far North Bicentennial Park, both for its recreational and its watershed attributes. More recent efforts by local governments have stressed the importance of retaining the Goose Lake Tract, Point Campbell Reservation, and Point Woronzof Reservation in public ownership to guarantee that non-intensive land uses compatible with existing adjacent uses will occur in these areas in the future. While public ownership of each of these unique tracts of land at the local, State or Federal level is imperative, the Municipality of Anchorage believes that it is best qualified and equipped to plan and to manage these tracts in the public interest to meet the open space, watershed, recreational, institutional and cultural needs of a growing Anchorage, and this belief is hereby restated in this Resolution.

Section 5. Insofar as P.L. 94-204 may affect the future disposition and use of the Campbell Airstrip Tract, the Point Campbell Military Reservation, the Point Woronzof FAA Reservation and Goose Lake Tract, the Anchorage Assembly strongly urges that the Alaska State Legislature approve the Cook Inlet Settlement portion of P.L. 94-204 to insure that the public interest in

retaining these large, undeveloped tracts of land in continued public ownership is fully protected.

Section 6. The Municipal Legal Office has, at the request of the Assembly, monitored the progress of negotiations regarding the proposed agreement entitled "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area", and the legal office is hereby directed to continue to monitor the progress of said agreement and to report to the Municipality any changes which may affect those tracts of land which the Assembly has determined by this Resolution to be significant to the public interest.

Section 7. The Municipal Clerk is hereby directed to inform the Governor, the President of the Senate, the Speaker of the House, the Chairpersons of the House and Senate Resource Committees, and each member of the Anchorage Legislative delegation of this action by the Municipal Assembly, and to provide a full text of this Resolution to each of such persons.

PASSED AND APPROVED by the Anchorage Assembly this 10th day of February, 1976.

_____
Chairperson

ATTEST:

_____
Municipal Clerk

APPROVED this ____ day of _____, 1976.

HCR

83

Requesting the Board of Fisheries to establish a Bristol Bay Salmon Conservation Reserve.

To Resources

COMMITTEE REPORT

Rules

HOUSE

2/6/76

Mr. Speaker: Date 2-26-76

The Committee on RESOURCES has had HCR 83 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends: No Rec

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____, Chairman

CHOGGIUNG LIMITED
P.O. BOX 247 • DILLINGHAM, ALASKA 99576 • PHONE (907) 842-3083

February 26, 1976

Mr. Nels Anderson
Representative Districe 16
Pouch V
Juneau, Alaska 99811

Dear Nels:

The Choggiung Limited Board of Directors met last night and considered Senate-House concurrent resolution #83. The Board heartily supports this resolution and urge you to seek its prompt passage. The 200 mile legislation introduces a severe threat to the Western Alaska commercial fisherman and #83 hits the nail right on the head.

Sincerely,

William M Tennyson

William Tennyson
President

TH:WT/RMH
cc: Hon. George Hohman
Mr. Truman Emberg

M E M O R A N D U M

December 31, 1975

SUBJECT: Concurrent Resolution (W.O. #1638)

TO: Representative Anderson

FROM: Joel Bennett, Legislative Counsel

The implementation of this resolution would undoubtedly run afoul of sec. 15, art. VIII, of the Alaska Constitution (No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State).

Also, note the necessity of the legislature approving the Reserve after it is created by the Board.

We should discuss this after you show it to Truman.

Happy holidays --

WESTERN ALASKA
COOPERATIVE MARKETING ASSOCIATION

1

BOX 213 . . . DILLINGHAM, ALASKA

2-17-76

Mr. Nels Anderson, Representative,
Alaska Legislature,
Pouch V,
Juneau,
Alaska
99811

Dear Nels:

Just recieved the copy of HCR # 83 in today's mail.

I will plan to be in Juneau for the Beb. 24 th hearing.

The reference to the next meeting and the reuirement for approval by the Legislature may need clarification or rephrasing in order the avoid needless delay. However, I suupose this can be handled in the Committee.

Thanks, and best wishes,

Sincerely,

Truman C. Emberg

Truman C. Emberg

HCR

90

Relating to a statewide recruitment policy for the conservation action corps:

COMMITTEE REPORT

2/11/76

HOUSE

Mr. Speaker: Date 2-18-76

The Committee on RESOURCES has had HCR 90 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE SENATE: BY: House Resources Committee

TO: AMEND SENATE BILL No. _____

HOUSE ~~BILL~~ JCR No. 90

PAGE: 1 LINE: 24 + 25

LINE 24 - change the word "recommend" to read "inform"

LINE 25 after the word "district" delete the words "to participate in" and insert the word "OF"

Buchholdt files

File

House Finance Committee Hearings

Meeting with the Department of Natural Resources February 5, 1976 - 1:30 p.m.

Russell Cahill, Director of Division of Parks is speaking:

Youth Conservation Corps
is managed by the Division of Parks. They are uncertain as to the reliability of receiving their federal funding, 80 percent, so they were asking for a large request to cover the contingency aspect of their current funding base.

There are three camps: Fairbanks, Matanuska Valley and Haines area, and all are projected for this year to operate youth camps. There will be 60 youth at Haines, both boys and girls, separately housed, with a camp cook, paid for at union scale, and all youth who attend these camps have their way paid to and from, plus room and board, plus pay which amounts to wage minimum of $2.60 an hour. Their ages run 15 to 18.

Recruitement
is done by the Forest Service, BLM and through the Division of Parks, the Division of Parks being by far more successful in doing this task. There are no special requirements other than age.

Teachers
ARE RECRUITED FROM teachers who like to do this summertime work. They have had, last summer, a biology teacher, a p.e. coach, even a music teacher who take the kids out on jobs.

Work done
are jobs connected with forest service maintenance, division of parks projects, etc. Specificially, they clear trails, streams and the like.

Transportation
is a coop project, some being provided by Forest Service and other by Division of Parks, and the National Guard assists with this and equipment.

Rangers
persons from CETA serve.
Ceta positions are used to fill in as substitutes for the rangers during their training, which occurs during September and February.

Lenghh of work term
lasts eight weeks.

HCR

96

Relating to the proposed Wood-Tikchik State Park.

COMMITTEE REPORT

2/13/76

HOUSE

Mr. Speaker: Date 2-18-76

The Committee on RESOURCES has had HCR 96 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ - Chairman

Wood Tikchik Suggestions

Section 41.20.420 DESIGNATION OF MANAGEMENT RESPONSIBILITY

The lands and waters described in Section 415 of this chapter are assigned to the Division of Parks, Department of Natural Resources, for management and protection. The Department of Fish and Game is responsible for the management of fish and wildlife resources in the Wood-Tikchik State park, and shall consult with the Department of Natural Resources in the adoption of regulations for fish and wildlife management. A Wood-Tikchik State Park Advisory Council is created and shall be appointed by the commissioner of Natural Resources from the following:

(a) Four members selected from a list of nominees provided by the Bristol Bay Native Association. These nominees shall represent the villages and cities of Aleknagik, Koliganek, New Stuyahok and Dillingham.

(b) One member selected from a list provided by the Alaska Conservation Society.

Members shall serve for a period of 3 years.

The Wood-Tikchik State Park Advisory Council shall meet as often as necessary to complete its business, but at least quarterly. The Advisory Council shall provide advice to the Director, Division of Parks on the development, management and protection of the Wood-Tikchik State Park. The Director of the Division of Parks or his designee shall serve as Executive Director of the Wood-Tikchik State Park Advisory

Council, but shall not be a voting member. Advisory council members may receive the same per diem and travel expenses, subject to appropriations,authorized for members of state boards.

A management and development plan for the Wood-Tikchik State Park shall be prepared by the Division of Parks in consultation with the Advisory Council, and must be approved by the council prior to implementation.

The Division of Parks shall consult with the Wood-Tikchik State Park Advisory Council and the Department of Fish and Game prior to the promulgation of regulations governing public use of the park. Nothing in sections 410-530 of this chapter may be construed as discouraging the provision of fishery habitat facilities, or the management of fisheries programs.

Section 41.20.530 SPECIAL USES

(a) The land and water areas described in Section 415 of this chapter may be opened to mineral entry under provisions of AS 38.05.205 and 38.05.245. Before entry on park lands, a mineral permitee or leaseee shall file a plan of operations for approval by the Director, Division of Parks. The plan is subject to conditions the Director may impose to minimize environmental impact.

(b) The Department of Fish and Game shall adopt regulations to provide for the continuance of traditional subsistance use of the Wood-Tikchik State Park.

(c) Development and operation of a hydroelectric site at Lake Elva may be allowed subject to the conditions imposed by the Director, Division of Parks, Department of Natural Resources to minimize envioronmental impact.

HCR

114

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811

VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETTY O'DONNELL~~
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

May 18, 1976

Gordon Jensen, Chairman
Board of Fisheries
PO Box 264
Petersburg, Alaska 99833

Dear Mr. Jensen:

At a House Resources Committee meeting held April 6, 1976, House Concurrent Resolution 114, Relating to the Copper River Subsistance Fishery was discussed. Mr. Gene Carlson, from the Chignik Dipnetters Association, presented background for both HCR 114 and 115. The Committee acted on HCR 115, reporting it out of Committee, but felt that the subject matter of HCR 114 could be better handled by a letter from the Resources Committee to the Board of Fisheries and to the Department.

Testimony the committee received indicated that a total of 39,000 salmon--all species included--was taken in one year by dip-netters, an amount which does not substantially endanger the total run of the fishery.

It was felt that there is a place in the fishery management plan for noncommercial, recreational subsistance use, if it does not significantly endanger the run, from a biological standpoint.

The Committee respectfully requests that the Board look into and enact, if biologically feasible, a longer season in the Copper River Subsistance Fishery, particularly with a view toward covering the late Coho run.

Sincerely,

Nels A. Anderson, J.
NAA/ra

cc. Gene Carlson
Commissioner Brooks
Carl Rosier, Div. of Commercial Fisheries
Rep. Fred Brown
All members, Board of Fisheries

HCR

115

Requesting the Department of Fish and Game to change the restrictive procedure for permit issuance for the Copper River subsistence fishery.

COMMITTEE REPORT

HOUSE

3/25/76

Mr. Speaker: Date 4-6-76

The Committee on RESOURCES has had HCR 115 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HCR 115 AND THAT CS FOR HCR 115 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Robert Ambler, _____, _____

_____, _____, _____

_____, _____, _____

Mike Hirschbogar _____, _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Robert Ambler Chairman

COPPER
RIVER
NATIVE
ASSOCIATION, INC.

(Ahtna Tanah Ninnah)
Drawer G
Copper Center, Alaska 99573

Telephone: 822-3333

File
HCR 115

April, 14, 1976

Mr. Nels A. Anderson
P.O. Box 234
Dillingham, Alaska 99576

Dear Mr. Anderson,

We of the Copper River Area, support House Committee Resource Bill 114, (Relating to the Copper River Subsistence Fishery) and 115(Requesting Department of Fish & Game to change the restrictive procedure for permit issuance for Copper River Subsistence Fishery) wholeheartedly, since more than 85%(documented in the AHTNA Region Planning Guide, 1973) of the people in the Copper River Basin are subsistence off the land, we feel this would be a great asset of flexibility and convience for the people in regard to HCR 114 and 115. Also, we of the Copper River Area would like to see some effort of study directed towards banning the use of airplane equipment. I think that a band on their use would favor rural people, who usually has the time, rather than money to invest in connection with the use of airplane equipment for hunting and fishing, the entire question of access should carefully considered because it can pose serious problems. For instance, people because of their knowldege or time available to them, have access to the resources of their community may not be benefited if access is improved for outsiders. We realize such recommendations would take much time and cooperation between interested parties, but we are willing to cooperate and help in any way.

Sincerely,

Wilbur T. Joe, Executive Director
Harry Johns, Paralegal (Alaska Legal Services)
Harry A. Johns Jr.

cc: Frank Ferguson
Keith W. Specking
Jalmar Kerttula

HCR

123

Relating to coastal zone management.

COMMITTEE REPORT

4/2/76

HOUSE

Mr. Speaker: Date 4-20-76

The Committee on RESOURCES has had HCR 123 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HCR 123 AND THAT CS FOR HCR 123 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

MEMORANDUM State of Alaska

TO: Rep. Nels Andersen, Chairman
House Resources Committee

DATE: April 15, 1976

FILE NO:

TELEPHONE NO:

FROM: Glenn Akins, Coordinator
Alaska Coastal Management

SUBJECT: HCR 123

It is my understanding that you are preparing a revision for HCR 123, as discussed in your Committee meeting this morning. I would like to point out a few characteristics of the federal Coastal Zone Management Act of 1972 which you may wish to take into consideration in your discussions.

1) States must be making "reasonable progress" in the development of a coastal management program to remain in the program. The Office of Coastal Zone Management, U. S. Department of Commerce, feels we in Alaska are, at present, making reasonable progress.

2) If the Amendments of the Coastal Zone Management Act of 1975 are signed into law (which is likely next month) an OCS impact fund would be established, which would be of importance to many Alaskan communities. If we are developing a program which excludes consideration of private lands, the attitude of the Department of Commerce towards us may change. They (OCZM) are withdrawing funding from several state programs in the near future (primarily Gulf of Mexico states).

3) Federal consistency is a major provision of the Coastal Zone Management Act of 1972. This provision would enable Alaska to have a stronger voice in federal management decisions affecting our coastal area. The Alaska Coastal Management Program, in the Office of the Governor, is in a favorable position to coordinate state activities with federal agencies.

STATE OF ALASKA

JAY S. HAMMOND
GOVERNOR

OFFICE OF THE GOVERNOR

STATE POLICY DEVELOPMENT AND PLANNING

POUCH AD — JUNEAU 99811
PHONE 465-3512

April 14, 1976

The Honorable Nels Andersen
Chairman
House Resources Committee
Pouch V
Juneau, Alaska 99801

RE: HCR 123

Dear Represenative Andersen:

The Administration believes HCR 123 to be an internal matter of the House of Representatives, and therefore will not comment on the substance of the resolution.

However, we are pleased to see legislative interest in the development of a coastal management policy for Alaska. We have hoped that hearings would be held on the two coastal management bills in the Senate Resources Committee. We believe that the Administration's bill, Senate 519, presents a reasonable and effective approach to the development of a management program over the next 18 months. In addition, there are some valuable ideas for increasing public participation in coastal management contained in Senate 711. We feel that dicussion of the approaches of these two bills would provide a real opportunity for some decisions regarding how we in the State of Alaska are going to use this important program to solve problems in our coastal area.

Because voluntary guidelines for private lands undoubtedly would not meet the requirements of the Coastal Zone Management Act of 1972, we encourage you to reconsider this provision, or to look to the coastal zone management bills in the Senate Resources Committee.

Sincerely yours,

Bob Weeden

Robert B. Weeden
Director

HCR

129

Relating to the exchange of land in Alaska

COMMITTEE REPORT

4/12/76

HOUSE

Mr. Speaker: Date 4-23-76

The Committee on Resources has had HCR 139 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Robert Ambler

Mike Hornaday

Members NOT concurring in the Majority report:

_____ recommends:

Glen Stevens recommends: no fiscal note

_____ recommends:

_____ recommends:

_____ recommends:

Robert Ambler Chairman

Copies for committee tomorrow

JOHN W. HENDRICKSON
ATTORNEY AT LAW
ANCHORAGE, ALASKA 99501
TELEPHONE 272-2561
118 East Sixth Avenue

JOHN W. HENDRICKSON

OF COUNSEL
BARRY W. JACKSON, Esq.
BOX 348
FAIRBANKS, ALASKA 99701

April 20, 1976

Representative Nels Anderson
House Resources Committee
Pouch V
Juneau, Alaska 99811

Re: Susitna Flats
Trading Bay
Redoubt Bay

Dear Nels:

Most of the lands involved in the above proposed refuges are on State Tidelands, that went to the State at the time of passage of the Statehood Act.

There are a few border areas that are on State selected land, or through the State, Borough selected. We have no problems with the State or Borough. I know of no native selections or objections in these areas. I will try to contact Tyonek and see if they object. Last I knew they didn't. The only thing they do there is fish.

Best regards,

Jack

JOHN W. HENDRICKSON

JWH:bk

P.S. I think I got the bag limit for ducks and geese raised this year. This will help some of the natives who depend on this resource.

J.

HCR

142

Relating to the taking of state-owned royalty oil or gas in-kind and its disposal by sale.

COMMITTEE REPORT

HOUSE

5/4/76

FINANCE

Mr. Speaker: Date 5-10-76

The Committee on RESOURCES has had HCR 142 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HCR 142 AND THAT CS FOR HCR 142 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AGO 546576

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

11TH FLOOR, STATE OFFICE BLDG.
POUCH M — JUNEAU 99811

May 7, 1976

The Honorable Nels Anderson
Chairman, House Resources
Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

In accordance with the requests of you and your committee the items listed below pertaining to HCR 142 are attached.

1. Letter from Alaska Pipeline Company dated September 30, 1975 requesting State royalty gas from North Cook Inlet Field.

2. Minutes of Board meeting October 10, 1975.

3. Roster from October 10, 1975 meeting.

4. Minutes of Board meeting November 10, 1975.

5. Alaska Pipeline Brochure prepared for November 10, 1975 meeting.

6. Letter from Phillips Petroleum Company, dated October 21, 1975.

7. Letter from Phillips Petroleum Company, dated December 5, 1975.

8. Letter from Homer Electric Association requesting royalty gas, dated January 22, 1976.

9. Letter from Homer Electric Association withdrawing request, dated March 30, 1976.

10. Sale terms approved by Board.

AGO 546528

11. Telegram from Pacific Alaska LNG disclaiming interest.

12. Letter from Alaska Pipeline Company agreeing to terms dated April 2, 1976.

13. Minutes of Board meeting April 26, 1976 approving sale.

If you desire additional information regarding the North Cook Inlet Field royalty gas sale, please advise me.

Yours truly,

William C. Faekler

William C. Faekler
Executive Director

Attachments

(1)

ALASKA PIPELINE COMPANY

P. O. BOX 6288
ANCHORAGE, ALASKA 99502

3000 SPENARD ROAD
PHONE (907) 277-5551

September 30, 1975

Mr. Guy Martin
Commissioner of Natural Resources
State of Alaska
Juneau, Alaska

Dear Mr. Martin:

Confirming our discussion at the Anchorage airport on September 30, and my letter to Mr. Gilbreth of August 20, and memorandum to you of September 24, Alaska Pipeline Company is requesting to purchase the royalty share of North Cook Inlet gas field at or near the Phillips-Marathon LNG plant on the North Kenai Road, at the price used by Phillips to acquire this gas from the State for the manufacture of LNG for export to Japan or elsewhere. We believe the most reasonable method for handling the delivery and sale would be by "exchange," or "displacement," so that construction of new pipeline(s) and compression would be minimized. Since our supply at the Kenai gas field is interconnected to the North Cook Inlet gas supply at the LNG plant, for the time being it should be practical that we would take whatever amount of the North Cook Inlet royalty gas may be available day by day by displacement into our system at the Kenai gas field. Later, when additional investment would be required for transporting this royalty gas to shore, we could negotiate our participation in investment, or install our own facilities if necessary, in order to accomplish the purchase on the most reasonable basis for all concerned.

The essential aspect of our r quest is that we have an immediate need for additional gas on the North Kenai Road and we have a long term requirement for additional gas reserves to serve Alaskan customers in our present service area. We believe that it is in the public interest that we should be allowed to purchase this State royalty gas for local consumption rather than for this gas to be exported to Japan or elsewhere. We will begin preparing a formal

RECEIVED
OCT 6 1975
ALASKA ROYALTY
OIL & GAS BOARD

DEPARTMENT OF
NATURAL RESOURCES
OCT 6 1975
RECEIVED
JUNEAU, ALASKA

ALASKA PIPELINE COMPANY

ANCHORAGE, ALASKA

application to purchase this gas and will appreciate having your guidance as to what supporting data or format may be desired, if any, for presentation to the Royalty Board or to the legislature to satisfy statutes or regulations which apply.

Very truly yours,

Dale Teel

DT/js

cc: O. K. Gilbreth, Director
Division of Oil and Gas

Alaska Public Utilities Commission

ALASKA PIPELINE COMPANY

ANCHORAGE, ALASKA

DEPARTMENT OF NATURAL RESOURCES
SEP 29 1975
RECEIVED
JUNEAU, ALASKA

MEMORANDUM

TO: Mr. Guy Martin
Commissioner of Natural Resources

FROM: Dale Teel

DATE: September 24, 1975

SUBJECT: Alaska Pipeline Company's Request to Purchase State Royalty Gas from the North Cook Inlet Gas Field ("Phillips")

Alaska Pipeline Company (APC) and its affiliate Alaska Gas and Service Company ("Anchorage Natural Gas") supply natural gas to 285 customers on the North Kenai Road and to the Bernice Lake power plant of Chugach Electric Association. The gas is obtained from the industrial pipeline which supplies the LNG plant, the Ammonia/Urea plant, and gas for reinjection into the Swanson River Oil field, and comes from the Kenai gas field (Union-Marathon), under a contract which runs to May 1, 1977. Due to unexpectedly heavy usage by the Bernice Lake power plant, the reserve quantity, 10 billion cubic feet (BCF), will be used prior to May 1, 1977, and at that point the contract will terminate. A contract extension and additional commitment of reserves has been requested of Union-Marathon, or the right to receive gas on the North Kenai Road which is committed for the Anchorage area under a separate contract. There has been little if any progress made on these requests thus far.

Alaska Pipeline Company's contract with Union-Marathon has a provision that if APC were to obtain royalty gas from the Kenai gas field, then the commitment of gas reserves by Union-Marathon (originally 550 BCF) would be reduced an equal amount, and thus in effect APC is barred from negotiating for royalty gas from the Kenai gas field.

APC has inquired for a commitment of gas from Phillips, with the (telephone) response that since Phillips' obligations to the gas company of Portland, Oregon are in suspense due to hearings at the Federal Power Commission and since the gas company at Los Angeles is attempting to purchase royalty gas from the North Cook Inlet gas field, Phillips is not clear to negotiate a commitment of reserves to APC. It is known also that the Portland gas company is requesting to purchase North Cook Inlet royalty gas (discussions with Governor Hammond).

RECEIVED
SEP 29 1975
ALASKA ROYALTY
OIL & GAS BOARD

AGO 546532

APC has written to the State (letter to O.K. Gilbreth, August 20, 1975, attached) requesting to purchase the North Cook Inlet royalty gas at the price of 50.45¢ per MCF, which is the price which now applies to the royalty gas which Phillips utilizes for its LNG manufacture, which is known to be 45¢ wellhead plus 5.45¢ transportation. If this gas were to be offered to APC, APC could build a pipeline from the LNG plant to deliver the gas into its pipeline to Anchorage as well as to supply its North Kenai Road customers. Such a pipeline (approximately 35 miles of 8") could be built in the right of way now occupied by Homer Electric Association's power line from the Bernice Lake power plant to "Quartz Creek." However, construction of such a pipeline should not be necessary, because existing pipeline systems could be utilized to "exchange," or "displace," gas and the transaction could be made entirely on paper, continuing actual movement as at present, without change. North Cook Inlet gas is identical to Kenai field gas (the streams are interchangeable at the LNG plant), so adjustments can be made by volume only.

APC would appear to be the ideal customer for State royalty gas because it would "blend" (by price/rate adjustments) the higher priced royalty gas into its present supply, with relatively small impact on its rates to Alaskan gas users. APC has negotiated "deliverability" with Union-Marathon so that it is in a position to take none or the full royalty share of North Cook Inlet gas without placing its suppliers (Union-Marathon) in any hardship and without having to rely on constant or steady rate production from the North Cook Inlet field. In other words, APC could take the State royalty gas from North Cook Inlet if and as it is produced, without requiring "deliverability."

The foregoing description assumes that the producers (Union, Marathon, Phillips) and the State can readily agree to the "exchange" or "displacement" as indicated. If APC were to build the new pipeline so that the royalty gas actually were to be moved from the LNG plant to APC's pipeline to Anchorage, the same general situation would obtain as for displacement, but operation would be relatively complex since gas would have to move to or from the LNG plant in the new pipeline depending on whether or not the LNG plant were running and at what rate. It is anticipated that normally there would be adequate notice available so that flow rate and directional changes would be practical - in fact displacement could be utilized even with such a pipeline, to foster best scheduling by all the parties. Such displacement actually occurs already, from time to time, although it involves only the producers (Union, Marathon, Phillips) and, of course, does not affect APC or the State at present. The proposed displacement, either with or without a new pipeline being added, should be just as practical if the parties would so agree.

DT/js
enclosure

cc: Alaska Public Utilities Commission



ALASKA PIPELINE COMPANY

P. O. BOX 6288
ANCHORAGE, ALASKA 99502

3000 SPENARD ROAD
PHONE (907) 277-5551

August 20, 1975

COPIES SENT TO:

Paul Robison
Sebe Eastland
Harold Schmidt
O. C. Honig

Mr. O. K. Gilbreth, Director
Division of Oil and Gas
State of Alaska
Department of Natural Resources
3001 Porcupine Street
Anchorage, Alaska 99504

Dear Easy:

We have a gas supply contract with Union-Marathon for 10 BCF on the Kenai North Road which expires May 1, 1977. Due to accelerated sales to Chugach Electric's Bernice Lake power plant this year, it appears the entire reserve quantity could be used up within less than one year from now, and we are soliciting a replacement supply of gas to serve Chugach and our other customers on the Kenai North Road.

We are in a position to commit to take more than our North Road requirements, however, and would like to offer to purchase the State's royalty share of Phillips' production from North Cook Inlet, delivered to a metering point near the Phillips-Marathon LNG plant on the Kenai North Road. The excess above our Kenai North Road sales would be used to displace deliveries by Union-Marathon to us at the Kenai gas field, and thus serve to prolong the adequacy of our reserve commitment at the Kenai gas field. We are not certain as to whether or not the displacement can be made "on paper," or whether we would be required to lay a pipeline to connect into our Anchorage pipeline either at or near the Kenai gas field or at or near our compressor station east of the Kenai River.

Please consider this letter to be an application to purchase royalty gas as described, pursuant to AS 38.06.010. Since limited time is available to do any necessary construction, we hope all procedural requirements can be determined readily. We would anticipate paying the State the same price it would have received from Phillips, which we believe to be 45¢ per MCF plus 5.45¢ transportation fee, as compared to the current 41.5¢ cost of gas (and deliverability) at the Kenai gas field.

RECEIVED
SEP 29 1975

ALASKA ROYALTY
OIL & GAS BOARD AGO 546534

We are relying on approval by the Alaska Public Utilities Commission for us to "flow through" the increased cost of gas to Chugach's Bernice Lake power plant and to "meld" the (higher) cost royalty gas with the (lower) cost Kenai field gas, on a day-to-day basis, since the amount of royalty gas we would receive would depend on the rate of production of the Phillips-Marathon LNG plant and be outside our control. When this plant is down for any reason, we would be utilizing Kenai field gas as replacement.

Please advise regarding any questions or further procedure we should follow in presenting a formal offer to the State.

Very truly yours,

Dale Teel
President

DT:lkd

cc: Alaska Public Utilities Commission

(2)

ALASKA ROYALTY OIL & GAS DEVELOPMENT ADVISORY BOARD

Minutes From October 10, 1975, Meeting in Juneau

1. The meeting was called to order by Chairman Martin at 9:00 a.m. in the Fifth Floor Conference Room of the State Office Building. All of the Board members were in attendance. Chairman Martin had no special remarks in opening the meeting and the meeting proceeded according to the agenda (Appendix A). Several members of the public were present.

2. The minutes of the August 4, 1975, meeting were approved as circulated to the Board.

3. Reports

A. Board's Administrative Report.

1. Richard Lyon moved that the Royalty Board go into executive session to discuss the appointment of an Executive Director for the Royalty Board. The motion was seconded by Donald Triplehorn. The motion passed unanimously at 9:10 a.m. The meeting was called back to order at 9:30 a.m. Chairman Martin advised those present that the Board has made a decision on the appointment of an Executive Director. Arlon Tussing moved that William C. Fackler be appointed as Executive Director of the Alaska Royalty Oil and Gas Development Advisory Board to be effective November 15, 1975, at an advanced step of the salary range. Donald Triplehorn seconded the motion and the motion passed unanimously.

2. Chairman Martin advised that the Department of Law's report was not yet complete, therefore, it will be presented at a later date.

3. Chairman Martin informed the Board that it needed to decide about the distribution of proposals to interested parties. The motion was made that the Board establish open reading files in Anchorage in the Divison of Lands' office and in Juneau in the Commissioner's office. The proposals received should be placed in the reading files and mailed to the Board members and after five working days be made available to the public upon request. The motion was seconded by Richard Lyon. Motion passed unanimously.

B. Studies

1. Projected Natural Gas Demand - A report was presented by Mr. Pat Dobey of the Division of Geological and Geophysical Surveys of the Department of Natural Resources on the projected natural gas demand. (Appendix B.)

2. Mr. O. K. Gilbreth, Director of the Division of Oil and Gas for the Department of Natural Resources, presented a report on the projected natural gas availability in Cook Inlet to the Royalty Board. (Appendix C.)

C. Current Federal Legislation - Arlon Tussing gave a brief report on current federal legislation (Appendix D). Mr. Tussing informed the Board that in summary it is still in stalemate both on oil and gas legislation, and that the Congress had passed legislation continuing price controls and allocations on oil and gas and did not accept the Administration's proposed schedule for phasing out price controls. The President vetoed it, the veto was sustained and Congress did not override the veto and beginning the first of September there were no price controls or allocation authority for oil and gas. The President did agree to another retroactive extension of price control while there was an attempt to come up with a new compromise. The House and Senate are now in conference on the legislation and both the House and Senate bills that went into this conference have price control provisions which are unacceptable to the Administration. It looks as if in November we will again be faced with a situation where Congress will pass an extension of oil and gas price control which will include a rollback in the price of new oil.

Chairman Martin asked for concurrence of the Board in altering the agenda to take up the definition of surplus question following the presentation of proposals received since the last meeting of the Board. There was no objection by the Board.

5. Correspondence - Mr. Fackler read several letters that had been received from companies that refer to earlier proposals submitted by the various companies to the Board. (Northern Natural Gas, Southern Natural Gas Company and Alaska Petroleum Company.)

6. Proposals since the last meeting.

A. Prudhoe Bay

Mr. Fackler informed the Board that a letter from Murphy Oil Corporation had been received. He advised that Murphy Oil was interested in supplying a portion of their Superior, Wisconsin, refinery's needs with Alaskan crude oil starting in 1977. The vehicle for the crude oil would be the Trans Mountain Pipeline from Puget Sound to Interprovincial Pipeline and then to Superior, Wisconsin. They estimated requirements to be 20,000 to 40,000 barrels per day. They advised that at the present time it

would be impossible with the uncertain conditions in regard to price, government controls, pipeline reversal, et cetera to submit a firm bid for production to be purchased several years in the future. They would be willing to pay competitive world market prices for similar types of crude at the time of purchase.

Mr. Robert C. Thomas of Tennessee Gas Transmission Company was present and was requested to present their proposal. Mr. Thomas advised that their proposal would allow the following benefits:

1. Company acquiring the right to contract the royalty reserves should be capable of giving maximum support to the obtaining of a trans-Alaska pipeline route. He pointed out that in their approach they had covered this point by stating that to date Tennessee Gas Transmission Company has not supported either route designed to transport North Slope gas to market.

2. That the State would receive substantial front-end money. In their approach they indicated that they would make available to the State in excess of 100 million dollars for the right to contract all of the royalty oil and gas reserves in the Prudhoe Bay Field. The exact amount contributed would be subject to further negotiations between the parties and would reflect the needs of the State, the drawdown schedule, and several other factors. The funds would be made available to the State over a three-year period according to the State's needs. There would be no recovery of the advanced funds for a period of three years following the date of the advance. The contribution would be hopefully recovered out of the portion of revenue from the royalty natural gas or oil. The recovery period would be five years, giving a total of eight years. The funds that would be made available would be interest free.

3. They felt that some of the gas must be available for use within the State. In their outline they indicated that they would consider reservation of the State of up to 10 percent of the royalty gas. They did not intend to imply that this represented the maximum anticipated future growth of the State natural gas lease. What it did indicate is that they feel the primary goal at this time should be to secure a trans-Alaska route and that the major source of gas for the future needs of the State would come from future reserves found and transported through this system.

4. The maximum possible wellhead price should be paid for the reserves when produced. They feel that the gas produced in Prudhoe Bay would go into interstate commerce and under current regulations would be subject to control by the Federal Power Commission. Since they are regulated by the Federal Power Commission, they are unable to guarantee a specific wellhead price.

Since the purchaser is subject to unknown timing factors and substantial risks associated with purchasing the right to contract Prudhoe Bay gas, the purchaser must be compensated by certain benefits. They see those benefits to the purchaser as being:

1. the front-end payment must be financeable,

2. the front-end payment must be recoverable at a particular point in time, and

3. the right to contract all of the State's royalty gas in Prudhoe Bay subject to a 10 percent reservation of the gas by the State.

They feel the most important consideration by the State at this time is the securing of the trans-Alaska routing for the Prudhoe Bay gas. This is the biggest single factor that would have an impact on the State throughout its future. To insure that there is no question about their intent in promoting a trans-Alaskan route, Tenneco would add a provision to the memorandum they submitted that they would be willing to give the State the option of terminating their right to contract should the trans-Alaska route not be considered. This termination provision would further provide that Tenneco would receive their capital contribution back plus any interest and that they would not be prejudiced in any further attempts to contract royalty gas.

Chairman Martin asked Mr. Thomas if Tenneco had done any analysis of the El Paso proposal on a comparative basis with their proposal and had they taken a look at the question of the 10 percent set aside and the jurisdictional question in regard to commingling? Mr. Thomas advised that he would get a response to these questions in writing to the Board.

Arlon Tussing asked if Tenneco could provide the Board with the backup on their market analysis and cost analysis. Mr. Thomas stated that he would be happy to get the information together for the Board.

Chairman Martin called a lunch recess until 1:30 p.m. The meeting was called to order at 1:30 p.m. and Mr. Fackler read a letter received from Northern Liquid Fuels Companies dated August 11, 1975, to the Board. Northern Liquid Fuels Companies wished to acquire the right to process the State of Alaska's royalty share of the gas to be produced from the Prudhoe Bay Field for the removal of propane, butane, natural gasoline and ethane (NGL) and to purchase any NGL attributable to the State of Alaska's royalty share of the oil

produced from such field. For the right to process the State of Alaska's royalty share of such gas, the Companies would propose a prepayment plus a payment for each barrel of NGL extracted and marketed over the life of the field, the amounts of such payments to be determined upon conclusion of the study hereinafter referred to. The Companies propose to undertake a comprehensive study to determine which of the following programs is more economical: 1) process the gas stream in the field for removal to the NGL and build a liquids pipeline to transport the NGL to Southern Alaska, or 2) leave the NGL in the gas stream and process the stream: a) in Southern Alaska, if a trans-Alaska gas pipeline is built, or b) in Canada or the United States if an Alaska-Canadian pipeline system is built. The studies will take into account the needs of the State, particularly the establishment of a liquid fuels distribution system in the State of Alaska in its principal cities of Anchorage, Fairbanks, Juneau, as well as others to which reasonable transportation can be made available to transport safely liquid fuel. The Companies would be interested in establishing such a system if the studies indicated that the NGL should be removed either in the Prudhoe Bay Field or at the coast or some intermediate point along the trans-Alaska pipeline. The portion of NGL which exceeds the needs of the State of Alaska would be exported to the continental United States. The Companies, together with two other parties, are currently engaged in designing an LPG import terminal facility on the Houston Gulf Coast capable of receiving 100,000 barrels of LPG per day. Mr. Baca was present to answer any questions the Board had. Mr. Baca advised the Board that he would prepare a more detailed proposal concerning purchase of State royalty natural gas liquids.

B. Cook Inlet

Mr. Fackler advised the Board that two proposals had been received with regard to Cook Inlet gas. The first one was from Alaska Pipeline Company who were requesting purchase of the royalty share of North Cook Inlet gas field at or near the Phillips/Marathon LNG Plant on the North Kenai Road, at the price paid by Phillips to acquire this gas from the State for the manufacture of LNG for export to Japan or elsewhere. They believe the most reasonable method for handling the delivery and sale would be by "exchange," or "displacement," so that construction of new pipeline and compression would be minimized. Since their supply at the Kenai gas field is interconnected to the North Cook Inlet gas supply at the LNG plant, for the time being, it would be practical that Alaska Pipeline would take whatever amount of the North Cook Inlet royalty gas that may be available day by day by displacement into their system at the Kenai gas field. Later, if additional investment would be required for transporting this royalty gas to shore, they would negotiate their participation in investment, or install their own facilities if necessary, in order to accomplish the purchase on the most reasonable basis for all concerned. The essential aspect of their request is that they have an immediate

need for additional gas on the North Kenai Road and have a long-term requirement for additional gas reserves to serve Alaskan customers in their present service area. They believe that it is in the public interest that they should be allowed to purchase this State royalty gas for local consumption rather than for this gas to be exported to Japan or elsewhere. They would begin preparing a formal application to purchase this gas and would appreciate having the Board's guidance as to what supporting data or format may be desired.

Mr. Fackler gave the Board some background on this request. He advised that Alaska Pipeline Company has renegotiated with Union Marathon and have increased their deliverability but have not increased their reserves. Mr. Teel is seeking increases in reserves now. Chairman Martin advised the Board that what Mr. Teel indicates would require Board action and submission to the upcoming Legislature. Mr. Teel feels that from the consumer's standpoint this would be very attractive legislatively. It would be based totally on the attractiveness applying to the Anchorage area as opposed to other areas in the State. Mr. Gallagher informed the Board that a clause in regard to most favored nations should be included in the new contract. Mr. Gallagher informed the Board that the most favored nations concept is that the price will meet the highest price in the field. Chairman Martin requested that Mr. Fackler direct a letter to Mr. Teel inviting him to make a presentation at the Board's next meeting.

The second letter was from Northwest Natural Gas Company in which they advised that their project for delivering LNG from Alaska to the State of Oregon had hit a snag due to the jurisdictional restrictions which would be imposed on the producers (Phillips Petroleum Company and Marathon Oil Company) by the Federal Power Commission.

4. Definition of Surplus - Chairman Martin read the statute regarding surplus (AS 38.05.13(d)). Chairman Martin advised the Board that some basic standard in regard to surplus is going to have to be established as a part of the regulations. The Board discussed how they should go about putting that regulation together. After much discussion about surplus, three items emerged that should be included in the definition of surplus and they are: 1) time period, 2) demand, and 3) supply. Chairman Martin informed the Board that he would attempt to bring back to the Board at their next meeting a finished product with regard to the definition of surplus.

7. Other Business - Dick Lyon moved that the Board authorize the Board members who wished to take a briefing from Tennessee Gas Transmission Company on their economic analysis and go through their calculations of costs and that either the Board member or Tennessee Gas Transmission Company would send to the Board a written summary of the briefing for the Board's records. Don Triplehorn seconded the motion and the motion passed unanimously.

Chairman Martin advised that the next item on the agenda was the scheduling of the next Board meeting. The next Board meeting will be held in Anchorage, Alaska on November 10, beginning at 8:30 a.m. He advised that there should be another meeting in December. The meeting is tentatively scheduled some time during the week of December 8. The meeting will be held in Juneau and will begin at 8:30 a.m.

8. Public Participation - Mr. Swetnam of Phillips Petroleum Company requested that Phillips have an opportunity to make a presentation to the Board regarding North Cook Inlet royalty gas. Chairman Martin requested that Phillips make a written presentation to at least the Commissioner's Office, which the Commissioner would make available to the Board and based on this proposal talk with his office in the interim so they could decide whether an appearance would be necessary and desirable.

Mr. A. Baca of Northern Liquid Fuels Companies wanted to add to their presentation that if an LPG system is feasible to be constructed that the State's royalty liquids would be available to serve any market within Alaska that might exist.

There being no further business the meeting adjourned at 3:15 p.m.

Roster

(3)

10/10

Bruce Brandon	Rep Birch, Jermain, Horton Bettis & Elvey
M. C. Holland	El Paso Alaska Co
Larry Eppenbach	Treasury Div.
Sarah Eppenbach	Alaska Construction + Oil Mag.
Apolonio Baca	Northern Liquid Fuels Co.
Robert C. Thomas	Tennessee Gas Transmission
Bob Swetnam	Phillips Petroleum
O. K. Gilbreth	Div Oil & Gas – Anch.
Patrick P.t. Pobey	Div of Geol & Geoph Survey

(4)

ALASKA ROYALTY OIL & GAS DEVELOPMENT ADVISORY BOARD

Minutes From November 10, 1975, Meeting in Anchorage

1. The Meeting was called to order by Chairman Martin at 8:30 a.m. in the Division of Lands Conference Room in Anchorage. All Board members were in attendance, together with members of our legislative liaison group, distinguished Commissioners of Public Utilities and other dignataries.

2. The Minutes of the October 10, 1975, meeting were discussed. Arlon Tussing raised a question on the wording of Section 4 on page 6 on Definitions of Surplus, and whether or not Mr. Tussing had made a motion defining parameters needed in the definitions. Mr. Fackler was instructed to determine if the recorded tapes of that meeting were still available and transcribe that portion if possible.

3. Reports

A. Chairman Martin was informed that the reports on Natural Gas Future Demand and Existing Gas Contracts scheduled at this time would be delayed several hours pending last minute work. The Board decided to amend the schedule and advance to Part V - Proposals.

5. Proposals

A. Prudhoe Bay

1. Mr. John Bennett, El Paso Alaska Company, reviewed the El Paso trans-Alaska gas pipeline project efforts to date emphasizing El Paso's need for a contract to purchase or transport State royalty gas from Prudhoe Bay which is surplus to State's needs. A transcript of the testimony is attached.

B. Cook Inlet

1. Mr Dale Teel, Alaska Pipeline Company, presented a request that the State royalty gas from North Cook Inlet gas field be taken in-kind and sold to Alaska Pipeline Company. His testimony was followed by Mr. John Horn, Phillips Petroleum Company, who opposed Mr. Teel's request. A transcript of the testimony of Mr. Teel and Mr. Horn is attached to the minutes.

Mr. Thomas Stahr, Anchorage Municipal Light and Power, read a letter to the Board supporting the Alaska Pipeline Company request. A copy of the letter is attached.

Mr. John Miller, Division of Oil and Gas, presented a table summarizing the existing gas contracts in the Cook Inlet area. Items include quantity of gas dedicated, length of contract, price, remaining reserves to contract and uncommitted reserves.

Mr. Patrick Dobey, Division of Geological and Geophysical Surveys, reviewed current progress on the computer model study of probable future demand for gas in Alaska. A copy of his presentation is attached.

Mr. Robert C. Thomas, Tennessee Gas Transmission, presented additional information on the effect of Federal Power Commission regulations on Alaska's use of its royalty gas. This information was requested by the Board at the October 10 meeting in Juneau.

Their legal counsel is of the opinion that the State as a political subdivision is not subject to direct FPC control. However, any State gas transmitted by a transfer would require a certificate thereby allowing at least a measure of indirect control.

Tenneco suggests that FPC control could be minimized by either of two ways. One is to secure an immunity or exemption by the FPC in the original certificate. Second is an exemption through legislative action by Congress approved by the President. A copy of this memorandum is attached.

Following this discussion the Board instructed the Chairman and staff to proceed in drafting proposed regulations on determining surplus definitions of supply and demand. The proposed regulations are to be published in several newspapers. Final language and approval will depend on comments on the public notice.

Chairman Martin requested approval by the Board to extend the term of acting directorship for Mr. Fackler until the appointment of a new Deputy Commissioner. There being no objection by the Board, approval was granted.

Authority was also requested to expend up to $20,000 of Board contractual funds for consulting purposes. After a short discussion on possible types of consultant activities, the Board approved the request.

The next meeting date of the Board was set as December 9 and 10, 1975, in Juneau. There being no further business before the Board, the meeting was adjourned.

Nov 10, 1975 Mtg Anchorage

Name	Representative of:
John L. Williford	Phillips Petroleum Company
John Horn	" " "
Len McLean	Pacific Alaska LNG Co.
Don Triplehorn	Univ. of Alaska - Board Mbr.
Arlon Tussing	" "
Eric Eckhdlm	Gas Pipeline Legislative Comm.
Dale Tod	Anchge Natural Gas
Paul F Robison	Atty - " "
Richard A. Lyon	Board Member
M. C. Holland	El Paso Alaska Co
J. C. Bennett	El Paso Alaska Co.
Josh Babcock	self
Thomas Stahr	Anchorage Municipal Light & Power
Carolyn Guess	Alaska Public Utilities Commission
Paul F. Robeson	above
Gordon Schadt	Birch, Jermain, Haslow & Bittner
Fred Boness	Dept. of Law
Julius J. Brecht	" " "
Gordon Zerbetz	Alaska Public Utilities Comm.
Noel Burke	Marathon
Chauncy Croft	Alaska Senate
C. J. Diver	Merathon
Harold Schmidt	Alaska Coast Service
Peter C. Linden	Ely, Guess & Rudd (Pac Alt LNG Co
Ken Sheppard	Consulting Engineer
[illegible]	El Paso Alaska

AGO 546546

Jared G. Carter	Tenneco
Kay M. Linton	O.M.A.P.
Robert C. Thomas	Tenn. Gas Transmission
Bill McGuire	Legislative Affairs
Rosemary Shinohara	Daily News
Mike Brodnax	Alaska House of Representatives
Elijo Todd	Anchorage Times
Lawrence Eyerdam	Dept. of Revenue
W. C. Factor	Natural Resources
John C. Miller	" "
Tom Marshall	" "
Patrick L. Dobey	" "

DEPARTMENT OF
NATURAL RESOURCES

OCT 23 1975

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JUNEAU, ALASKA

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PHILLIPS PETROLEUM COMPANY
BARTLESVILLE, OKLAHOMA 74004 918 661-6600

NATURAL RESOURCES GROUP
Gas and Gas Liquids Division

October 21, 1975

North Cook Inlet Royalty Gas

File: 1-Ho-381-75-G&GL

Commissioner Guy Martin, Chairman
Alaska Royalty Oil and Gas Development
Advisory Board
c/o Department of Natural Resources
Juneau, AK 99801

Dear Commissioner Martin:

We are advised that certain interests have made application or may make application to purchase royalty gas owned by the State of Alaska and produced from the North Cook Inlet Field. Phillips is the Owner and Operator of this field.

Phillips has at considerable risk and expense, developed the North Cook Inlet Field and has provided a market for the natural gas when no markets existed. Phillips constructed a pipeline, liquefaction plant, and LNG tankers which were designed to utilize all of the natural gas produced from the North Cook Inlet Field. Through our efforts, we have negotiated several substantial price increases with our customers and have shared these price increases with the State of Alaska. This, we believe, gives strong evidence of Phillips' willingness to establish a fair and reasonable wellhead price as a basis of royalty payment. We know of no other natural gas royalty settlement in Alaska at a price as high as Phillips is paying.

For the State of Alaska to take the royalty gas in kind and separately dispose of it will impose severe economic hardships on Phillips. Such disposal to a third party will cause a premature abandonment of the pipeline, liquefaction and transportation facilities due to the early depletion of our natural gas reserves. All of these facilities were specifically built to create and provide a market for all of the natural gas from the North Cook Inlet Field. Additionally, it would require the drilling of more wells and the installation of additional compression equipment as well as the installation of certain compression equipment at an earlier date.

AGO 546548

We strongly oppose the sale of royalty gas from the North Cook Inlet Field by the State of Alaska to any third party because of the undue economic hardships that it will impose on us. Further, Phillips is settling with the State of Alaska on a fair and reasonable value for the State's royalty gas.

Please take a look at our performance record. We believe that the State of Alaska will receive the greatest overall benefit by allowing Phillips to continue to market Alaska's royalty gas from the North Cook Inlet Field.

Very truly yours,

John Horn

John Horn, Manager
Gas and LNG Sales Branch

JH:bla

cc: Mr. R. I. Swetnam
Phillips Petroleum Company
Hoblit Building
515 "D" Street
Anchorage, AK 99501

PHILLIPS PETROLEUM COMPANY
BARTLESVILLE, OKLAHOMA 74004 918 661-6600

NATURAL RESOURCES GROUP
Gas and Gas Liquids Division

(1)

December 5, 1975

State Royalty Gas
North Cook Inlet Field
Alaska Gas & Service
Company Proposal

File: 1-Ho-438-75-G&GL

Commissioner Guy Martin, Chairman
Alaska Royalty Oil and Gas Development
Advisory Board
c/o Department of Natural Resources
Pouch M
Juneau, AK 99801

Dear Mr. Martin:

During the hearing before the Alaska Royalty Advisory Board on November 10, 1975, in Anchorage, a brochure entitled "The Case for Committing Alaska State Royalty Gas from the North Cook Inlet Gas Field to Alaska Pipeline Company (Anchorage Natural Gas)" was presented to the Board. We offer the following comments to the Board on this proposal in addition to the oral presentation made in behalf of Phillips at the November 10 hearing.

1. Phillips recognizes that the State has the right to take its royalty share of the gas in kind at the wellhead. But we believe that such action will not in the long run be to the best advantage to the citizens of the State.

2. Phillips has invested over $125,000,000 to develop a market for the North Cook Inlet Field gas when no market existed. Our investment was made with the expectation that we would market all of the gas from the field — it was our obligation to market the State's royalty gas along with our working interest gas.

3. Deliveries commenced six years ago and we had visualized at least a 20-year project.

4. Phillips has actively worked with various groups and individuals in Alaska, including Alaska Gas & Service Company, to try to make LNG available to the more remote areas; however, thus far the high cost of transportation has thwarted these efforts.

5. Phillips has persistently sought to improve the market for the North Cook Inlet Field gas and as this has improved, the benefits have flowed to the State in the form of higher royalty settlements.

6. We believe that the State would receive the greatest benefit if it continued to receive the royalty payments made from the North Cook Inlet Field by Phillips, which is substantially higher than the prices presently being paid for natural gas by Alaska Gas & Service Company for other gas in the area. We submit that if Alaska Gas & Service Company would offer producers in the Cook Inlet Area the same amount that it would pay for the royalty gas from North Cook Inlet Field, this should be a very attractive market for natural gas and would encourage the development of additional natural gas reserves in the Kenai-Cook Inlet Area for Alaska Gas & Service Company even beyond the 15 million cubic feet per day which they propose to receive from North Cook Inlet Field.

7. The State is in the enviable position of not having to decide on an "either/or" basis but has the opportunity to continue to receive income from the present market while encouraging the creation of new markets and new development of the undeveloped natural gas resources in the area — thus winning on both bases.

8. We submit that in the best interest of the State of Alaska, the State should continue to allow Phillips to utilize the royalty gas in its LNG facilities and thereby open up new markets for the undeveloped natural gas resources in the area.

Very truly yours,

John Horn

John Horn, Manager
Gas and LNG Sales Branch

JH:bla

cc: Mr. R. I. Swetnam
Phillips Petroleum Company
Hoblit Building
515 "D" Street
Anchorage, AK 99501

Comments by John Horn
Phillips Petroleum Company
to
Alaska Oil and Gas Development Advisory Board
Juneau, Alaska, December 9, 1975

Mr. Chairman, Members of the Board,

Phillips Petroleum Company appreciates the opportunity once again to appear before you. Let me state again that we share with you the concern that the citizens of Alaska derive a fair and reasonable benefit from the State's natural resources — including its natural gas. We recognize that the State has the right to take its royalty share of gas in kind at the wellhead.

We have handed to you a folder which contains (1) our written response to the Board on the brochure entitled "The Case for Committing Alaska State Royalty Gas from the North Cook Inlet Gas Field to Alaska Pipeline Company (Anchorage Natural Gas)" which was presented to the Board at the November 10, 1975 hearing in Anchorage, and (2) reproduced copies of some letters from governmental officials written at the time our LNG project was in its formative stages so that you may have the benefit of their feelings toward the Phillips-Marathon LNG Project at that time.

Although we have reprinted the entire texts for your review, I would like to quote from two of these latter mentioned letters.

The first is from a letter dated March 21, 1967, from Senators E. L. Bartlett and Ernest Gruening, addressed to Honorable Lee C. White, then Chairman of the Federal Power Commission, with respect to the Phillips-Marathon LNG Project.

"It is our hope that favorable action on the two applications and the subsequent development of Japanese markets will encourage the exploration and utilization of new Alaska gas fields. The present proposal and those we hope will follow will have a very measurable, favorable and tremendous effect on Alaska's economy.

"We support the applications in the strongest way possible."

The second is dated April 7, 1967, from Mr. Anthony M. Solomon, Assistant Secretary, Bureau of Economic Affairs, Department of State, and also addressed to Honorable Lee C. White.

"The Department of State raises no objections to the substance of the Phillips-Marathon proposal and in view of trade expansion policy supports the prompt action of the Federal Power Commission toward favorable response to the application."

During this time, we worked with Mr. Frank H. Murkowski, then Commissioner of the Department of Economic Development, who was most anxious to further the economic development of Alaska and to develop and utilize its natural gas resources.

We were advised at that time that 1967 marked the 100th year since Alaska was purchased from Russia and that our proposed LNG plant would be one of the top four industrial installations in Alaska during those first 100 years.

We believe that the State would receive the greatest benefit if it continued to receive the royalty payments made from the North Cook Inlet Field by Phillips, which is substantially higher than the prices presently being paid for natural gas by Alaska Gas & Service Company for other gas in the area. We submit that if Alaska Gas & Service Company would offer producers in the Cook Inlet Area the same amount that it would pay for the royalty gas from North Cook Inlet Field, this should be a very attractive market for natural gas and would encourage the development of additional natural gas reserves in the Kenai-Cook Inlet Area for Alaska Gas & Service Company even beyond the 15 million cubic feet per day which they propose to receive from North Cook Inlet Field.

The State is in the enviable position of not having to decide on an "either/or" basis but has the opportunity to continue to receive income from the present market while encouraging the creation of new markets and development of the undeveloped natural gas resources in the area — thus winning on both bases.

It might be interesting to the Board to know that Phillips Petroleum Company in 1975 will pay from this project to the State of Alaska revenues in excess of $60,000 for each of its employees in the State.

We would hope that the State of Alaska would encourage the judicious development of its natural gas resources. We believe that the State should take that action which will result in a long term supply available for the development of Alaska's economy. Certainly, we would hope that the State would avoid the mistakes made in the Lower 48 States in the past which depressed exploration and development. The result has been an inadequate supply of natural gas and the Federal and State regulatory agencies in the Lower 48 now find themselves simply trying to allocate the shortage. We believe that the course we suggest you take is one of the types of State action which will be conducive to expand development of Alaska's natural gas resources and will help assure the citizens of Alaska an adequate supply of gas for the long term.

We would be happy to answer any questions.

JH:bla
12-5-75

Homer Electric Association, Inc.
P. O. BOX 255 • HOMER, ALASKA 99603 • PHONE (907) 235-8551

January 22, 1976

RECEIVED
JAN 26 1976
Department of
Natural Resources

Mr. William C. Fackler, Exec. Secy.
Alaska Royalty Oil & Gas Advisory Board
Pouch M
Juneau, Alaska 99811

Dear Mr. Fackler:

The purpose of this letter is to inform you and your Commission that our Association is entering into negotiations with Chugach Electric Asscciation to acquire their gas fired electric generation facilities at Nikiski.

These facilities are presently consuming approximately 9 million cu. ft. per day of natural gas, which is purchased from the Alaska Pipeline Company. In addition to the present gas consumption, we intend to construct prior to the end of calendar year 1978 an additional generating facility at that location requiring an additional 5 to 6 million cu. ft. per day.

We are familiar with the on-going negotiations between your office and the Alaska Pipeline Company concerning State Royalty gas for resale to Chugach and the Anchorage area.

Please consider this letter as an inquiry to determine whether or not we will be able to purchase Royalty Gas in the amounts described above pursuant to Alaska Statutes AS 38.06.010. We would anticipate purchasing all of the royalty gas available at the Phillips Petroleum LNG Plant with the assumption that the amount in excess of our needs available on a day to day basis could be resold to Phillips for their processing plant.

We assume that we would be required to pay the current market price for the gas which we believe to be 45¢ per MCF plus a negotiated transportation fee. Our negotiations to acquire the electric generating facilities in the area and build additional generation facilities is dependent upon our ability to acquire the State Royalty Gas or a like quantity of other gas in that area.

RECEIVED
JAN 22 1975
ALASKA ROYALTY
OIL & GAS BOARD

AGO 546555

Our association is a non-profit cooperative. The membership includes all of the residents and business organizations of the Western Kenai Peninsula. We will greatly appreciate any cooperation that your office can lend us in bringing these negotiations to a mutually beneficial conclusion.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.

W. C. Rhodes
General Manager

WCR:em

cc: O. K. Gilbreth
W. I. Palmer
Sen. Clem Tillion
Rep. Hugh Malone
Rep. Leo Rhode
Guy Martin

Homer Electric Association, Inc.
P. O. BOX 255 • HOMER, ALASKA 99603 • PHONE (907) 235-8551

March 30, 1976

(9)

RECEIVED
APR - 2 1976
Department of
Natural Resources

Mr. Guy Martin, Commissioner
Royalty Oil and Gas Development Advisory Board
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Dear Sir:

In our letter to Mr. Fackler dated January 22, 1976, and at a hearing before your Advisory Board, we applied for the State Royalty Gas that you plan to make available from presently producing fields in the North Kenai area.

The purpose of this letter is to inform you that we have been able to obtain commitments to purchase fuel for the proposed new electric generating facility at North Kenai from what we believe to be a reliable source; and, further, Mr. Dale Teel of the Alaska Pipeline Company has agreed to supply our Association with natural gas for fuel for the existing electric generating plants in the North Kenai area if we are successful in acquiring these from Chugach Electric Association.

In view of the foregoing, we feel that it is in the best interest of all concerned that we withdraw our application as outlined in our letter of January 22.

As the Kenai Peninsula continues to attract industry, we do not wish to imply that we will not, at some future time, be interested in dealing with the State for royalty gas that may become available in other, yet to be developed, fields on the Kenai Peninsula area. If, at any time, additional royalty gas does become available we would appreciate it very much if your office would advise us so that we can ascertain whether or not it would be needed in our ever-expanding operation.

We note with interest the development of the Advisory Board's intention to adopt a regulation in Title 11 of the Alaska Administrative Code to interpret and make specific Alaska Statute 38.06, including the determination of surplus.

RECEIVED
APR 05 1975
ALASKA ROYALTY
OIL & GAS BOARD
AGO 546557

We sincerely hope that the proposed regulation 11AAC26.900(a) (5) will define the term "industrial use" as referred to in existing regulations, and that the State's royalty gas will be made available first to industrial use and then to all other uses, according to priorities established by your office.

We sincerely appreciate the courtesies extended to our Association by the Advisory Board and your office, and we are looking forward to further negotiations should the need arise.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.

W. C. Rhodes
General Manager

WCR:em

cc: Rep. Leo Rhode
cc: Mr. Dale Teel

(10)

North Cook Inlet Field Royalty Gas
Commissioner's Proposal in Concept

The Commissioner of Natural Resources has recognized that the increasing growth of the Cook Inlet area of Alaska with its resultant increase in the use of natural gas requires that additional natural gas reserves be allocated for that purpose from State of Alaska royalty gas. From the standpoint of size of uncommitted gas reserves, geographical location and possible pipeline access, the North Cook Inlet field royalty gas appears the best available supply at this time. Pursuant to AS 38.05. 182 the Commissioner proposes that it is in the best interest of the State to take in kind the State's royalty share of the gas production from the North Cook Inlet gas field and requests the consent of the Alaska Royalty Oil and Gas Development Advisory Board for this change.

The Commissioner further proposes to dispose of the North Cook Inlet field royalty gas to Alaska Pipeline Company and its subsidiaries through a negotiated contract. The proposed contract will contain the following provisions:

1. Purchaser agrees to take 1/8 of daily production from the North Cook Inlet gas field on an if and as deliverable basis for the contract period. The State will report to the Purchaser each month the amount of royalty gas produced by Phillips during the prior months.

The approximate average daily royalty gas share of the production from Phillips' North Cook Inlet field platform is 17,000 MCF. Gas production from the platform varies as LNG plant needs dictate therefore no daily amount can be specified.

2. Point of delivery will be the wellhead.

3. Purchaser is responsible for measurement costs, and any compression or dehydration costs if or when necessary.

4. The contract expires on June 1, 1984, unless extended by mutual agreement for a period not to exceed one year.

5. The price of the gas will be equal to the price the State otherwise would have received from Phillips for its royalty gas for export as LNG to Japan; but not less than the highest price paid by any purchaser in the Cook Inlet area for a similar sale of gas of similar quality. The price will be adjusted yearly on the anniversary date of the contract.

6. The contract shall not be effective until

-all necessary permits and authorizations by governing bodies are obtained

-all transportation or exchange arrangements have been completed to the satisfaction of the parties involved.

-six month's notice required under lease

The Commissioner request approval of the above proposed conceptual plan by the Alaska Royalty Oil and Gas D elopment Advisory Board.

TELEGRAM

ACOA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

11

#

IPMAFUB AHG

1-034980C389 03/29/76

TWX PAC LGHT LSA

215 LOS ANGELES, CA MARCH 29, 1976

PMS MR. GUY MARTIN, CHAIRMAN

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

7580

POUCH M

JUNEAU, ALASKA 99811

WITH REFERENCE TO THE LETTER FROM PACIFIC ALASKA LNG COMPANY TO MR. GUY R. MARTIN, COMMISSIONER OF NATURAL RESOURCES, DATED MARCH 5, 1976. OUR OFFER TO BID ON THE PURCHASE OF THE STATES ROYALTY SHARE OF GAS IN THE NORTH COOK INLET AREA WAS LIMITED ONLY TO THOSE FIELDS IN THAT GENERAL AREA IN WHICH WE CURRENTLY HAVE THE RIGHT TO PURCHASE GAS OR MAY IN THE FUTURE HAVE THE RIGHT TO PURCHASE GAS. WE HAVE NO INTEREST IN BIDDING ON THE PURCHASE OF ANY STATE ROYALTY GAS PRODUCED FROM THE "NORTH COOK INLET FIELD"

PACIFIC ALASKA LNG COMPANY

BY P. VER PLANCK

1956 EST

IPMAFUB AHG

ALASKA PIPELINE COMPANY

P. O. BOX 6288
ANCHORAGE, ALASKA 99502

3000 SPENARD ROAD
PHONE (907) 277-5551

(12)

April 2, 1976

Mr. Guy T. Martin
Commissioner of Natural Resources
11th Floor, State Office Building
Pouch M
Juneau, Alaska 99811

Dear Commissioner Martin:

The purpose of this letter is to confirm our oral proposal made to the Alaska Royalty Oil and Gas Development Advisory Board during its March 30/31 meeting in Juneau.

The proposal can be outlined as follows:

1. The State take North Cook Inlet royalty gas in kind and sell such gas to AGAS.

2. AGAS will take delivery of the gas at the platform. This presumes that--

   (a) an arrangement can be made whereby, for suitable compensation, Phillips will transport the gas via their existing system to a point adjacent to the LNG plant.

   (b) the APUC waives jurisdiction over the Phillips facilities to the extent that they may otherwise come under regulation due to the transport of the "royalty" gas.

3. The price will be equal to the Phillips price for royalty gas exported to Japan or equal to the highest price paid in the Cook Inlet area for similar quality gas.

4. The proposal is to cover the "life of the contract" and will terminate on or about June 1, 1984.

5. AGAS will take or pay

   This presumes that--

   (a) it may be agreed with the State that royalty will be taken in kind for resale to AGAS on a selective lease by lease basis so that the volume in question will approximate AGAS' North Road requirements or

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ALASKA ROYALTY
OIL & GAS BOARD

(b) if suitable exchange arrangements can be made with others or if AGAS chooses to build the pipeline connection to its Anchorage line--it may be agreed with the State that all of the royalty be taken in kind for resale to AGAS.

(c) The notice date regarding the State taking royalty in kind be so arranged as to permit AGAS a reasonable length of time to make exchange arrangement with others or to build the required pipeline facilities on a reasoned schedule.

6. The volume of gas expected to be taken in kind for resale to AGAS over the life of the contract is approximately 40 BCF with the actual amount being dependent upon the date of commencement, the arrangement agreed to under #5 above and the actual rate at which the field is produced.

7. It is understood that a deliverability feature is not required in this agreement.

Very truly yours,

Harold F. Schmidt
Senior Vice President

dh

Alaska Royalty Oil and Gas Development Advisory Board
Minutes of the April 26, 1976, Meeting
Juneau, Alaska

13

The meeting was called to order by Chairman Martin at 10:00 a.m. April 26, 1976. All members present except Mr. Gallagher who was late.

The minutes of the previous meeting, March 30 and 31, 1976, had been mailed to Board members prior to the meeting. Mr. Lyon moved for approval and Dr. Triplehorn seconded the motion. Mr. Martin noted that Paul Robison's name was misspelled. The correction was made by the secretary. The minutes were approved unanimously by the four members present.

Chairman Martin advised the Board of an agenda change. No proposed sale of North Slope royalty gas would be introduced to the Board at this meeting. He wished to brief the Board on the status of negotiations during the meeting but in an executive session. Also he wanted to determine a satisfactory date for the next meeting within the next ten days to two weeks.

After discussion, the dates of May 7 and 8 and May 11 and 12 were selected with the decision made by the Chairman depending on progress.

Next item for consideration was the proposed sale of North Cook Inlet Field royalty gas to Alaska Pipeline Company. The contract draft was reviewed in detail by the Board, item by item. All corrections were noted and a corrected draft prepared for the afternoon session.

Mr. Martin gave a brief status report on the North Slope royalty oil solicitation including a recent conversation with Mr. Downey of Tesoro Alaska Oil Company. Tesoro maintains their interest in expanding the Kenai refinery using North Slope royalty oil.

Mr. Gallagher moved that the Board reconvene in executive session at 1:30 p.m. and public session at 2:30 p.m. Motion seconded by Mr. Lyon. Motion passed unanimously.

The Board reconvened in public session resuming consideration of the North Cook Inlet Field royalty gas sale. Documents before the Board were: a corrected draft of the contract, request for approval to waive the competitive bidding requirement and approval for the rejection of bids or applications.

Several changes in wording in contract provisions were worked out and noted for retyping.

There was no response to a call for public participation

Mr. Boness reported on the legal research by Mr. Allen, Covington and Burling, on a set of questions relating to State taking of royalty-in-kind. He had received a preliminary draft by telecopy which was not suitable for copying for the Board. The legal research essentially confirmed the opinions of the Department of Law and industry counsel who have responded to State questions on the matter. Mr. Allen's work has bolstered these opinions by case citations and also pointed out the areas where case law has not developed, particularly in reference to a State taking royalty gas in-kind. The authority of the Federal Power Commission to control gas arising from its jurisdiction over pipeline transport is of special interest to the State. Mr. Allen recommends procedures to follow to reduce FPC control as much as possible. The State should make its desires known to the producers in time to be included in the producer's contracts with gas purchasers and to the FPC. The report also was not optimistic about the FPC granting the State authority to abandon gas sales at the time of initial sale or preabandonment authority as some refer to it.

Mr. Gallagher returned from his telephone call to Mr. Harold Schmidt, Alaska Pipeline Company, about certain wording in the price provision of the contract. The wording added to the provision was explanatory.

The requests for prior written approval to reject bids and to waive competitive sales were circulated. Mr. Gallagher moved that the Alaska Royalty Oil and Gas Development Board approve the waiver of competitive sales, Dr. Triplehorn made the second. On a roll call vote each member voted yes and signed the waiver.

Mr. Lyon moved that AROGDAB approve rejection of all bids or applications for the royalty gas in the North Cook Inlet Gas Field except that of Alaska Pipeline Company as provided for in AS.38.06.050(b). Dr. Triplehorn made the second. The motion was approved by unanimous vote on a call of the roll and each member signed the approval.

Mr. Gallagher moved that AROGDAB approve the gas purchase and sale contract, as amended, for the sale of the North Cook Inlet Gas Field royalty gas to the Alaska Pipeline Company as provided for in AS.38.05.183 and AS.38.06.050. Mr. Lyon was the second. On a roll call vote all members voted affirmatively.

The Chairman announced that the Board had concluded its first sale. He also said that he would initiate an inquiry regarding possible exchange of gas between the State, producers and gas purchasers.

The meeting was adjourned.

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 8, 1976

SUBJECT: Contract for Sale of State Royalty Gas from the North Cook Inlet Field to Alaska Pipeline Company

TO: The Honorable Fred Brown

FROM: Gregg Erickson
Director of Research Services

Summary

As you requested on Friday, May 7, we have reviewed the unexecuted gas purchase contract identified as #76-1, between the State of Alaska (seller) and Alaska Pipeline Company (buyer) with particular reference to several specific questions you raised. Our analysis raises questions concerning the contract's pricing provisions and suggests that more extensive review by the Department of Natural Resources of Cook Inlet gas prices is called for. We also suggest that a requirement for in-state use of this gas be considered or, alternatively, that the contract be made unilaterally terminable by the state. In general, however, we find no obvious conditions or terms in the contract that appear contrary to the state's interests. Finally, we suggest revised wording for the resolution approving the contract.

Analysis

In general, the contract calls for the state to deliver to the buyer--currently the sole supplier of natural gas to Anchorage--an unspecified quantity of royalty gas received from its lessee in the North Cook Inlet field. It provides that the state shall direct its lessee (which in this case is Phillips Petroleum Company) to make these deliveries directly to the buyer who will then be responsible for its transportation to wherever it is to be consumed. Overall, a review of this contract reveals no glaring inequities or conditions which are

AGO 546568

obviously not in the state's best interest. We do note, however, a number of minor policy issues and technical considerations which the legislature may wish to call to the attention of Commissioner Martin and the Alaska Royalty Oil and Gas Development Advisory Board.

The first question you raised concerned the point at which the royalty gas will be delivered to the buyer. The gas purchase contract itself does not specify this point. Under the terms of the lease between the State of Alaska and Phillips, the state has the right to take its royalty gas in kind but must do so on or adjacent to the lease from which it is produced. In the case of an offshore platform such as that from which the North Cook Inlet field is produced, this means that, absent other mutually acceptable arrangements, the state must take delivery of its in-kind royalty gas at the platform and arrange for its own transportation ashore. Thus, unless the state wishes to assume this responsibility, the contract provision as currently framed regarding point of delivery would seem to be the only appropriate alternative, i.e., that the state make its delivery to the buyer at the point where it receives delivery from the lessee.

As a practical matter, pipeline capacity sufficient to transport both the royalty and producer's gas to shore already exists, and Alaska Pipeline Company should be willing to pay Phillips a reasonable fee for the use of that capacity. Normally, both Phillips and Alaska Pipeline would be expected to have plenty of incentive to reach an agreement on these transportation charges. They represent additional income to Phillips without any additional expense (since the pipeline capacity is already in being) and, in the case of the Alaska Pipeline Company,

should be substantially lower than the cost of building and operating its own platform-to-shore pipeline.

The only situation where we could envision difficulties arising would be in the case where the lessee was willing to make significant immediate financial sacrifices in order to sabotage the royalty gas sale and thus regain for itself control over the entire production stream. If the cost of constructing a separate pipeline for the royalty share were economically prohibitive, denial of access of the existing facility might be sufficient to torpedo the entire deal. We do not see this as a likely eventuality, and if it were it is probable that the state could bring countervailing pressure to bear on the lessee. In any event, the possibility of such a confrontation would not seem to require any change in the contract here presented to tne legislature.

You also asked us to review the provisions concerning the pricing of royalty gas delivered to the buyer. In general, this provision calls for the buyer to pay the state the higher of either the price the state would have received from Phillips Petroleum Company had it not taken its gas in kind, the highest price paid for gas elsewhere within 100 kilometers (62 miles) of the North Cook Inlet field, or a minimum price (which is 60.36¢ per Mcf as of July, 1977, escalating thereafter at the rate of 2¢ per Mcf annually).

We find these provisions unexceptionable, but we would call your attention to what appears to be unnecessary vagueness with respect to the provisions (on page 4 and repeated on page 5 of the contract) concerning how prices received for gas elsewhere in the Upper Cook Inlet Basin are to be related to the price of gas sold under this contract. The problem

arises from the fact that natural gas may be sold elsewhere within the 100 kilometer radius at a price higher than that which would be due under either of the other two pricing provisions, but that the conditions of delivery of that higher priced gas or its quality may be different enough to raise the question of whether the price is properly comparable to that received for gas purchased by the buyer. The contract states that these comparisons shall be made "with due regard to appropriate factors including, but not limited to, difference of BTU content, delivery pressure, term of contract and connection charges." We would suggest that the semicolons preceding this phrase on pages 4 and 5 be deleted so that it will be clear the phrase applies only to the part of the sentence following the "(iii)", applying only to the comparison of prices within the basin and not to the minimum price or the price that the state would have received from Phillips.

In addition, you might consider it appropriate to work with the commissioner to develop substitute wording defining exactly how the BTU content and delivery pressure differences will influence the comparison prices, eliminating the reference to contract term and connection charges, and adding words indicating how the quantity of gas delivered is to affect the comparison. As it stands now, almost any difference in terms of delivery or quality could be used to justify an effective exemption from the "highest price received elsewhere" requirement.

It should be noted that the price currently received by the state for royalty gas produced from the North Cook Inlet field is an "imputed price". This means that it is not determined on the basis of actual

sales but rather on the basis of a "netback calculation" whereby one takes the price received for this gas in Japan and subtracts therefrom the costs of transporatation and liquifaction incurred between the production platform and the delivery point in Tokyo. In the past the state has devoted little or no attention to actual verification of the validity of this imputed price, since it happens to be the highest price received for any gas in the basin. We have no reason to believe there is anything phony about the current price but would suggest that it would be appropriate in the future for the department to pay closer attention to this and other similarly determined prices in the basin since changes in one may influence others as well.

We would also call your attention to the fact that as the contract is currently written the state has no right of termination other than by mutual agreement. The buyer, on the other hand, may unilaterally terminate the contract prior to January 31, 1978. We would also point out in this context that although the "Whereas" paragraphs prior to the body of the contract indicate that the "buyer ...[delivers] natural gas for ultimate consumption within the State of Alaska", nowhere in the contract does the buyer agree to use or sell the gas purchased here only for consumption within the state. Conceivably the buyer could either export the gas from the state himself or sell it to some other party who would do the same thing. If the point of sale is greater than 100 kilometers from the North Cook Inlet field, the price of the sale would not result in any readjustment of the price paid by the buyer to the state. Since the purpose of this contract is to insure adequate supplies of natural gas for domestic consumption within the state, it would seem

logical that the contract include guarantees with respect to this matter or, alternatively, provisions allowing the state to unilaterally terminate the arrangement.

Finally, we would note that the "Resolved" clause of the resolution offered by the governor when he requested approval of this contract (HCR 14_) would appear to be incorrectly worded. We would suggest that the following language be substituted:

> "BE IT RESOLVED by the Alaska State Legislature that Alaska royalty gas sale No. 76-1 and the contract providing for the sale of royalty gas from the North Cook Inlet gas field pertaining to it, between the State and the Alaska Pipeline Company, is hereby approved."*

We would also suggest that the contract itself be made a part of the legislature's official record by its inclusion in the House Committee Report, and thus the Supplement.

---

* If the legislature or a committee thereof believes that the above comments or other considerations require some revision of the contract, the most expeditious way of bringing them about might be to instruct the Department of Natural Resources or Mr. Fackler (executive director of the Royalty Board) to work with the proposed buyer to develop the necessary language. The resolved clause could then read:

> "BE IT RESOLVED by the Alaska State Legislature that Alaska Royalty Gas Sale No. 76-1 and the amended contract (submitted to the legislature on ___ May 1976 and appearing in the House Journal Supplement for ___ May 1976) providing for ..."

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 11, 1976

SUBJECT: Request by the Honorable Nels Anderson for Legal Opinion - Constitutionality, Legislative Review of Royalty Oil and Gas Contracts

TO: Bill Berrier
Director, Legal Services

FROM: Gregg Erickson
Director, Research Services

As I indicated to you in our conversation earlier today, Representative Anderson requested that the Agency provide him with a formal opinion on the constitutionality of the provisions in the Royalty Board Statute (AS 38.06.55) requiring legislative approval of contracts for the sale of royalty oil or gas. Commissioner Martin testified this morning before the House Resources Committee that the opinion of the Attorney General concerning this statute was that the provision requiring legislative approval was unconstitutional. I'm not certain whether the opinion is a formal one or not.

Dictated 5/10

GE:jm

cc: Honorable Nels Anderson ✓

AGO 546574 +

Memo: Gas Pipeline Committee members
From: Eric Eckholm
Re: Cook Inlet Royalty gas
4/26/76

The Commissioner of Natural Resources has completed a royalty sale agreement for North Cook Inlet royalty gas. The Royalty Board has approved the sale.

Previous to this sale, the royalty gas has been taken in-value from Phillips Petroleum, the producer of the field.

According to the Royalty Board statute, the Legislature must approve the transfer in a concurrent resolution.

Impact of Contract:

1) Gas will go to Anchorage-area consumers rather than being shipped to Japan as LNG

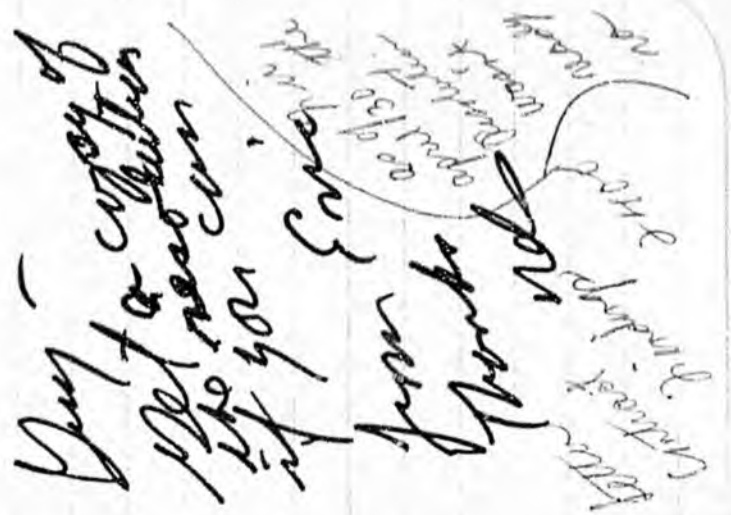
2) Price will be the same as Phillips was paying. This is not a subsidy by the State for Anchorage consumers. Pricing will remain as the highest paid in the field.

3) Contract will remain in effect until July 1, 1984--This is the same as Phillips Japanese contract.

4) Phillips appears to have excess production capacity, and will be able to meet their contract commitments without the royalty gas. The field will be developed more rapidly with the sale to Anchorage Natural Gas.

5) If ANG is unable to meet transportation requirements, they have 30 days option to terminate the contract.

This should be presented to the legislature next week. Guy Martin will have more details at that time.



AGO 546575

Storage
in Gallons

	Village	Cost. Per Gallon	AVEC	School
Alakanuk (512)	80,000	$1.00	125,800	84,000
Barrow (2,400)	850,000	$2.47	city owned generators	95,200
Chevak (450)	81,000	.95	183,100	122,280
Chignik's (315 total) (Chignik Lake Lagoon) " "	215,000	.50 owned by cannery Village adding own storage		22,000
Craig (467)	118,000	.45		
~~Dillingham~~	~~(S.O.)~~			
Emmonak (545)	90,000	$1.00	134,100	82,000

Village planning much storage, around 250,000.

Gambell	100,000	$1.40	118,700	71,470

adding 40,000

new construction of 30 homes

AGO 546585 +

Village	Cost per Gal.	AVEC	School
Hooper Bay (630)	122,000	7.00	171,000
more going in this summer new construction: 30 new homes High School			
Kipnuk (387)	45,000	$1.00	72,000
Mt. Village	94,000	$1.00	158,700	63,190
more going in			
Toksook	130,000	1.00 ~~.50~~	143,000	56,000
St. Hope (400)	350,000	1.00	62,200 ~~44,130~~	49,130
adding 34 new homes				

Village	Cost.	AUEC	School
Revonga 150,000	$1.40	133,500	

adding 40,000 storage
30 new homes going in

~~Unalakleet~~

Gas Purchase Contract 76-1

This Contract, made and entered into this_____day of_____1976, by and between the Alaska Pipeline Company ("APC") herein referred to as "Buyer" and the State of Alaska, hereinafter referred to as "Seller" :

WITNESSED

WHEREAS, Buyer owns and operates a natural gas pipeline system in areas of Alaska for the delivery of natural gas for ultimate consumption within the State of Alaska, and

WHEREAS, Seller has the right under each of the leases identified at Exhibit "A" attached hereto to be paid by the lessee thereunder a royalty of twelve and one-half percent (12½%) in kind or in value of the natural gas produced and saved and used off of the lands covered by each such lease, and

WHEREAS, Seller is authorized by AS 38.05.183 to sell royalty gas; and

WHEREAS, Buyer represents to Seller that all gas purchased under this contract will be used to meet the requirements of its customers within the State of Alaska;

NOW, THEREFORE, in consideration of the representations, covenants, and conditions herein contained, Buyer and Seller hereby agree as follows:

AGO 546578 +

ARTICLE 1

Seller's Royalty Gas

1.1 Seller hereby agrees that within 30 days after the execution and approval of this agreement as required by the laws of the State of Alaska, Seller shall notify the lessee under the leases set forth at Exhibit "A" of this agreement of Seller's election to take its royalty gas in kind. Said notice will provide that the lessee shall commence the delivery of said royalty gas to Seller (or to Seller's designee) upon a receipt of notice from Seller that all facilities necessary to enable Buyer to receive and market said gas are ready; provided, however, in no event shall lessee be required to commence the delivery of royalty gas to Seller (or its designee) prior to six (6) months following lessee's receipt of notice of Seller's election to take its royalty gas in kind.

1.2 In order that Seller can give its lessee as much advance notice as possible of the date it will start receiving its royalty gas in kind, Buyer shall notify Seller, and Seller shall notify its lessee, at least 60 days prior to the date Buyer will receive gas from Seller pursuant to this contract.

ARTICLE II

Quantity

2.1 It is understood and agreed by the parties that the volume of gas available to Seller from the leases covered by this contract depends upon the production from the leases over which Seller has no control. Buyer hereby agrees to purchase on each day commencing with the date of first delivery

AGO 546579

hereunder and continuing during the term of this contract all of Seller's royalty gas available at the point of delivery described in Article III hereof.

ARTICLE III

Delivery Point and Delivery Pressure

3.1 The point of delivery of all gas delivered hereunder shall be at the same point of delivery that Seller receives delivery of its royalty gas from its lessee in the North Cook Inlet Field.

3.2 Buyer, at its own expense, shall arrange to accept Seller's gas at the point of delivery.

3.3 Seller will deliver gas received by Seller from lessee at the pressure at which the gas is received by Seller from its lessee.

ARTICLE IV

Quality

4.1 The gas to be delivered by Seller to Buyer at the delivery point shall be gas of the same quality as is delivered to Seller by the lessee at the point of delivery.

ARTICLE V

Price and Billing

5.1 The price to be paid by Buyer to Seller for gas delivered shall be as follows:

a. Commencing on the date of first deliveries hereunder, assuming that this date occurs prior to July 1, 1977 and continuing until the first day of July 1977, the price shall be 55.5 cents per MCF.

b. Commencing on the first day of July 1977 and continuing until the first day of July 1978 the price shall be the higher of (i) 60.36 cents per MCF, (ii) the price Seller would have received from Phillips Petroleum Company had it not elected to receive its royalty gas in kind, (iii) the highest price paid by any purchaser in the upper Cook Inlet area for gas of similar quality and similar conditions of delivery; with due regard to appropriate factors including, but not limited to, difference of BTU content, delivery pressure, term of the contract and connection charges.

c. For each succeeding 12 month period commencing July 1, 1978 the price shall be increased to the higher of (i) the previous year's price plus 2 cents per MCF, (ii) the price Seller would have received had it not elected to take its

royalty in kind, (iii) the highest price paid by any purchaser in the upper Cook Inlet area for gas of similar quality and conditions of delivery; with due regard to appropriate factors including, but not limited to, difference of BTU content, delivery pressure, term of the contract and connection charges.

5.2 Thirty days prior to the date of each annual price change, Seller, at its option, may determine the price which it would have received from its lessee had it not elected to take its royalty gas in kind and the highest price being paid for gas of similar quality and similar conditions of delivery; with due regard to appropriate factors including, but not limited to, difference of BTU content, delivery pressure, term of the contract and connection charges in the upper Cook Inlet area and submit the same to Buyer along with suitable supporting evidence as to such prices. Buyer shall have the right to submit other evidence within the 30 day period.

5.3 After the delivery of gas has commenced Buyer shall, on or before the 20th day following the end of each month, render to Seller a statement showing the quantity of gas delivered during that month and shall therewith pay Seller the amount due for all such gas.

5.4 Each party hereto shall have, at its expense, the right to examine the books and records of the other party to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made under or pursuant to this

contract. Any statement shall be final as to both parties unless questioned in writing within two (2) years after payment thereof has been made.

5.5 The terms "upper Cook Inlet area" as used here in shall mean the area encompassed in a radius of 100 kilometers from the Phillips Petroleum North Cook Inlet platform.

ARTICLE VI

Term

6.1 This contract shall become effective upon the execution hereof and the approval of the Alaska Royalty Oil and Gas Development Advisory Board and the State Legislature and shall continue and remain in effect until July 1, 1984, unless terminated prior to such date by mutual agreement of the parties, or pursuant to Article VII.

ARTICLE VII

Conditions Precedent

7.1 Buyer shall have the right to terminate this contract upon 30 days written notice to Seller if Buyer is unable to make satisfactory arrangements to take delivery of the gas. Buyer shall exercise this right to terminate on or before January 31, 1978, thereafter Buyer may not exercise this right to terminate.

ARTICLE VIII

Notices

8.1 Notices required to be given under this contract shall be deemed sufficiently given and served when and if

AGO 546583

deposited in the United States mail postage prepaid and certified or registered addressed to Seller at:

Commissioner
Department of Natural Resources
Pouch M, Juneau, Alaska 99811

or to Buyer at:

Alaska Pipeline Company
P. O. Box 6288
Anchorage, Alaska 99502

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in four (4) original counterparts on this day and year first above written.

"BUYER"

_____

ATTEST:

_____

STATE OF ALASKA

_____

ATTEST:

_____

HJR

9

Relating to high seas salmon fishing by the Japanese.

2/10/75

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date _____

The Committee on Resources has had HJR 9 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

BRISTOL BAY NATIVE ASSOCIATION
P. O. BOX 179
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3322

#9

April 2, 1975

Representative Nels A. Andersen
Pouch V
Juneau, Alaska 99811

Dear Nels:

Thanks so much for the articles regarding the Japanese fisheries. Some good ideas from the Orient!

You are invited to a CETA workshop scheduled the week of April 22 through 25. The workshop, in two parts, will deal with possible economic endeavors. The first two days, April 22 and 23, will deal exclusively with reindeer herding and will be designed so that we will document the history of reindeer herding in Bristol Bay, as well as modern marketing analysis of the products.

The 24th and 25th will deal with Aquaculture and fisheries development. Both parts of the program will attempt to discover the feasibility of such activities, as well as to introduce opportunities to the regions. We are inviting representatives from 20 villages, who will take part in the discussions. I think you will enjoy the program."

Sincerely,

BRISTOL BAY NATIVE ASSOCIATION

Sam Fortier

Sam Fortier
Acting Director, CETA Program

SF/ko

HJR

13

February 6, 1975

Mr. Rodger Peguez
Attorney General's Office
Pouch "K"
Juneau, Alaska 99801

Dear Rod:

Re: Problems Surrounding Present Timber Sales

On behalf of the Alaska Loggers Association I invite you to our offices to commence conversations designed to identify problems surrounding proposed timber sales and to narrow the issues which presently may be contributing to misunderstanding. The further objective of such meetings would be to identify items which might be worthy of inclusion on an agenda for a meeting between State, Federal and Industry policy makers. It is likely that a series of discussions will have to be held to achieve the goals set forth herein. Accordingly, it would seem wise to begin at the earliest possible moment.

Please advise whether or not the State, through your office, would be amenable to such discussions. As I envision it, it would be appropriate at this time that the only participants be the lawyers representing the various interests involved. In addition, it would be most helpful to keep the meeting small so that conversations can move rapidly. Therefore, the Alaska Loggers Association will be represented by Bill Royce, from Ketchikan, and myself. I intend, also, to invite Al Gaskill from the Forest Service. If it would be possible to limit your delegation to two or three persons it would expedite our conversations. Naturally, more persons should be included in these meetings as the discussions develop.

I am looking forward to hearing from you on this matter.

Yours very truly,

James F. Clark

c.c. Mr. Al Gaskill
Mr. Robert Jernberg
Mr. Clarence Kramer
Mr. Jim Rynearson

JFC:k

March 4, 1975

Mr. Jan VanDort
Faulkner, Banfield, Doogan & Holmes
Suite 201, 311 Franklin Street
Juneau, Alaska 99801

Dear Jan;

Thank you for your letter of February 25th endorsing House Joint Resolution No. 13. I certainly concur with all you say and in fact -- as you are probably aware -- I am co-sponsor on this resolution.

The bill has presently been assigned to Resources Committee and by copy of this letter I am asking the Chairman of the Committe, Mr. Nels Anderson, to have his staff call your office when hearings are scheduled, so that if you wish you will be able to give testimony directly to the committee. I am also sending the Chairman copies of the information which you provided.

Again, thank you for taking the time to write. Best personal regards.

Sincerely,

Mike Miller

cc: Nels Anderson, Chairman
House Resources Committee

REPRESENTATIVE
MIKE MILLER
ALASKA STATE LEGISLATURE
P.O. BOX 1494
JUNEAU ALASKA 99802
HOME PHONE 586-3067
LEGISLATIVE PHONE 465-3739

HOUSE MAJORITY LEADER
VICE CHAIRMAN, LEGISLATIVE COUNCIL
VICE CHAIRMAN, STATE AFFAIRS COMMITTEE
MEMBER, RULES COMMITTEE
MEMBER, COMMITTEE ON COMMITTEES

LAW OFFICES OF
FAULKNER, BANFIELD, DOOGAN & HOLMES
SUITE 201, 311 FRANKLIN STREET
JUNEAU, ALASKA 99801
TEL. 586-2210
AREA CODE 907

HERBERT L. FAULKNER (1882-1972)
NORMAN C. BANFIELD
FRANK M. DOOGAN
MICHAEL M. HOLMES
RANDALL J. WEDDLE
WILLIAM B. ROZELL

JAN VAN DORT
LAWRENCE T. FEENEY
CHARLES N. BRENNAN

February 25, 1975

The Honorable Mike Miller
Representative, Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: House Joint Resolution No. 13

Dear Representative Miller:

In August, 1974, I had the opportunity to spend approximately 10 days on the island of Afognak photographing bear, elk and red salmon with Joel Bennett, a noted local nature photographer. I found this island to be of almost unimaginable and even mystical beauty. In some areas it seems almost like the Quetico National Forest and Boundary Waters Canoe Area in northern Minnesota and southern Ontario. The beauty of Afognak Island is matched only by the area of Admiralty Island running from Mitchell Bay up through Hasselborg Lake.

During the course of this visit we were able to photograph several very large brown bear and magnificent bull elk at distances of less than 25 yards.

I do not object to logging per se but the only way to describe the clear cuts planned by the Forest Service is "criminal". It is very difficult for me to imagine how anyone who has ever been to Afognak Island could advocate or even accept the planned logging activity. It literally tears my heart out to think that the priceless treasure like this island could be ravaged for the purpose of making toilet paper for the Japanese.

I urge you to take a moment and read the article which I have enclosed. It was the end result of the time Joel Bennett and I spent on the island. Thank you.

Very truly yours,

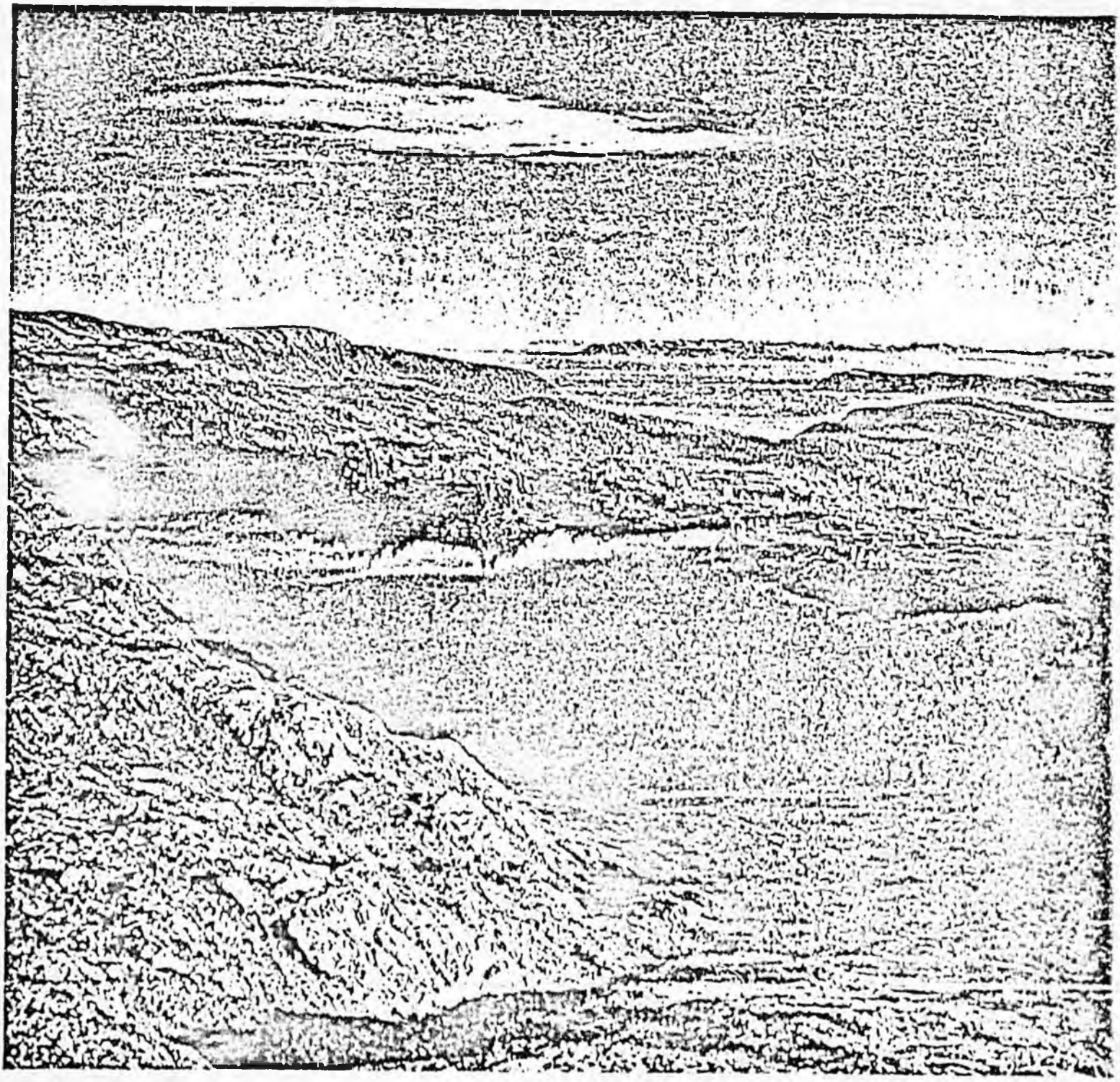
FAULKNER, BANFIELD, DOOGAN & HOLMES

Jan Van Dort

JVD:np
Enclosure

JOEL BENNETT AND
GORDON ROBINSON

AFOGNAK—Unique



"As usual, Alaskan timber is earmarked for Japan."

and Threatened



Joel Bennett

ISLANDS IN ALASKA number in the thousands, so it is not likely that the mention of Afognak will inspire immediate recognition or alarm in most people. However, there is ample cause for both. In pursuing its apparent policy of considering the commercial harvest of timber as its primary goal, the U.S. Forest Service in 1966, with the concurrence of a state task force appointed by then Governor Walter J. Hickel, began preparing the Perenosa Timber Sale on Afognak Island.

Although widely opposed by the public and pointedly questioned by governmental agencies, the Forest Service began to implement the Perenosa timber sale in June, 1974, with the construction of a preliminary logging road and work camp. The Forest Service's actions on Afognak echo its practices in timber sales elsewhere: make an immediate commitment, but postpone a complete evaluation of the environmental impact of the sale. John McGuire, Chief of the Forest Service, has turned down an appeal filed by the Alaska Conservation Society and the KONIAG Native Association to reconsider the terms of the sale. The decision now rests with Secretary of Agriculture Earl Butz. The Forest Service has denied a stay pending appeal, so purchasers are going ahead with road building in preparation for full-scale logging.

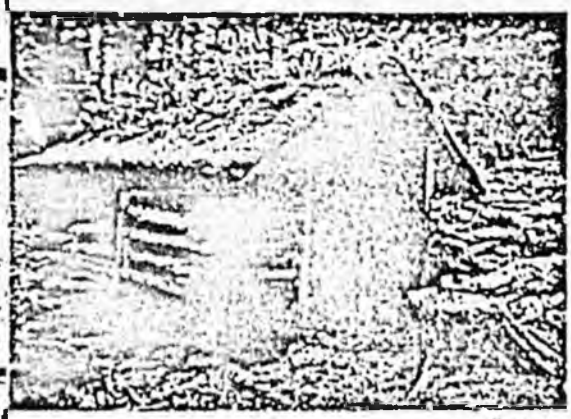
Afognak Island is located 250 miles southwest of Anchorage, Alaska's largest city. Its latitude approximately bisects southeastern Alaska, making its climate more like that of Juneau than Anchorage. Aleut natives, who named the island, originally settled there to harvest its rich salmon resources, but with those resources depleted it has been only sparsely inhabited since then. In the 18th century, the Russians occupied and exploited Afognak; later, the English explored and mapped its coastline. The only modern-day village, Afognak, was abandoned following the 1965 Alaska earthquake, and present-day maps indicate that human activity has had little impact there. Not for long.

The terms of the Perenosa sale, made five years ago, called for clearcutting 525 million board feet on a 15-year contract, with about 21,000 acres to be clearcut in 73 units. There has been no cutting under this contract to date, however, because the purchasers of the timber originally bid far too much money for it. Now that prices are up, they have once again become interested. So the Forest Service has obligingly agreed to let them cut for ten years instead of 15—at the same rate per year, 35 million board feet. In other words, in response to adverse public reaction to the original terms of the sale, the Forest Service has pretended to revise the cutting plan. Although the new plan calls for a 37-percent decrease in the sales volume, smaller cutting units, and a greater distribution of these units, the timber will still be cut at the same rate per year. Though reduced in size, the cutting units are still too large, and the allowable cut is far too high, as in other places where the populace has problems with the Forest Service. As usual, Alaskan timber is earmarked for sale to Japan.

The Forest Service's claim that environmental considerations motivated their revision of the contract is suspect. In a settlement of the Sierra Club's roadless-area suit of 1972, the Forest Service agreed to do environmental impact statements on all actions affecting roadless areas, including five-year "redeterminations" of contracts, of which Afognak was one. Proceeding under the original sale contract, but on a ten-year basis, would have violated the Multiple-Use

Sustained Yield Act of 1960, since sustained yield on Afognak (approximately 37 million board feet a year) would have been exceeded by about 15 million board feet.

Cutting Afognak under either of the plans that have been offered measures land values in narrow economic terms. Compared with commercial timber elsewhere in the Chugach National Forest, the Afognak cut promises to be by far the largest yet; in the last six years, no Chugach sale has exceeded four million board feet. It is clearly an irrevocable commitment of a large



Joel Bennett

roadless area to commercial ends precisely at a time when the public seems least willing to do so.

Recreational opportunity on Afognak overwhelms even the casual visitor, but because there have been few visitors to the island, few people appreciate what exists there. What does exist is unique and compels a halt to all further sale operations until there has been a chance to evaluate alternatives for land use on the island.

Future native land selections, under the Alaska Native Claims Settlement Act, will affect drastically the amount of land available for public use on Afognak. The island's total area is about 400,000 acres, 70,000 of which, at the very least, will be selected by Afognak Village. Other claims of eligibility exist from at least four villages not listed in the act, but these may be approved by the Department of the Interior. In addition, two approved villages on Kodiak have partial selection rights on Afognak. Future selections by all these villages could occur on Afognak, significantly limiting the amount of public land remaining there. This possibility, combined with the Forest Service's large-scale commitment to timber cutting, may leave little for the rest of the public to use.

Upon visiting Afognak, one is startled with the unusual pattern of the island's vegetation, which is so unusual, in fact, that the Forest Service acknowledged in its Final Environmental Impact Statement of April 15, 1974, that "its unique characteristics are not found elsewhere in the United States or Alaska." Generally, the pattern is a park-like combination of open treeless grasslands and stands of Sitka Spruce. These areas alternate with no particular regularity, affording gentle rolling hiking for the feet and diversity for the eye. The brush-grass-spruce ecosystem represents the picturesque meeting of the dense rainforest common to southeast Alaska with the open, treeless expanses of the Aleutian Islands. Kodiak Island, Afognak's neighbor, shows some evidence of this transition, or ecotone, but on nowhere near the scale found on Afognak.

One-half of Afognak is unforested. Logging, then, must occur on only one-half the island. Oddly enough, hemlock, which is generally so common in the southeastern portion of the state, is nonexistent here. Sitka Spruce is the sole timber species of commercial value on the island, where it reaches the western limit of its range. The all-spruce forest remains one of the unique features of Afognak.

Afognak's spruce forest is the vanguard of a northwestward advance that began at the close of the last ice age. The spruce is moving into the grasslands at the slow rate of about one mile per century, or 50 feet per year. It is generally believed that the slow progress may be a function of the sterility of the soil in this region. It has taken centuries for sufficient plant nutrients to accumulate in the soil to support forest. At first, the young trees grow very slowly, but gradually grow faster as they build up their own nutrient reservoir from lichens, bird droppings, mycorrhizal fungi, and fixed nitrogen from rain and primary vegetation. Eventually, the trees begin to recycle their own nutrients as leaves fall, and the cycle of decay and growth accelerates.

Much of the resistance to the Perenosa timber sale is in response to the Forest Service's insistence on employing clearcutting in an area where timber regeneration is slow at best.



Joel Bennett

Several studies by the Forest Experiment Station on the island show that it takes a long time for trees to become established following logging, and that when they do, they grow very slowly. One area clearcut in 1960 shows virtually no regeneration. The only satisfactory regeneration exists in small openings where insects have killed the trees in the 1930's and where selective logging was practiced during the 1940's. The experiment station also reports that two-thirds of the seedlings grow on rotten wood and upturned roots, presumably because these more readily provide the necessary nutrients for growth than does the soil itself.

Conditions that elsewhere produce predictable regeneration cycles do not exist on Afognak. Mainland volcanic eruptions over the centuries, and most recently in 1912, have covered the

Joel Bennett

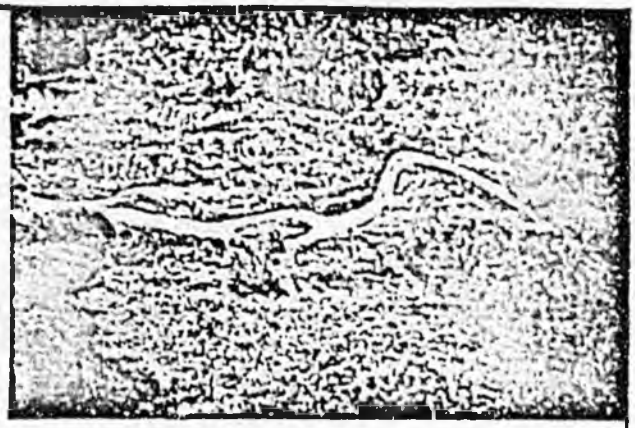


island with a basic volcanic-ash soil, which the Forest Service's impact statement acknowledges "has little erosion resistance once it is exposed to the elements." One of these "elements" is the average yearly precipitation of 60 inches at Kitoi Bay. The same lack of humus that makes the soil so inhospitable to forest regeneration also contributes to erosion in that there is no binder to hold the light ash particles together. As a result, they are dislodged easily and carried away by runoff. The more than 140 miles of road planned for the cutting area will substantially increase the risk of erosion. The existing contract requirement to "promptly" remedy pollution or stream sedimentation may well fail to avert permanent damage from initial construction activity.

Because of the slowness with which the forest regenerates and the dangers of severe erosion, researchers have repeatedly advised caution with regard to logging this area and have recommended some form of selective cutting, rather than clearcutting, in order to obtain sufficient regeneration. Nevertheless, the Forest Service stubbornly insists on clearcutting and hopes to solve the regeneration problem by dumping biocides on the fast-growing grasses and brush that will compete with spruce seedlings. Even though this practice is common in other places, there is no guarantee that it will work here.

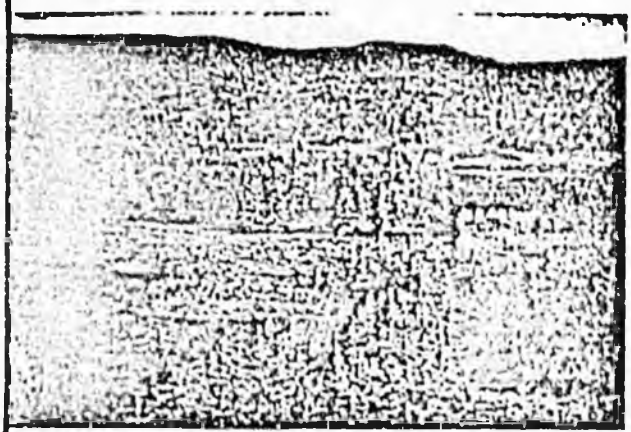
The effect the timber sale will have on the spectacular island wildlife—which includes the rare bald eagle and Alaskan brown bear, as well as the largest herd of elk in the state—is uncertain, largely because the Forest Service has made little effort to find out. But it is hard to imagine how the results could be other than disastrous. To differing degrees, the bears, the elk, and the eagles all depend on the forest habitat for maintaining healthy populations, if not for survival. A radical change in this habitat is likely to produce alarming changes in the local wildlife populations.

With habitual nonchalance, the government has once again relegated the magnificent brown bear to a subordinate position in the scheme of things: the Forest Service flatly admits that "the size of the population is unknown." Population-size projections based on spring and fall hunting statistics kept by the Alaska Department of Fish and Game from all of



Spruce is creeping into the arctic grassland on Afognak following retreat of Pleistocene ice. Their slow progress is limited by the supply of available nitrogen, phosphorus, and calcium, notably lacking in the recently created earth.

Joel Bennett



The spruce forests grow very slowly when first established, but achieve reasonable growth rates in the course of two to three hundred years.

Gordon Robinson



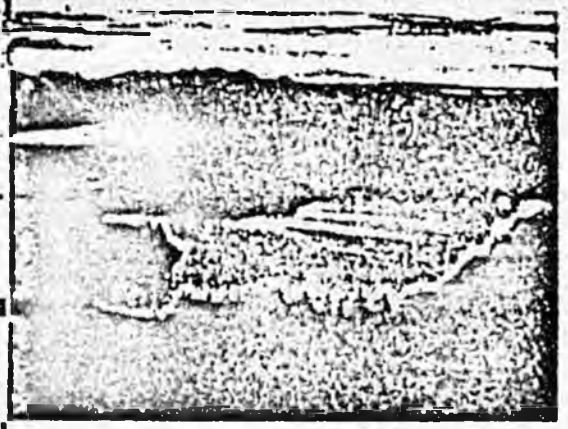
Regeneration is sparse after logging, but does best in small openings created under a selection system of management. Seedlings tend to grow on decaying wood and around stumps, where the accumulated plant nutrients are offered by nature for recycling.

Gordon Robinson

Gordon Robinson



Regeneration is very slow and sparse in old clearcuts. If any logging at all is to be permitted in this strange and wonderful place, it should certainly be conducted under a highly conservative system of selection silviculture.



Joel Bennett

Afognak are superficial and bear little relation to actual population numbers. Extraordinarily dense vegetation prevents both accurate aerial observation or intense hunting, both traditional devices for measuring population.

The brown bear is faced with extinction outside of Alaska and is subjected to increasing pressures within the state. The Alaska Peninsula, a vast area 60 miles northwest of Afognak and noted for its plentiful bear population, was closed to bear hunting in the spring of 1974 because state management officials pointed to decreasing skull size as evidence of too much pressure there. Hunters now will turn to Afognak in greater numbers despite its limited access and adverse weather. More than ever, it is essential to have a comprehensive and accurate survey of bear distribution and habitat, including all sites subjected to high use during the spring and fall, and the specific areas used for dens, sleeping, and escape. According to state fish-and-game officials in Kodiak, no such survey has been made. Ironically, the habitat that now protects brown bear and makes them, according to the Forest Service, one of the "few relatively unhunted populations of brown bear in the world," will gradually disappear with the cutting, presumably allowing a more accurate assessment of bear numbers at that time. But then it may be too late.

Research on nesting sites and population numbers of the resident bald eagles has been almost as superficial as that on brown bear. The U.S. Bureau of Sport Fisheries and Wildlife, through an aerial survey, has located only 19 nest locations within the sale area of 120,000 acres. Officials from that agency concede that such an estimate is extremely low, and that an aerial count of this sort "in anything but a cottonwood forest is absolutely invalid." Similar habitat in southeastern Alaska would be expected to yield an average of one nest per mile of beach front (the sale area includes 60 miles of protected coastline). Pronouncements to the public such as "additional nests can be expected and will have to be located" offer little consolation. Once again, future generations may be forced to cope with disasters arising from present uncertainties.

Elk exist in Alaska only on Afognak and its two small associated islands—Shuyak and Raspberry. The elk were planted there in 1928 from Washington's Olympic Peninsula. Majestic and far ranging, several herds on Afognak frequent the sale area and depend on key regions within it for winter range. According to the Alaska Department of Fish and Game, the spruce-climax-forest community is extremely important to Afognak's elk. Throughout the

Joel Bennett





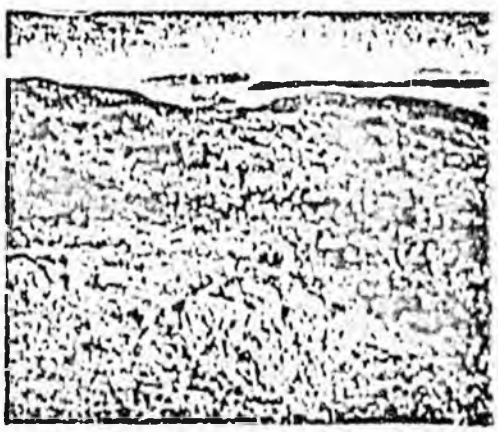
Joel Bennett

severe winter, elk stay within the forest canopy, venturing into the shrubland to feed only for short periods. As with other relatively uncontrolled populations, that of the elk rises and falls primarily as a result of weather conditions. Complete surveys of key winter ranges have not been made in such important areas as the west side of Waterfall Bay and from Saposa Bay south and west of Cape Kastromitinof. Again, the final impact statement notes that disturbance of the elk's winter range is considered to be of "particular importance." It would appear impossible to avoid such critical areas of winter range if they have not been completely identified.

With regard to disturbing wildlife, the Forest Service's Environmental Impact Statement does not refer to the 1972 Leopold-Barrett report on the implications for wildlife of the 1968 Juneau-unit timber sale in the Tongass National Forest. Much in that lengthy report is relevant to Afognak because it refers to a similar habitat and wildlife population. Specific concerns about the long-term effects of clear-cutting on wildlife, such as a relative shaping and sizing of clearcuts, vegetation changes occurring after secondary succession, and deer foraging patterns, are among those discussed in the report that one might assume would also be included in the Forest Service's own statement.

Alternatives exist for public use of Afognak; immediate and long-term commitment to timber harvest is reckless in view of the glaring omissions to date in both research and planning. Bilateral cancellation of the contract is an unlikely prospect at this point, but unilateral cancellation or further substantial contract modification is essential to adequately protect the public interest. Typically, the Forest Service has moved ahead, at odds with the public and armed with incomplete data. The potential outcome at best is unknown, at worst disastrous. The public deserves a comprehensive assessment of the effects of large-scale cutting on Afognak. Only after this is completed will both the public and the Forest Service be able to evaluate recreational and wildlife potential in light of present and future needs.

Joel Bennett, a conservationist and professional photographer working out of Juneau, recently spent much time on Afognak Island in an attempt to capture on film the lives of the island animals.



Joel Bennett

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

SUBPORT BUILDING
JUNEAU 99801

March 12, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Pouch V
State Capitol
Juneau, Alaska 99801

Dear Representative Anderson:

As Dr. Le Resche testified to your committee this morning, the Department of Fish and Game supports HJR 13, relating to the Perenosa Timber Sale on Afognak Island.

This Department feels that the unresolved problems of reforestation, inadequate knowledge of erosional characteristics of the volcanic soils, potential growth of total cut due to conflicts with the Native land selections, and potential degradation of commercial crab and salmon spawning and rearing areas argue against the augmentation of this sale.

The Forest Service has demonstrated commendable cooperation in designing the Perenosa cuts to consider deer, elk, and bear habitat, and to at least reduce the potential damages to streams. However, in view of significant recurring conflicts between the U.S. Forest Service forestry practices in Southeast Alaska and provisions of Alaska Statutes 16.05 and 16.10, we feel that important fishery habitat on Afognak Island can best be protected if the present sale is cancelled.

Sincerely,

James W. Brooks

James W. Brooks
Commissioner

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811



VICE CHAIRMAN:
TED SMITH

SECRETARY:
BETH O'DONNELL

PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN ALVIN OSTERBACK DICK ELIASON LEO RHODE
MIKE HERSHBERGER LESLIE (RED) SWANSON JAMES HUNTINGTON

April 2, 1975

To: Mambers of the House Resources Committee

From: Guy A. Van Doren
Staff Assistant, House Resources Committee

Subject: HJR 13.. Relating to the Paranosa Timber Sale on Afognak Island.

Due to the great interest shown in HJR 13 and the amount of important material that has been submitted by both the Forest Service and the Department of Fish and Game, as well as interested parties, I am respectfully requesting that you review the enclosed materials which will be discussed at tomorrows meeting.

There will be representatives from the U.S. Forest Serv ice, Department of Fish and Game, private citizens, and a member of the Attorney Generals office, all of which will be able to answer your questions.

Guy

STATE OF ALASKA
JAY S. HAMMOND, Governor
DEPARTMENT OF FISH AND GAME
OFFICE OF THE COMMISSIONER
SUBPORT BUILDING
JUNEAU 99801

April 2, 1975

The Honorable Nels A. Anderson
Chairman
House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Mr. Anderson:

In answer to your request for further information on the fisheries of the Peranosa timber sale area, attached is a summary of our concerns, expanding upon information previously presented by Robert LeResche, Chief of our Habitat Protection Section.

Sincerely,

James W. Brooks
Commissioner

Sill
HJR 13

File

R. E. ROBERTSON (1885-1961)
F. O. EASTAUGH
J. B. BRADLEY
W. G. RUDDY
L. B. JACOBSON
R. B. BAKER (ANCHORAGE)
M. T. THOMAS
L. J. BARKER (ANCHORAGE)
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PLEASE REPLY TO
☑ JUNEAU OFFICE
☐ ANCHORAGE OFFICE

April 16, 1975

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Mr. Anderson:

When I testified before the House Resource Committee on April 4, 1975, I stated that I had met with State representatives several times regarding forest practices and the conflict between Fish and Game on th one hand and industry and the Forest Service on the other. I stated that I would send you a list of the dates and times of the said meetings. The dates and times are listed on the attached sheet. If you have any questions regarding this information, please contact me.

Yours very truly,

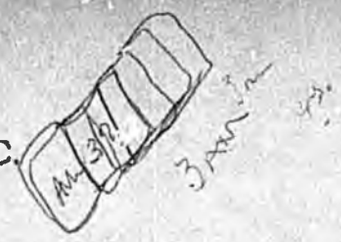
Jim Clark

James F. Clark

JFC/ks

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801



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FMS REP NELS ANDERSON

JUN 209

MY NAME IS TOM MEACHAM. I AM THE ATTORNY REPRESENTING THE KODIAK-ALUETIAN CHAPTER, ALASKA CONSERVATION SOCIETY IN THIER PROTEST OF THE PERENOSA TIMBER SALE ON AFOGNAK ISLAND. OUR ADMINISTRATIVE APPEALS HAVE FAILED, AND I HAVE BEEN AUTHORIZED BY MY CLIENTS TO FILE SUIT IN FEDERAL COURT REGARDING THE FORREST SERVICE PLANNERS FOR AFOGNAK. YOUR SUPPORT OF HJR 13 WILL DEMONSTRATE THE STRONG COMMITTMENT WHICH THE STATE AND ITS LEADERS HAVE IN THE USE AND PROTECTION OF ALASKAS RESOURCES FOR 'ONG-TERM BENEFITS AND NOT FOR SHORT-RUN SINGLE USES.

WE HAVE PROTESTED THE PERENOSA SALE ON NUMEROUS GROUNDS, SOME OF WHICH MAY BE FAMILIAR TO THE COMMITTEE. BASICLY WE BELIEVE THAT THE SALE IS EXTREMELY UNWISE BOTH ECONOMICLY AND ENVIROMENTALLY. THE TIMBER IS BEING SOLD AT A NET LOSS TO THE UNITED STATES AND THE COSTS OF LAND RESTORATION, SOIL STABILIZATPON, MANAGEMENT OF INCREASED ACCESS, AND THE RAISING AND HAND-PLANTING OF SEEDLING IN CLEAR CUT AREAS HAVE NOT BEEN RECOGNIZED OR ANALYZED BY THE FORREST SERVICE. ANY SHORT-RUN MONITARY BENEFITS RECEIVED BY THE STATE WILL BE FAR OUTWEIGHTED BY THE LONG-TERM COSTS BROUGHT ON BY THE SALE.

WE BELEIVE THE SALE TO BE COMPLETELY UNJUSTIFIED FROM ANY ENVIROMENTAL STANDPOINT. AFOGNAK'S SOILS ARE VOLCANIC, AND ARE EXTREMELY ERROSION-PRONE WHEN THE GROUND COVER IS REMOVED OR DESTROYED. THE SPRUCE ON AFOGNAK ARE FIRST-GROWTH TREES, AND ARE ADVANCING WESTWARD AT THE SLOW RATE OF ONE MILE EVERY

HUNDRED YEARS. THE FORREST SERVICE HAS IGNORED THE ADVISE OF ITS OWN EXPERS IN THEIR DICISSION TO LOG THE ISLAND, AND HAS DONE VIRTUALLY NO SOIL STUDIES. WITHOUT THIS INFORMATION THE OOGGING OF THE ISLAND CAN BECOME AN INVIROMENTAL DISASTER.

WILDLIFE HABITAT IS ONE OF THE MOST VALUED ASPECTS OF AFOGNAK, AND THE ALASKA DEPARTMENT OF FISH AND GAME HAS AN OBLIGATION TO PRESERVE THIS HABITAT FOR THE FUTURE BENEFIT OX ALL ALASKANS. THE FORREST SERVICE HAS MADE NO SIGNIFICANT STUDIES OF BEAR ON AFOGNAK, AND HAS NOT ANA'YZED THE TRUE EFFECT OF THE TIMBER SALE ON ELK, WHICH IT ACKNOWLEDGES ARE DECLINING IN NUMBER. WHAT WILL BE THE EFFECTS OF HERBICIDE USE LOGGING ROADS, INTRUSION IN TO WINTER RANGE OR HEAVIER SNOW COVER ON BROWSE IN CLEAR CUT AREA. THE FORREST SERVICE CAN NOT ANSWER THESE QUESTIONS, BECAUSE IT HAS NO FACTS AND HAS MADE REAL EFFERT TO LEARN THE FACTS.

FINALLY, THE SEA LIFE AROUND AFOGNAK IS ABUNDANT AND IS A SOURCE OF CONTINUEING ECONOMIC BENEFIT TO THE RESIDENTS OF KODIAK AND AFOGNAK. WILL THE CRAB AND SALMON SURVIVE YEARS OF HEAVY STREAM SILTATION, OF HERBICIDE AND INSECTICIDE USE, OF LOG TRAFFIC, BARK, DEBRIS, AND MILLING OPERATIONS. THE FORREST SERVICE AGAIN HAS NO ANSWERS, BECAUSE IT HAS FAILED TO ASK THE QUESTIONS WHICH ARE OBVIOUS IN THIS SITUATION.

THE FORREST SERVICE BELIEVES THAT THE PERENOSA CONTRACT MUST BE HONORED ABOVE ALL OTHER CONCIDERATIONS, EITHER ECONOMIC OR IVIROMENTAL. YET IT FAILED TO TAKE ACTION TO TERMINATE THE CONTRACT WHEN THE CONTRACTOR FAILED TO PERFORM FOR FIVE YEARS. WHOSE INTEREST IS THE FORREST SERVICE OBLIGATED TO PROTECT. IF IT DOES NOT WEIGH AND PROTECT THE PUBLIC INTEREST, THEN THE STATE OF ALASKA MUST STEP FORWARD TO PROTECT ITS NATURAL HERITAGE AND ITS FUTURE. THE KODIAK-ALUETIAN CHAPTER , ALASKA CONSERVATION SOCIETY SINCERELY URGES THE HJR13 BE ADOPTED IN ITS ENTIRETY.

THOMAS E MEACHAM

File timber sale HR 13

Koniag, Inc.

REGIONAL NATIVE CORPORATION

Cherrier-King & Cherrier Bldg.
Post Office Box 746
KODIAK, ALASKA 99615
Telephones 486-4147/4148/4149
Area Code 907

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LEGAL COUNSEL

ROY H. MADSEN — KODIAK
EDWARD WEINBERG — WASH.D.C.

April 17, 1975

Nels A. Anderson, Jr.
Chairman, House Resource Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

This is in reply to your correspondence of April 3, 1975, concerning Perenosa timber sale on Afognak Island. While I would like very much to testify or send in written testimony to the committee, I am at the point in time waiting on the villages who are most affected by the Perenosa timber sale. They in turn are waiting on the Forest Service and BLM, to see what problems may be resolved before we come to the committee. I would respectfully request that you wait as long as possible for input from Afognak, Port Lions and Ouzinkie. I feel that they are the most effected villages in our area, and they will have input as soon as possible. I had hoped that they would have input much sooner then the state but apparently the Forest Service and the BLM have fallen down in their correspondence to the villages. Hopefully we'll have this result in the near future and will contact you as soon as we receive word from these two departments.

Thank you for your attention.

Sincerely,

KONIAG, INC.

Jack Wick

Jack Wick
President

JW:com

Updated 12/17/74

QUESTIONS AND ANSWERS CONCERNING THE PERENOSA TIMBER SALE ON AFOGNAK ISLAND

The Forest Service is committed to Multiple use principles in managing Alaskan Forest resources. This requires that we be responsive to both local and national concerns. If conflicts do occur then we want the public to help us resolve these differences through public meetings, review of our environmental statements, or other means of public involvement. The Perenosa Sale bridges the development and environmental eras thus has been somewhat controversial.

We have answered here, as objectively as possible, the most frequently asked questions concerning the Perenosa Timber Sale on Afognak Island. The Sale has undergone several changes thus the need to clarify the situation.

1. WHY WAS THE PERENOSA SALE MADE?

Timber, one of our few renewable natural resources, is like a crop. It matures, dies, and renews itself. The Perenosa Sale provides a means where a portion of Afognak's mature timber can be harvested. In 1967 Governor Hickel's timber task force recommended that some of Afognak Island's timber resources be harvested.

2. WHY WAS THE SALE NOT STARTED OPERATION?

Shortly after the timber was sold (7/29/68), both the foreign and domestic lumber markets slumped. The timber sale purchaser, an American firm, found that it would be uneconomic to begin operations. The markets have since improved and demand has strengthened.

3. WHY WAS THE SALE REVISED?

Environmental and esthetic concerns have changed since the sale was first prepared. These changes have been reflected in the revision which gives additional consideration for esthetics, wildlife and fisheries.

RECEIVED
JAN 10 1975
CHUGACH NF

4. WHAT ARE THE CONDITIONS OF THE REVISION?

		Existing	Revised
a.	total volume to be harvested	525 MMBF*	332 MMBF*
b.	acres to be harvested	21,000	12,074
c.	number of cutting units	73	121
d.	average size of cutting units	288 acres	100 acres
e.	range in size of cutting units	37-953	34-228
f.	logging period	15 years	10 years
g.	average volume to be harvested each year during logging period	35 MMBF*	35 MMBF*
h.	percent to be harvested of total commercial timber on Afognak	10 %	6 %

* MMBF = Million Board Feet

5. HOW WILL LOGGING AFFECT THE ELK HERD ON AFOGNAK?

Elsewhere, logging has benefited elk by providing more food, assuming other habitat requirements are met. Key elk wintering areas have been identified with the help of Alaska Dept. of Fish and Game and are reserved from logging.

6. HOW WILL LOGGING AFFECT SALMON STREAMS?

Section C6.5 (Stream Course protection) of the Perenosa contract will be rigidly enforced. This section insures that designated streams will be protected from debris, poor road building, and improper equipment use. In key areas, the cutting units have been located further from stream banks thus giving additional protection to the fisheries.

How far

What is elk habitat ← Studies

110

Roads built for logging purposes also provide access that makes possible the improvements of fish habitat. Examples: maintenance or improvement of spawning and rearing areas; installation of fish ladders; stocking lakes and streams; removal of barriers.

7. HOW WILL LOGGING AFFECT THE BROWN BEAR POPULATION ON AFOGNAK?

Logging in bear areas disturbs bear habits to some extent but whether this will have a long-term adverse effect on the Afognak bear population is not fully known. Bear track counts on logged areas in southeast Alaska between 1960-66 before, during, and after logging indicated no major shift in bear distribution. Hood Bay, an area on south Admiralty Island, chosen by the Alaska Department of Fish and Game as a brown bear study locale because of the high population of brown bears, was logged in 1913, 1914, 1926, and 1947. In fact, some timber has been removed from every mile of the Hood Bay shoreline within the last 90 years and Hood Bay is still prime bear habitat.

Safeguards developed in cooperation with Alaska Department of Fish and Game are intended to minimize any possible effects of logging on bears. These include no logging around major bear concentration areas along streams, locating camps away from heavy bear use areas; and leaving timber fringes around grass flats known to be good bear habitat.

The following statement is quoted from the publication The Brown - Grizzly Bear In Alaska - It's Ecology and Management, Alaska Department of Fish and Game.

"Logging activity may actually benefit the brown bear population. Timber cuts are being made from over-aged climax spruce, hemlock and cedar stands, forest types notoriously sterile as habitat for brown-grizzly bears. Openings created by cuts would seemingly initiate successional patterns, certain stages of which would create conditions more favorable to bears than the present climax state. The early pioneer stages with abundant grasses and other herbaceous growth would appear especially attractive to bears. These requisite foods are scarcely represented in climax stands. A rotational cut would thus result in mixed-aged forest stands some of which would always be of prime importance to bears."

The statement was not made of Afognak but speaks to the importance of successional variations to the food chain of bears.

8. HAS AN ENVIRONMENTAL STATEMENT BEEN PREPARED?

An Environmental Impact Statement was prepared and filed with the Council of Environmental Quality on April 15, 1974.

9. WERE PUBLIC MEETINGS HELD IN KODIAK TO REVIEW THE CONTENT OF THE ENVIRONMENTAL STATEMENT?

Yes. In addition, public meetings were held concerning the original Sale and the revision.

10. WILL REFORESTATION OF THE LOGGED AREA BE A PROBLEM?

The number of trees now growing on formerly logged areas on Afognak has been found adequate, but size and distribution is less than optimum. Our research branch has reported slow growth (as compared to southeast Alaska) of young trees due to grass and brush competition in a 25-year old logged area in Kazakof Bay. (Reference Research Note PNW #176, May 1972.) Afognak Island lies at the margin of the westward extension of Sitka spruce, and in this zone reforestation by natural means cannot be guaranteed. If for any reason it is not adequate, measures will be taken to help insure that cutover areas will be satisfactorily reforested in a reasonable period. Some of these measures include one or more of the following:

a. plant Sitka spruce seedlings.

b. mechanically remove competing brush and grass around planted trees.

c. selectively apply registered herbicides to remove competing vegetation where necessary to insure adequate growth of seedlings.

d. apply fertilizers to stimulate tree growth.

11. HOW WILL THE ALASKA NATIVE CLAIMS SETTLEMENT ACT AFFECT THE SALE?

The sale predates the Act but a portion of the sale lies within areas available for native selections. Some village corporations have filed applications for land that contains about 1/3 of the timber in the sale. More land selections may be made.

The Act provides:

"Sec. 15. Notwithstanding the provisions of existing National Forest timber sale contracts that are directly affected by conveyances authorized by this Act, the Secretary of Agriculture is authorized to modify any such contract, with the consent of the purchaser, by substituting, to the extent practicable, timber on other National Forest lands approximately equal in volume, species, grade, and accessibility for timber standing on any land affected by such conveyances, and, on request of the appropriate Village Corporation the Secretary of Agriculture is directed to make such substitution to the extent it is permitted by the timber sale contract without the consent of the purchaser."

12. WHY HAS THE PAYMENT FOR TIMBER CUT (STUMPAGE) BEEN DECREASED?

As mentioned, environmental requirements have become more stringent since the sale was first sold and this has increased the cost of logging. This will mean a reduction in stumpage and lower net return to the Federal treasury.

13. WILL THE LOGGING CAMP IN KAZAKOF BAY INCREASE ANY BENEFIT OR COST FOR KODIAK?

There will be a demand on the town of Kodiak for goods, services, and transporation to supply the expected 30 to 60 man logging camp. This will increase employment in the area to supply these needs and thereby provide an additional tax revenue base. The logging camp and equipment is taxable. A quarter of all stumpage receipts is paid to the boroughs through the State of Alaska for the timber cut on National Forest land. This money contributes to the support of schools and roads.

14. IF A MILL IS LOCATED ON KODIAK, WHERE WILL THE TIMBER COME FROM TO SUSTAIN IT AFTER THE PERENOSA SALE IS COMPLETED?

The volume to sustain continuous operation of the mill will come principally from the timber resources on Afognak Island. Actually only a very small percentage of the commercial timber of Afognak is in the Perenosa Sale. It's likely that timber from other islands of the Kodiak group may also be milled there.

15. WILL THIS SALE AFFECT THE U.S. BALANCE OF PAYMENT DEFICIT?

Yes. America has imported more products that it has exported in the past decade to Japan. Timber not in demand domestically - like the Sitka spruce from Alaska - is one commodity the U.S. can export to help regain some of the dollars spent for importing foreign goods.

Afognak - Antlerless Moose

House Resource Committee Guest List April 3, 1975

Guests:

Name	Representing	Phone
Clay Beal	U.S. Forest Serv	272-4485
Tom Sheehy	"	"
Jim Brooks	ADF+G	586-3203
Jeff Haynes	Dept of Law	465-3600
Alice Cook	U.S. Forest Service	586-7484
Thelma Buchholdt	self	

Dept.

Board - feels that highest priority on Subsistence hunting.

Motion that CS S.B ~~House~~ bill 230am Move out of committee with a "do pass recommendation.

Rep Swanson requested that the bill be postponed until April 8th 8:00 a.m.

MR. Clay Beal - Sup. Chugiak Nat. forest.

Report on soil - Some of the best soil in Alaska on Afognek 160 acres clear cut area.

Jeff Haynes - Rep Dept of Fish + Game

Paranosa river - Streams are planned to be rebuilt

OVER 1 million dollers have been spent on afognak -

agreed to delete the three selected areas.

→ 97.203 Native Land Claims act. B.I.A.—

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE

U.S. FOREST SERVICE COMMENTS ON THE JOINT RESOLUTION (SENATE NO. 12/HOUSE NO. 13) RELATING TO THE PERENOSA TIMBER SALE ON AFOGNAK ISLAND INTRODUCED FEBRUARY 20, 1975.

Introduction

The Perenosa Timber Sale was prepared to further establish Afognak Island as an integral portion of the timber management plan for the Chugach National Forest. A task force, appointed by former Alaska Governor Walter J. Hickel and consisting of State and Federal land managers and timber industry leaders, also studied the potential for new timber industry development in Alaska. The timber task force considered the Kodiak-Afognak-Shuyak Island group as a potential economic opportunity for the development of a new timber based industry in Alaska. The Forest Service and the task force recognized that:

a. No timber industry existed in this island group.

b. An estimated sustained yield of 40-50 MMBF 1/ per year was available from the Kodiak Island-Afognak Island-Shuyak Island group.

c. A ready market existed for Alaskan timber.

The intent of the Forest Service and the State of Alaska in selling the Perenosa Timber Sale and the adjacent State timber on Shuyak Island

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1/ MMBF = million board feet

was to establish a new permanent industry in the Kodiak Island group to bring under management an undeveloped timber resource and diversify the economy of that area.

Preparation of the Perenosa Timber Sale began in 1966, and was completed in 1967, proposing a sale of 525 MMBF under a 15-year contract. The gross sale area included approximately 120,000 acres with just 21,000 acres actually scheduled for harvest in 73 clearcut units. The anticipated annual harvest on the sale was to be 35 MMBF. The sale was carried out by oral auction on June 4, 1968, and awarded in July 1968 for a bid price of $27.05/MBF [1/] to Columbia Lumber Company of Alaska.

The purchaser took no action on the sale during 1968. The export market began to drop during 1968-1969. On July 15, 1969, Columbia Lumber Company entered into a third-party agreement with the Afognak Timber Company who then became the company to operate under the sale contract. Recently it has changed hands again and is now held by the Kodiak Lumber Mills.

The Forest Service took advantage of these changes in purchasers, realizing that additional measures could be taken in the sale to protect or enhance other forest resources, and developed a Draft Environmental Impact Statement which considered alternatives to the original sale. A Final Environmental Impact Statement was filed with the Council on Environmental Quality April 5, 1974.

The decision resulting from the Environmental Statement process was to proceed with a greatly modified timber sale contract. Major changes included a timber volume reduction of about 40 percent, an average cutting

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1/ MBF = thousand board feet

unit size reduction to 100 acres, and added resource coordination requirements. A table illustrating the changes follows:

Table 1

Comparison of Original Timber Sale with the Revised Sale

Item	Original Sale	Revised Sale
1. Total sale volume, MBF 1/	525,000	332,329
2. Total sale area (acres)	120,000	120,000
3. Total area logged (clearcut areas)	21,000	12,074
4. Total number of clearcut units	73	121
5. Average unit size (acres)	288	100
6. Maximum unit size (acres)	905	228
7. Smallest unit size (acres)	51	34
8. Roads (miles)	114.0	140.3
9. Volume logged to water for transport via log rafts in water, MMBF 2/	172	0
10. Logging period, years	15	10
11. Volume logged per year, MMBF 2/	35.0	33.2
12. Acres logged per year	1,400	1,200

1/ MBF = thousand board feet.

2/ MMBF = million board feet.

Comments

The following are some specific comments on wording of the resolution:

WHEREAS the Perenosa timber sale on Afognak Island is presently being pursued in the face of widespread opposition from the public, the Kodiak Borough, local legislators, and Koniag, Inc., the local Native corporation.

COMMENT: Responses in the Final Environmental Impact Statement show support from several State agencies. Other individuals and groups in Kodiak were in favor of economic diversity; however, due to several reasons, they prefer to remain non-vocal in public. Recent correspondence from the Natives indicate they are not in favor of the resolution.

WHEREAS questions raised in administrative appeals, including the uncertainty of reforestation, the effect of herbicides, insecticides, and road building on salmon spawning streams, and the elimination of critical elk and bear habitat, have never been satisfactorily answered by the Forest Service.

COMMENT: Multiple use means wise use of a blend of resources. Recreation is one of the main activities on the Chugach National Forest of which Afognak is a part. The wildlife, the fish, the scenery, water, and soils are also valuable resources. For example, we believe increased use and management of the wildlife and fish resources will result from the sale. To date, surveys to determine improvement potential of wildlife and fish habitat have been limited primarily to the coastal area on salmon streams capable of producing commercial salmon and on lakes having a potential for sport fisheries. More intensive management of the wildlife and fish resources will take place as access becomes easier and more use is made of them.

The combination of forage and cover which exists around the edge of clearcut blocks is known as "edge effect" and is beneficial habitat for deer and elk.

More of the fishing and hunting potential of the interior of the island will be realized if the sale is completed and the planned permanent roads are built.

WHEREAS repeated requests for a stay of activities pending appeal were turned down by the Forest Service.

COMMENT: An appeal to the Secretary of Agriculture was considered by him, and he upheld the decision to proceed with the modified sale. The Forest Service is in agreement with the Secretary.

WHEREAS the wildlife, commercial and sport fish, and recreational resources within the sale area are extremely valuable to the citizens of the state and will be particularly important in satisfying the growing recreational demands of Anchorage and the entire southcentral area.

COMMENT: We agree. We believe completion of the proposed sale would result in an increase in the recreation opportunity for developed recreation sites on a road system.

More of the fishing and hunting potential of the interior of the island will be realized if the sale is completed and the planned permanent roads are built.

WHEREAS since the sale was made, land selections by Native corporations on Afognak seriously limit the amount of suitable land available for general public use and further question the advisability of committing 120,000 acres to single purpose use at this time.

COMMENT: A portion of the 12,000 acres designated for harvesting has been or is expected to be selected by Native corporations. This was provided for in the Alaska Native Claims Settlement Act, and timber sale alternatives prescribed by the Act can be chosen which will meet the needs of the public.

Only 12,000 acres, not 120,000 acres, is committed to timber activities. Even on these acres, single use is not the apporpriate term. Elk,

deer, bear, and many other forms of wildlife use cutover areas as do hunters, picnickers, and others. We have also observed that roads improve access for such big game animals as deer and bear, as well as for humans.

WHEREAS the Forest Service's own Forestry Sciences Laboratory, which cautioned against large-scale logging on Afognak until more is known about the island's soil instability and special reforestation problems, was largely ignored.

COMMENT: Studies have shown that most of the areas logged in the past on Afognak Island have been adequately re-stocked with natural tree regeneration (over 90 percent stocked). However, there may be some tree regeneration difficulties because of competing grass and shrubs. The Forestry Sciences Laboratory is in agreement that what is now planned is responsive to the silvicultural needs of the sale area. The regeneration plans and their coordination with the other resources are discussed in the Environmental Impact Statement. The Forestry Sciences Laboratory research publication (PNW-176) recommended we ". . . proceed cautiously with large-scale timber harvesting. . . ." The sale as modified is a much more cautious approach and size of cutting units are scaled down.

WHEREAS large-scale cutting of Afognak timber, bound for Japan, ignores the larger public need for a balanced utilization of Alaska resources and provides little more than a minimal dollar return for Alaskans.

COMMENT: The capital investment necessary to start a new industry and the payroll for 120 or more employees are important to the State. Locally, an annual direct payroll of about $2,000,000 is quite significant. In addition, many economists believe that the Nation's ability to maintain a healthy balance of payments is critical. Export of the manufactured products from this sale can help this balance. Trees,

unlike oil and minerals, are renewable, thus harvesting now will actually insure more wood products for the future.

WHEREAS this return, only 25 percent of the net sale price, is only a token amount considering the probability of having to hand plant seedlings, the loss of recreational resources to the state, the added services required, and the degradation of critical commercial crab and salmon spawning and rearing areas.

COMMENT: As mentioned in our comment on the fourth WHEREAS, recreational resources will be increased. The only resource loss is wilderness. Added community services are looked upon as a benefit by some. We believe the revised sale requirements adequately protect crab and salmon spawning and rearing areas.

Any action recommended in a resolution should be realistic. A bilateral cancellation of the contract requires agreement of the purchaser as well as the Government. It is doubtful he would agree unless indemnified. There are no changed circumstances of consequence since June 13, 1974, when the purchaser and the Forest Service signed the modified contract. The contract has already been modified to better protect the environment and other resources. This included an elaborate restructuring of the size and location of cutting areas. Contract clauses are designed to more adequately protect waters from pollution.

To summarize, the Forest Service, obligated by a valid timber sale contract signed in 1968 and which was fostered by the State, voluntarily undertook a bilateral modification with full involvement and participation by the public and the purchaser in 1973. The decision to modify the contract and to proceed with the sale was announced on May 16, 1974. Correction of every personal concern for management was not possible, but most all concerns expressed during this effort were addressed in

this decision-making process. We believe that the National Environmental Policy Act has been complied with, resulting in a contract much more in tune with the public thinking. We were fortunate in having a sale purchaser who was cooperative and willing to give a great deal in the public interest. It is our recommendation that the Legislature stand by the decision to proceed with the sale and not pass the resolution as proposed.

C. A. Yates

C. A. YATES
Regional Forester

Supplemental Statement to accompany U. S. Forest Service Comments on Joint Resolutions (Senate No. 12/House No. 13), Relating to the Perenosa Timber Sale on Afognak Island, which was presented to House Resource Committee on March 11, 1975.

LANDSCAPE, SOILS, AND EROSION HAZARD

In this discussion we are mainly concerned with the N.E. portion of Afognak Island. It is this area which is proposed for timber harvest under the Perenosa Timber Sale Contract.

Landscape

Except for one mountain and several small, somewhat lower hills, all of the sale area is below 1,200 foot elevation. For the most part it is rolling terrain (slopes $<20\%$) with many lakes, ponds, and muskegs.

The geologic history of the area is quite complex. Bedrock consists mainly of metamorphic rock types. During the last ice age most of the sale area, except possibly for the highest mountain area, was covered by ice. This glaciation resulted in coating the underlying bedrock with glacial till.

During and since the melting of the ice, volcanic ash has been falling on Afognak Island. These ash falls culminated with the last major fall in 1912 which originated from the Mt. Katmai Area.

Supplemental Statement presented before House Resources Committee, Juneau, Alaska, by Tom Sheehy, Soil Scientist, Chugach National Forest, April 3, 1975.

Although many people tend to think of the 1912 ash fall as the volcanic Ash on Afognak and Kodiak, in reality it is only one of many falls which have occurred. Field evidence indicates there have been at least 16 significant (significant meaning visible) ash falls since this last great ice age. Except for the 1912 fall, layers of ash range in thickness from just visible to about 1 inch. The 1912 ash fall ranges from 4-6" thick. Textures range from silt to coarse sand. Total thickness of all the ash layers is approximately 14 inches.

Soils

The soils of Afognak can be broadly divided into two groups - mineral and organic. Mineral soils in turn can be subdivided based on type of material below the soil profile.

Group I - Mineral Soils

Subgroup I

These are the major productive soils of the Island. Generally they are about 20" thick and overlay glacial till or windblown silt. A brief description shows:

Surface organic - 2"

1912 Ash layer - 4"

Buried organic - 2"

Silt loam weathered mineral material - 12" over unweathered glacial materials.

It is interesting to note that in most soils the only ash layer visible is the 1912 ash fall.

Subgroup II

These soils are similar to Group I but are thinner and overlie bedrock at a depth of 20" or less.

Subgroup III

Small areas of uplifted beaches are found along the coast. Soils consist of:

Surface organic - 2"

1912 Ash - 4"

Over coarse, angular beach fragments

Group II - Organic Soils

Lowlying areas throughout the Island have a covering of organic sedge and sphagnum peats ranging in depth from a few inches to 8 feet.

Summary

The landscape of the area of the Perenosa Timber Sale is in the main gently rolling terrain with many muskegs, lakes, and gentle ridges.

Only the upper portion of the soils have been derived from volcanic ash. Total ash thickness is generally less than 14 inches. The remaining portion of the soil is either glacial till, windblown silt or beach cobbles. Only the 1912 ash layer is distinctively visible in the mineral soil profiles, other ash layers having been weathered and incorporated into the lower parts of the soil.

Erosion Hazard

"Volcanic ash is highly erodible" is a statement often heard. One must ask the question-under what circumstances is it and is it not. Factors to consider in this determination are:

1. Slope
2. Particle size of the ash.
3. Amount of weathering or breakdown of ash into smaller components.
4. Exposure of the volcanic ash to the elements, especially water.

Consider these factors in terms of the Perenosa Timber Sale area:

1. Slopes within the proposed sale area are generally gentle. This means minimal landslides and slump hazards. Road construction will require fewer cuts and most construction will be the overlay type (overlay road - a method of construction whereby brush, trees, etc., are removed from the road area and fill material such as rock or gravel is placed over the soil. This material then serves as a road surface). This type of construction on gentle slopes leaves the soil essentially undisturbed and protects it.

2. Particle size of the ash - Particle size defines the size of the grains or individual constituants which make up the material. In other words, the finer the material the more easily it is eroded, particularly by moving water and wind. It takes a large volume of fast flowing water to move a boulder, less to move sand and lest to move clay material.

The 1912 ash fall is the uppermost ash fall on Afognak and the one most likely to be disturbed during high-lead logging and road building operations. It is also composed of the largest particle sizes, mainly silt and sand, and is not highly erosive on gentle slopes and under rainfall conditions found in the proposed timber sale area. If water is concentrated in the form of rivulets, however, erosion can occur. Proper culvert installation will prevent this.

3. Amount of weathering - originally the material may have been quite coarse, perhaps sand in size, but because of the break down by chemical and physical weathering the particles become smaller and smaller with time. There has been some breakdown of 1912 ash particles but the material is still very coarse. The old buried ash falls are highly weathered and composed of fine particle sizes which are highly erosive. Fortunately these ash materials are quite thin (generally less than 12 inches) and are protected by a buried organic layer and a surface organic layer as well as the coarse 1912 ash fall.

4. Exposure of volcanic materials to the elements - if the ash material has a protective vegetative cover which prevents moving surface water from contacting it directly, it's stability is maintained. If the protective cover is removed, erosion can occur because water comes directly in contact with the ash. The more weathering, the smaller the particle size and the greater potential for erosion.

Summary - Erodibility and Protection of Afognak Soils

Let us now consider the soils of Afognak in the light of the above discussion to determine their erodibility under the proposed management conditions, namely high-lead logging with overlay access roads.

First, except for the 1912 ash fall, all the ash falls on Afognak have been weathered and incorporated into the soil profile in mineral soils. This weathered ash has small particle size, is highly weathered and very

erosive. At the same time it is protected by the buried organic layer, which prevents erosion.

Second, above the buried organic layer is the 1912 ash fall which has undergone some weathering but still has fairly large particle sizes. This in turn is protected by the new organic layer developed since 1912.

The key to preventing soil erosion and in turn sediment production is to minimize the soil disturbance, particularly the buried, highly erodible ashey soil material.

The best way to do this is by limiting disturbance of the soil. This is done by using high-lead logging methods with overlay access roads.

These logging methods will be used on the Perenosa Timber Sale.

Professional Opinion

It is my professional opinion as a Soil Scientist that by using high-lead logging methods, overlay roads and professional timber sale administration that soil erosion and loss of soil productivity will be minimal on the Perenosa Timber Sale.

Thomas J. Sheehy

TOM SHEEHY

Soil Scientist

Updated 12/17/74

QUESTIONS AND ANSWERS CONCERNING THE PERENOSA TIMBER SALE ON AFOGNAK ISLAND

The Forest Service is committed to Multiple use principles in managing Alaskan Forest resources. This requires that we be responsive to both local and national concerns. If conflicts do occur then we want the public to help us resolve these differences through public meetings, review of our environmental statements, or other means of public involvement. The Perenosa Sale bridges the development and environmental eras-thus has been somewhat controversial.

We have answered here, as objectively as possible, the most frequently asked questions concerning the Perenosa Timber Sale on Afognak Island. The Sale has undergone several changes thus the need to clarify the situation.

1. WHY WAS THE PERENOSA SALE MADE?

Timber, one of our few renewable natural resources, is like a crop. It matures, dies, and renews itself. The Perenosa Sale provides a means where a portion of Afognak's mature timber can be harvested. In 1967 Governor Hickel's timber task force recommended that some of Afognak Island's timber resources be harvested.

2. WHY HAS THE SALE NOT STARTED OPERATION?

Shortly after the timber was sold (7/29/68), both the foreign and domestic lumber markets slumped. The timber sale purchaser, an American firm, found that it would be uneconomic to begin operations. The markets have since improved and demand has strengthened.

3. WHY WAS THE SALE REVISED?

Environmental and esthetic concerns have changed since the sale was first prepared. These changes have been reflected in the revision which gives additional consideration for esthetics, wildlife and fisheries.

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4. WHAT ARE THE CONDITIONS OF THE REVISION?

	Existing	Revised
a. total volume to be harvested	525 MMBF*	332 MMBF*
b. acres to be harvested	21,000	12,074
c. number of cutting units	73	121
d. average size of cutting units	288 acres	100 acres
e. range in size of cutting units	37-953	34-228
f. logging period	15 years	10 years
g. average volume to be harvested each year during logging period	35 MMBF*	35 MMBF*
h. percent to be harvested of total commercial timber on Afognak	10 %	6 %

* MMBF = Million Board Feet

5. HOW WILL LOGGING AFFECT THE ELK HERD ON AFOGNAK?

Elsewhere, logging has benefited elk by providing more food, assuming other habitat requirements are met. Key elk wintering areas have been identified with the help of Alaska Dept. of Fish and Game and are reserved from logging.

6. HOW WILL LOGGING AFFECT SALMON STREAMS?

Section C6.5 (Stream Course protection) of the Perenosa contract will be rigidly enforced. This section insures that designated streams will be protected from debris, poor road building, and improper equipment use. In key areas, the cutting units have been located further from stream banks thus giving additional protection to the fisheries.

Roads built for logging purposes also provide access that makes possible the improvements of fish habitat. Examples: maintenance or improvement of spawning and rearing areas; installation of fish ladders; stocking lakes and streams; removal of barriers.

7. HOW WILL LOGGING AFFECT THE BROWN BEAR POPULATION ON AFOGNAK?

Logging in bear areas disturbs bear habits to some extent but whether this will have a long-term adverse effect on the Afognak bear population is not fully known. Bear track counts on logged areas in southeast Alaska between 1960-66 before, during, and after logging indicated no major shift in bear distribution. Hood Bay, an area on south Admiralty Island, chosen by the Alaska Department of Fish and Game as a brown bear study locale because of the high population of brown bears, was logged in 1913, 1914, 1926, and 1947. In fact, some timber has been removed from every mile of the Hood Bay shoreline within the last 90 years and Hood Bay is still prime bear habitat.

Safeguards developed in cooperation with Alaska Department of Fish and Game are intended to minimize any possible effects of logging on bears. These include no logging around major bear concentration areas along streams, locating camps away from heavy bear use areas; and leaving timber fringes around grass flats known to be good bear habitat.

The following statement is quoted from the publication The Brown - Grizzly Bear In Alaska - It's Ecology and Management, Alaska Department of Fish and Game.

"Logging activity may actually benefit the brown bear population. Timber cuts are being made from over-aged climax spruce, hemlock and cedar stands, forest types notoriously sterile as habitat for brown-grizzly bears. Openings created by cuts would seemingly initiate successional patterns, certain stages of which would create conditions more favorable to bears than the present climax state. The early pioneer stages with abundant grasses and other herbaceous growth would appear especially attractive to bears. These requisite foods are scarcely represented in climax stands. A rotational cut would thus result in mixed-aged forest stands some of which would always be of prime importance to bears."

The statement was not made of Afognak but speaks to the importance of successional variations to the food chain of bears.

8. HAS AN ENVIRONMENTAL STATEMENT BEEN PREPARED?

An Environmental Impact Statement was prepared and filed with the Council of Environmental Quality on April 15, 1974.

9. WERE PUBLIC MEETINGS HELD IN KODIAK TO REVIEW THE CONTENT OF THE ENVIRONMENTAL STATEMENT?

Yes. In addition, public meetings were held concerning the original Sale and the revision.

10. WILL REFORESTATION OF THE LOGGED AREA BE A PROBLEM?

The number of trees now growing on formerly logged areas on Afognak has been found adequate, but size and distribution is less than optimum. Our research branch has reported slow growth (as compared to southeast Alaska) of young trees due to grass and brush competition in a 25-year old logged area in Kazakof Bay. (Reference Research Note PNW #176, May 1972.) Afognak Island lies at the margin of the westward extension of Sitka spruce, and in this zone reforestation by natural means cannot be guaranteed. If for any reason it is not adequate, measures will be taken to help insure that cutover areas will be satisfactorily reforested in a reasonable period. Some of these measures include one or more of the following:

a. plant Sitka spruce seedlings.

b. mechanically remove competing brush and grass around planted trees.

c. selectively apply registered herbicides to remove competing vegetation where necessary to insure adequate growth of seedlings.

d. apply fertilizers to stimulate tree growth.

11. HOW WILL THE ALASKA NATIVE CLAIMS SETTLEMENT ACT AFFECT THE SALE?

The sale predates the Act but a portion of the sale lies within areas available for native selections. Some village corporations have filed applications for land that contains about 1/3 of the timber in the sale. More land selections may be made.

The Act provides:

"Sec. 15. Notwithstanding the provisions of existing National Forest timber sale contracts that are directly affected by conveyances authorized by this Act, the Secretary of Agriculture is authorized to modify any such contract, with the consent of the purchaser, by substituting, to the extent practicable, timber on other National Forest lands approximately equal in volume, species, grade, and accessibility for timber standing on any land affected by such conveyances, and, on request of the appropriate Village Corporation the Secretary of Agriculture is directed to make such substitution to the extent it is permitted by the timber sale contract without the consent of the purchaser."

12. WHY HAS THE PAYMENT FOR TIMBER CUT (STUMPAGE) BEEN DECREASED?

As mentioned, environmental requirements have become more stringent since the sale was first sold and this has increased the cost of logging. This will mean a reduction in stumpage and lower net return to the Federal treasury.

13. WILL THE LOGGING CAMP IN KAZAKOF BAY INCREASE ANY BENEFIT OR COST FOR KODIAK?

There will be a demand on the town of Kodiak for goods, services, and transporation to supply the expected 30 to 60 man logging camp. This will increase employment in the area to supply these needs and thereby provide an additional tax revenue base. The logging camp and equipment is taxable. A quarter of all stumpage receipts is paid to the boroughs through the State of Alaska for the timber cut on National Forest land. This money contributes to the support of schools and roads.

14. IF A MILL IS LOCATED ON KODIAK, WHERE WILL THE TIMBER COME FROM TO SUSTAIN IT AFTER THE PERENOSA SALE IS COMPLETED?

The volume to sustain continuous operation of the mill will come principally from the timber resources on Afognak Island. Actually only a very small percentage of the commercial timber of Afognak is in the Perenosa Sale. It's likely that timber from other islands of the Kodiak group may also be milled there.

15. WILL THIS SALE AFFECT THE U.S. BALANCE OF PAYMENT DEFICIT?

Yes. America has imported more products that it has exported in the past decade to Japan. Timber not in demand domestically - like the Sitka spruce from Alaska - is one commodity the U.S. can export to help regain some of the dollars spent for importing foreign goods.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

SUBPORT BUILDING
JUNEAU 99801

April 2, 1975

The Honorable Ted Smith
Alaska State Legislature
House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Ted:

In response to your request of March 19, 1975, re: high or marginal fish production versus high or marginal damage from logging in the Peranosa timber sale area, Afognak Island fish production is presently depressed to the point that commercial salmon fishing was completely closed last season in an effort to restore the streams to their past production levels. When these streams are producing in accordance with their capabilities they are typical of others in the region.

More noteworthy is the fact that of six or so major producers on Afognak Island, three of the systems; Danger River, Peranosa River, and Peramanoff River, are directly impacted by the sale. Foremost among these is the Peranosa River, which is adjacent to the road system now under construction.

Addressing the subject of damage, the volcanic nature of the soils may present extreme hazards to maintainance of quality fish habitat. Experience on Kruzof Island in southeastern Alaska has shown that volcanic soils may be extremely unstable when disturbed, with landslides and massive erosion resulting from road building and materials sites.

The uncertainty of the ability to provide the volume specified in the contract area in light of Native Claims Settlement is also a significant factor. When confronted with the necessity to meet contract obligations in an economically feasible manner, fish and game values are generally the first to be neglected or compromised. Logging related impacts are dependent upon the quality of management and the manner and places in which the operations are conducted. Quality management depends upon having enough options available. In the case of the subject sale, we feel the physical and economic environment risks significant damage to significant fisheries should the sale be executed as presently planned.

Sincerely,

Robert E. LeResche

ALASKA DEPARTMENT OF FISH AND GAME
SUPPLEMENTAL STATEMENT FOR THE RECORD

on

HJR 13

before the

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

April 3, 1975

The House Committee on Resources has requested that the Department of Fish and Game present detailed testimony regarding the Perenosa Timber Sale on Afognak Island. The Committee has expressed particular concern as to the potential adverse impact of timber harvesting on Afognak's fish and wildlife, and the likelihood of long term or permanent damage to fish and wildlife habitat. Consequently, our testimony specifically addresses this concern.

Rather than merely stating our conclusions, however, we have included in the first part of our statement a lengthy review of the potential effects of timber harvesting and accompanying activities on fish and wildlife generally. Our intent here is to give the Committee enough background information so that individual Committee members may draw their own conclusions as to the probable effects of logging on the fish and wildlife resources of Afognak, rather than forcing them to rely on our own estimates. In addition, so that there is no disagreement as to the validity of this background information, we have included almost entirely only those facts which appear in Forest Service studies or publications, with the few exceptions pertaining primarily to the effects of clearcuts on wildlife survival. The second part of the testimony discusses the relative merits of the Perenosa Timber Sale in particular.

We have attempted to be as specific as possible in describing the probable effects of the sale on fish and wildlife success. We would point out that it is difficult, however, to identify likely fish or wildlife losses in terms of explicit quantities. The principal reason for this is that the Forest Service sale implementation plan has been purposely rather indefinite, with many of the determinations regarding fish and wildlife protection to be made well after logging has commenced rather than before hand. For example, it has become evident that the Forest Service has already departed from the plan set out in the Environmental Impact Statement (EIS) by changing the location of a major road to an area which is an important wintering ground for elk.

Persons concerned with this type of issue have sometimes asked why the Department of Fish and Game does not have complete and thorough information on all fish and wildlife within a particular area well before the EIS is developed. The answer is that there are a large number of timber sales being conducted within Alaska at any given time, and we try to do the best we can within the limits of time, personnel, and the opportunities for participation made available by the Forest Service. Moreover, the Forest Service is required by Federal law [Multiple Use/Sustained Yield Act of 1960, (16 USC 528 - 531)] to manage both timber and fish & wildlife on the basis of co-equal priority, and on the principle of sustained yield. Since it is the Forest Service which is initiating the development in the first place, we feel it is incumbent upon them to insure that fish and wildlife are adequately protected before proceeding.

Our testimony on the Perenosa Timber Sale follows.

POTENTIAL EFFECTS OF LOGGING ON FISH AND WILDLIFE GENERALLY

A. FISH AND SHELLFISH

Fish and shellfish residing in or adjacent to national forests must be guaranteed a high quality habitat in order to be maintained. Generally, a desirable habitat consists of suitable grounds for regeneration and rearing, high quality water, and protection from physical damage and damage to the biological community.

Frequently, there is a tendency to measure habitat damage only in terms of actual fish or shellfish mortality. However, the quality as well as the quantity of fish and shellfish produced must be kept in mind. Adverse impact on a fish habitat within a national forest, while not actually causing fish kills in that location, may result in poor regeneration or decreased growth rates in resident populations, which in turn diminishes the commercial or recreational value of fisheries resources. Thus, the absence of dead fish floating on the water does not conclusively indicate the absence of resource damage through undesirable habitat alteration.

Destruction of or damage to fish and shellfish habitat resulting from timber harvesting and accompanying activities may appear in a number of forms, which are described below.

1. Sedimentation

a. The relatively youthful topography of many areas of Alaska combined with heavy precipitation and steep slopes make many land areas highly susceptible to erosion, which may be substantially aggravated by activities such as removal of vegetation, log yarding, road construction, and construction at stream crossings.

b. Areas subjected to heavy erosion and an absence of vegetation may experience a more rapid runoff of precipitation into drainages, leading to high stream stages. High mortality of salmon has been connected to high stream stages, which may remove eggs from their protective gravel cover and expose them to predation, physical damage, or deep burial due to shifting gravel. High water levels may also cause debris (e.g., logging slash, logs, stumps) to enter a stream which may in turn cause gravel excavation and redisposition.

c. High stream levels also result in increased levels of sediment entering streams. On occasion, sediments may be flushed into estuarine areas which serve as habitat for shrimp and crab.

d. Suspended sediment (that actually flowing with the water) may be harmful to fish if present persistently. Accumulation of silt on gill filaments may restrict the ability of the gills to aerate the blood, eventually causing death. While siltation is apparently rarely found

in concentrations which are undoubtedly lethal, nonlethal concentrations may well have substantial adverse effects on the growth and condition of fish, making them perhaps smaller and less resistant to elements causing natural mortality.

e. As a side effect, streams which have heavy siltation levels will be murky and turbid. Since salmon and trout are sight feeders, fishermen can expect to have less angling success in such streams.

f. Deposited, as opposed to suspended, sediment consists of particles which have settled out of the water onto streambeds. Deposited sediment affects salmon spawning habitat by inhibiting the flow of oxygen-bearing water within the gravel where eggs and alevins are incubating, and by establishing a physical barrier to the emergence of fry up from the gravel. Bedload sediment may also reduce the habitat of the aquatic insects which influence the growth condition of rearing fishes. Species composition of aquatic insects may also change for the worse.

g. Sediment is one of, if not the most important, fact influencing the salmon and trout reproduction in streams. Studies have shown that the survival rate of salmon eggs is in direct proportion to the flow of water through the gravel, which in turn varies with the concentration of sediment.

h. The effects of deposited and suspended sediment referred to above have concerned only inorganic sediment. Organic sediment may also contribute to the degradation of fish habitat. Bark, especially, may create a significant oxygen demand as it decomposes, and can produce excessive amounts of slime bacteria which then may suffocate incubating eggs and alevins.

i. The above effects have been described mostly as they refer to anadromous fish. However, they apply as well to resident populations of fishes. Fish stocks which spend the entirety of their life cycle within fresh water on national forests are more susceptible to sedimentation over the long run because of their constant presence. So also are species of anadromous fish (such as silver and king salmon) which spend a year or more rearing in fresh water before migrating to the sea. Therefore, increased oxygen demand by decaying organic sediment, the effects of suspended sediment, and the reduction of habitat for important aquatic insects are also factors affecting rearing of juvenile fish as well as the incubation of eggs and alevins, and the general habitat for mature resident fish.

2. Water Temperature

Water temperature, along with sediment content, is a critical factor in maintaining a satisfactory habitat in streams for salmon and trout.

a. Stream water temperature depends on a number of factors, including climatic conditions, volume of streamflow, length of stream exposed to solar radiation, depth of stream, and ground water and tributary influences.

b. Since the principal factor affecting stream temperature is direct solar radiation, the presence or absence of streamside vegetation directly

controls stream temperatures.

c. Experiments in Southeastern Alaska have confirmed earlier studies conducted in the Pacific Northwest demonstrating substantial temperature increases in streams where clearcutting to the banks had taken place. Small streams seem to be most susceptible to large temperature increases.

d. While there have been fish kills in Southeastern Alaska in streams as a result of excessive temperatures, direct mortality is not the only effect. Ideal summer temperatures for salmon range from 54° to 58°. However, temperatures in areas which have been logged may range up to 85°. Because higher temperatures increase metabolic rates in salmon and require more food to initiate growth, sublethal temperatures may adversely affect the growth and condition of juvenile salmon.

e. Some salmonids (especially silver salmon) often favor relatively still water during the rearing phase, such as that found in sloughs or small tributaries. Because of the negligible volume of flow in such waters, critical temperatures may be reached sooner where protective vegetation is absent.

f. While water temperature in the main streams within a watershed may receive the most attention, removal of vegetation in tributaries can influence overall watershed stream temperatures, since cold water in tributaries may be an important factor in controlling downstream temperatures.

g. In streams where water temperatures are warm to begin with, higher temperatures may contribute to lower dissolved oxygen rates and promote the growth of slime bacteria or fungi which could cause excessive mortality to incubating eggs.

h. The effects of high water temperatures during the spawning and rearing phases must be separated. Those species of salmonids (such as pink or chum salmon) which utilize fresh water only for spawning or incubation will be exposed to potential adverse temperatures for a shorter period than those (king and silver salmon) utilizing fresh water for rearing as well. For rainbow trout and those Dolly Varden and cutthroat trout which reside exclusively in fresh water, the danger is constant.

i. For pink and chum salmon, which incubate in fresh water but primarily move to salt water for growth and feeding after emergence, water temperature plays its main role in regulating the duration and timing of incubation, hatching, and emigration from the freshwater system. A given total number of temperature units is required (from the time of egg deposition and fertilization) for the eggs to hatch. If this development is accelerated by even a very minor temperature increase (2° or 3° F.) due to removal of streamside vegetation, fry may emerge considerably earlier than normal. Downstream migration might be impeded at that time or conditions for growth or survival in the sea may be unfavorable until later.

j. Much further needs to be learned about the effects of logging on stream temperatures and the types of logging operations which will avoid temperature problems. Patch cutting (alternating streamside blocks of canopy and clearcut) does not seem to provide a solution, for example, where air

temperature exceeds stream temperature; rather, the stream simply heats more slowly in canopied areas than in clearcut areas.

k. Since direct solar radiation is the principle cause of rising stream temperatures, the climatic conditions will determine the amount of temperature increase. Since the number of warm temperature days varies considerably from year to year in parts of Alaska, so also will the potentiality for excessive stream temperatures. As an example, for the month of July in Juneau over the years 1950 - 1971, the number of 70°+days varied from 1 to 18.

l. While most of the concern over removal of streamside vegetation is with summer temperatures, winter stream temperatures may be affected as well. During winters where there is little insulating snow cover accompanied by sustained cold spells, the lack of insulation by vegetation may lead to a lowering of water temperature (due to back radiation) which may be more critical than summer temperature increases. Streams and subjacent gravel beds may become completely frozen.

3. Streamflow

a. Streamflow generally increases after clearcut logging. Whether the net increase is substantial depends on the size of the clearcut areas and the climatic conditions within the particular watershed.

b. During natural high water stages, increased streamflow may cause mortality of eggs and alevins from gravel bed movement. Flushing of important aquatic insect populations may also occur.

c. Increased streamflow may, on the other hand, increase oxygen supplies and decrease water temperatures.

4. Water Chemistry

a. Dissolved oxygen content is most important in considerations of water chemistry. Developing eggs require increasing amounts of dissolved oxygen up to and including the hatching stage. Feeding and growth of young salmonids is better in waters with higher dissolved oxygen concentrations.

b. Studies have shown reductions of dissolved oxygen levels in streams after felling streamside timber. Layers of debris on the streambed often cause such reductions first in the intragravel water where eggs are incubating, and later in surface waters. Reductions may be rapid if there is enough logging debris to create an oxygen demand through decomposition.

c. Where a layer of debris is deposited on the streambed so as to reduce water flow to the intragravel area, lack of dissolved oxygen may be accompanied by increased concentrations of carbon dioxide, ammonia, and other metabolic waste products of developing eggs and alevins.

5. Logging Debris

a. Logging debris (logs, branches, bark, leaves) entering the stream

may cause oxygen demand through decomposition, form a barrier on the gravel surface reducing gravel/surface water interchange, impound waters normally flowing over riffles and being oxygenated, produce slime bacteria which will smother eggs, and contribute to temperature increases resulting from reduced water velocity through uncanopied areas.

b. Fine logging debris can change the habitat for aquatic insects. It may also fill spaces in rock and gravel areas which are living spaces for insects and cover for small juvenile fishes, and decrease the survival ratio of alevins if accumulation is during egg incubation.

c. Log jams may block migration of fish to upstream spawning and rearing areas. Substantial jams affect streambed topography, gravel stability, sediment deposits, and streamflow.

d. Generally, fine debris can be considered harmful to the aquatic ecosystem in all cases.

6. Herbicides, Insecticides, and Other Chemicals

a. Data is generally lacking on the effects of chemicals on Alaskan aquatic organisms since such chemicals are not often used by the Forest Service. However, it has been shown that such chemicals can be toxic to fish, and may also eliminate insect populations which are important food sources for fish.

7. Estuaries

a. Salt water is extensively used in Alaska for storage and transportation of logs (log dumps and log rafts). Logs are usually stored in shallow bays. During the dumping and rafting, bark is knocked off of logs and sinks to the bottom, often in large quantities.

b. Accumulations of bark can greatly increase oxygen demand, resulting in reduced populations of marine organisms, and smother the bottom so thoroughly that repopulations is prevented. These accumulations may persis for a long time, and marine animals are very scarce in some areas.

c. Water storage of logs also leads to the release of leachates which further increase the oxygen demand in the area.

d. Marine animals most likely to be affected include rearing pink and chum salmon, clams, crabs, and shrimp.

e. Note that logging debris and sediment deposited in streams adjacent to clearcutting within the forest itself may be flushed into estuarine areas, with resulting adverse effects.

B. WILDLIFE

1. Deer

a. There has been a considerable controversy over the relative effects of clearcut logging on deer populations. Frequent reference is made to the so-called "edge effect" created by clearcut logging, which pertains to the tendency of deer to favor the edges of open areas as habitat. The alleged benefit of clearcutting is that the removal of the forest canopy permits the rapid growth of plants and shrubs which serve as browse for deer, and that the presence of a number of clearcut areas within a deer range results in a net increase of browse, with favorable effects on deer population.

It is probable true that clearcuts, if properly shaped and located and of an optimum size (e.g., 25 - 40 acres), may be of benefit to deer because of increased browse production. However, in Alaska these benefits are primarily confined to the summer only; during winter, the absence of a canopy causes much deeper snow in clearcut areas so that the browse becomes unavailable. If there are many clearcut areas, the lack of available browse within a mature forested area may lead to a net decrease of browse during the critical winter months. In addition, there is evidence that the type of browse that is produced in clearcuts is of a less preferred type than that occurring in climax forests.

The increased browse that may occur within a clearcut will generally remain available only for the first 20 years or so after logging. Thereafter, the forest canopy will begin to close with such density that plants and shrubs serving as deer browse will be unable to compete, and will die off. Only when the trees have matured and open spaces appear in the canopy (at least 60 - 80 years after the sale) will preferred plants begin to come back, if at all. Browse production equivalent to that prior to logging may not occur until the end of the rotation period (100 - 150 years). From the standpoint of deer habitat, therefore, the loss of x acres of browse-producing mature forest must be balanced against the gain of 20 years of summer-only browse production, followed by 40 - 60 years of virtually no browse production, followed in turn by several decades of less than complete browse production.

The "edge effect" is well-named in that it indicates deer only use the edges of clearcut tracts. Consequently, large clearcuts will result in large middle areas not used at all, and which represent lost habitat.

If clearcutting is employed, it is extremely important that large tracts of low-elevation mature forest be left alone for the benefit of deer during the winter. Deer frequent such areas (especially along beaches) because the temperatures are warmer and there is a smaller accumulation of snow. Snow depths of more than 2 feet make browse unavailable, so there will be none in clearcut areas and none at higher elevations. If low elevation forest is not maintained, there will be substantial deer mortality during severe winters.

b. Logging may also adversely impact on deer by restricting their movements. Remaining slash and debris in clearcuts makes such areas

impassable by man or large mammals for many years after harvesting. Movement is also restricted as the forest canopy first closes (about 20 years) because of the extreme density of the vegetation. This may be important if it prohibits access to streams, travel along established migration routes, or movement to areas where food is available. Therefore, within a particular deer range, it is important that both the number and size of clearcut areas be considerably limited.

Logging roads, with attendant noise, fumes and traffic, may become barriers to deer migration.

c. In areas where extensive clearcutting has taken place, deep snow in the winter may substantially hamper deer movement, making feeding more difficult and increasing vulnerability to predators such as wolves.

2. Elk

a. The same comments made with respect to deer apply generally to elk as well.

b. Elk, like deer, are extremely vulnerable to severe winters. During winter months, elk usually frequent beach areas in mature forest where snow depth is least and food is available.

c. Elk have a tendency to frequent the same calving areas year after year, which is probably due to the favorable environment of those areas. If such areas are clearcut, they will be lost as habitat.

d. Use of clearcut areas for browse by elk appears to be very light during the years immediately after harvesting. As vegetation preferred by elk invades logged areas, use increases for a few years, declining again when conifer growth crowds out preferred plants.

3. Brown Bear

a. Although brown bears hunt salmon as part of their diet, grazing and the use of berries constitutes about three-fourths of food intake. Therefore, considerations of browse production mentioned with regard to deer are equally important for brown bear.

b. Beach grass and sedge flats are important spring food sources for brown bear. Most feeding on tideflats and beaches is along a forested fringe, indicating the need for this type of cover. In general, it is necessary to maintain escape cover near feeding areas, whether tideflats, beaches, or salmon streams, as this appears to be an important part of their environment.

c. Although browse constitutes the majority of the brown bear's diet, salmon are very important as a source of animal protein. Salmon streams within bear ranges must be maintained and accompanied by blocks of timber or leave strips for escape cover.

d. Brown bear ordinarily remain in an area even though logging is being conducted in an adjacent area. This increases the possibility of bears being shot as nuisances. It also indicates the importance of adjusting

logging operations so that bears are not crowded out of their favored habitat areas.

e. Grasslands, tideflats, and beach fringes (especially where strawberries are present) are prime feeding areas for brown bear. These areas should not be encroached upon through timber harvesting, yarding, road construction, logging camps, log dumps, or other activities which would remove their habitat value.

4. Birds and Furbearers

a. The number of birds and furbearers populating Afognak Island make it undesirable to go into a detailed discussion of the potential effects of logging on their respective habitats.

b. The presence of ducks and shorebirds make it important to preserve grass tide flats, inland lakes, and ponds which are significant habitat areas.

c. Bald eagles have been shown to be extremely sensitive to the presence of man. The US Department of the Interior presently requires a 330 foot radius of undisturbed forest around each eagle nest so that noise, fumes, or other factors do not destroy the habitability of the nesting area. There is evidence that 330 feet may not always be enough. Similar treatment must be afforded the peregrine falcon.

d. Beaver, marten, fox, and otter all react in varying degrees to logging. Marten appear to avoid areas that have been recently logged. Otters frequent beach and stream areas.

e. As a very general rule, with the exception of special management considerations that may apply to dens of furbearers and nests of eagles and falcons, if satisfactory habitat is maintained for brown bear, deer, and elk within a given area, sufficient protection should be provided for other species of wildlife.

C. OTHER ADVERSE EFFECTS ON FISH AND WILDLIFE

Where an area is subjected to timber harvesting, for the first time especially, there are a number of other effects which must be considered as influencing the welfare of fish and wildlife.

1. Logging Camps

a. Logging camps, made up of the personnel actually operating within the forest, may have as many as several hundred residents. It can be expected that those residents will take advantage of hunting and fishing opportunities, sometimes illegally.

b. The presence of food and garbage within a camp will tend to attract bears if not properly cared for. In addition, the presence of loggers and other personnel in the woods will increase man/bear confrontations. It is, therefore, likely that a certain number of bears will be killed as nuisances.

2. Roads and Developments

a. The construction of roads and other facilities increasing the accessibility of an area will lead to increased utilization by the public. Greater harvests of fish and game will certainly result. If hunting and fishing pressure is sufficient, intensified fish and wildlife management will be necessary, at public expense.

b. Roads, vehicles, and the presence of man in large numbers may deter wildlife from utilizing areas previously frequented. If development is widespread, there may be a significant reduction in habitat area, which can be important if timber harvesting has decreased or terminated the habitability of other areas.

c. Increased utilization of an area will result in an increase of illegal hunting and fishing and therefore an increase in enforcement effort, at public expense.

II. POTENTIAL EFFECTS OF LOGGING ON AFOGNAK ISLAND

It is fair to say that the Forest Service has been unusually cooperative with respect to the Perenosa Timber Sale. A number of surveys were conducted of the area by Forest Service and Department of Fish and Game personnel, and some of the recommendations made by ADF&G at the Draft Environmental Impact Statement stage were incorporated into the Final Environmental Impact Statement.

Nevertheless, because of substantial defects in the proposed plan together with some recent developments regarding native claims, the Department of Fish and Game has very serious reservations about the sale and does not believe it should take place before a number of questions are answered and a re-evaluation is completed. If the Department were to recommend otherwise, it would be in violation of its constitutional directive to manage fish and wildlife on the basis of sustained yield.

Our concerns on the Perenosa Timber sale follow.

1. Reforestation

There appears to be a major problem regarding natural reforestation on Afognak Island, stemming from very poor soil fertility in many parts of the area. Two Forest Service soils scientists who examined small clearcuts undertaken several decades ago expressed a great deal of doubt as to whether adequate regeneration would take place if the Perenosa sale were carried out. They questioned whether shelterwood cutting should be used instead of clearcutting, and whether large scale timber harvesting should take place at all. In general, they recommended extreme caution until the ability of Afognak to naturally regenerate was accurately assessed.

Despite these warnings from their own scientists, the Forest Service plans to carry out a long term sale plan which will result in the harvest of most if not all of the commercial timber in the area. It must be emphasized that the sale presently under consideration is only one of several that will be conducted in that location.

If the Forest Service has miscalculated the capacity of Afognak to naturally regenerate timber, the effects on resident fish and wildlife could be adverse in the extreme. Their objective is to maintain stands of timber in various stages of growth so that there will always be enough mature forest and the wildlife habitat will be varied. This objective, however, is based on an estimated 110 year rotation which they say is the time it will take for clearcut areas to regenerate to maturity. On the basis of the information submitted by their soils experts, however, the rotation period could easily be twice that.

We have already noted the importance of vegetation to fish and wildlife. The Perenosa sale plan contemplates harvesting of watersheds used by trout and salmon for spawning and rearing. If reforestation is slow, the effects of vegetation removal such as increased stream temperatures and sedimentation will be prolonged. Critical wintering and feeding areas for deer, brown bear, and elk removed by clearcutting may take forever to return to the point of becoming useful habitat again. Moreover, the Forest Service indicates in the EIS that if reforestation is unsatisfactory, herbicides may be used to reduce competing vegetation. This "competing vegetation" is in fact the "increased browse production" which the Forest Service points to as the principle benefit of clearcut areas.

The EIS also points out that the Afognak sale area will be the only area used to pay off the capital investment in the sawmill that will process Afognak timber. We can foresee a tremendous temptation to continue harvesting timber from Afognak in the future notwithstanding unsatisfactory regeneration in order to protect the investment in the mill, with a further reduction in wildlife habitat that would amount to be permanent in practical effect. It would be preferable not to reach that point.

2. Native Claims

A considerable amount of the land within the Perenosa sale area has been selected by native villages. This land appears to encompass over 30% of the cutting units laid out by the Forest Service for the Perenosa sale. The natives do not want the Forest Service to harvest timber on the selected lands, since they wish to do this themselves. Rather, they want the additional 30+% to be taken from the rest of the sale area.

In addition, the eligibility of two other villages to select land on Afognak has not yet been determined.

Since the Forest Service has stated that timber sufficient to take care of the investment in the sawmill will all come from Afognak, the question is raised of whether the Forest Service will have to produce this volume from areas outside of those selected by the natives. The Perenosa sale has been revised once because of objections over the likely effects on fish and wildlife of the original plan, which the Forest Service admitted were legitimate.

A further revision necessary to accomodate the preferences of the natives may very well result in the loss of the protective measures represented by the revision, which could in turn be aggravated by the regeneration problems described above.

If both the Forest Service and the natives will be harvesting timber in large quantities on Afognak, the Perenosa plan should be re-evaluated to take into account the loss of fish and wildlife habitat on Afognak as a whole.

3. Fish and Wildlife Protection Generally

With respect to the general plan for fish and wildlife protection, we would quote from the comments submitted on the DEIS by the Secretary of the Interior:

> "Very little description of mitigating measures is contained in the draft. There are numerous references to the need to identify and avoid critical wildlife areas, the desirability of using road construction and logging methods which minimize disturbance of the soil, the desire to inform the purchaser of the importance of archeological sites, etc. These appear to be future 'nice to do' proposed actions. There is no indication that the sale will be fully planned, inventoried, and mitigating measures stipulated before cutting starts. There is no indication which mitigating measures were considered and prescribed as stipulations to the sale."

The Federal Highway Administration stated that "[t]he Forest Service has done an excellent job describing the existing environment, but it has given only cursory attention to the environmental impacts of the proposed action."

In fairness to the Forest Service, they did undertake such activities as elk herd surveys in cooperation with ADF&G and made several revisions in the plan designed to protect wildlife habitat. Cooperation in the Chugach National Forest has to date been much better than that with respect to sales in the Tongass National Forest.

Nevertheless, while the Perenosa EIS does describe the existing environment well, the text pertaining to impacts on fish and wildlife and mitigating measures is vague and equivocal.

a. The EIS states that the primary effect of the sale on fish and wildlife will be "to increase man's use of these resources through increased access provided by roads and presence of a resident population". [p. 38]. No doubt this will be of considerable impact. Nevertheless, with 12,000 acres of clearcuts comprised of 121 units of up to 228 acres individual size, and with those units located in areas presently utilized by brown bear, deer, elk, marten, fox, beaver, land otter, salmon, nd trout, increased use by man is certainly not going to be the only or the primary impact.

b. On page 39 of the EIS, the Forest Service says that the harvest of timber "may affect fish habitat". They point out that no logging is "planned" adjacent to major salmon streams, the harvest of "significant acreages of the watersheds of salmon streams is planned." This clearly

includes rearing areas for immature salmon. Yet, "[t]hese affects cannot be quantified at this time and will require continued monitoring to assess the impact that logging may have upon fish so that logging systems can be adjusted to minimize adverse effects which may occur." With severe reforestation problems likely on Afognak, and the heavy erosion potential due to unstable volcanic ash soil, this kind of after-the-fact repair approach is not acceptable.

c. Also on page 39, it is said that "measures such as timing of road construction and logging, buffer areas and modification of logging methods will be necessary to protect fish habitat." On page 59, however, the Forest Service specifically rules out "advanced" logging systems (skyline lead, balloon, helicopter), despite the extensive erosion potential on Afognak and the tendency of highlead systems to contribute to erosion. Paragraph C6.5e of the timber sale contract indicates that trees will be felled directly into streams. Although other measures are included designed to minimize adverse impact, these are not always enforced due to poor sale administration.

d. The EIS says that there is a need to"further identify" key wildlife habitat, and that it "may be necessary to further adjust harvest unit layout or timing to protect wildlife populations." Yet, under Unavoidable Impacts the only adverse impacts mentioned are "disturbance" and "temporary displacement" of wildlife. The previously mentioned comments of the Secretary of the Interior stated that the sale plan will "certainly have an adverse effect on elk herds", which fact is not mentioned in the draft.

e. Despite references to mitigating measures, page 41 of the EIS indicates that there are 60 miles of protected coastline within the sale area, 17 of which will be logged to the waterline. If reforestation becomes a substantial problem, a large area of what is bound to be important wintering grounds for elk and deer may be removed indefinitely.

f. The contract provisions are, in a number of places, vague, wholly discretionary, or in apparent contradiction with the EIS. For example, while the EIS is supposed to be an assessment of the plan for the operation (including road systems and their impact), the contract allows for the construction of additional roads if convenient [Paragraph B 5.25]. Roads are not to be located adjacent to fish producing streams "unless an alternate location is impractical." [Paragraph C6.4b(2)]. Blasting adjacent to streams is to be limited to times when eggs or fry will not be damaged. [Paragraph C6.4b(3)]. How is the contractor to know when this is? In addition, in Part C of the contract (which contains special provisions included because they are appropriate to the particular sale), a provision is added governing use of log rafts [Paragraph C6.85] despite a statement in the EIS that no use of log rafts or water storage is "planned". [p. 36]

g. Parts of the EIS simply do not take into account what should happen if the plans of the Forest Service go wrong. For example, although the EIS does hint that there may be a reforestation problem on Afognak, it does not include the rather dire warnings contained in the soil survey reports. Despite the distinct possibility of the indefinite loss of wildlife habitat as a result of poor reforestation, the effect of the sale on wildlife habitat is described as follows:

"The planned harvest of timber from the sale will result in the conversion of some winter range areas of elk and deer from essentially an unbroken stand of mature forest consisting of mature trees and openings in various stages of forest succession. This conversion will be of benefit to elk and deer by providing better winter range conditions. Successive cuttings of mature stands will maintain browse in clearcuts and fringe areas." [p. 38]

A similar example occurs on page 48:

"Some soil disturbance and erosion will occur on logged areas, road locations, camp sites, and barge loading and log storage areas. Re-vegetation and properconstruction measures are planned to minimize erosion and soil disturbance."

h. The EIS does not mention that salmon fishing in the vicinity of Afognak Island has been severely limited in an attempt to rebuild salmon runs in Island streams to their potential level of production. It would be a mistake to further aggravate the precarious condition of these fisheries by logging in these drainages. Nevertheless, the Perenosa River, for example, considered the best salmon producer on the Island, will be impacted by bridge crossings, a road parallel to the River, and logging in the upper portions.

i. Although the Forest Service has conducted some wildlife surveys on the ground, there is evidence that much of this sale was laid out using aerial photographs alone. This may explain why the EIS fails to be explicit in many places and why the Forest Service intends to develop specific wildlife information and protection measures only after logging has already been commenced.

j. Even if the plan is relatively definite, there is no guarantee that it will take place exactly as described. For example, a road is presently being constructed in the sale area in a location considerably different from that indicated in the EIS. The road will now go through an area which serves as wintering grounds for elk. The Department of Fish and Game was not consulted about this change.

By including these examples of deficiencies in the EIS, we do not mean to suggest that the Forest Service is merely paying lip service to fish and wildlife protection measures and that they intend to cut timber and forget about everything else once the sale gets under way. Rather, our objection is to their approach of putting off a firm fish and wildlife protection plan until timber harvesting is actually in progress and it may be too late to implement proper measures; to reliance upon a "very broad and general" wildlife habitat survey during the planning stages and waiting to "further identify key wildlife habitat" during the sale itself; to failing to quantify suspected adverse effects and waiting to "monitor" and "assess" impact after logging has been completed, emphasizing repair rather than prevention; to ignoring what may be a severe regeneration problem and failing to develop a cautious approach coupled with an effective contingency plan should anticipated result fail to materialize; to the absence of specific protective measures in many areas where the risk of damage to fish and wildlife habitat is known to be very high.

RECOMMENDATION

This is not to say that it is impossible to conduct a timber sale on Afognak Island which will not result in unacceptable fish and wildlife damage. While it is clear that timber harvesting may lead to fish and wildlife mortality if improperly conducted, it is equally clear that timber harvesting does not automatically mean fish and wildlife depletion.

At the present time, it appears that the combination of unknown reforestation capacity, native land selections, and incomplete fish and wildlife protection plans would make it inadvisable to conduct the Perenosa sale until a re-evaluation has taken place and additional information is obtained.

Forest Service personnel of the Chugach National Forest have exhibited a high degree of cooperation with the Department of Fish and Game on many matters in the past, including aspects of the Perenosa sale. They have indicated to the Department a willingness to further discuss the elements of the Perenosa sale with a view towards eliminating the problems which stand in the way of its successful completion. The Department intends to initiate these discussions as part of our general policy to negotiate timber/fish & wildlife conflicts on national forests. Perhaps the Committee would like to direct its Resolution so as to encourage further discussion and re-evaluation of the Perenosa sale by the Department and the Forest Service.

HJR

29

Relating to federal leasing of the Alaska outer continental shelf for oil and gas.

COMMITTEE REPORT

4/15/75

HOUSE

Mr. Speaker: Date 4-23-75

The Committee on RESOURCES has had HJR 29 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR HJR 29 AND THAT CS FOR HJR 29 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Vic D Anderson / Tim Hershberger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Vic D Anderson / Chairman

HJR

34

Relating to state and federal fishery management arrangements.

COMMITTEE REPORT

5/16/75

HOUSE

Mr. Speaker: Date 5-21-75

The Committee on RESOURCES has had HJR 34 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

House Resources

NATIONAL FISHERIES PLAN--ALASKA REVIEW

May 1, 1975

Comments on Issues

Issue 5: What should be the objectives of the fisheries management programs?

The group as a whole generally favored the optimum utilization principle because it allows maximum flexibility in fisheries management and keeps options open for the future. For example, the optimum utilization of Alaska pollock might be only a fraction of the MSY level if the restoration of intermingled halibut stocks were an overriding consideration. All recognized that in many cases maximum sustainable yield will constitute optimal utilization of the resource. However, in the development of a management plan, the optimum utilization principle permits consideration of the total social and economic benefits to society.

Part of the group, however, noted that two problems inherent in the optimum utilization principle are:

(1) The term "MSY" is an easier negotiating term for dealing with foreign governments.

(2) Optimum utilization is an ambiguous, undefined term that would leave resource managers more open to political pressures.

Issue 9: What should U.S. fisheries management policies be in relation to international arrangements?

Policy Option 1 of Policy Question 1 would be acceptable if amended as follows: "Allocate to foreign fishermen only those surplus fish stocks not harvested by U.S. fishermen up to the optimum utilization level.", (etc.). The group also recommends that part (b) regarding landlocked nations be omitted from Option Implementation A.

As an overall allocation policy under extended jurisdiction, the group recommends that allocations, when made, should be to nations that have normally utilized fishery resources that will be placed under U.S. jurisdiction. Such nations must abide by sound conservation measures, and pay for the privilege of fishing. The State of Alaska should have control of any international trade-offs concerning fishery resources off Alaska. Alaska must not be considered a resources bank for trade-offs to benefit other regions. Some members of the discussion groups opposed any trade-offs. Foreign fishing effort should be phased out in the most efficient manner possible as domestic capabilities to harvest the stocks increase.

Policy Option 2 could be redesignated as Option for Implementation D under the revised Policy Option 1 above.

Policy Question 2: (What fees should be charged?) Most participants recommended the U.S. charge foreign nationals fees in excess of their share of the costs of fisheries management to provide revenue to assist the U.S. in developing domestic

fisheries. Some disagreed with this approach because it would drive the price of imports higher, thereby increasing costs to the American consumer.

Policy Question 3: (U.S. policy for tuna) There was general agreement with the stated philosophy but attention was called to the demonstrated weakness, wherein certain countries are not now effectively controlling the harvest quota of their own nationals outside of 200 miles. An international organization must have the capability to enforce regulations beyond 200 miles.

Policy Question 4: (How should the U.S. protect salmon?) Alaskans view Implementation for Options A and B as first priority with emphasis on phasing out all high seas salmon fishing beyond 200 miles and concurrently developing the concept of country-of-origin management principles. One group recommended amending Option A to read "...prohibition of high seas salmon net fishing..."

Option for Implementation C, to establish bilateral or multilateral agreements was endorsed, in the event of Law of the Sea failure.

Policy Options 2 (Trade-offs to obtain bilateral or multilateral agreements) and 3 (Grazing fee concept to protect salmon) were rejected by overwhelming majority.

Policy Question 4, Policy Option 3: (Grazing fee concept to protect salmon) The grazing fee concept to protect salmon should be used as a negotiating tactic to draw attention to the fact that Asian stocks "graze" in the U.S. zone. We might agree not to start a fishery on their stocks to extract grazing fees if they stay off our stocks.

Policy Question 5: (How should fisheries stocks shared with other nations be managed?) The group endorses the policy statement.

Policy Question 6: (Policy concerning maintenance of U.S. fisheries in waters of other nations) The group has general agreement with this question but would eliminate action numbers 5 and 7 (P. 64) and amend number 6 by striking "...in the context of Law of the Sea decision."

Issue 6: What policies and programs are needed to insure effective management of U.S. domestic fisheries resources?

Policy Question 1: (Developing major policies and principles for managing fisheries beyond territorial limits) Policy Options 1 and 2 of this Policy Question were rejected. Participants instead recommended a new Policy Option 3: "The National Fisheries Plan should recognize that Congress, NOAA, and the States will share in policy implementation and development. Citizens must be permitted to develop strong political, legal, and constitutional support for favorable policy development and implementation beyond territorial limits."

Policy Question 2: (Roles of the Federal government and State governments in management and development) There was full consensus that joint effort between the States and the Federal government holds the greatest promise for effective domestic fisheries management. The States should have the strongest possible role in such an effort. The Federal government should have a secondary role, primarily in arbitration, enforcement and research.

All participants concur that stocks presently managed by the States should continue to be managed by the States, with Federal assistance where requested. They emphasize that Federal preemption is an acceptable alternative only in instances where States can be shown to have failed to meet

obligations for economic, biological, social or ecosystem management.

Because of Alaska's unique geographic characteristics, extensive coastline and broad continental shelf, and physical separation from other U.S. States, Alaska should be considered a separate region for fisheries management purposes, with local authority for action.

Membership in a Regional Marine Fisheries Council would be drawn from representatives of the State of Alaska, user groups and appropriate Federal agencies.

Policy Question 2, Policy Option 2: (Management by Regional Marine Fisheries Councils) The group favors this Option as defined above if it provides for inclusion of user group representation, including subsistence user input.

Policy Question 2: (Administrative arrangements to ensure that users have the opportunity to advise government) Option Implementation A (Formal national and regional advisory committees) is in effect on the west coast. It should be strengthened to enhance user group "grass roots" input through regularly scheduled community meetings with State, Federal and advisory groups.

Both Options for Implementation A and B are needed, with adequate provisions for subsistence use representation: e.g., commercial, recreational and subsistence fishermen..

State law provides for a special license for low income sport fishing and hunting as well as subsistence fishing.

Under Policy Question 4 (Administrative support for adequate scientific information), the group prefers Option for Implementation B (Resource research priority studies under authority of Regional Marine Fisheries Councils). The group prefers this Option with the emphasis again, that Alaska be considered as a region. Regional planning, of course, should be coordinated with national planning, objectives and guidelines.

The group emphasizes that strongest possible research action must be developed as outlined in Option for Implementation B. However, members also stressed that management decisions must be made as necessary on the basis of available information without waiting for absolute proof or final scientific documentation.

Policy Question 5: (Roles of Federal and State agencies in surveillance and enforcement) For Policy Option 1, Implementation A, the group recommended deletion of the last sentence beginning with "The Department of State...", as not consistent with present or anticipated national policy.

Policy Option 2: (States would be encouraged to participate in joint surveillance and enforcement under Federal deputization) The group prefers this Option, with the Federal role as defined in Option 1-B, but notes that NOAA funds are inadequate at present levels.

Policy Question 6: (Procedures for surveillance and enforcement in the contiguous fisheries zone) The group generally embraces the first and last paragraphs of the Question statement but rejects Policy Options 1, 2 and 3 as "nuts and bolts" matters that are too detailed in scope to be included in a National Fisheries Plan at this time.

Policy Question 7: (How should fisheries management programs be funded?) The group favored Policy Option 1 (Expansion of present system...) with respect to Policy Option 3 (Marine recreational fishing licenses). Alaska has a State licensing system for marine recreational fisheries, and the State prerogative should be maintained. States might consider a regional licensing system if State licensing is inappropriate (e.g., for small States on the Atlantic seaboard). With respect to Policy Option 2 (Charging management fees to domestic and foreign fishermen), certain fees should be levied against foreign and domestic fishery harvests. The Federal government should share the responsibility with the States for administering the fee collection and for distributing the tax revenues for management funding.

Issue 1: From what U.S. sources can fisheries supplies be increased to meet future U.S. needs?

General Comments

The group emphasized that far more emphasis in Issue 1 should be placed on species not now being utilized or presently being underutilized.

To obtain more economic and nutritional benefits from our renewable marine fisheries resources, a major thrust should be to increase use of underutilized species and fish presently discarded. Discarded fish will attain greater importance with development of a trawl fishery for presently underutilized species. At present, there is no demonstrated market for many types of bottomfish harvested incidentally in Alaska. A joint industry-State-Federal pilot effort is needed to promote utilization of groundfish and presently discarded species. This program should cover all aspects from harvesting through marketing. Its duration, effort, and product should be adequate to properly determine economic feasibility.

Participants recommend the following priorities for increasing fisheries production through development of underutilized species:

a. resource stock assessments
b. research into life histories to provide estimates of maximum sustained yield

c. market analysis, market development, consumer education and improved market intelligence, both foreign and domestic

d. development of processing, harvesting and economic research on production aspects

e. financial assistance

f. development of suitable gear

g. transportation

h. salmon aquaculture

As a second point of major emphasis, the Alaska group does not agree with the statement on the last sentence of the last paragraph on page 13 of the Review Paper concerning problems of the fishing industry: "It was recognized by all of the groups, however, that the problems are for the most part limited to the harvesting segment of the industry, the processing segment having shown a growth matching the steady increase in the consumption of products." It was felt that marketing and associated activities presented definite problems to the maintenance and expansion of Alaska fisheries, and that major developments are necessary, particularly with respect to utilization of unutilized and underutilized fisheries.

As a third general recommendation, participants urge that the contribution of aquaculture to Alaska fish and shellfish resources be fully explored as a means for supplementing and stabilizing declining natural stocks. For salmon aquaculture,

implementation must resolve the unique problem of harvesting hatchery stocks mixed with wild stocks, and the potential conflicts of private proprietary fisheries with common property fisheries. Increases as a result of salmon aquaculture might be negated by inroads of depredation by marine mammals and degradation of environment.

Comments on Specific Fisheries

The group raised serious questions concerning the applicability and accuracy of figures presented in Table 3, and urged their careful reassessment.

Recent bilateral negotiations and discussions indicate that several of the groundfish species in Alaska waters have been harvested by foreign fleets to the point that recovery will be slow. A complete moratorium may be necessary in order to permit recovery of stocks such as halibut, yellowfin sole and Pacific Ocean perch to a level which will support a viable fishery.

Species unutilized or underutilized by U.S. fishermen offer opportunities for increasing fisheries production in Alaska (e.g., flatfishes, rockfishes, pollock, cod, herring, smelt, capelin and squid).

Tanner (snow) crab should be added to the National Fisheries Plan as an established Alaskan fishery designated for improved management.

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Tanner (snow) crab should be added to the National Fisheries Plan as an established Alaskan fishery designated for improved management.

Better use of meal, oil and by-products should be achieved to realize higher value and (where possible) direct use for human food.

Issue 2: In what ways should consumer protection and preference in the availability and use of consistent quality fisheries products be achieved and maintained at a level commensurate with other animal protein foods?

Policy Question 1: (What should be done to assure quality?) The majority of participants endorsed Policy Option 2 with the deletion of the words "...surveillance of all vessels, establishments, and..." noting that the emphasis should be on quality assurance of fishery products. All participants demanded mandatory inspection of imported seafood products.

Policy Question 2: (Allocation of responsibilities in quality assurance system) All participants endorsed Policy Option 2 (Work-sharing system with Federal government, State governments, and the industry) and emphasized that industry should be assigned a key role in quality assurance measures.

Policy Question 3: (National quality grading standards) The group prefers cooperative efforts between industry and government as described for Option 2 of Question 2 above, rather than independent action by government.

Policy Question 5: (Nomenclature) Policy Option 2 (Federal government should continue and expand projects to develop and implement a nomenclature system) was recommended by participants, with the added stipulation that product origin should be identified on the label and that frozen fishery products

should show quality breakdown dates. The product nomenclature system should consider market acceptability for export products. Particularly, the system should protect U.S. products from confusion due to similar names for inferior imported products.

Issue 3: Under what conditions and in what forms should Federal and State government provide assistance to strengthen the domestic fishing industries?

The list of "Long-Run Problems Facing Industry" should include 6) Competition of fishery imports; and 7) Competitive disadvantage of U.S. fishermen due to tariff inequities, Jones Act limitations, etc. Each of these problems increase the difficulties for American fishermen to competitively expand into developing fisheries.

Under Policy Question 1: (Support to enable the U.S. industry to take advantage of extended jurisdiction and solve long-run problems), we recommend Policy Option 2 (Provide additional assistance) with emphasis on short-term assistance and technical service for developing markets, and pilot projects leading to competitive processing techniques for all fisheries. Additional government assistance in producing capital for increasing harvesting capability is not needed for established fisheries because overcapitalization already exists in many of these fisheries. However, capital assistance to the harvesting sector may be desirable to stimulate development of new fisheries.

We recommend Policy Option 3 of Policy Question 2 (Establish a Federal development-assistance authority as a mechanism to provide industry assistance) for establishing a development assistance authority, but with the proviso that it be under the Regional Marine Fisheries Council with user group participation, not under some additional agency.

Issue 8: How can fisheries management assist in the more efficient utilization of fisheries?

On the subject of limited entry, the issues and options paper did not adequately emphasize State jurisdictional control. Furthermore, there is no statement of Federal policy that is compatible with already existing State limited entry programs. Alaska limited entry measures, which are designated as experimental, presently affect some 12,000 salmon fishermen. It was noted that before any form of economic regulation (limited entry) is instituted, other factors which have suggested the need for limitations on entry should be explored. These include lack of diversification, import quotas and improved marketing practices. The Alaska program and other limited entry experiments should be studied carefully by other States considering limited entry legislation. The full impacts of limited entry in Alaska cannot be assessed until implementation has been realized. Further discussions should be withheld pending that completion.

Some members of the group do not accept the principle of limited entry in any context.

Generally, the Alaska review group believes Policy Questions 1 through 4 are premature, since several schemes in North America are in various stages of development and court testing.

Therefore, participants hesitated to discuss the entire issue at this time except to emphasize that regional councils should be used to identify the fisheries that will benefit most from limited entry.

We generally agree with Policy Question 5 on improvement of regulations to assist in more efficient utilization.

Issue 10: What policies are needed to insure conservation and enhancement of habitat necessary for fish production?

Either Policy Option 1 (The nation should restore and enhance fisheries habitat where possible) or 2 (Conserve and enhance all productive fish habitat), with minor adjustments, would reflect similar and favorable philosophies. Participants suggest rewording Policy Option 1 to read "The Nation should conserve, restore and enhance all productive fish habitat and should cease further destruction and degradation. This Option recognizes that some fisheries habitat will continue to be lost but that losses should be phased out within a reasonable time period." All participants give this Issue very high priority in National Fisheries Plan development.

If habitat is destroyed by an industry regardless of the regulatory authority or agency, that industry should bear the costs of restoration. The responsible management agencies should administer this restoration. For example, throughout the West some anadromous streams and estuarine nursery habitats have been damaged by outdated logging, mining and waste disposal practices. Other areas are threatened by proposed land developments. The degree of habitat destruction must be properly assessed by appropriate State and Federal funded research programs. Research should also be directed toward developing improved extractive practices to minimize habitat degradation and assist in providing for habitat restoration.

Under Policy Option 2 (Conserve and enhance all productive fish habitat), "The Nation should conserve, restore and enhance ...". Option for Implementation C is favored to produce an appropriate mix of necessary actions.

One participant noted that the U.S. Forest Service was bound by law to manage on a multiple-use concept. Therefore, exclusive consideration of maximum fishery habitat protection at the expense of other values was in conflict with existing laws.

Issue 4: In what ways should State and Federal governments provide for increased demands for marine recreational fishing and other recreational activities?

Policy Question 1, Policy Option 1 (Management actions for angling opportunities) All groups endorse the need for a statistical data base for marine angling activity, and adopted a new Option for Implementation D: "Surveys funded by the Federal government and designed and conducted through cooperative State/Federal interaction." A State/Federal marine recreational fisheries council could provide coordinating and communicating services to identify problems and planning needed for marine recreational fishing research needs involving species subject to multi-State jurisdictions.

Policy Option 2 (Increase research on recreational species) was adopted with the qualification of special emphasis on coordination of research on species of both sport and commercial importance. Option for Implementation B was adopted with the understanding that its functions would be subject to an Alaska Regional Fisheries Council to integrate research by all agencies.

Policy Option 3 (Marine angling license systems) All participants supported this Policy Option and the Option for Implementation A (Statute by each of the coastal States). Alaska already has such a licensing system.

Policy Question 2 (Shoreline access for anglers and recreationists) All Policy Options (1 through 3) were adopted and should be implemented through the coordination of the Regional Council.

Participants noted the great differences in the worth accorded to access in various areas, as result of sub-regional differences of Alaska geography, population densities, and human needs. Some recommended that access be defined by transportation modes (e.g., boat, plane, automobile) Alaska Native Land Claims and other patterns of ownership may undesirably preempt public access to the marine coastal environment adjacent to major road systems. Option B (Surveys executed by State agencies) was the preferred method of implementation.

Policy Question 3 (To improve the qualities of marine recreational experience) Policy Option 1 (Development of varieties of marine angling opportunities) was selected. However, it was s ggested that the word "experience" be substituted for "opportunties". Recreational fishing for fish species that are not currently being utilized should be encouraged (e.g., rockfish and some species of shellfish).

Both Options for Implementation A (State fishery agencies) and B (Federal agency) were endorsed. Policy Option 2 (Introduce new species of recreational fishes) is not acceptable to most.

Policy Option 3 (Information on locations of recreational fish stocks) Some agreed that the pristine quality of many of Alaska's recreational fisheries dictates that specific information should not always be disseminated to encourage increased angler participation. However, the dissemination of general information such as season duration can be a vital

part of a management program for influencing effort distribution. Option for Implementation A (State agencies) was endorsed.

Policy Option 4 (Include volunteer anglers in programs) was supported along with a combination of Option for Implementation A (Organized by State and Federal agencies) and B(Organization at the Federal level).

Policy Option 5 (Take no action to improve recreational experiences) was not accepted.

Policy Question 4 (Assistance for development of commercial recreation industries) The group endorsed Policy Option 1 (A nationwide survey of firms and people associated with recreation fishing to provide data for program planning and funding). Option for Implementation B (Survey conducted by combination of State agencies, with Federal guidelines) was endorsed.

Policy Option 2 (Provide services to marine recreational fishing supporting industries) was adopted with the provision that services not lead to overcapitalization of the industry. Also, improved navigational aids and weather forecasting services are needed. Both A (Executed by State agencies) and B (Lead action taken by Federal agencies) Options for Implementation were adopted.

Issue 7: What procedures should be used for allocation of fisheries resources among domestic users?

The group endorsed Policy Option 3 (Allocation at the State and Federal level) with the stipulation that allocation of fisheries resources among domestic users is primarily a State function. However, when allocation problems concern species subject to multi-state jurisdiction, decisions should be made at the regional level (State/Federal shared responsibility with effective user input).

HJR

43

Requesting exclusion from federal legislation prohibiting the use of traps.

1/13/76

COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker: Date 1-16-76

Tne Committee on RESOURCES has had HJR 43

under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

HJR 7
43

January 17, 1976

Representative Nels Anderson
Pouch v
Juneau, Alaska

Dear Representative Anderson:

As an Alaskan and a supporter of the right to keep and bear arms, I urge that you make every effort to adopt resolutions exempting Alaska from proposed federal gun control legislation.

If the U.S. Congress should, ironically, decide to invade the constitutional right to bear arms in this bicentennial year, it will be crucial for the Alaskan government and people to make a strong and vociferous demand for an exemption.

Alaska is a last frontier in many ways; I hope it does not become necessary for it to be the last frontier for the right to bear arms as well. If we cannot stop Congress' actions, let us at least do everything possible to protect Alaskans' special needs.

Yours sincerely,

Sarah Elizabeth Fussner

Miss Sarah Elizabeth Fussner
301 E. 48th St., Apt. 3
Anchorage, Alaska 99503

HJR

45

Requesting the exclusion of Alaska from federal gun control legislation.

1/13/76

COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker: Date 1-16-76

The Committee on RESOURCES has had HJR 45 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE SENATE: BY: Resources Committee

To: Amend SENATE BILL No. _____

Joint Resolution
HOUSE BILL No. 45

PAGE: 1 LINE: 22

Insert the word "NEW" after the word "any"

Mr. Jim Cauthier
Box 44
Aleknagik, Alaska 99555
February 16, 1976

The Honorable Governor Jay Hammond
Office of the Governor
Juneau, Alaska

The Honorable Governor Jay Hammond:

I'm writing to you about our new "National Coalition for Gun Control", they want us to believe or feel that crime would lessen if guns were confiscated from us. The people here use guns as a primary means for getting game--most of the families are dependant on a subsistance way of life. I have a gun collection, I use some of my guns solely for hunting. I, and the people who signed their names below would not like our guns confiscated from us. I feel that if a person wants to kill someone he will do so despite a presence of a gun law. Thank-you for your time.

Yours truly,
Jim Cauthier
Jim Cauthier

c.c. Nels Anderson Jr.
George H. Hohman
Ted Stevens
Don Young
Mike Gravel

Jackie Moody — Aleknagik
Margaret Dubart — Aleknagik
Pauline Krause — "
Mabel Yato — "
Lydia Gardiner — "
[illegible] — Dillingham
Virgil Luckhurst — Dillingham
William Long Sr — "

David McGill Dillingham

Theresa McGill " "

Wasillie Slutsik Aleknagik,

Sam J. Tinker Aleknagik

Vera Krause "

Ivan Yako " "

Arecia Slutsik " "

Martha E. Bayilla " "

Ruth Chuckwuk " "

Esther Conquest

Jacob Yako " "

Peter Andrews " "

Moses J. Chythlook " "

Patrick Kokhen sr. " "

James Maud " "

Andrew Maud " "

James Yako

Alex Chythlook

Mr. Jim Gauthier
Box 44
Aleknagik, Alaska 99555
February 16, 1976

The Honorable Governor Jay Hammond
Office of the Governor
Juneau, Alaska

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Yours truly,
Jim Gauthier
Jim Gauthier

c.c. Nels Anderson Jr.
George H. Holman
Ted Stevens
Don Young
Mike Gravel

Jackie Moody — Aleknagik
Margaret Dutart — Aleknagik
Pauline Krause — "
Mabel Yako — "
Lydia Gardiner — "
Val Gauthier — Dillingham
Jinga E. Lockwood — DILLINGHAM
Virgil Lockwood — "
Wilma Lang — "

David McGill Dillingham

Theresa Mohic " "

Wassillie Slustaitz Aleknagik

Sam Z. Timber Aleknagik

Vera Krause "

Ivan Yako " "

Arecia Slutaitz " "

Martha E. Bayilla " "

Paula Tuckwak " "

Esther Conquest

Jacob Yako " "

Peter Andrew " "

Moses J. Chythlook " "

Patrick Kokhen sr. " "

James Mavel " "

Andrew Mavel " "

James Yaska

Alice Chythlook

PL3/6 Alasl Wolf

Dear :

This is in response to your recent letter concerning the impending action of the Alaska Department of Fish and Game to control the wolf population in certain portions of Alaska.

As you know, the National Wildlife Federation makes a special effort to closely monitor the status of all wildlife resources, especially those classified as endangered. For that reason, we are especially interested in the eastern timber wolf, which is considered endangered in the "Lower 48" states but not in Canada or in Alaska. We have monitored for some time the situation in Alaska to insure that nothing is done to jeopardize the wolf's status in that part of its range. In this regard we have discussed the impending action with professional wildlife biologists at academic, state and national levels in an effort to accurately assess the present situation.

In our judgment, some recent news coverage given this issue has painted a distorted and unfair picture of the wildlife management efforts by authorities in Alaska. In many areas of Alaska, the population of wolves has increased to the point where moose populations, the wolf's primary prey, are drastically reduced. Specifically, the increase in the number of wolves, in combination with hunting pressures and several consecutive severe winters, has caused a serious decrease in moose numbers in Management Units 5, 13, and 20. The same factors have also contributed to poor moose calf survival.

Under present conditions, 90 to 100 moose calves are born for every 100 cow moose, but by winter, following heavy wolf predation, only 11 to 20 calves per 100 cows survive. The action of the Alaska Department of Fish and Game is designed to temporarily reduce the wolf population to acceptable levels in relation to moose populations in study areas to hasten the increase of moose populations. It should be emphasized that this is not a campaign to exterminate wolves throughout Alaska. It is part of a research project to determine an optimum wolf-moose ratio beneficial to both species concerned.

Alaskan biologists estimate that the wolf population numbers between 8,000 and 15,000 individuals, of which fewer than 200 will be removed from the three management units affected by the wolf control study program. The 3,000 square miles of Unit 13 in which the State hopes to eradicate the wolf represents only 1/2 of 1 percent of the total wolf habitat in Alaska. Furthermore it is estimated that only 35-40 wolves inhabit that area. Total elimination of the wolf in that area will give wildlife researchers a better basis of comparison in determining the full impact of wolf predation on moose elsewhere in the State.

Only Alaska Department of Fish and Game professional personnel will be used in the approved wolf control program. This will insure that maximum scientific benefit will be obtained from the program and that wolves are taken only from the desired areas. Helicopters will be used as the most efficient and humane (no crippling) method of taking. This will also

permit recovery of all animals to further the research effort. No private aerial wolf hunting permits will be issued. Also, it should be noted that the State of Alaska has reduced the duration of the hunting season for moose and only permits the taking of bulls. This move should also help increase moose populations in the areas affected most adversely.

One further point: the wolf population in the Fairbanks area has increased to the extent that there are many documented cases of wolves preying on domestic pets within the city limits.

In summary, the National Wildlife Federation believes that the results of this study will assist in establishing management programs designed to bring wolf and moose populations into a state of dynamic equilibrium without placing the future of either species in jeopardy. We have confidence in the professional integrity and ability of the principal Alaska officials responsible for the stewardship of Alaska's wildlife resources. You may be assured that the National Wildlife Federation will keep abreast of current developments in this matter to insure that the wolf's welfare is safeguarded.

To assist you in gaining a better understanding of the situation in Alaska and to bring the picture into sharper focus, I enclose a copy of recent literature which you should find interesting and helpful.

We appreciate your concern for wildlife resources, and we solicit your continued support.

Sincerely,

LOUIS S. CLAPPER
Conservation Director

Enclosure
PL3/6

1/22/76

R.P. Nels Anderson
Pouch V. Juneau Alaska

Dear Sir:-

I want very much to see Alaska exempt from federal legislation ~~heretofore~~ prohibiting the use of traps, hand guns & long guns.

very truly yours

Lelana C. Johnston

HJR

60

Recommending that the western watershed of Glacier Bay National Monument be removed from the effects of S. 2371

COMMITTEE REPORT

HOUSE

3/8/76

Mr. Speaker: Date 3-12-76

The Committee on RESOURCES has had HJR 60 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

M. A. Ostrosky

Fred E. Anderson

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Robert Andersen Chairman

TEXT OF STATEMENT
by
RICHARD D. ELLETT

to

THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

RE: S.2371

. . . distributed as another membership service by the American Mining Congress

Senator Metcalf and distinguished members of the Committee. I am Richard D. Ellett, Vice President, Exploration, of Newmont Mining Corporation, and a Vice President of its wholly-owned subsidiary, Newmont Exploration Limited. I greatly appreciate the opportunity which you have given me to testify today concerning Senate Bill 2371 as it would affect the Brady Glacier Deposit.

For many years Newmont has held an undivided interest in the Brady Glacier Deposit under a long term mining lease of patented mining claims located and patented under the Mining Laws of the United States as authorized by the Act of June 22, 1936 (U.S. Stat. 1817). Through exploration and drilling programs conducted over the past 15 years, it has been established that approximately one billion pounds of nickel and 600 million pounds of copper are contained within the area of these claims. To the best of our knowledge the deposit represents the largest known nickel deposit within the United States. The deposit has been defined by numerous holes (82) drilled through many hundreds of feet of ice from the surface of the glacier. The

investigation has indicated substantial additional reserves exist in adjacent areas where surface conditions make further drilling hazardous, so that further exploration must be conducted from underground openings.

Newmont has given the U.S.G.S. and U.S. Bureau of Mines complete access to its findings, and as you are aware, those agencies are presently engaged in a study of the mineral potential of the Fairweather Range of the Glacier Bay National Monument and the Brady Glacier Deposit. We are confident that their investigation will confirm the Brady Glacier nickel reserves and the Fairweather Range as a mineral district.

Newmont and its partners have expended millions of dollars in exploring the Brady Glacier Deposit. This investment is the best evidence that this Committee could ask for, that the most experienced mining companies consider the Brady Glacier Deposit to be of considerable value and even greater potential.

You are aware that the Brady Glacier Deposit lies on the east flank of the Fairweather Range, near the western edge of the Brady Glacier, about 12 miles north of Dixon Harbor. If plans to develop the operation materialize, the Deposit will be mined from underground through a three mile tunnel collared in a small valley on the western side of the Glacier. The beneficiation plant, waste dumps, tailings storage, shops and other ancillary facilities will

be located near the tunnel portal, and connected by road to a town-site, power plant and dock facility in Dixon Harbor. The facilities are located near the Gulf of Alaska, approximately 30 miles west of Glacier Bay, in an area infrequently visited by tourists or for that matter by local fishermen or resident populations. It is probable the only manner in which the facilities could be viewed would be from the air.

The strategic importance of the Brady Glacier Deposit, in my mind, must be given consideration. The U.S. Bureau of Mines have indicated that the known economic resources of nickel in the United States will be exhausted within the next 15 years. Approximately 74% of the United States' supply of nickel already has to be obtained from foreign sources. 63% of the imports are from Canada. As present foreign deposits become depleted an increasing portion of the country's supply will have to be obtained from tropical laterite deposits now in prospect in the Southwestern Pacific and the Caribbean. The political risks to our nickel supply are thus likely to increase.

Prudently discounting the Brady Deposit ore extensions that have a high geologic probability, this single deposit could eventually sustain production rates of approximately 40 million pounds of nickel per year for about 15 years. Such production from this deposit would have a favorable impact on the country's balance

of payment equal to 1.2 billion dollars, at today's nickel price, over the first 15 years of the mine's operation. As evidenced by the Canadian producers' recent increase of 20 cents per pound of nickel, the contribution of a Brady Glacier operation to the balance of payments would in all likelihood be greater as nickel demand and prices increase in the future. Surely the present energy crisis and the experience of cartel pricing by the oil producing nations are ample justification for moving cautiously in locking up other strategic minerals of which our country has limited supplies.

I am here today not only to urge that the Brady Glacier nickel-copper deposit be exempted from S.2371, but equally importantly to solicit your assistance in passage of legislation in favor of our 1971 proposal to the Park Service for a corridor between Dixon Harbor and the tunnel site. The corridor would contain all infrastructures necessary for the mining operation. It would be situated in a remote portion of the Monument, not visible from the Glacier Bay center of activity. Newmont and its partners appreciate and are sympathetic with this Committee's concern with the potential impact on the environment near a mining operation. A mining operation in the Monument must comply with all applicable laws, regulations, and standards dealing with the protection of the environment. Any impact from a Brady Glacier operation would be restricted to the immediate

vicinity of the operation and within the described corridor. A mining operation, in the general scheme of things, has a limited life. Upon the completion of operation all structures could be removed and effective efforts made to restore the area to a condition compatible with its undisturbed surroundings. The recuperative powers of the area would in a reasonable time eliminate most remaining evidence of the operation.

This Committee has an apparently difficult choice to make in determining whether a present or future mining operation is compatible with the environment of a particular National Monument. But I venture to suggest that the difficulty is less on Brady Glacier: an underground operation in a restricted, hidden and remote portion of the Monument will not be inconsistent with the purposes for which Congress created the Monument. The conditions, environment and the minerals should be given separate and real consideration.

I repeat my recognition of this Committee's responsibility to protect areas of wilderness for future generations and applaud its efforts on behalf of all of us who love those regions. However, there is also a responsibility on the Congress and on my profession to make available to the nation a resource base of critical and strategic minerals, necessary to ensure that our nation and its economy are not to be hostage to a hostile world. Brady Glacier may not become an economic and mineable orebody for many years to come. Today, however,

decisions are being taken that can prevent the mine from ever serving our inevitable needs. A concentration of minerals making a viable deposit is an anomaly in nature, equally as unique as our National Monuments. Legislation that precludes its development can have as great or greater impact on the quality of life for future generations as any wilderness area maintained so wisely for their benefit. I submit that, soundly planned, both contributions to our national interests can be realized.

Thank you.

94TH CONGRESS
1ST SESSION

S. 2371

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18 (legislative day, SEPTEMBER 11), 1975

Mr. METCALF (for himself, Mr. CRANSTON, Mr. HATFIELD, Mr. JACKSON, Mr. JOHNSTON, and Mr. TUNNEY), introduced the following bill; which was read twice and referred to the Committee on Interior and Insular Affairs

A BILL

To provide for the regulation of mining activity within, and to repeal the application of mining laws to, areas of the National Park System, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to preserve the benefit of present and future generations the pristine beauty of areas of the National Park System, and to further the purposes of the National Environmental Policy Act of 1969 (83 Stat. 852; 42 U.S.C. 4321 et seq.), surface use of mineral land locations within any areas of the National Park System is subject to such rules and regulations as may be prescribed and published by the

Secretary of the Interior as he deems necessary or desirable for the protection and management of those areas.

SEC. 2. The following Acts are amended or repealed as indicated:

(a) the first proviso of section 3 of the Act of May 22, 1902 (32 Stat. 203; 16 U.S.C. 123), relating to Crater Lake National Park, is amended by deleting the words "and to the location of mining claims and the working of same";

(b) section 4 of the Act of February 26, 1917 (39 Stat. 938; 16 U.S.C. 350), relating to Mount McKinley National Park, is hereby repealed;

(c) section 2 of the Act of January 26, 1931 (46 Stat. 1043; 16 U.S.C. 350a), relating to Mount McKinley National Park, is hereby repealed;

(d) the Act of June 13, 1933 (48 Stat. 139; 16 U.S.C. 447), relating to Death Valley National Monument, is hereby repealed;

(e) the Act of June 22, 1936 (49 Stat. 1817), relating to Glacier Bay National Monument, is hereby repealed;

(f) section 3 of the Act of August 18, 1941 (55 Stat. 631; 16 U.S.C. 450y–2), relating to Coronado National Memorial, is amended by replacing the semicolon in subsection (a) with a period and deleting the

prefix "(a)", the word "and" immediately preceding subsection (b), and subsection (b); and

(g) the Act of October 27, 1941 (55 Stat. 745; 16 U.S.C. 450z), relating to Organ Pipe Cactus National Monument, is hereby repealed.

SEC. 3. For a period of three years after the date of enactment of this Act, the surface of any land included within any mining claim located or patented subject to any of the Acts amended or repealed by section 2 of this Act shall not be disturbed for purposes of mineral exploration or development.

SEC. 4. The requirements for annual expenditures on mining claims imposed by Revised Statute 2324 (30 U.S.C. 28) shall not apply to any claim subject to section 3 of this Act during the time such claim is subject to such section.

SEC. 5. Within ninety days after the date of enactment of this Act, the Secretary of the Interior shall submit to the Congress an estimate of the funds and manpower needed to determine the validity of any mining claims within Death Valley and Glacier Bay National Monuments, together with recommendations as to whether any valid claims should be acquired by the United States.

SEC. 6. Within one year after the date of enactment of this Act, the Secretary of the Interior shall submit to the Congress an estimate of the funds and manpower needed to

determine the validity of any mining claims within Crater Lake and Mount McKinley National Parks, and Coronado and Organ Pipe Cactus National Monuments, together with recommendations as to whether any valid claims should be acquired by the United States.

94TH CONGRESS
1ST SESSION

S. 2371

A BILL

To provide for the regulation of mining activity within, and to repeal the application of mining laws to, areas of the National Park System, and for other purposes.

By Mr. METCALF, Mr. CRANSTON, Mr. HATFIELD, Mr. JACKSON, Mr. JOHNSTON, and Mr. TUNNEY

SEPTEMBER 18 (legislative day, SEPTEMBER 11), 1975
Read twice and referred to the Committee on Interior and Insular Affairs

United States Department of the Interior

BUREAU OF MINES
P.O. Box 550
Juneau, Alaska 99802

RECEIVED

January 29, 1976

FEB 2 1976

LAND USE
PLANNING COMMISSION

Burton W. Silcock, Federal Co-Chairman
Federal-State Land Use Planning Commission
for Alaska
433 W. 4th Avenue, Suite 400
Anchorage, Alaska 99501

Dear Mr. Silcock:

As you requested via telephone, enclosed is a brief summary, prepared by Art Kimball of the Status of Mineral Evaluation--Wilderness Studies in Glacier Bay National Monument. Also enclosed at John Mulligan's request is a copy of a memorandum prepared by John setting forth reasons for proposed Monument boundary changes.

R. S. Warfield

R. S. Warfield

Enclosures

United States Department of the Interior

BUREAU OF MINES
P.O. Box 550
Juneau, Alaska 99802

January 29, 1976

Memorandum

To : Supervisory Mining Engineer, Alaska Field Operation Center

From : Mining Engineer, Alaska Field Operation Center

Subject: Status of Wilderness Studies in Glacier Bay National Monument

Wilderness studies began in Glacier Bay National Monument in late July 1975 with 3 weeks of joint Bureau of Mines-Geological Survey field investigation. The Bureau examined, sampled and mapped mineral deposits and occurrences, investigated stained and altered zones, and revisited sites of geochemical rock and stream sediment samples having higher than average metal values. The Geological Survey extended regional geologic mapping, examined layered gabbroic plutons in the Fairweather Range with which nickel-copper deposits are closely associated, and resampled stream sediment collection sites to verify anomalous values, and to correlate 1966 geochemical results with those of 1975 analyzed by new methods.

Previous Bureau of Mines mineral investigations include reconnaissance of beach sands along the Pacific side of the Monument in the late 50's and investigation of Muir Inlet molybdenite deposits during World War II. Previous U.S. Geological Survey mineral investigations were conducted in the Monument in 1966 at the request of the National Park Service in order to provide factual information for future Monument planning and include the results of earlier geological survey studies in several areas of the Monument.

The 1966 Geological Survey investigation comprised examination of mineral deposits, systematic geochemical rock and stream sediment sampling, and reconnaissance geologic mapping. This work was largely confined to Glacier Bay proper, east of the Fairweather Range. Nearly 90 mineral deposits and occurrences were identified, more than 50 of which were discovered during the 1966 study. Fifteen, 7 previously known and 8 discovered in 1966 are considered to have the best economic potential. The Brady Glacier nickel deposit, the most important known deposit in the Monument, is considered viable under present economic conditions.

The Brady Glacier nickel deposit one of the largest nickel deposits in the United States is paripheral to a large layered gabbroic stock in the high Fairweather Range. Other similar stocks are known, one of which has not been visited but is known from morainal float to contain significant quantities of nickel, copper, chromium, vanadium, cobalt and platinum group metals. At least 75 miles of stock contact exists much of which has not been adequately explored or even visited.

Beach deposits of ilmenite and magnetite bearing sands containing small amounts of platinum group metals situated along the Pacific shore west of the Fairweather fault are probably derived from the gabbroic stocks and associated ultramafic rocks. Placer gold has been mined from sections of the beach. More than 160 placer claims distributed along the beach for more than 30 miles are considered active. Depth, width and grade have not been established. Submerged deposits may also exist.

Wilderness Studies are scheduled for two more field seasons, to be followed with a report in early 1978. Investigations to be conducted during the next two seasons comprise 1) further geologic mapping and mineral deposit investigation in the Fairweather Range particularly along the periphery of the layered gabbroic plutons, 2) evaluation of beach sands as to depth, width, extent, and grade, 3) further examination of known deposits elsewhere in the Monument particuarly some of those among the 15 "best" previously discussed, 4) airborne magnetometer surveys of the whole Monument, 5) gravity surveys particularly along the contact zones of the layered mafic plutous, which will include ice depth measurement by radar.

Arthur L. Kimball

United States Department of the Interior

BUREAU OF MINES
P.O. Box 550
Juneau, Alaska 99802

January 14, 1976

Memorandum

To: Will Dare, Chief--Office of Environmental Coordination, BuMines, Washington, D.C.

From: Chief, Alaska Field Operation Center

Subject: Reasons for keeping the western part of Glacier Bay Monument open for mineral entry

The Brady Glacier nickel deposits are considered economic under present conditions. Their full extent remains undetermined. The Brady Glacier deposit lies in mafic and ultramafic rocks peripheral to a large, layered baggroic stock 17 miles long by 8 miles wide that is exposed through a vertical range of more than 10,000 feet. This stock and two similar stocks within the Fairweather Range and in Glacier Bay National Monument have a combined contact length of at least 75 miles. Most of this area has not been prospected adequately, if at all, because of difficult access, extreme relief, poor weather, avalanche hazards, etc. The possibility of finding other similar deposits is good. At least 200 square miles in the northern part of the Fairweather Range (in the Monument) are geologically unmapped. Little of the remaining western area of the Monument has been adequately studied.
The Fairweather stock, the most northerly, has not been visited but has been observed from the air and float from its western flank obtained from moraines contained up to 0.5% each of copper, nickel and chromium, and significant values in platinum, vanadium and cobalt.

These three stocks in the Monument are aligned with several similar mafic to ultramafic bodies on Chichagof and Yakobi Islands on a north 30° west trend. Close genetic relationship throughout this is certainly implied. At least one of these bodies, Bohemia Basin on Yakobi Island, has significant nickel deposits associated with it. Exposures of layered mafic rocks are found from below sea level to an elevation of 15000 feet. Most contacts of the stocks with intruded amphybolite and mica schists are steep to vertical. The bottom of the layered sequence is not exposed in any of the stocks so far as known. Total layered stratigraphy known in the largest stock (Crillon-LaPerouse) is 32,000 feet.

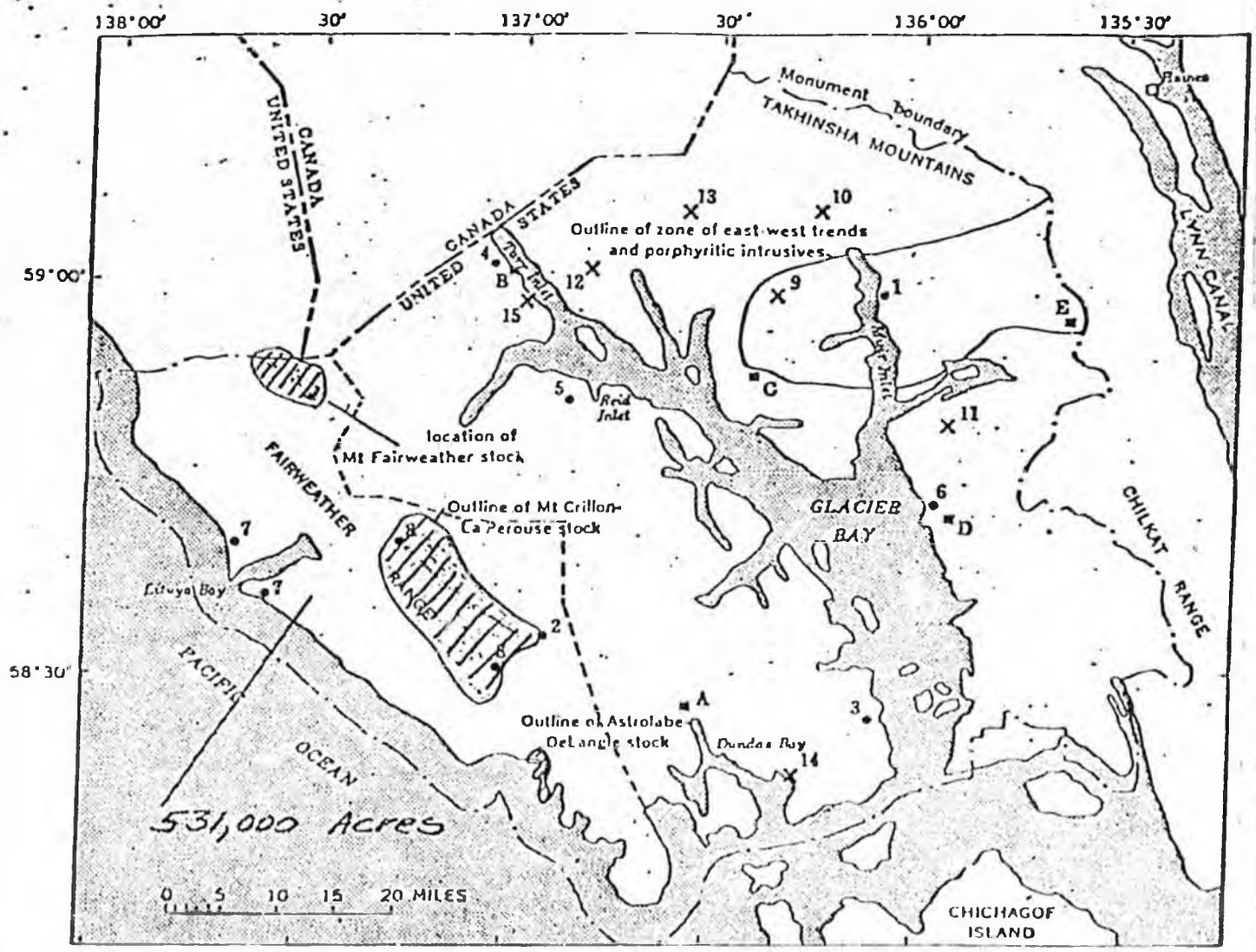
The United States has only one operating nickel mine, near Riddle, Oregon. Important nickel deposits are situated in the following areas withdrawn or under consideration for withdrawal: Glacier Bay, West Chichagof-Yakobi Island, the Lake Superior Canoe Area and the Stillwater complex of Montana.

The mafic and ultramafic layered stocks in the Fairweather Range are the probable source of the beach deposits to the west containing ilmenite and magnetite sands, and which also contain gold and platinum group metals. More than 160 active placer claims hold beach deposits distributed along at least 30 miles of the outer coast within the Monument. At least $75,000 in gold was produced when gold was valued at $20.67 per troy ounce. The width and depth of the beach deposits has not been determined. Width may be up to 2000 or 3000 feet in some places on land and more if submerged deposits exist. Some ground back of the beach is probably covered with glacial moraine, particularly where peripheral to the Fairweather and LaPerouse Glaciers. Presence of moraine doesn't necessarily preclude the existence of beach deposits beneath.

Two maps are enclosed. One shows the relationship of the proposed boundary (dashed line) to the ultramafic stocks. The other shows the relationship with the Yakobi Island and Mirror Harbor stocks.

John J. Mulligan

Enclosure



KEY TO LOCALITIES SHOWN ON MAP

1. The Nunatak Muir Inlet
2. Brady Glacier
3. Alaska Chief
4. Margerie Glacier
5. Reid Inlet
6. Sandy Cove
7. Lituya Bay placers
8. Mount Crillon gabbro
9. Bruce Hills
10. Mount Brack
11. White Glacier
12. South of Rendu Glacier
13. Gable Mountain
14. Altered zone east of Dundas Bay
15. West of Tarr Inlet
A. Main arm of Dundas Bay
B. West shore of Tarr Inlet
C. Mount Merriam
D. Miller Peak-Sandy Cove
E. Upper Berg Creek

FIGURE 1.—Map of Glacier Bay National Monument, Alaska, showing selected mineral deposits, geochemical anomalies, and outlines of some areas favorable for mineral deposits. •, previously known deposits with economic potential; X, deposits of possible economic interest found by USGS investigations; ▪, geochemical anomalies.

percent MoS_2 and 91,500,000 tons of material averaging 0.080 percent MoS_2 and that the fault-zone deposit contained 640,000 tons of material averaging 0.169 percent MoS_2. Twenhofel's grade estimates are based mainly on channel samples and may be more representative than ours; none of his samples were analyzed for copper.

Three diamond-drill holes drilled by the American Exploration & Mining Co. in 1966 explored parts of the deposits between 400 feet above sea level and 300 feet below sea lev These cores are reported to indicate grades of MoS_2 similar those in our and Twenhofel's samples.

The Nunatak molybdenum prospect contains a large r serve of low-grade molybdenum ore, and if the current tren in price and demand for molybdenum continue, it may minable in the near future.

B 1121 F

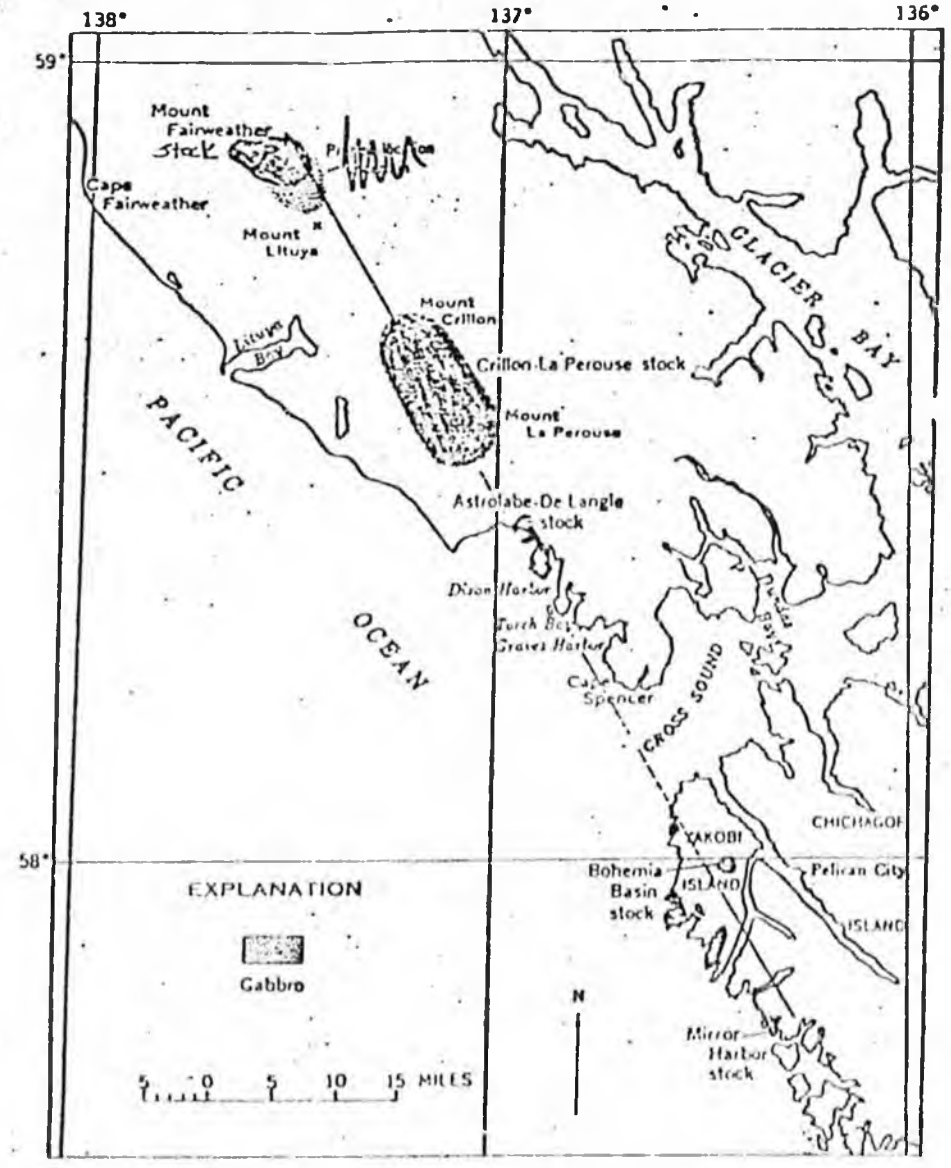


FIGURE 2.—Sketch map showing linear distribution of the gabbroic stocks in the southern end of Fairweather Range and in the western part of Yakobi and Chichagof Islands.

pletely assimilated by the gabbroic magma. The schist has been thoroughly recrystallized around both the Crillon-La Perouse and the Astrolabe-De Langle stocks; and the effects of recrystallization, discernible in the rock for several miles away from the contact, become progressively more pronounced toward the stocks. Near the contact, the schist contains alamandine garnet, andalusite, staurolite, horn-

SB

52

'An Act concerning limitations on agricultural loans.'

1/31/75

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date 2-11-75

The Committee on Resources has had SB 53 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Fil

The budget breakdown I discussed with you concerning Senate Bill 22 is based on the following assumptions:

1. The bill calls for collection of plant materials in subarctic and subantarctic regions. Examination of the world map shows that at greater than 50° south latitude (an area comparable to Alaska for collection purposes) there is only the southern tip of South America and a series of islands. Although there may be materials of considerable interest to Alaska to be found in these regions, the time and financial scale spelled out in the bill would make it advisable not to collect at this time south of the equator. In the future possibly yes. At present, no.

2. The northern hemisphere north of the 50th parallel contains tremendous expanses of land, a great deal of it possibly fruitful for plant exploration. In fact, there is so much area that it is an absolute impossibility to explore more than a fraction of it within the time and financial limitations. It would appear advisable in this first go round to sample very broadly within this area, and to concentrate in only a few locations.

3. During the time of seed production of the plants, which may occur at virtually the same time over broad areas, it would be impossible for two people to be present throughout the collection area at the right time to collect the desired materials as seed.

4. In order to achieve the most of value to Alaska for money spent within the time limitations specified by the bill, I believe we should concentrate on plant materials already partially screened by scientists in the countries of interest except on those areas where concentrated collection is possible. The contacts established with these people should make it possible to extend collection through plant-materials-exchange in the future. The collection of people's names, kinds of plants they are working with, and development of congenial working relationships may be more important to this project than the actual plant materials initially collected. Those people will be on the spot when plants are in the best condition to collect.

PLEASE REPLY BY AIRMAIL

On this basis, therefore, I have visualized a collection trip which would concentrate in the Scandinavian countries for a period of one month and would extend to a general collection trip in the USSR over a period of two months. A tentative itinerary for this trip would be as follows:

Anchorage to Washington, D. C. (more will be said about this later) to New York - Iceland - Copenhagen - Oslo - Vollebekk - Trondheim - Tromso - Northern Sweden - Umeå - Luleå - Northern Finland - Tikkurila - Helsinki - Stockholm - Svalof - Leningrad - Kola - As many of the 22 experiment stations of the Scientific Research Institute of Agriculture of the Far North as permitted - Novosibirsk - Yakutsk - Kamchatka - Hokkaido - Tokyo - Anchorage. I have estimated that travel within Scandinavia would be by rented vehicle and travel within the USSR would be by plane, train, bus, horse, and by boat. Naturally the exact itinerary in the USSR would probably be determined by the Russian government and might depend on the good graces of our State department and the strict exchange agreements already extant. This would have to be determined and would undoubtedly involve beginning the trip in Washington, D. C. after detailed correspondence with our State department, Foreign Agriculture Service, and our Congressional delegation.

The trip outlined above would be the responsibility of one of the two botanists specified in the bill. I have included the services of an interpreter for that portion of the trip where I think it might be necessary. It would not be absolutely necessary in the Scandinavian countries where English is widely spoken except when in some of the out-of-the-way-places. If adequate groundwork is laid prior to the trip, there probably would be no difficulty. Strict protocol is important to the Europeans. Also, July is the month of vacation for most of the professional people in Europe. Appointments must be made with people ahead of time.

For the other botanist, I propose a similar collecting trip in northwest Canada which would include the Alaska Highway as far as Edmonton, with side trips to Inuvik, Ft. Simpson, Ft. Vermillion, the Peace River country, and possibly other specific areas. This trip could be combined with collection in Southeastern Alaska.

More concentrated collections are envisioned within the state by this same individual, although even here, the amount of territory to be covered within the time span of the project means that collections will just be a first sampling of plant materials that might be useful. I have broken the state down by areas, and it appears that collection would entail at least eleven separate excursions within the state.

Since the Institute of Agricultural Sciences has been collecting grasses throughout the state since 1956, we have a fair sampling of these important species. I would presume that the botanist collecting in Alaska under the auspices of Senate Bill 22 would therefore want to concentrate on native small fruits such as currants, blueberries, raspberries, lingonberries, etc. and on plants suitable for use as ornamentals. Collection of this type of

material might entail collection of the whole plant or cuttings rather than seed. Revival and establishment of this material would entail special growing techniques such as the use of a mist chamber.

All materials collected need to be cataloged and in condition to be stored for further use or established in nurseries. This will require constant attention to avoid losing valuable material once it has been returned to this area.

An item closely related to collections of materials from areas outside of Alaska is the question of quarantines. Existing federal quarantine regulations prohibits the introduction of certain kinds of plant materials. Seeds are usually admitted providing they are properly handled and sometimes treated. If vegetatively propagated materials are allowed into the U.S., they are generally kept in strict quarantine for as much as a year or two in quarantine nurseries. There is no doubt that quarantines are necessary and highly desirable. Certainly we would not want to introduce serious plant pest problems into Alaska if it could be avoided. On the other hand, if materials from northern regions, adapted to conditions found only in northern regions, are quarantined at southerly locations, we might lose a great deal of materials that would be valuable in Alaska. I think we should work very closely with the federal quarantine people and try to establish a quarantine area as a part of the Plant Materials Center perhaps even under the strict supervision of the federal plant quarantine people.

Even materials allowed entry into the U.S. should be planted in quarantine for at least a year, which again means establishing a separate area within the Center for quarantine plantings of anything imported into Alaska. I think the present Center location would be excellent for quarantine purposes since it is isolated from other farming activities by trees and distance. Development of isolated quarantine block would add certain unanticipated expenditures to the Plant Materials Center, but I believe it is closely enough related to the collections project that certain funds could be used from those under Senate Bill 22.

I hope this will show you the direction of my thinking in relation to the budget breakdown I discussed with you.

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE

TO: TO WHOM IT MAY CONCERN

DATE: January 16, 1975

FILE NO:

TELEPHONE NO: 465-2420

FROM: F. S. Honsinger, D.V.M.
Acting Director

SUBJECT: Proposals for the Division of Agriculture

The Alaska Division of Agriculture is usually identified as a regulatory and service agency working with the agricultural industry, however, the public interest might better be served by calling attention to the fact that food is the product of agriculture and that one of the Division's primary missions is to assure consumers a realiable supply of wholesome, high quality food.

Some of the basic functions of the Division of Agriculture are aimed at improving, facilitating, and developing the production, processing, and marketing of food and food products. Unfortunately, in today's largely urban society, there is a general lack of understanding of the role of agriculture and the Division in providing the foods that the consumer takes for granted will always be available at the supermarket.

To many people, the term "agriculture" connotes subsidies, pesticides, large corporate holdings, and other points of controversy. Almost never mentioned is the most important fact about agriculture: that it provides people with food, an absolute essential for human existence.

Perhaps a name change to "Division of Food and Agriculture" (State of California now has a Department of Food and Agriculture) or "Division of Agriculture and Consumer Services" (State of Florida has Department of Agriculture and Consumer Services) would more clearly define the basic goals and programs of the Division and would help create a more realistic and appreciative image of agriculture in the public mind.

The following information and comments pertain to the present food inspection programs within the State of Alaska. Some comments are hereby suggested as to possible future directions the State may want to take as the demand for consumer protection in foods continues, and Congressional actions in this field places additional responsibilities at the State level.

As you are aware, over the years there has been some adjustments made within the State government for food inspection programs. Presently, the Department of Natural Resources through the Division of Agriculture handles meat and poultry inspections, milk and frozen desserts, produce, and eggs. The milk and frozen desserts programs were at one time under the Department of Health and Social Services, but were subsequently transferred to the Division of Agriculture.

Passage by Congress in 1967 of the Wholesome Meat Act followed by the Wholesome Poultry Act, the Egg Products Inspection Act, and others has placed an ever increasing demand on the food industry. At both the national and state level,

@R63072

to remain competitive and to meet requirements of these acts, it has been necessary for the food industry, at all levels, producer, processor, wholesaler and retailer to upgrade facilities and improve quality control.

Of the various consumer protection acts pertaining to foods passed by Congress, none has had a larger impact in Alaska than the Wholesome Meat Act of 1967. A requirement of this act was for states to upgrade their meat inspection programs within three years to "equal to" Federal standards. This necessitated a reorganization of the Division of Agriculture, establishment of a chemistry laboratory, and locating inspector positions in several locations throughout the State. The Alaska meat inspection program was certified as "equal to" Federal standards by the U.S. Department of Agriculture in December, 1970.

The 1972 session of the State Legislature extended meat inspection to include retailers within Alaska handling meats and poultry products. Since this extension of inspection, our inspection program has been approached on several occasions by the seafood industry in the State as to the possibility of expanding the program to bring their facilities and products under a combined inspection program. You might be interested in the comments contained in Attachments 1 and 2 along these same lines. Presently, seafood inspection is handled by the Department of Health and Social Services.

The last session of Congress had three different Wholesome Fish Acts under consideration, all were along similar formats as the Wholesome Meat Act. Two of the bills were to extend fish and fish products inspection under the Federal Food, Drug, and Cosmetic Act, the third was to include the inspection under a similar arrangement as the Wholesome Meat and Poultry Acts. If, a Wholesome Fish Act is passed by Congress, the State of Alaska will feel the impact as hard as any in the nation. Because of this inevitable inspection, it might be wise for the State to look seriously at the recommendations made by Mr. W. S. Miller, President of Alaskan Seafoods, Inc. in Attachment 2.

A unified state food inspection program perhaps should be considered at this time. Presently, at least four State agencies are involved in some facet of food inspection, the Department of Natural Resources, through the meats, poultry, milk and frozen desserts, produce and eggs, the Department of Health and Social Services through enforcement of the Food, Drug, and Cosmetic Act (includes seafood inspection), the Department of Commerce through the Division of Weights and Measures, and the most recent, the Department of Law, Division of Consumer Protection.

Under the present set up, a food wholesaler or retailer is subject to several inspections by several state agencies on any given business day. In fact, we have been confronted by store-owners complaining of just such a thing happening to them.

The cross-training of inspectors to handle State responsibilities for food industry inspections is certainly within the realm of technology. A class of food inspectors could be trained to handle the basic facility and product inspections with the necessary professional and laboratory assistance to compliment a very complete State Food Inspection Program. This could resolve the multiple inspection the food industry presently faces, provide a more uniform inspection program, and consolidate State responsibilities.

Various states have already proceeded to unify their consumer protection responsibilities under new agency formats, or have consolidated fragmented responsibilities under an existing agency already having a primary function in the field such as the previously mentioned newly created State of Florida, Department of Agriculture and Consumer Services. Some states have placed consumer services under Commerce, and others under their Health Departments.

As we have upgraded and expanded our various food inspection programs the last four years to meet federal standards, it has become evident that there are areas where consolidation of fragmented agency responsibilities would be in the best interest of both the State and industry. With the possibility of a Federal Wholesome Fish Act being passed, and the resultant impact in Alaska, it might be well to take the initial steps at the state level for consolidation of seafoods with existing food inspection programs, and look seriously at training a level of food inspectors capable of providing uniform sanitation, facility, and product inspection to all facets of the food industry in the State.

Comments would be appreciated, and our administrative and inspection staff would be glad to discuss the subject with interested government or industry people.

FSH:hh

SB

107

'An Act creating the Palmer Hay Flats State Game Refuge: and providing for an effective date.'

COMMITTEE REPORT

4/26/75

HOUSE

Mr. Speaker: Date 4-28-75

The Committee on RESOURCES has had SB 107 am under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTFE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Robert Underwood

Tom Fleischbeger

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Robert Underwood Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Committee

To: Amend HOUSE BILL No. _____

SENATE BILL No. 107 Am

PAGE: 2 LINE: 5

Delete "all State Waters"

Between lines 5 + 6 pg 2 insert "All state tide and submerged lands

Between lines 9 + 10 page 2 insert "all state tide and submerged lands

Page 1 line 8 9

Delete the word "Waters"

Insert "tide and submerged lands"

PLEASE NOTE

THE ORGINAL FILE CONTAINS AN OVERSIZED DOCUMENT THAT IS UNSUITABLE FOR FILMING. PLEASE REFER TO THE ALASKA STATE ARCHIVES TO VIEW THE ORIGINAL.

PLAT MAPS

TOWNSHIP 17 N
RANGE 1 W

TOWNSHIP 17 N
RANGE 1 E

SEWARD MERIDIAN

SB

131

"An Act relating to the boards of fisheries and game; and providing for an effective date."

COMMITTEE REPORT

HOUSE

5/3/75 FINANCE

Mr. Speaker: Date 5/7/75

The Committee on RESOURCES has had SB 131 am under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

	Titus Hetherington	

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

SB 131

AMENDMENT

OFFERED IN THE HOUSE: BY: Gardiner

TO: _____ HOUSE BILL No. _____

SENATE BILL No. 131 am

PAGE: 5 LINE: 20

ADD after "travel expenses and" $100
DELETE "allowed by law"

AMENDMENT SB 131

OFFERED IN THE HOUSE: BY: Gardiner

To: _____ HOUSE BILL No. _____

SENATE BILL No. 131 am

PAGE: 5 LINE: _____

Line 25: Before "Each" add (a)

End of Line 29: ADD (b) In addition, the Board of Fisheries shall hold at least one meeting or hearing a year in each of the following general areas:

(1) Upper Yukon - Kuskokwim - Arctic

(2) Western Alaska (including Kodiak)

(3) Southcentral

(4) Prince William Sound (including Yakutat)

(5) Southeast.

18 Tels.

TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

04007 ANCHORAGE AK 15 05-09 1113A ADT

PMS REP NELS A ANDERSON JR 1975 MAY 9 PM 2 46

778

JUN

STRONGLY URGE PASSAGE OF SB131

VERNON D SMITH 1511 TURPIN ANCHORAGE 99504

TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

SB 131

04006 POM ANCHORAGE AK 15 05-09 1108 ADT

PMS REP NELS A ANDERSON JR 1975 MAY 9 PM 2 49

781

JUN

STRONGLY URGE PASSAGE OF SB131

WILLIAM B MEEHAM 8215 EAST 2ND ANCHORAGE 99504

TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

04004 POM ANCHORAGE AK 15 05-09 1153A ADT

PMS REP NELS ANDERSON 1975 MAY 9 PM 2 49

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JUN

STRONGLY URGE PASSAGE OF SENATE BILL 131

GEORGE COTTON SR 3901 IOWA DR ANCHORAGE 99503

Ø1002 POM ANCHORAGE AK 15 Ø5-Ø9 1141A ADT 1975 MAY 9 PM 2 50

PMS REP NELS ANDERSON

783

JUN

STRONGLY URGE PASSAGE OF SENATE BILL 131

DOUG WHITMAN 8215 EAST 2ND AVE ANCHORAGE 99504

TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE. 586-6440
JUNEAU, ALASKA 99801

1975 MAY 9 PM 2 51

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782

JUN

I STRONGLY URGE PASSAGE SENATE BILL 131

RALPH T MICHAUD 705 MULDOON SP 78 ANCHORAGE99504

TELEGRAM
RCA ALASKA COMMUNICATIONS, INC.
PHONE. 586-6440
JUNEAU, ALASKA 99801

04002 POM ANCHORAGEAK 15 Ø5-Ø9 1147A ADT

PMS REP NELS ANDERSON

784

1975 MAY 9 PM 2 50

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STRONGLY URGE PASSAGE OF SENATE BILL 131

RAY CHARLTON 1846 CINDYLEE LANE ANCHORAGE 99504

TELEGRAM

RCA ALASKA COMMUNICATIONS,
PHONE: 586-6440
JUNEAU, ALASKA 99801 1975 MAY 6 AM 5 11

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SB 131

#

02006 NL PDF ANCHORAGE ALASKA 69 05-05 910P ADT

PMS REP NELS ANDERSON JR CHAIRMAN HOUSE RESOURCES COMM

POUCH V 363

JUN

SUBJECT: SPLITTING OF FISH AND GAME BOARD. THE
ANCHORAGE CHAPTER OF THE ISAAK WALTON LEAGUE OF AMERICAN
WISHES TO GO ON RECORD AGAINST THE PASSAGE OF THE BILL TO
SPLIT THE FISH AND GAME BOARD. WE REQUEST THIS BILL BE TABLED
AND PUBLIC HEARINGS BE SCHEDULED TO ALLOW CONCERNED ALASKANS
TO TESTIFY. YOUR CONSIDERATION WILL TRULY BE APPRECIATED

SAM E MCDOWELL CHAIRMAN COOK INLET FISHEREY RESOURCE COMMITTEE
ANCHORAGE CHAPTER OF THE ISAAK WALTON LEAGUE OF AMERICA
BOX 8-9070 ANCHORAGE ALASKA 99508

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1975 MAY 8 AM 8 33

02007 POM TDA EAGLE RIVER ALASKA 15 05-08 535A ADT

PMS REP NELS ANDERSON

JUN636

PLEASE SUPPORT SENATE BILL 131 TO CREATE SEPRATE FISH AND GAME

BOARDS FOR BETTER REPRESENTATION

DALE BONDURANT

STAR RTE BOX 846 CHUGIAK 99567

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

V04006 POM ANCHORAGE AK 15 05-08 1058A ADT 1975 MAY 8 PM 1 12

PMS REP NELS ANDERSON

657

JUN

FAVOR PASSAGE OF SPLIT BOARD, S.B.131

ALASKA WATERFOWL ASSN 213 WEST 6 AVENUE SUITE 2 99501

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1975 MAY 2 PM 11 15

Ø2126 NL ANCHORAGE ALASKA . 05-02 646P ADT

PMS PEP NELS A ANDERSON JR

224

JUN

URGENT URGENT PLEASE SUPPORT CSSSSB 196 COMMISSION ON AGING AND

SB 219 INCREASE OLD AGE ASSISTANCE MOST IMPORTANT

CLIFTON C CARR OLIVE LANE 99502

File SB 131

#CJ

1975 MAY 8 PM 9 20

12054 POM FAIRBANKS ALASKA 15 05-08 130P ADT

PMSNELS ANDERSON

693

JUN

WE SOLICITATE YOUR SUPPORT FOR SB 131 TO SEPARATE GAME

FROM COMMERICAL FISHERIES

DR P B HAGGLAND INTERIOR WILDLIFE ASSOC

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1975 MAY 9 AM 1 52

#

02179 POM TDA EAGLE RIVER ALASKA 15 05-08 1040P ADT

PMS REP NELS ANDERSON

734

JUN

STRONGLY URGE PASSING SB131 SPLIT FISH AND GAME BOARD

EDWARD N NORMAN PRES PO BOX 538 EAGLE RIVER 99577

SPORTSMAN GAME PRESERVATION ASSOC

TELEGRAM

ACA ALASKA COMMUNICATIONS, INC
PHONE: 586-6440
JUNEAU, ALASKA 99801

1975 MAY 8 PM 4 34

#

02031 NL ANCHORAGE AK 50 05-08 125P ADT

PMS REP NELS A ANDERSON JR

677

JUN"

ALASKA NEEDS A DEIVION OF THE BOARD OF FISH AND GAME NOW

VOTE FOR SB131 AND SUPPORT FAIR REGULATIONS FOR ALL ALASKA

JOHN W THOMAS 446 EAST 10TH ANCHORAGE 99501

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1975 MAY 8 PM 4 5

Ø2032 NL ANCHORAGE AK 50 Ø5-Ø8 130P ADT

PMS REP NELS A ANDERSON JR

JUN" 682

I HAVE BEEN A COMMERCIAL FISHERMAN AND AM ALSO A SPORTSMAN
I FIND IT IS UNFAIR TO BOTH PARTIES TO HAVE ONLY ONE
BOARD. VOTE FOR T E DIVISION OF THE BOARD OF FISH AND GAME
ON SB131

FRANK D EATON 45Ø3 SPENARD RD ANCHORAGE 995Ø3

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

1975 MAY 8 PM 4 50

Ø2034 NL ANCHORAGE AK 50 Ø5-Ø8 140P ADT

PMS REP NELS A ANDERSON JR

JUN" 680

COMMERCIAL FISHING AND SPORTS HUNTING AND FISHING ARE VITALLY
IMPORTANT TO ALASKA GIVE EACH PARTY A FAIR VOICE VOTE TO
DIVIDE THE BOARD OF FISH AND GAME ON SB131

ARLO BRADSTREET 4503 SPENARD RD ANCHORAGE 99503

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1975 MAY 8 PM 4 50

$

02035 NL ANCHORAGE AK 50 05-08 145P ADT

PMS REP NELS A ANDERSON JR

JUN" 679

WE URGE YOU TO VOTE IN FAVOR OF THE DIVISION OF THE

BOARD OF FISH AND GAME SB131 ALASKA NEEDS YOUR SUPPORT IN

THIS MATTER OF IMPORTANCE

BOYD AND DE VERL CRUME 4100 IOWA DR ANCHORAGE 99503

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1975 MAY 8 PM 4 50

$

02033 NL ANCHORAGE AK 50 05-08 135P ADT

PMS REP NELS A ANDERSON JR

JUN" 681

ALL ALASKANS NEED FAIR REPRESENTATION VOTE FOR DIVISION OF

THE BOARD OF FISH AND GAME ON SB131

PAUL ADAMSON 2806 WEST 33 ANCHORAGE 99503

1975 MAY 8 PM 4 50

TELEGRAM

RCA ALASKA COMMUNICATIONS, I
PHONE 586-6440
JUNEAU, ALASKA

CJ

02032 NL ANCHORAGE AK 50 05-08 130P ADT

PMS REP NELS A ANDERSON JR

678

JUN"

I HAVE BEEN A COMMERCIAL FISHERMAN AND AM ALSO A SPORTSMAN
I FIND IT IS UNFAIR TO BOTH PARTIES TO HAVE ONLY ONE
BOARD. VOTE FOR THE DIVISION OF THE BOARD OF FISH AND GAME
ON SB131

FRANK D EATON 4503 SPENARD RD ANCHORAGE 99503

FWD 5/8/75

Dear Nels,

Please support SB 131, the split fish & game board bill from your committee and send it over to ruler.

I think that bill will give us better management of both fish and game. For instance those interested in game or the present board do not tend to be too attentive to fishing problems, also I think of seven man board will be more efficient in both areas.

Hope you are having lots of fun!

Best regards

Jack Gradison

SB

174

"An Act relating to the taking of oil and gas royalty-in-kind; and providing for an effective date."

COMMITTEE REPORT

3/25/75 HOUSE FINANCE

Mr. Speaker: Date 4-21-76

The Committee on Resources has had CSSB 174 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

(X) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends: _____

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

CSSB 104.

Puts the state at a tremendous disadvantage with their backs against the wall.
Is definitly Not in the state interest.
Reduces all the states options. —
Brown - Sub - committee to find out Whether Senate Resources Committee still wants CS 104 to go through. —

recd 4/9/76

Bristol Bay Native Corporation
445 E. 5TH STREET / ANCHORAGE / ALASKA 99501 / PH. (907) 277-9511

April 7, 1976

PERSONAL

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch "V"
Juneau, Alaska 99801

Dear Nels:

You asked me for my comments on CSSB 174 before you held hearings on April 14. Since BBNC has opposed several bills this year, I think we should reserve our ammunition for bigger issues such as increased taxes. Therefore these comments are for your personal guidance, in fact, being a Legislator you may not agree with me at all.

State oil and gas leases have a provision for the State to take its royalty in kind and this has been done in the past by the Commissioner of Natural Resources, no doubt with the approval of the Governor. Since then we have set up an Oil and Gas Royalty Board and their consent is required. Now this bill would require approval of the Legislature which to me is absolutely absurd and suggests the desire for year-round employment or special sessions.

You have always said the Legislature is a very deliberative body and it takes time to do things right. In this case a willing buyer may not have a market by the time the various consents and approvals are obtained. You should consider that Alaska's oil production is only a small part of the world wide production which is controlled by supply and demand, not to mention more or less daily problems of transportation and storage all requiring immediate decision to keep the wheels of progress oiled. Gas production is an entirely different, unrelated problem as sales by necessity must be long term. I would suggest you bury this bill.

One other general comment, I don't think the 9th Legislature can antic te or solve all of Alaska's as yet undefined future problems.

Keep .he good work and best regards.

Sir ly,

E. L

W. Bishop

cc: Directors
Legislative Task Force

02-0019

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
Division of Oil and Gas

TO: Guy R. Martin
Commissioner

DATE: April 13, 1976

FROM: O. K. Gilbreth, Jr.
Director

SUBJECT: CSSB174

This bill would make it virtually impossible to secure the best sales prices for oil and gas. Though we are sympathetic and favor the State controlling the disposition of royalty oil and gas, this bill leaves insufficient flexibility for the Commissioner to operate to secure the best prices. The bill makes it virtually impossible to obtain what is best for the State, then get Royalty Board approval, then get legislative approval and still function in a timely manner and not get caught in distress sale conditions.

It is our opinion that we cannot secure maximum income or contract terms in the sale of oil or gas where the State is boxed in to a mandatory sale and yet has no control over operation of the well or lease. A prospective buyer can easily see that the State will be in a distress condition to sell.

The Committee substitute provides that the Commissioner with the consent of the Board can enter into oil and gas sales contracts for one year or less to relieve a shortage of storage capacity. Any sale over one year presumably requires legislative approval. In the case of oil, long term sale contracts may not be advisable because of the anticipated increases in value in the future. Consequently each contract for two or three years must be approved by the Legislature. This will ultimately result in the Legislature having to pass on many contracts each year --- perhaps as many as 100 contracts. In the meantime, a distress sale must be made to "tide the State over until legislative approval is obtained." The companies, knowing this, would be foolish to pay top prices when they can buy under distress conditions. Consequently we can anticipate some losses on our short term sales. Also, since it will be mandatory that the State sell the oil, a crude oil and gas sales section must be established to handle these affairs. A fiscal note is attached showing the estimated cost of this section.

For gas, we cannot trade our royalty volumes as easily as we can trade oil. Since the Legislature must approve any sale, beyond one year, we must be able to market the first year's production between contracts. It is virtually impossible to sell gas under a one year contract. The net result will probably be that we will have to give the production to anyone who will take it or, in the worst case, pay someone to take it off our hands. We can't flare it nor can we stop the operator from producing simply because we don't have a market for our royalty gas. The operator can readily make long term contracts in order to produce the well at the earliest possible time. It must be borne in mind that facilities have to be installed to transport gas to the ultimate user and this requires financing which requires long term contracts. No one is willing to install facilities to a new source without a long term contract. Thus it is likely that since we can't make long term commitments until the Legislature acts, nor let the operator sell for us until we do, we will find ourselves in quite a dilemma in every new lease where oil or gas is found

If the Legislature feels that the State should sell its royalty oil and gas, then to provide more flexibility, we recommend that they consider leaving the "may" on Line 11 as is in present law and have the Commissioner report within two years after first production on his efforts and results in attempting to sell the royalty in-kind. The Legislature could mandate through resolution or other means at that time if it was not satisfied in the effort that the Commissioner had made. This span would give the Commissioner adequate time to get the best deal for the State, would give him the option to have the company market the oil or gas production while he negotiated if he didn't have an instant buyer, and would not create the climate of a distress sale.

Attachment


SB
177

5-510B H Street
APO Seattle 98742
April 15, 1975

Honorable Edward C. Willis
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Senator Willis

Thank you for your letter of April 11, 1975 reaffirming your continuing interest in our concern with respect to Senate Bill 177. I appreciate your discussing this matter with Representative Anderson and others.

I also appreciate your offer to arrange for me to testify. However, I believe it would be inappropriate for me as an individual to appear in this legislative m tter. Perhaps Representative Anderson could appropriately notify the Alaskan Command at the time a hearing is set and I believe an official representation would probably be forthcoming.

Thank you again for taking the time to advise me of these legislative matters.

Sincerely

KING D. SIMON
Colonel, USAF

from the desk of . . .

Senator Ed Willis

April 18

Dear Nels:

Would appreciate your letting the Alaskan Command know if and when you consider hearings on S.B. 177.

Ed

Alaska State Legislature

SENATOR
W. E. "BRAD" BRADLEY
P.O. DRAWER 8670
ANCHORAGE, ALASKA 99508

LEGISLATURE ADDRESS
POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811

Senate

Sen Ed
Willis wrote
know when
this comes
up on
Rebuttal

April 8, 1975

The Honorable Nels Anderson
Chairman, Resources Committee
House of Representatives
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Nels:

I would appreciate your committee providing a committee substitute of SB 177 in accordance with one of the attached versions submitted by Headquarters, Alaskan Command. I, as does the Senior Military Commander in Alaska, prefer the attachment 1 version. All changes to the original bill are underlined if added, and placed in parentheses if deleted.

After almost 30 years in the armed forces, from private to colonel, I can see both sides. Since you have had military experience, I am sure you know that any reasonable fish and game regulation of this type will serve as a deterrent to those G.I.'s that are capable of taking unfair and unsportsmanlike advantage of wildlife with specialized military property, and will result in a better reputation for the military.

I was wildlife conservation officer for the entire military command as one of my additional duties several years ago, and I am very familiar with how many and how serious the violations can be. Most servicemen are good sportsmen, only a few give all others a bad name. I believe the attachment 1 version of SB 177 will be fair to all concerned. The Senior Military Commander in Alaska, the new title for what was formerly the Commander-in-Chief of the Alaskan command, will designate only that military property for the serviceman's use in hunting, fishing, and other recreational activities that he considers absolutely necessary and will not give the servicemen an unfair advantage in the taking of fish and game. For the most part, military-owned recreational equipment is defined as special services items. I called Fish and

Game Department and they understand the same.

Our fish and game situation is rather pathetic, as we both know; consequently, we must clamp down on the "bandits". This bill passed the Senate, with all 20 votes for it, but hindsight is 20-20; therefore, I staffed it through Headquarters, Alaskan Command, for all the military in the State, and the enclosure is what I received. I think their comments are valid. Your cooperation and expeditious treatment of this request will be very much appreciated. If I can reciprocate, please let me know.

Sincerely,

Brad

W. E. Bradley
Senate

dsf

ENCLOSURE

HEADQUARTERS, ALASKAN COMMAND

Office of the Assistant Chief of Staff, J1

4 Apr 75

TO: Senator Bradley

Dear Brad,

Per our conversation last weekend, I sent a copy of Committee Substitute for SB 177 to General Herbert and Col Simon, our JA. It was discussed with CINCAL.

To make a long story short, it's felt that even the substitute poses some serious problems for us. We would appreciate your consideration of the attached two rewrites. Attachment 1 is our desired position since it does not discriminate against the military per se, yet seems to accomplish the desired goal. Attachment 2 is offered as a possible alternative and makes only minor amendments to the revised bill while constituting, we believe, better legislation.

We don't presume to impose upon your cooperativeness, but the proposed legislation is of concern to us.

As always, I hope all is going well.

Sincerely,

GEORGE L. BERGERON, JR.
Colonel, USAF
Asst Chief of Staff, J1

2 Atch
1. SB 177 (Desired)
2. SB 177 (Acceptable)

Enclosure

SB

180

"An Act relating to salmon hatcheries."

COMMITTEE REPORT

3/6/75 HOUSE JUDICIARY

Mr. Speaker: Date 3-26-75

The Committee on Resources has had SB 180 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Comments of Dr Jack Van Hyning
at Fairbanks Public hearing
March 8, 1975

I would also like to comment on Senate Bills 180 and 181, relating to the private nonprofit salmon hatchery legislation passed by the 1974 session.

It may come as somewhat of a surprise to you to learn that Alaska's first private salmon hatchery corporation is headquartered here in Fairbanks. We also have the first provisional permit. Our hatchery, however, is located in Prince William Sound, on an island near Whittier, and in our group in addition to myself we have a Cordova commercial fisherman and an Anchorage businessman. Incidentally, the private hatchery concept originated in Oregon.

With reservations we endorse Senate Bill 180 which refers to the Department of Fish & Game making every effort, within the limits of time and resources, to assist and advice applicants in the planning, construction or operation of private salmon hatcheries. I find that the Department personnel are already committed to this philosophy, but submit that they will not be able to adequately carry out the mandate of such legislation without adequate funding. At the very least there should be a full-time coordinator or liason between the Department and the private hatchery operators. In the future there will be ad itional personnel needed to monitor the hatcheries for diseases, etc. On the other hand, I would warn against creating another empire of state government for the express purpose of assisting private industry. There are a number of consultants, advisors,

and engineering firms that specialize in this field and are available for working with the private sector in the design and operation of salmon hatcheries. These are private businessmen, taxpayers, and they should not have to compete with tax-supported government agencies. There should be a clear policy on the respective roles of the state staff and private advisors.

We strongly endorse Senate Bill 181 which extends the Commercial Fishing Loan Act to include private hatcheries. The only addition I might request to this would be a delayed payment option. Unlike a fishing boat which can start fishing immediately, private hatcheries will not receive any income for from 2 to 5 years after the beginning of operations. Therefore I suggest that a minimum 2-year delay be considered before the first repayment, as is the case with the federal farm loan program.

I would also like to ask the legislature to consider a change in the Renewable Resources Fund Act. As I understand this legislation, these funds will go to the state for projects dealing with the enhancement of renewable resources. Presumably some could be contracted to universities and other bodies for research and other work, but if Murphy's principle prevails a bureaucracy will expand to fill any vacancy in space or funds. Whether it be 5 or 50 million dollars, I am sure our state agencies will rise to the occasion. I urge that there be some mechanism set up whereby a portion of these funds can be set aside for use by qualified private concerns in research and development projects -- programs to benefit fishermens' organizations, farmers' groups, etc. For example, the Cordova fishermens' aquaculture program, under the leadership of Wally Noerenberg, with adequate funding could do great things in the rehabilitation of Prince William Sound fisheries. Persons familiar with Alaska's agricultural problems could probably cite similar examples.

Obviously there needs to be strong guidelines and control, but perhaps private industry could do a job cheaper, faster, better and more efficiently than a state agency.

Thank you.

SB

181

"An Act relating to loans for the construction of hatchery facilities; and providing for an effective date."

COMMITTEE REPORT

5/5/75 HOUSE FINANCE

Mr. Speaker: Date 5-12-75

The Committee on RESOURCES has had CSSB 181 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Nels A. Anderson, Jr. _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Nels A. Anderson, Jr. Chairman



PRINCE WILLIAM SOUND AQUACULTURE CORPORATION

SB 181

JB

A regional non-profit organization for the enhancement of fisheries.

Wallace H. Noerenberg
Executive Director

P.O. Box 1110
Cordova, Alaska 99574
(907) 424-3411

May 7, 1975

Honorable Nels Anderson
Chairman, Resources Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

This is to urge passage of CSSB 181, which has been passed by the Senate and is presently under consideration by the House.

Our regional non-profit corporation is planning a major salmon rehabilitation program for Prince William Sound and the Copper River fisheries. The Board governing our actions is composed of State, City of Valdez, City of Cordova, Chugach Natives, Inc., three native village corporations, fishermen's marketing association and fish processors representatives. That is, all elements of the Sound area interested in economic viability through fisheries rehabilitation. Our program will be thoroughly integrated with that of the State via a jointly developed masterplan.

We anticipate our corporation, especially in the next three yea before Prudnoe oil monies accrue to the State, will have to finance construction of most of the egg incubation hatcheries necessary for rehabilitation. Passage of CSSB 181 would greatly assist financing of initial phases of our program. Remaining early financing will come primarily through self-assessment of the fishermen catches at 2¢ per fish and matching grants from salmon processors.

Our preliminary permit application for a hatchery at the non-operating Port San Juan cannery has been approved by Commissioner Brooks. We have negotiated a long term lease with New England Fish Company for use of Port San Juan, thus greatly reducing the cost of our first

installation, a 20-million pink salmon egg unit. Our ability to construct this installation and take eggs in the summer of 1975 depends largely on our ability to borrow from the State fishermen's revolving loan fund, as provided in CSSB 181.

Sincerely yours,

Wallace H. Noerenberg
pd

Wallace H. Noerenberg
Executive Director

WHN/pd

cc: Senator Kerttula
Representative Specking

Cordova Aquatic Marketing Association, Inc.

Producers of Aquatic Products

Fish

SB 181

P. O. Box 359
CORDOVA, ALASKA 99574

May 12, 1975

Honorable Nels Anderson
Chairman, Resource Committee
House of Representatives
Pouch V
Juneau, Alaska

Dear Representative Anderson:

This is to request your support for passage of FCSSB 181 which has been passed by the Senate and is presently under consideration by the House. Passage of the bill would greatly assist the Prince William Sound Aquaculture Corporation in financing the initial phases of a salmon rehabilitation program by making non-profit salmon hatcheries eligible for loans from the Commercial Fisherman's Revolving Loan Fund.

We believe that the Prince William Sound Aquaculture Corp. offers us an unprecedented opportunity to help ourselves by building and operating Pink and Chum salmon incubation box facilities in Prince William Sound.

Sincerely,

Robert Blake

Robert Blake
President

rb/mh

File SB 181

Prince William Sound Processors Association

Box 254 Cordova, Ak. 99574

May 12, 1975

Honorable Nels Anderson, Chairman
Resources Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Mr. Anderson:

The Prince William Sound Processors Association would like to express its support of Senate Bill Number 181 relating to loan support for construction of hatchery facilities, etc. Our organization is totally dependent upon the fisheries resources of the Prince William Sound area.

We know that for our industry to survive we're going to have to enhance the naturally occurring runs of salmon and we feel that the non-profit hatchery program that has been made possible by recent legislation is one good way of starting this effort. We believe that Senate Bill Number 181 would be effective in providing initial financing for our organization and probably others throughout the State.

We hope that you will give your full support to this measure and make sure that it passes the House as it has the Senate.

Thank you very much for your help and cooperation.

Very truly yours,

Ken Roemhildt

Ken Roemhildt, President

KR/jcs

SB

235

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

JAY S. HAMMOND, Governor

OFFICE OF THE COMMISSIONER

SUBPORT BUILDING
JUNEAU 99801

March 28, 1975

Honorable Nels A. Anderson
Chairman-House Resources Committee
Alaska State Legislature
Pouch V
State Capitol Building
Juneau, Alaska 99811

Dear Representative Anderson:

I have your letter of March 25, 1975 and assume that it is related to the arrival of SB 235. You evidently believe that decisive action on my part would have spared the Legislature the responsibility for addressing this problem. Please consider the following:

1. I directed that the predator program be undertaken..

2. Its execution was delayed by court action.

3. I considered and rejected the options for action that would avoid conflict with the injunction. One option involved the reintroduction of public aerial shooting with control being exercised through issuance of permits - a system that had proved uncontrollable in the past and therefore would have probably resulted in prompt, additional court involvement. The other option calling for implementation of an old law permitting the Governor to hire hunters and trappers was simply not practical.

4. I had no knowledge that Senator Butrovich and Senator Huber intended to introduce the legislation until after they had done so.

5. Once the Legislature undertook action to remove the legal obstacles imposed by the court, I supported the effort.

I commend you on not wishing to make resource management decisions and it is not in my nature to pass controversial ones on to anyone else. To the contrary, I strive daily to carry out my responsibilities in a manner that will avoid imposing additional burdens or problems on the legislator and the Governor.

Sincerely yours,

James W. Brooks
Commissioner

SB

335

"An Act relating to sport fishing, hunting, and trapping licenses and fees; and providing for an effective date."

COMMITTEE REPORT

HOUSE

3/25/75 FINANCE

Mr. Speaker: Date 4-13-76

The Committee on RESOURCES has had CS SSSB 335 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Nelson Henderson

E. E. Smith

Mike Hershberger

_____

_____ _____

_____ _____

_____ _____

_____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Nelson Henderson Chairman

AMENDMENT

OFFERED IN THE HOUSE: BY: House Resources Comm.

To: _____ HOUSE BILL No. _____

SENATE BILL No. CSSSB 335

PAGE: 3 LINE: 25½

Change the effective date to July 1, 1976

Bob Anderson 4/13/76

Chairman House Resources

COALITION of INTERIOR ALASKA OUTDOORSMEN

P.O. Box 18
FAIRBANKS, ALASKA 99707

Affiliated Clubs:

Chena River Sports Club
Chitina Dipnetter's Association
Fairbanks Trailblazers, Inc
Interior Alaska Trappers Association
Interior Wildlife Association
Tanana Valley Sportsmen's Association

April 15, 1976

Dear Governor Hammond and Legislators,

Re: Senate Bill No. 335

The Coalition of Interior Alaska Outdoorsmen has previously stated their position on raising the cost of hunting and fishing licenses and big game tag fees. We now feel that it is time to better define and clarify this position.

Senate Bill 335 as passed by Senate drastically changes the license and tag fee structure. It is our understanding that over 85% of revenue generated by sales of licenses and tags comes from non-residents. Based on this information, we question how much will be gained by doubling the cost of resident sport fishing and hunting licenses. We believe fewer licenses will be sold, therefore decreasing any gain hoped to be achieved.

We believe that three other areas should be considered for additional revenue and to better distribute the cost burden to all those benefiting from fish and game management programs. These are as fellows:

1. We do not believe that any valid reason exists today for a 25-cent license. If necessary, the welfare agency supporting the qualifying individual should pay the normal fee and thereby transfer these funds to the fish and game fund so federal matching monies could be received. In 1975, 5,004 25-cent licenses were sold. None of these funds went to the Dept. of Fish and Game. Since this 25-cent license allows the licensee to hunt, fish and trap it should be valued at $15.00. Thus $75,000.00 in possible revenues was not received by Fish and Game. When the 3 to 1 matching federal monies are added the total loss we actually $300,000.00.

2. We believe that somewhere between one fifth and one third of the Dept. of Fish and Game's Sport Fishing and Game Division's activities are solely directed toward not. hunting and fishing activities. This is estimated to consume in excess of $2,000,000.00 of Fish and Game funds. At the present time the hunter and fisherman pays the bill for these activities. We believe a better method would be to fund these activities from general funds and thus more equitably share the costs of all activities. A general fund appropriation of approximatly $600,000.00, along with matching federal funds, would total approximately $2,000,000.00.

3. At the present time all revenue derived from trapping licenses goes directly to the general fund account. Fish and Game does not receive any of these monies, but provides all the management efforts. Again, the hunter and fisherman is paying the bill. We believe that these trapping funds should be sent directly to the Fish and Game account. This could then be matched by federal monies. Approximately 8,000 trapping licenses were sold in 1975. This amounts to $24,000.00. Due to loss of federal matching funds, this resulted in a loss of $100,000.00 to Fish and Game. We would support an increase of the resident trapping license to $10.00 providing these funds go directly to Fish and Game. This could generate $320,000.00 in additional revenue.

We are opposed to all resident big game tag fees. The cost of administering may well offset any additional revenue derived. This will also discourage hunting by residents and may effect sales in related outdoor activities. We believe this new fee area should be approached with great caution.

Items 1 through 3 above would require a general fund appropriation of $600,000.00 and could generate as much as $2,620,000.00 for Fish and Game management. This would be done without changing the present resident hunting and fishing license structure.

We have not taken a position on non-resident fee increases. The legal and social ramifications are such that we think it best to concentrate our efforts on this license and fee issue as it affects us as resident Alaskans.

Again we would like to suggest that public hearings on this matter be held in several areas of the State.

Sincerely

Ivan Thorall

Ivan Thorall, Chairman

bill SB 335

recd 4/26

Frank W. Harris
610 W. Fireweed Lane
Anchorage, Alaska 99503

Rep Nels Anderson
Pouch V
Juneau, Alaska 99801

RE: SB 33 5.

Dear Rep. Anderson,

Having just returned from a safari in Africa, I believe I have some familiarity with what is going on as to the charges being made in most African countries for hunting their more precious species of game.

In my opinion according to the scarcity of sheep in Alaska....I would compare it to a Bongo in the Sudan....where the permit is $450.00---$300.00 for the license and an extra $150.00 if you make a kill.

Also you could compare our walrus hunt as to scarcity with a lion or leopard, where in Africa the fee will be $345.00 for a lion or a leopard.

I believe that your caribou fee as set at $200.00 is slightly high, when compared to animals of the same frequency in Africa.

The Alaska non-resident deer license at $25.00 however, seems right in line.

I've enclosed a special tourist license fee from the Sudan, which shows their prices are not cheap.

For instance...the Roan Antelope could be compared in scarcity with our moose.

Hope this is of some help.

Very truly yours,

Frank W. Harris

Frank W. Harris

The Democratic Republic Of The Sudan
Department Of Wildlife Conservation & Tourism
Southern Region

Amended Charges Of Ordinary And Special Game Licences 1975/1976

Schedule (5)

SPECIAL LICENCE (TOURISTS)

Species	Number allowed	Licence	Shooting tax after killing each animal
Bongo	1	U.S. $ 300	U.S. $ 150
Situtunga	1	U.S. $ 180	U.S. $ 150
Nile Lechwe	1	U.S. $ 300	U.S. $ 150
Giant Eland	1	U.S. $ 300	U.S. $ 150
Oryx Beisa	1	U.S. $ 240	U.S. $ 150
Lion	1	U.S. $ 195	U.S. $ 150
Lesser Kudu	1	U.S. $ 135	U.S. $ 120
Leopard	1	U.S. $ 195	U.S. $ 150
Hippo	1	U.S. $ 300	U.S. $ 150
Giant Forest Hog	1	U.S. $ 240	U.S. $ 150
Crocodile	1	U.S. $ 240	U.S. $ 120
Yellow-Backed Duiker	1	U.S. $ 240	U.S. $ 150
White Eared Cob	1	U.S. $ 120	U.S. $ 90
Roan Antelope	1	U.S. $ 180	U.S. $ 120
Elephant	1	U.S. $ 60	Approx. U.S. $ 12 per lb. weight of Ivory subject to Market price when Exported.

N.B.: 1) Wounded Elephant is counted on the licence and fine of U.S. $ 3000 is collected as shooting tax.

2) Penalty fee for killing Elephant with tusks LESS than 15 Kgs. U.S. $ 1500.

3) Immature Bongo is not allowed (this concerns Males). Penalty fee for killing any male Bongo with horn length less than 18 inches (45 cm) U.S. $ 600.

4) Female Bongo is not allowed. Penalty fee for killing female Bongo U.S. $ 900.

5) Wounded Giant Eland is counted on the licence. Fine of U.S. $ 600 is collected as shooting tax.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S – JUNEAU 99811

March 26, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska 99811

Dear Mr. Anderson:

re Committee Substitute for Sponsor Substitute for Senate Bill No. 335

Committee Substitute for Sponsor Substitute for Senate Bill No. 335 was introduced in the House on March 25, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a Fiscal Note and accompanying schedules advising of estimated revenue and administrative costs of the proposed legislation, prepared by R. H. Pilcher, Manager, Juneau Field Office, Department of Revenue.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Pilcher for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

R. H. Pilcher, Manager
Juneau Field Office
Department of Revenue

02-0018

STATE
of ALASKA

MEMORANDUM

TO:
R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 22, 1976

FROM:
R. H. Pilcher
Manager
Juneau Field Office

SUBJECT:
Committe Substitute for Sponsor Substitute for SB 335

Passage of committee substitute for Sponsor Substitute for SB 335 will:

1. Increase certain sport fishing and hunting license fees for both residents and non-residents.
2. Increase certain tag fees for non-residents.
3. Require tags for residents to hunt five species of game effective January 1, 1977.

EFFECT ON TREASURY

Based on calendar year 1975 actual license and tag sales and on the sale of approximately 14,150 resident tags, passage of this bill will result in a dollar revenue increase of approximately $2,191,390.00 for distribution to the various funds in calendar year 1977. (See attached breakdown of revenue estimates.)

The additional work load involved in the distribution and sales of resident game tags, plus auditing reports and accounting for the added revenues will require the addition of one Accounting Clerk II position to the BRU's work force. (See Fiscal note attached.)

The January 1, 1977 effective date for this sponsor substitute bill eliminates problems of administration encountered with the original SB 335.

Alaska
Professional Hunters Association, Inc.

P. O. BOX 4-1932
ANCHORAGE, ALASKA 99509

Phone (907) 279-7837
or (907) 344-5482

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CLARK ENGLE
Anchorage

House Finance Committee
Nels Anderson
Juneau, Alaska

Subject; Proposed non-resident tag fee increase.

Many thousands of dollors are spent by the the State promoting tourism in Alaska in magazines and in papers in the lower 48. It seams inconsistent to me that on the one hand we want tourism and on the other hand we reject it by making it too expensive for the lower income tourist that come to Alaska - and when I say tourist I also mean hunter.

There seams to be a misconception to what a tag fee is. Many people seam to think that a tag fee is the price of an animal. This is not true. A hunter must buy a tag for the privilege of hunting the animal. This tag does not mean that he is buying or getting the animal, but only the right to hunt it.

Many other expenses are involved besides the tag fee in a guided or non-guided hunt. Airlines, hotels, resturants, sporting-goods stores, air taxi operators, etc. Everyone benefits when we have this type of tourist up here.

The hunting tourist leaves much more money in Alaska, than the person that comes up to look around and take a few pictures.

Another point that we might consider is that when we increase the tag fee as the proposed legislation would do, we are only restricting those people from the lower income brackets that can not afford this type of increase. It is not going to restrict or stop the very monied hunter that wants a






guided hunt, from coming up here. We will have less hunters, and it will not effect the majority of guides, but it will affect the hotels, resturants and all the other businesses that depend upon tourists.

If the purpose of this legislation is to reduce the number of hunters that come to Alaska, then we are accomplishing this, but I would like to make a suggestion. If what you really want is to reduce the number of hunters that come to our state, then the best way to do it is to require that all hunters must have the services of a guide, before they can hunt in Alaska. Because of the high price of the guided hunts this would materially reduce the number of people that come from the states and other countries to hunt Alaska. I do not say this to benefit the guides because that would have very little effect on them. The people that come for a guided hunt have the money to do so, but it would stop a number of hunters who are in the lower income bracket and can not afford the services of a guide.
Many thousands of hunters come to Alaska and hunt moose, caribou black bear and goat on their own, because a guide is not required. Their success is not that great, but they do spend much with the charter boat operators, air taxies, roadhouses, etc. Less hunters means less business and therefore less taxes for the state.
What I am saying is that the proposed increase is not going to drasticially effect the guided hunts in Alaska, but it will effect the other small businesses that depend on tourism to quite some extent.

If you recall in 1973 after the last price increase in tags the number of non-resident hunters purchasing tags dropped from 11000 approx. to 8000. I have no idea what the drop would be now after this proposed increase, but I am sure it would be substantial.

[illegible] 16 or 18 day hunt, most guided hunters normally buy 5 tags [illegible] in the past has amounted to $525.00. On a hunt of this type he expects to take three trophies and the other tags are just in case he has a chance at additional game.

If this increase goes into effect we may look forward to a hunter buying only three tags for $600.00 instead of five tags for $1000.00 The revenue to the state would be increased by $75.00, but with a substantial decrease in the number of hunters it seams to me that in the long run the state will come out on the short end, when we consider reduced taxes from small businesses, reduced income from Airlines and the state ferry system.

We all should in the future think of the hunter as a tourist,

and every time a piece of legislation comes up partaining to hunters, to try to think of them as tourists first and hunters second. The hunter is one of Alaska's greatest tourist. They have contributed much to the state and businesses, almost everyone benefits from these hunters that come up here. When the pipeline boom is over we are going to be left with an ecconomy that is based on tourism and some commericial fishing operations. Alaska has no industries as such and our dependence on the tourist is very great for all businesses, not just the guiding business, BUT ALL BUSINESSES.

Thank you for taking the time to read this as I know you are all very busy people.

Stan Frost
President A.P.H.A. Inc.

COMMITTEE REPORT

CS SS
SB 335

HOUSE RESOURCE COMMITTEE

In reporting out CS SS SB 335 the committee has changed the effective date of this act.

It is the intent of the committee that no fee collected before the effective date of this act will reflect the increases appearing in the bill but, that all licenses and tags purchased after the effective date of this act will reflect the increases.

Nels A. Anderson, Jr., Chairman

ALASKANS FOR TRAVEL, INC.
P. O. Box 1479 • Anchorage, Alaska 99510 • (907) 276-7818

April 8, 1976

The Honorable Nels A. Anderson, Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Anderson:

We are writing to you today in regards to Senate Bill 335, or any substitute bill that is now being given consideration. This bill deals with hunting and fishing license fees. In particular, we are concerned with the impact the proposed increase in these fees may have upon the Alaska visitor industry. We are also concerned with fishing license fees as they relate to the visitor.

Certainly the AFT is not now, nor do we have the capability of, becoming experts in the field of game management and the costs related thereto. However, we do feel that it is necessary to point out that the substantial increases in license fees and game tags, as this bill suggests, may have a detrimental effect upon sportsmen coming to Alaska for the purpose of hunting big game.

In the fishing license fees we recognize the need for proper management, the costs that are related to that management, and the federal revenues that accrue to the State in this area of fees collected. However, we would call to your attention that with the proposed changes the minimum fishing license fee for a nonresident would be $15.00. Our Alaskan visitor traffic has a great number of people who are in the State for only a few days and frequently their wilderness and/or fishing experience potential is limited to a matter of hours.

I am speaking of such visitors as those that arrive and return on the cruise ships, the air package travelers that visit the Anchorage gateway area and have an opportunity for a half or full day of fishing in the Southcentral Region, and the substantial number of visitors that are here for commercial purposes and spend an extra day in Alaska for their own personal "R & R". Many of these people would like to fish from a few hours to a full day.

When they are currently advised that the minimum license fee is $10.00 they feel they are being "ripped-off" by Alaska. The State of Alaska and the unfortunate individual that has to inform them of the required $10.00 license ($15.00 in the new bill) to fish for a few hours is made to appear in less than a favorable light. This problem is accentuated by the fact that many of our visitors come from other coastal states where there are no fishing licenses required for salt water angling. We lose many potential short term fishermen because of this license fee. I might add most of them catch few fish due to the short time period and their lack of fishing experience.

The Alaska travel industry has suggested many times in the past, and we would suggest once again, that the legislature give consideration to a one day visitor fishing license. With the $15.00 fee that you are considering, we suggest it would be appropriate for that one day license to be $5.00. It would also help the circumstance if that license was issued in the form of an inexpensive certificate. This could help make the visitors happy, even if they failed to catch a fish, and consequently they and their friends may return another time and leave another cash deposit in our State.

The Alaska State Department of Fish and Game has, in the past, expressed concern that this one day license would adversely affect the sales of the 10 day ($10.00) visitor fishing licenses. While to a small degree this may be the case, it is our firm conviction that what we are talking about is providing, at an acceptable price, a fishing license to those individuals that refuse to pay the price ($10.00) now required. Many visitors will elect not to fish for the few hours they have available if they are going to be charged $10.00 (or $15.00 as proposed) for the privilege of doing so. The State loses potential license fee revenue and our sports fishing business loses potential customers.

There are many charter boats available, particularly in Southeast Alaska, for one-half or one day fishing excursions. At $15.00 per individual for a license for a half day's fishing, the cost of the license would equal 50% of the cost of chartering a boat for a party of five people.

In determining the price of the one day fishing license, we believe it appropriate and necessary that the one day license fee be set at a price of approximately 1/3 of the ten day license fee. This would provide a safeguard to avoid individuals buying a series of licenses to keep their license fee below that of the ten day fee. Most professional sports fishermen and/or fishing parties that go into lodges fish four to five days or perhaps a week. They would not be interested in purchasing a one day fishing license.

There are several other administrative features, simple but effective, that could be used to avoid any complication or abuses to this license. Also, this license would generate new revenue for the State.

Business members in the Alaskan travel community would be pleased to work with the Department of Fish and Game to assure that this program is properly designed and implemented.

Thank you very much for your consideration in regards to this issue.

Sincerely,

Mr. Kay Guthrie
Council Chairman

cc: James W. Brooks, Commissioner
Department of Fish and Game

Rupert E. Andrews, Director
Division of Sport Fish

House Resources Committee Members

KWG:bf

file
SB 335

4-8-76
Mora, Minn.

Alaska State Representive
Nels Anderson, Jr.

This letter is in reference to a recently Senate passed State license fee raise. As a non-resident it looks as though some in the Senate only want to have some kind of a rich mans hunting grounds. For a few years (4 or 5) I have been coming to your state to visit & while there I have either been fishing & hunting or just one but the cost I thought was considerable but I enjoyed it. Senator Poland seems to think you have been almost giving your game away, I don't know what states he has been checking on but I do know it couldn't have been in the

midwest. Our State of Minn. just raised our fees in the past few days and our non-resident deer hunting fee went from $50.00 to $62.50 and that includes the tag. Non-resident fishing will be 10.00 for individual or $15.00 combination man & wife.

All non-residents know that it is going to cost them some more but we all spend quite a bit besides these fees in each others states. In the past there has been talk of several licenses & it is just type of fee your senate has passed that may some day make it happen. Don't price the little guy out of your hunting & fishing.

Thank You
Wm Washburn
607 W. Forest Ave.
Mora, Minn., 55051

SB

406

"An Act relating to oil terminal facilities and the marine transportation of crude oil, refined petroleum products or their by-products; and providing for an effective date."

COMMITTEE REPORT

HOUSE

4/28/76 JUDICIARY

Mr. Speaker: Date 5-17-76

The Committee on RESOURCES has had CS SS SB 406 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR CSSSSB406 (same T.T.L.) AND THAT CS FOR CS SS SB 406 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Walter D. Calhoun | [illegible] | [illegible]
[illegible] | [illegible] | [illegible]
[illegible] | [illegible] | [illegible]
[illegible] | [illegible] | [illegible]

Members NOT concurring in the Majority report:

[illegible] recommends: Do Not Pass [illegible]

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Walter D. Calhoun Chairman

Madam Chairman and Members of the Committee:

My name is George Day. I have been employed by Standard Oil Company of California for 28 years and have been the Manager of my Company's refinery and oil terminal in Kenai for the past four years. I appreciate the opportunity to present my Company's views on Sponsor Substitute for Senate Bill 406 as it pertains to my Company's operations in the Cook Inlet and the Gulf of Alaska. Following my testimony, I will be available to answer any questions you may have.

My Company shares your concern for the preservation of the natural beauty and the ecological integrity of the Cook Inlet and the Alaskan sea coast. Therefore, we understand your desire to take all possible steps to assure the protection of the coastal waters. However, we emphatically do not agree with the approach taken in this legislation. We do not agree because we do not accept many of the assumptions made by the authors of the bill.

The assumptions I am referring to are first, that spills, discharges, and the escape of petroleum products have occurred frequently in the past, are occurring now, and present future threats of potentially catastrophic proportions. This is inflammatory language because it implies that oil spills occur on a regular and predictable basis. This is demonstrably not true. There have been very few oil spills and they have caused only a small amount of damage.

As an appendix to my statement, I am attaching a recap of a bulletin prepared by the State of Alaska Department of Natural Resources, Division of Oil and Gas. It is a tabulation of the volume of oil

spilled and the incidence of spills in the Cook Inlet from 1949 to August of 1975. The Bulletin specifically notes the small volume of spillage attributed to the oil industry during the past five years. Further, the data shows an almost steady decline in spill volume since 1958 and in incidence of spills since 1969. Our terminal spill record conforms to the above.

This brings us to the second assumption which is that the damage caused by oil spills is permanent and longlasting.

There have been numerous studies taken over the years to determine the after effects of oil spills, discharges, the leaks of petroleum products. Two studies are particularly noteworthy. One was undertaken in 1972 by the Gulf Universities Research Consortium (GURC) which is composed of scientists and graduate students from eleven universities and non-profit research instituties. The objective of their study was a scientific assessment of the ecological effects of offshore oil drilling and production off the coast of Lousiana. The area chosen for study was one which has been subjected to over 25 years of normal operations, as well as two recent accidental spills.

After two years of intensive investigation under the most rigid scientific conditions GURC concluded:

(1) The area had not undergone significant ecological change as a result of petroleum drilling and production.

(2) Every indication of good ecological health is present; the region is a highly productive one from a biological standpoint.

(3) Concentrations of all compounds which are in any way related to drilling or production are sufficiently low to present no known persistent biological hazards.

(4) Natural phenomena such as seasonality and floods have much greater impact upon the ecosystem than do petroleum drilling and production activities.

In other words, after 25 years of oil and gas drilling operations, GURC found there had been no adverse environmental/ecological impact.

The second study I would like to refer you to concerns the effects of the 1971 San Francisco oil spill on marine life. The spill occurred during the early morning hours when two vessels collided under the Golden Gate Bridge releasing 840,000 gallons of Bunker & fuel. The oil was washed up on intertidal shores throughout the San Francisco Bay Area.

The study was sponsored by the College of Marine School District Board of Trustees. Conducted in 1972 and 1973, it found no lingering effects of the oil spill in any of the marine species throughout the intertidal transect sites. In fact, in a few instances, it was found that the marine organisms on the reef transects previously covered by oil had surpassed pre-oil population levels.

Thus, I believe it is reasonable to state that oil spills are of short-term duration and, secondarily, that a long-term effect is not measurable.

Now, the third assumption which I would like to discuss is the one that the present capability of personnel, equipment, and supplies are not adequate in the event of an oil spill. On the basis of this assumption, Section 30.25.110 of the bill would permit the state to establish and maintain at ports, harbors, or other locations throughout the state personnel, equipment and supplies to combat oil spills. This would be an extremely costly and unnecessary step for the State of Alaska to take.

The highly efficient natural dispersion of the Cook Inlet and ocean waters is one of the most effective means of combating oil spills. Additionally, professional contractors and oil spill cooperatives are rapidly approaching the capability to deal with spills, leaks, and discharges of petroleum products. The privately-financed programs include the Cook Inlet Oil Spill Cooperative ready now with equipment. A production cooperative in the Gulf of Alaska is in the process of purchasing equipment in preparation for oil and gas drilling there. Similarly, Alyeska Pipeline Company is developing its own oil spill cleanup capability at Valdez. In any event, the U.S. Coast Guard is charged, by law, with the responsibility for cleaning up oil spills and its record for doing so is an excellent one.

There are several other instances where this bill requires action by the state in areas now regulated by federal authorities.

Section 30.25.040 would require a Certificate of Insurance as a condition of operation for a terminal facility or a vessel engaged in the transportation of petroleum products. Such a certificate

could o[illegible] be obtained upon submission of satisfactory evidence that th[illegible]plicant has, or is in the process of, implementing state and federal plans and regulations for the control and abatement of oil pollution. Section 30.25.010(d)(4), declares it to be a purpose of the act to establish a fund for the inspection and supervision of oil transfer activities. These two provisions would be duplicative of authority already granted under federal law.

The U.S. Coast Guard, acting under the authority of the Federal Water Pollution Control Act Amendments of 1972, regularly inspects and monitors all oil transfer facilities.

It may suspend operations at any time in the event a threat of a discharge is found to exist. In addition, the operator of each transfer facility is required to prepare and submit an Operations Manual describing the procedures followed to meet specified operating rules and equipment requirements. These include ready access to oil containment material and equipment, licensing of tanker employees and certification of terminal employees involved in oil transfer activities. Forming a State force to duplicate what is now being satisfactorily done by the Coast Guard would be a wasteful expenditure of the consumers dollar.

Another example of duplication is the requirement of EPA for the preparation of Spill Prevention and Countermeasure Plans for refineries and storage terminals. A further example is Section 30.25.010(d)(1) which confers upon the Department of Conservation

the authority to deal with the potential danger posed by the transfer of petroleum products through the exercise of the police power of the State. Again, the U.S. Coast Guard is required, by law, to exercise all the police powers stated herein for the navigable waters of the United States. In this regard, if a terminal fails to clean up a spill, the Coast Guard is required to do so and then to obtain reimbursement from the terminal.

The final point I would like to mention today regards the establishment by the state of a fund to guarantee the prompt payment of reasonable damages resulting from oil spills. It is my hope that the Congress will move very shortly to enact legislation which would establish a fund to cover claims for oil spill damages; create a uniform nationwide system of strict liability for oil spill damages and settlement of claims; and implement two international conventions dealing with oil pollution caused by tankers on the high seas. The purpose of the federal bill, known as the Comprehensive Oil Pollution Liability and Compensation Act of 1975, is to insure that any damaged party will be compensated regardless of the source of the oil spill. Secondly, its purpose is to clearly fix responsibility and liability for an oil spill. To meet these objectives, the bill specifies the types of damages that would be recognized and the procedures to be followed in obtaining recovery. Rather than a patchwork of differing and often conflicting laws providing compensation for damages, here is an opportunity to centralize the whole funding and recovery procedure. I urge this committee to consider the merits of the federal legislation and in so doing, defer taking action until the Federal Government has had an opportunity to act on its program.

In addition I would like to remind you of the two existing funds established voluntarily by tanker owners and cargo owners. The first program is the Tanker Owners Voluntary Agreement Concerning Liability for Oil Pollution (TOVALOP), which provides that, irrespective of liability, participating tanker owners may claim reimbursement for costs incurred in voluntarily cleaning up oil spills. The second program is the Contract Regarding an Interim Supplement to Tanker Liability (CRISTAL), which was developed by oil cargo owners to provide additional protection -- for private citizens as well as for governments -- by extending the limit for each incident up to as much as $30 million.

The broad industry coverage under these programs provides sound protection in the event of a spill and encourages ship owners to take prompt remedial action.

In conclusion, we believe that the protection now avilable to the State as outlined above is entirely adequate to the task of monitoring and inspecting petroleum product transfer operations. What is more, the equipment, supplies, and personnel provided by private cooperatives, contractors, and the Coast Guard is similarly adequate to protect the waters of the State from untimely leaks, discharges and spills of petroleum products. Hence, no further legislation is necessary, particularly legislation as costly to the taxpayers of the State as this bill will be while yielding a correspondingly low level of return.

I hope the views I have presented will be helpful to you and I respectfully urge that you consider them and reject this bill.

Thank you for permitting me to speak with you this afternoon. I will be happy to answer any questions you may have.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS
3001 PORCUPINE DR. ANCHORAGE, ALASKA 99501

JAY S. HAMMOND, GOVERNOR
BULLETIN
FEBRUARY 1976

GUY R MARTIN: COMMISSIONER O.K. GILBRETH JR., DIRECTOR

OIL SPILLS IN COOK INLET

A tabulation has been prepared showing oil spill volumes and incidence of spills in the Cook Inlet. The data were obtained from the EPA and Coast Guard.

The spills are broken down into three categories: (1) oil industry related; (2) non-oil industry related and; (3) unknown sources. This is the first time to our knowledge that a breakdown such as this has been reported. It should be noted that there are no volumes reported with the unknown source spills because the small volumes could not be determined.

The non-oil industry related spills are those that would have occurred even if there was no oil industry activity in the Inlet, e.g., a fuel oil spill from a tanker bringing fuel to Anchorage for domestic use.

It is interesting to note the small volume of spillage attributed to the oil industry during the last 5 years, namely a total of 145 barrels.

It has been the practice in the past for persons making E.I.S. or environmental assessment studies to take data from one area and use for extrapolating in other areas of producing oil industry, this distorted picture could be compounded by trying to apply this data to other areas being evaluated for potential impact of oil industry activity.

YEAR	OIL INDUSTRY SPILL VOLUME BBLS	OIL INDUSTRY INCIDENTS	OTHER SOURCES SPILL VOLUME BBLS	OTHER SOURCES INCIDENTS	UNKNOWN SOURCE INCIDENTS
1949			30	1	0
1962	No data	1			0
1964			No data	1	0
1965	160	1			0
1966	4,855	28	30	2	13
1967	1,824	47	10,000	1	26
1968	1,070	49	389	17	18
1969	918	21	6,243	10	12
1970	1,039	23	3,984	9	31
1971	72	12	1,794	6	15
1972	19	8	32	7	1
1973	24	6	29	8	1
1974	19	25	268	7	4
1975*	11	2	18	4	3
	10,011	223	22,817	73	124

*through 8/21/75

(Total incidents = 420)

	OIL INDUSTRY	OTHER SOURCES
OVERALL AVERAGE SIZE OF SPILL	45 bbls	313 bbls
AVERAGE SIZE OF SPILL LAST 5 YRS.	3 bbls	67 bbls
TOTAL VOLUME SPILLED LAST 5 yrs.	145 bbls	2,141 bbls

recd 5/12

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE / POUCH D — JUNEAU 99811

May 12, 1976

House of Representatives
Resources Committee
In Session
Juneau, Alaska

Attention: The Honorable Nels Anderson, Chairman

Re: Senate Bill 406

At your session on Monday, May 10th, on the occasion of my testifying as to the insurance aspects of the Tanker Bill, I was asked to investigate the costs of Pollution Liability Insurance for the oil terminal facilities in the bush areas of Alaska.

I am happy to give you the following report which is, at this time, sketchy but I hope will prove helpful.

Perhaps the most helpful source of information has been Mr. William Beaton, Senior Insurance Analyst for Standard Oil of California. Mr. Beaton is responsible for the insurance placement requirements for all of the oil distribution facilities in the western states including Alaska which includes arranging for the insurance for all bush oil terminal facilities. I would suggest that if further detailed information is required that Mr. Beaton should be contacted directly.

In our conversation, Mr. Beaton advised that Standard Oil Company of California owns all of the physical plants at each of the oil terminal facilities. With respect to all of the facilities in Alaska except three, Standard Oil enters into a contractual relationship with the distributor, which amounts to the lease of the premises and an operations agreement which includes the provisions for the purchase and distribution of Standard Oil products and the requirements for proper operation of the facility.

Included is the requirement that the distributor purchase and maintain adequate limits of liability insurance. The distributor is free to purchase his liability insurance from any source, however, Standard Oil makes available an insurance program in which the distributor has the option to participate which has been arranged by Standard Oil with the Hartford Insurance Company. Under this program Hartford provides Bodily Injury

Liability protection up to limits of $100,000/300,000 and includes a pollution endorsement for both intentional and accidental damages up to $25,000. This policy has a specially arranged premium of 70¢ per 1,000 gallons of capacity at the oil terminal facility. For example, the village facilities which were included on a list given me by Representative Huntington, had an average gallon capacity of about 300,000 gallons. A 300,000 gallon facility would have a premium of $210.00 per year.

This is an extremely favorable rate and is perhaps available because of the program being arranged and probably subsidized by Standard Oil although this last point is speculation on my part.

Mr. Beaton advises and I believe his information to be correct, that a distributor would be unable to purchase Pollution Liability Insurance on his own from any other source.

I am aware of the fact that some carriers have announced policies of not covering pollution liability and currently are endorsing all of the liability policies accordingly. It is my conclusion that it would be a very difficult requirement to impose upon the small village distributor operated facilities, to ask that they purchase $1,000,000 of Pollution Liability Insurance. I should point out that the oil terminal facilities handle refined products, fuel oil, gasoline, and so forth.

It was my understanding originally that the oil terminal facilities which were the target of the Tanker Bill were those handling the exportation of crude oil and it perhaps would be desirable for the committee to consider limiting the application of the Tanker Bill to those facilities.

Mr. Beaton indicated that while he could not remember which were the three facilities which were not operated by distributors, I would suspect that they do handle crude and because they are owned and operated by Standard Oil, may be covered under the International Consortium, known as CRISTAL.

If I can be of further assistance, please advise.

Yours cordially,

Richard L. Block
Director

May 14, 1976

Memo to: Guy Van Doren

From: Norman Gorsuch

Re: HCS CSSSSB 406

Page 20, Line 10
Strike lines 10 through 20 and replace with the following language:

(ii) partial, complete or defensively placed segregated ballast systems;

(iii) a double bottom of a minimum height of one-fifteenth of the beam or two meters, whichever is the greater, or a double hull throughout the cargo-carrying length or compartments of the tank vessel of a minimum of two meters;

Purpose:
(1) sets forth clear statutory criteria that can be used by DEC in setting risk certificate premiums - avoids arbitrary rate setting

(2) recognizes that segregated ballast systems on tankers are safer than single hull vessels - arguably, double hulls would be even safer. Allows some recognition in premium rates of difference between rate for single hull vs. segregated ballast tankers.

Failed →

Joan Ray called: May 12, 4:00 p.m.

Regarding insurance for the villages, it is very difficult to find any company that will insure the bulk storage at all.

Rates are: $2.00 per hundred for gross receipts, on liability.

3% to 8% or more of the value of the facility plus the contents for fire insurance.

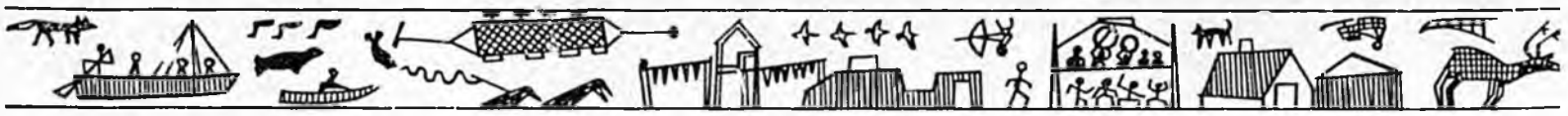
The Director for (Aneca)??called her from Seattle. He is very concerned with the bill. It would hit their villages very hard. They now have $300,000 per facility for liability. It would be impossible to handle $1,000,000.

I told Joan about the 25,000 barrel suggestion. She feels that would probably take care of the villages except for Barrow, which owns all of its facilities. Barrow is calling her this afternoon to let her know what their insurance costs and situation is.

Joan will call you again tomorrow.

ra

P.S. Joan definitely feels that the best answer would be to separate out the crude oil from the rest of the products.



BERING STRAITS NATIVE CORPORATION

P.O. BOX 1008 · NOME, ALASKA 99762 · (907) 443-5252

recd 5/6

May 4, 1976

House Resource Committee
Nels Anderson, Chairman
Pouch V
Juneau, Alaska

Dear Mr. Anderson:

The Bering Straits Native Corporation Office received a copy of Senate Bill No. 406. Under this bill, if passed, tighter restrictions would be put on tanker vessels and storage facilities. In the original bill, under Section 30.25.060 - Exemptions, any marina which stores less than 20,000 gallons and any facility which stores less than 105,000 gallons are exempt from the proposed regulations. In the Bering Straits Region, we have (3) three, possibly (4) four villages that would fall under the new regulations. Those villages, under the new regulations, would have an added financial strain to meet those requirements. The fuel that they purchase and store is also sold to other villages nearby when shortages occur. If they are to take the time and money to meet the new requirements, less fuel will be purchased because monies were or will be used to upgrade their facilities; creating more of a shortage next year. It's bad enough already.

The Bering Straits Native Corporation supports the Alaska Energy Office in increasing the figure in Section 30.25.060 from 105,000 gallons to 400,000 gallons for on-shore facilities; thus creating a less hardship on the villages in this region.

Sincerely,

Isaac Piscoya

Isaac Piscoya
Assistant Vice President
Village Affairs

IP/sw

cc: Governor Jay Hammond

/

5-5-76 HB 872 - CSSSSB 406

Milton Lipton - HB 872 - Amends Leasing Act. Feb 1970

#1 Royalty fixed - specified % of gross value

#2 Net profit Interest - Royalty - NOT Gross value but of profits.

Suggestion: Instead of 12 % or 30 % - Royalty "NOT less" Unless the commissioner feels in certain cases it should be less.

#3 New concept - Pays Bonus and offers the highest b.id on net profit

ON NON-productive leases

1-2 Risk on the oil Co.s - State gets larger share

3 - State taking a portion of the risk. Small fixed bonus - would offer more in terms of the Net profit. STATE foregoes the competitive share of Bonus w/o Risk

4. Interesting alternative - Fixed cash bonus - + Companies bid on royalty - on how much they will offer for royalty - Cost of operating. Could be UNeconomical esp when oil starts to peter out - Too soon abandonment of well - Public hearing justification to legislature why this was taken. only if it was a highly productive field

(b) Specification of how Net profits will be Calculated.

Primary term.

P 13 - lease specified - 5 YR. lease to do production 18,00 per year 3rd year - Difficult area 10 YR. Primary term.

page 2 . No monies payed for 4 years. Is this too long?

(e) + (f) discretion to commissioner - part of existing statute - Personally feels ambiguity in (e) + (f)

pg 4 a lot of power + authority -

Sec 184 - <u>Whole New Concept</u>.

Companies will bid for the right to explore. State is providing only an exploration contract. what they bid is ~~for~~ what the state will give to the companies. Bid for what reward they want from the state - (Lowest bid)

(b) Very different than Competitive bidding - If unsuccessful you loose all you've put in the exploration process.

How do you determine how much oil you've found. Periodically. State must access what was found at request of Company - Contractor can ask to re access the pool - at Contractor expense. If higher the state pays . If lower, the state Cannot collect - what they have paid.

<u>Ambiguities</u> - Not specified at what point in time when exploration contract comes to an end. 1st Successful well? Not stating how much work must be done. Not Clear at what rate the State must pay. <u>See clause (f)</u>

If successful Contractor - State is obligated to pay problem with where the discovery is. Especially if in outlying area + cannot be developed. - Doesn't say how the State would develop the the discovery & bring it into ~~[illegible]~~ production.

No Rights to oil for the Company - State has title to proven reserves under the surface —

page 3 (2) Conventional leases. No provision for works that must be done. No obligations to do the works. Work obligation should be in law

→ every lease should require minimal work to be done

Lease-holding does not bring in any money to state. Commissioner should set minimum dollar amount of work to be done- Exploration work may be allowed to use in-lieu of Rents. (credit)

State also will learn from the work obligation - Useful contribution to the State.

(2) Checkerboarding but does not mean that. Any lease must allow enough acreage for the companies to explore especially in the 1st Round.

INITIAL Round.

Shape of basin - Commissioner offers reasonable amount but not all, but save some for future bids which might be valuable -

Should be in.

General Obligations.

xxxx No indication here what is really in the mind of the legislature. no guidelines for Commissioner. Nothing which says "Why" The Commissioner would go for Competitive Contract Exploration. 64,000 acres- (High potential) or Way out areas. Should be a reason for choosing that alternative. what circumstances would dictate Exploration.

Rhode: Parallel to taking states assesets - Really going into oil business? YES. Nothing in the bill says what the state is going to do after exploration esp. if Reserves are found- No reassessment after 10 years have passed. Bill implies That the State will do something with the land w/in 10 yrs.

See HB 620

Huntington - Has this been tried before? NO

add language from Upton -

pg 7 (q)

pg 5 (K) Provision addressing "Checkerboard"

Minimum Work Requirements on leases

(e) pg 3
(f) pg 4

discretion or authority of Commissioner

after Rental Payments pg 3

Companies must know before leases are offered the minimum work requirements - companies can change to lease Rental. abandon lease before, monies go to the state Commission shall set minimum work requirements.

Net profits should not be on a month to Month basis

CSSSSB 406

Ken Showalter SOMO

Adequate Equip
Financial Obligation
immediate removal.

Unlimited quanity of Monies in the fund.
2 other voluntary funds for Clean-up
Valdez - California 100, Million fund 5¢ assessment per bl.
Required by federal law
Not clear that the state assumes clean-up or
undue burden on shipping companies

Oil amendment #1 20 million limit - Cease assessment unless fund dropped below 15 million dollers. Would also provide for new entry requirement by assesment
→ Fund not intended to settle 3rd party libility.

Oil Amendment # 3 Double bottom

Oil Amendment #2 + #4 Year to year accumulation of Monies.
2 + 4 would take care of this

line 8 pg 29

Amendment # 5

Objective of the bill is to provide safe ships.
Better to use #6 - Everyone should pay for there own Clean-up Costs. 1:30

Gene Wildes – Socal

on shore terminal facilities

Before being issued the permit (certificate) insurance equipment, financial responsibility - THEN YOU MUST BE in THE FUND.

Undue burden on small operators

ANC - Nikiski - Nome KOTZ - BETH. Valdez
Dutch Harbor, KETchikan 90,000 bbls or greater.

30 - 50 - (11) Cold Bay Cord. OLG. ANC Apt.
Kodiak - NAKNAK St. Michls Skag
Term. SKag Ferry Terminal

10 - 30 - (11) Homer, Seward, Sitka, Galena, Seldovia, Haines, Annett Isl. FT yuk. Petersburg Ninilchik, Yakutat.

2 - 10. (8) Craig, Pelican, ST. Marys, Wrangell Holy Cross, Kenai, Platinum,

3 Marinas - 2 are over 2,000 Elfin Cove
False Pass -
1 under 2,000 Tuntutuliak, Marina.

additional fuel Costs to people in the area.

figures on How much it will cost the consumer.

Joan Ray - FS throughout included.

Doug Baily -

Marathon oil. for figures.
8:00 A.M. Fri Morning -

fair cash value of the field
take out credit for corporation income tax
additional language including gas.
pg 2 ~~3(c)~~ If can tax the oil do so.
No state has been able to tax the companies adequately

pg 3 line 3) ...no costs which have already been used as deduction may be deducted under this act.
In the bill dry holes are treated the same as good holes

3-16 Cook Inlet - Platforms are NOT depreciated.
- Discussion of simplicity - Would Program have Dept of Revenue handle income tax
- list up categories of deductions and definitions of same
operating costs - Capital recovery - depreciation ~~costs~~ costs
Alaska dept of Revenue do come up with Regs
Carry over Costs -
Direct Accounting
pg 4 - 24. Before production cost of the asset and towards the end

pg 5 - 2 Does not deal w/ State royalty oil -
Nature argument.
pg 5 17. Value at the well head.
Look into Senate Bill
SES.SB 620
SB 747
do not call excess profit
purpose should state taxation of ~~on a~~ non renewable resources you must point out where it is different.
Determine net proceeds - oil + gas.
deduction allowed for - operating ~~costs~~ expense - Alaska 5% more of money spent in the state.
Field expand charges 20 cents tax.
income tax year 1976 effect would be compared to these
companies in Cook Inlet Area Clear up problem Contribution
questions can be cleared up - Different philosophy of Legislature
Fear of endangering the Compact. Administration position
would write factor is to disadvantage to Alaska

Alaska income tax alone not taking in consideration world wide factor.
Sales + employment figures do favor Alaska - property values. may help.
Returns of property will be great enough. 8% rental rate or current appraisal price. Depreciation cost not applicable because of the cost basis in 1960 (date)
No way to get tax base from apportionment - world wide value of property VS Value of Alaska property. Take that fraction and apply to world wide profits.
Only two million dollars from income tax to fund facility which means annual income seven million.
Corporate income tax but the Regional Corporations handle Alaska if the bill passed. This is because oil companies can use apportionment throughout the world.
Reports denied at the multi-state companies

Phillips producing 70% of the gas that goes to Japan - 30% comes from the Cook Inlet.
Anchorage Natural Gas said they were going to be short of gas.
Copy of letter from Alaska Pipeline
October 10, 1975.
Homer Electric - Not in at the time.
Swenson: Rooster of who was at the meeting.
Copies of the minutes of the meeting
Came to agreement about Three or four weeks ago.

Alaska Pipeline - Anchorage - Kenai

CSSSSB 406 — Gene Wirs Relation to Showing of Financial Responsibility - 1 Million dollar Insurance Policy 150,000 per year 10,000 deductible -

Commander Nicholas - 4 million dollar budget to administer the provisions of the bill
Clean up equipment needed. 1 - 2 Million dollars for equipment.

286,000 bls Capacity Dutch Harbor
300,000 " Anchorage &
800,000 " Kenai pipe line
134,000 " Bethel

Swenson: Inland areas will not be subject to spills as the coastal ones

Insurance companies will only insure up to so much and insurance costs will go up.

even after suggested change many villages would be effected.

850,000 gallons in Barrow village owned insured now

Pt Hope 350,000 gallons Pt. Hope
150,000 Savonga, Gamble and adding
NVEC over 200,000 gallons in many villages.

Brown & 2 Bills one dealing w/ Crude oil & one dealing with Refined products.

LARRY
Vaubert Increased Costs Transportation & Ship regulation -
Elimination of Refined Products

MAY 10, 1976 - SB406 - HCR142

Commissioner Martin: A.G.'s office that the Legislature review of the Royalty Statute is unconstitutional

Gregg Erickson: In general there is nothing in the contract adverse to the people of the state.

Smith: Moved to adopt Resolve clause as written by Erickson - adopted.

Contract to be ~~[illegible]~~ included.

TANKER Bill CSSSSB 406

MR. Block - State director of Insurance.

2 Items -

Financial Resources

Cost distribution Mechanism - TANKER most likely to cause a spill will pay more than TANKERS w/ safety factor.

Coastal Protection fund - ~~Monies~~ Monies from assesment - Distribution based on problem tankers.

→ on going fund

Administration funds will come out of the fund.

Torrey Canyon - about 14 million for clean-up.

~~By enactment of this law.~~

Coastal Protection Fund - Exists to help clean up a spill. Scaling how much liability vs. the amount of fuel.

1 Bill, but dealing with crude & refined products seperately -

BROWN: Upper limit on the fund. Support some sort of limit - New entrants would have to pay a certain

50,000,000
5,000,000
42 [illegible]

people under the Hartford plan have liability for pollution only up to $25,000 maximum

Capital covers the standard oil facility liability.

Three standard oil facilities.

Bill Beaton;

70¢ per 1000
.20
75 0.00

whole program

Amendments

406

pg 14 — delete #6 Mag Card Mistake.

CS pg 13 line 15
pg 13 line 19 } Processing Ships Who
pg 28 line 17 } incidentley fuel fishing boats when necessary — INSERT

pg 31 line 7 See INSERT

CROFT — Proposed House Committee Sub.
Fishing vessels are exempt
Tugs + BArges are exempt.

Mueller Double Hull Configuration is NOT safety factor in ramming.
But it is in grounding.

Review limit for fund every 5 yrs or so.

20,000,000 - Upper limit.

Well head value effect.

— Deep water Ports referral Delete all of these.

PASS Bill OUT OF Committee

DO PASS 5

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. SB 406
Title: Oil Terminal Facilities and Marine Transportation
Requested by: Croft et. al. Date: April 23, 1976
Return Date Requested: ASAP
Agency: Environ. Conservation Program: Water Programs

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water Programs, Field Ops & Mgmt. Svcs.

A. EXPENDITURES: (Thousands of dollars)

* No inflation projected

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES		50.1	145.7	145.7	145.7	145.7
200	TRAVEL		8.0	38.0	38.0	38.0	38.0
300	CONTRACTUAL		38.4	815.4	815.4	815.4	815.4
400	COMMODITIES		.5	2.0	2.0	2.0	2.0
500	EQUIPMENT		2.0	3.5	3.5	3.5	3.5
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		99.0	1004.6	1004.6	1004.6	1004.6

B. FUNDING: (Thousands of dollars)

GENERAL FUND		99.0				
FEDERAL FUNDS						
OTHER			1004.6	1004.6	1004.6	1004.6

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	6 /	6 /	6 /	6 /
MAN MONTHS (P./T.)	/	24 /	72 /	72 /	72 /	72 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

SEE ATTACHED

IV. ATTACHMENTS

Analysis

V. DATE: April 23, 1976 PREPARED BY: [signature]

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Once the program is established and operating, an additional cost is incurred. However, this cost would be borne totally by the revolving fund and supported by the risk charges. As envisioned by the Department, the annual costs would be composed of the existing program staff, field inspection and enforcement personnel, and the actual contingency fund for oil spill cleanup. If satisfactory contractual arrangements can be made, it is probable that actual oil spill cleanup activity would be contracted to a firm specializing in these activities. The annual costs would be:

I.	Existing program staff.	99.0
II.	One Range 17 Field Officer each in; Anchorage, Valdez, and Southeast Alaska and an Accounting Clerk II to handle the revolving fund and miscellaneous program support cost.	155.6
III.	Contingency Fund from risk charges to cleanup oil spills. If oil spills are voluntarily cleaned up by industry, or if no spills occur, no costs are incurred by the fund.	750.0

It is the desire of the House Resources Committee to include the contract for the sale and purchase of state-owned royalty gas from the North Cook Inlet Gas Field with Alaska Pipeline Company, in the Committee Report and have the contract printed in the Journal.

Nels A. Anderson, Jr., Chairman

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y, STATE CAPITOL
JUNEAU, ALASKA 99811
465-3800

M E M O R A N D U M 17 May 1976

SUBJECT: House CS for CS for Sponsor Substitute for Senate Bill 406 ("The Tanker Bill")

TO : Rep. Nels Anderson, Jr., Chairman
House Resources Committee

FROM : Stuart C. Hall, Senior Legislative Counsel

In the House CS which you directed this office to prepare incorporating various amendments adopted by the House Resources Committee, we edited the language of proposed AS 30.25.250(d)-(f), found on page 21, lines 14-29, inclusive, and on page 22, lines 1-4, inclusive, to conform it to the Legislative Drafting Manual and to the style adhered to by this office contained in Dickerson, The Fundamentals of Legal Drafting (1965) and to eliminate excess verbiage and redundancy. This editing makes no substantive change in the amendments adopted by the committee or in the bill.

SB

444

"An Act creating the Clam Gulch critical habitat area; and providing for an effective date."

COMMITTEE REPORT

1/29/76

HOUSE

Mr. Speaker: Date 3-8-76

The Committee on RESOURCES has had SB 444 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR SB 444 AND THAT CS FOR SB 444 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Vic Kohlhaas, Jr. Ed Glasen

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Vic Kohlhaas, Jr. Chairman

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 23, 1976

To: Representative Nels A. Anderson, Jr. - Capitol Rm. 118
Chairman, House Resources Committee

Fr: Senator Chancy Croft

Re: Senate Bill 444

Dear Nels: Senate Bill 444 creating the Clam Gulch critical habitat area has been referred to the House Resources Committee. This legislation is important to protect the razor clam beds on the east side of Cook Inlet. It is strongly supported by the Alaska Department of Fish and Game. I would be happy to discuss this bill with you at any time and would appreciate an opportunity to testify before your Committee whenever the bill is being considered.

Very truly yours

Chancy Croft

CC/bf

Needed before [illegible] testimony today [illegible]

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. SB 444
Title: An act creating the Clam Gulch Critical Habitat Area
Requested by: Ruth Allington Date: 3/1/76
Return Date Requested: 3/2/76
Agency: Fish and Game Program: NRMEC

II. FISCAL DETAIL

Budget Request Unit(s) Affected: none

A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL		0	0			

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There is no appreciable fiscal impact on the operations of the Department of Fish and Game anticipated as a result of passage of this legislation.

IV. ATTACHMENTS

V. DATE: 3/1/76 PREPARED BY: Jeff Morrison Jeffrey J. Morrison

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

H/S 50

KENAI PENINSULA RAZOR CLAM INVESTIGATIONS

The Sport Fish Division of the Alaska Department of Fish and Game has monitored the recreational Kenai Peninsula razor clam fishery since 1966. During this ten year period Division personnel have contacted over 25,000 sport diggers who reported harvesting more than 860,000 razor clams or an average of 33.2 razor clams per digger per trip. The majority of this data is collected from the popular area of Clam Gulch located 22.5 miles south of Soldotna on the Sterling Highway. Minimum estimates on this six mile beach indicate a harvest of 2.6 million clams in the last ten years.

Division personnel have also dug more than 19,000 razor clams since the inception of these investigations. The samples are dug monthly (April through August). These clams are analyzed to determine the average age structure of the population as well as the average size of the clams which enter the recreational diggers creel. These samples are primarily from the northern beaches of Clam Gulch and Oil Pad Access (three miles south of Clam Gulch) but sufficient samples have been dug from the southern beaches of Ninilchik, Deep Creek and Whiskey Gulch to assess the stocks in these areas.

This report to the Board of Fisheries will review razor clam harvest and effort estimates with emphasis on the Clam Gulch area. Stock status at popular areas will also be reviewed and compared with other beaches both within and outside Alaska. The Sport Fish Division's management program for this valuable recreational resource will also be discussed.

HARVEST AND EFFORT

Since 1966 Division Biologists have contacted 25,969 recreational diggers at the popular area of Clam Gulch. These diggers reported harvesting 861,716 razor clams for a ten year mean of 33.2 razor clams per digger per trip. The total estimated minimum harvest on this six mile beach is therefore approximately 2.6 million razor clams during a ten year period. This information is summarized in Table 1.

TABLE 1. Summary of Razor Clam Creel Census Information Collected at Clam Gulch, 1965-1975.

Year	No. Diggers Interviewed	Total Clams Enumerated	Clams/Digger	Estimated Harvest
1965	Unknown	Unknown	35.2	32,500*
1966	91	3,790	41.6	39,000*
1967	987	32,455	32.9	45,800*
1968	997	27,334	27.4	84,700*
1969	2,998	93,836	31.3	279,480
1970	2,964	87,650	29.6	226,150
1971	1,465	43,201	29.5	126,260
1972	3,624	109,528	30.2	259,560
1973	4,054	145,489	35.9	392,140
1974	4,733	163,906	34.6	596,110
1975	4,056	154,527	38.1	607,850
Total/Mean	25,969	861,716	33.2	2,689,550

* Clam harvest figures for 1965-1968 are minimum estimates.

It is of interest to note that the average number of razor clams per digger per trip in 1975 was 38.1 This is an exceptionally high average which was exceeded only in 1966 by a limited number of diggers. Considering that this average reflects novice diggers new to the area, tourists, and individuals who come to dig only enough for a meal, it is indicative that digging was excellent in 1975.

Digger effort was relatively high in 1969 (8,580 man-days), decreased somewhat from 1970 through 1972, rose again in 1973 and peaked in 1974 when an estimated 17,550 individuals utilized the Clam Gulch area. Effort in 1975 decreased slightly to 15,710 man-days (Table 2). This decrease is not considered significant and is probably related to weather conditions as well as the timing and occurance of the minus tides. It is anticipated that effort will display steady growth as Alaska's population continues to grow.

TABLE 2. Estimated Recreational Razor Clam Harvest and Effort, Clam Gulch, 1969-1975.

Year	Total Estimated Effort (Man-Days)	Estimated Razor Clam Harvest
1969	8,580	279,480
1970	7,540	226,150
1971	4,270	126,260
1972	7,860	259,560
1973	11,100	392,140
1974	17,550	596,110
1975	15,710	607,850
1969-1974 Mean	9,480	313,280

Table 2 also indicates that although effort was reduced by 1,840 man-days in 1975, the estimated harvest increased from 596,110 in 1974 to 607,850 razor clams in 1975. This increase is due to a high digger success rate.

Harvest and effort estimates are available for all east side Kenai Peninsula beaches since 1969 (Table 3). Table 3 indicates harvest and effort were relatively high in 1969 (12,200 man-days and 375,800 razor clams), decreased in 1970 and 1971, and increased sharply from 1972 through 1974.

TABLE 3. Estimated Recreational Razor Clam Harvest and Effort on All East Side Kenai Peninsula Beaches, 1969-1975.

Year	Total Estimated Effort (Man-Days)	Estimated Razor Clam Harvest
1969	12,200	375,800
1970	11,100	306,450
1971	6,800	187,760
1972	15,400	437,530
1973	23,770	682,600
1974	27,410	872,450
1975	24,260	896,080
1969-1974 Mean	16,110	477,100

In 1975 estimates for all east side Kenai Peninsula beaches (Kasilof River to Anchor Point) revealed 24,260 diggers harvested 896,080 razor clams. This is a decrease of 3,140 man-days compared to 1974 estimates, but due to excellent digging in the Clam Gulch area, harvest increased by 23,630 razor clams. Aerial surveys revealed 80.3% of the expended effort was concentrated on the northern beaches of Cohoe, Clam Gulch and Oil Pad Access. The remaining effort was shared by the southern beaches of Ninilchik, Happy Valley and Whiskey Gulch.

.STOCK STATUS AND COMPARATIVE DATA

During the 1975 season (April through August) Sport Fish Division Biologists dug five monthly samples from the heavily exploited Clam Gulch area. Similarily, five samples were dug from the relatively unexploited area of Oil Pad Access three miles to the south. The samples were analyzed and provide an excellent comparison between exploited and an unexploited razor clam population. The results of this comparison are presented in Table 4.

TABLE 4. Average Size (in millimeters and inches) of Clam Gulch and Oil Pad Access Razor Clam Samples Dug by Department Biologists, 1966-1975.

	Clam Gulch		Oil Pad Access	
Year	Sample No.	Average Size	Sample No.	Average Size
1966	527	113.2 mm (4.5")	285	111.4 mm (4.4")
1967	1,186	115.2 mm (4.5")	649	116.6 mm (4.6")
1968	823	118.6 mm (4.7")	796	118.4 mm (4.7")
1969	1,116	121.0 mm (4.8")	1,045	120.3 mm (4.7")
1970	731	118.2 mm (4.7")	663	111.1 mm (4.4")
1971	688	113.6 mm (4.5")	733	109.8 mm (4.3")
1972	897	113.5 mm (4.5")	555	116.0 mm (4.6")
1973	561	115.5 mm (4.5")	402	117.6 mm (4.6")
1974	480	124.3 mm (4.9")	753	129.0 mm (5.1")
1975	503	126.2 mm (5.0")	481	127.2 mm (5.0")
1966-1974 Average	779	117.0 mm (4.6")	653	116.7 mm (4.6")

It is of interest to note that the average size of clams dug in both areas was identical, i.e.; 5.0". This is an exceptionally large average size and indicates that the average razor clam dug by the recreational digger in 1975 was

larger than those dug during the preceding nine year period. The large average size of both exploited and unexploited beach areas suggests to Department biologists that at the present level of exploitation, environmental factors exert a greater influence on razor clam stocks than does recreational digging.

Harvest and effort estimates at Clam Gulch indicate a rapidly expanding fishery which is expected to increase with Southcentral Alaska's expanding population. However, it should be noted that data collected are comparable with other razor clam fisheries and do not reflect an excessive harvest.

In 1973 a report was received from investigators monitoring razor clam populations in Washington. This state has three major razor clam beaches for which 20 years' data are available. These beaches total 49 miles in length and have an annual average (weighted) harvest of 3,217,575 razor clams or 196,833 clams per mile per year. Clam Gulch is presently harvested at less than 50% of this rate.

Oregon's 1967 sport harvest was 1.7 million clams by 74,000 diggers. Seaside beach was heavily dug supporting 42% of the diggers and 43% of the harvest or 731,000 razor clams. The salient point here is that Seaside Beach is only <u>two</u> miles long. Clam Gulch presently supports a smaller fishery, yet has three times the beach area of Seaside.

A paper prepared by Lou Gwartney (ADF&G Biologist) while investigating Swikshak Beach on the Alaska Peninsula, indicated that during the 1930's and 1950's the beach produced nearly 500,000 pounds of razor clams annually. At an estimated 3 clams/pound, the harvest was approximately 1.5 million. Swikshak Beach is only <u>four</u> miles long. In 1975 an estimated 607,850 clams were harvested from approximately <u>seven</u> miles of beach at Clam Gulch. It is therefore evident that Swikshak has been subject to <u>three or four</u> times more pressure than Clam Gulch which yielded 86,835 clams per mile in 1975. A comparison of razor clam

harvests from various beaches and average annual clams per mile of beach is presented in Table 5.

TABLE 5. Razor Clam Harvest and Clams/Mile of Beach for Washington, Oregon, Swikshak and Clam Gulch Beaches.

Beach	Beach Length (Miles)	Harvest	Harvest/Mile
(Washington)			
Long Beach	22.0	3,162,400 1/	143,745 1/
Twin Harbors	13.0	2,666,000 1/	205,077 1/
Copalis	14.0	3,816,450 1/	272,603 1/
Mocrowks	7.5	825,700 2/	110,093 2/
(Oregon)			
Seaside	2.0	731,000 3/	365,500 3/
(Alaska)			
Swikshak	4.0	1,500,000 4/	375,000 4/
Clam Gulch	7.0	607,850	86,835

1/ Twenty year mean (1949-1968)
2/ Ten year mean (1959-1968)
3/ 1967 harvest
4/ Harvest in 1930's and 1950's
5/ 1975 harvest

MANAGEMENT

Current management activities are directed toward a determination of razor clam harvest and effort estimates. Additionally, monthly samples are dug from exploited (Clam Gulch) and unexploited (Oil Pad Access) areas. These samples are analyzed and population trends may then be determined.

From data collected during the 1975 season, it is evident that the razor clam stocks are in excellent condition. The harvest per digger per trip was the highest since the inception of this study in 1966. This indicates that many clams were available to the recreational digger. The average size of the clams dug was also exceptionally large indicating that diggers are harvesting older

clams which have spawned several times, leaving the juvenile clams which will be available in future years. Data collected by other investigators from various beaches indicate that the popular Clam Gulch area is not being over harvested and that the harvest rate may be increased without detrimental effects on the population.

It is recognized that at some future date, razor clam populations on east side Kenai Peninsula beaches may decline. This reduction could be the result of excessive harvest, but will probably be related to environmental factors. If this occurs and adequate protection is given, the stocks should return to former levels of abundance.

This assumption is made in that razor clams exist in offshore waters not exposed by minus tides. Research conducted by the Habitat Section indicated juvenile clams existed three to four miles off the mouth of the Kasilof River. Their preliminary investigation indicates a population in these outer waters which, in all probability, contribute to exploitable clam populations. It might be sugguested that these populations act as "reserve brood stock" for Kenai Peninsula beaches.

SUMMARY

In summary, the following should be considered when discussing Kenai Peninsula razor clam stock status and management:

(1) The Division of Sport Fish has extensive data relating to this fishery which has been collected annually since 1966.

(2) Clam Gulch receives the majority of the recreational diggers effort, and should a management problem occur, it will first become apparent in this area.

(3) Harvest and effort have increased dramatically in recent years. Although this increase is appreciable, it does not appear excessive when compared to Swikshak Beach (Alaska), Seaside Beach (Oregon), and Washington beaches.

(4) Harvest per digger per trip is more important in management than total harvest and effort estimates. Harvest per digger in 1975 was the highest recorded. This demonstrates that as many or more clams are available to the sport digger today as they were in prior years.

(5) Average size of clams at Clam Gulch was larger in 1975 than in 1966. This shows a larger number of mature clams are available and juveniles are not being exploited to an appreciable degree.

(6) Average size of Clam Gulch razor clams compares directly with samples from the relatively unexploited beach at Oil Pad Access. This suggests environmental factors presently exert greater influence on razor clam stocks than does recreational digging.

(7) The Sport Fish Division presently has a sampling and monitoring program whereby changes in relative abundance and population structure can be determined.

(8) Offshore razor clam populations exist in Cook Inlet. These populations undoubtably contribute to east side Kenai Peninsula razor clam stocks.

(9) The Sport Fish Division is pleased to report to the Board of Fisheries that despite increased recreational usage, Kenai Peninsula razor clam stocks are continuing to maintain themselves at a high level.

SB

451

"An Act relating to the sale of subsistence caught salmon eggs; and providing for an effective date."

5/24/75

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date May 26, 1975

The Committee on RESOURCES has had SB 451am under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

(X) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

565

TELEGRAM

CA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6140
JUNEAU, ALASKA 99801

recd 3/10

ZCZC 15026 GOVT PD TDAU ELMENDORF AFB AK 05-07 301P AST

PMS ACTION THE HONORABLE NELS A ANDERSON JR

4891

ALASKA STATE HOUSE OF REPRESENTATIVES

POUCH "V" STATE CAPITOL BLDG

JUNEAU AK

DEAR REPRESENTATIVE ANDERSON

ON BEHALF OF THE ENTIRE MILITARY COMMUNITY IN ALASKA, I WOULD LIKE TO EXPRESS OUR GREAT INTEREST IN YOUR SUPPORT FOR THE RECENTLY PASSED SENATE BILL 565 AS AMENDED. THIS BILL GIVES NEWLY ARRIVED MILITARY PERSONNEL AND THEIR DEPENDENTS WHO ARE PERMANENTLY STATIONED IN ALASKA THE AUTHORIZATION TO PURCHASE AT THE RESIDENT RATE SPORT FISHING AND SMALL GAME HUNTING LICENSES. BIG GAME ANIMALS ARE EXCLUDED AND STILL WOULD REQUIRE PURCHASE OF NON-RESIDENT HUNTING LICENSE AND THE APPROPRIATE BIG GAME TAG. THIS YEAR'S SENATE BILL HAS BEEN CHANGES CONSIDERABLY FROM HOUSE BILL 197(FINK-PARR) OF LAST YEAR. IT WAS ONLY NARROWLY DEFEATED BY A 20 - 18 VOTE. WE ARE OPTIMISTIC THAT THE OBJECTIONAL PORTIONS OF LAST YEARS HOUSE BILL HAVE BEEN ENTIRELY ELIMINATED AND THAT THE SENATE'S OVERWHELMING SUPPORT OF THE BILL AS INDICATED BY THEIR 17 TO 2 IS A GOOD OMEN OF HOW THE BILL WILL BE RECEIVED BY THE MEMBER OF YOUR RESOURCES COMMITTEE AND THE ENTIRE HOUSE.

THE ELIMINATION OF BIG GAME HUNTING ALLEVIATES THE CONCERN EXPRESSED IN THE PAST BY DEPARTMENT OF FISH AND GAME OFFICIALS AND ALSO BY SOME LEGISLATORS REPRESENTING NATIVE

COMMUNITIES. COMMISSIONER JAMES BROOKS, ALASKA DEPT OF FISH AND GAME, NO LONGER OBJECTS TO THE BILL AS THERE WILL BE NO VITAL LOSS OF REVENUE TO HIS DEPARTMENT AND THE EFFECT ON ALASKA WILDLIFE RESOURCES WILL BE MINIMAL. WE HOPE THAT YOUR STUDY OF THE BILL WILL RESULT IN THE SAME ASSESSMENT. BY A SEPARATE LETTER I AM TAKING THE LIBERTY OF FORWARDING TO YOU STATISICS THAT WE WERE ASKED TO FURNISH SENATOR KAY POLAND REGARDING THE MORE THAN ONE HALF MILLION DOLLARS ANNUALLY THAT THE MILITARY IN ALASKA EXPENDS ON WILDLIFE CONSERVATION ACTIVITIES. IN ADDITION, SHOULD YOU DESIRE ANY ADDITIONAL INFORMATION REGARDING OUR CONCERN AND SUPPORT FOR THIS BILL, I WOULD BE MORE THAN PLEASED TO DISCUSS THE BILL WITH YOU. YOURS TRULY,

SIGNED: LIEUTENANT GENERAL JAMES E. HILL, COMMANDER ALASKAN AIR COMMAND.

AAC ELMENDORF AFB AK/CC

1976 MAY 7 PM 6 04

SB 565

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS ALASKAN AIR COMMAND
APO SEATTLE 98742

7 May 1976

The Honorable Nels A. Anderson, Jr
Chairman, House Resources Committee
Alaska House of Representatives
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Representative Anderson

As I mentioned in my telegram, attached is a copy of a fact sheet which summarizes the military's financial expenditures for wildlife conservation activities.

On behalf of all the military in Alaska, I respectfully solicit your committee's support in recommending passage of Senate Bill 565 to the House.

Yours truly

JAMES E. HILL
Lieutenant General, USAF
Commander

1 Atch
Fact Sheet

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FACT SHEET

MILITARY WILDLIFE CONSERVATION ACTIVITIES

1. The types of activities the military is engaged in which directly benefit the State of Alaska include:

Moose Tagging	Water Fowl Banding
Creel Counts	Repair of Fish Ladders
Game Counts	Installation of Fish Ladders
Fish Stocking	Water Fowl Habitat Improvement (potholes)
Fish Rearing Facilities	
Monitor Spawning Runs	Aerial Surveys
Use of Military Facilities and Equipment	Resupply of Stake-Outs

2. A representative sample of approximate annual costs is:

a. US Coast Guard:

Miscellaneous activities by volunteer personnel and operational equipment costs.	$14,000
TOTAL	$14,000

b. US Air Force:

(1) Personnel	$71,000
(2) Equipment (vehicles, maintenance, operating costs, etc)	$ 5,000
(3) Cost of heating a rearing pond	$95,000
TOTAL	$171,000

c. US Army:

(1) Personnel	$180,000
(2) Equipment (Helicopter usage, vehicles, maintenance, operating costs, etc)	$39,000
(3) Cost of heating a rearing pond	$80,000
(4) Maintenance at rearing facility	$ 3,500
TOTAL	$302,500

d. US Navy

(1) Personnel	$38,000

(2) Equipment (Helicopter usage, vehicles maintenance, operating costs, etc) $10,000

TOTAL $48,000

GRAND TOTAL $535,500

3. Not included as costs in the above figures are such intangibles as:

a. Cost to build a fish rearing facility similar to the one at Elmendorf, $806,000.

b. Investment/capitalization costs of Ft Richardson fish rearing facility, $101,500.

c. Non-reimbursable use of land, facilities, ponds, buildings, additional volunteer personnel, equipment, etc. No dollar estimate.

d. Wildlife training given to military personnel stationed in Alaska. No equivalent in civilian sector.

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.
PHONE: [illegible]
JUNEAU, ALASKA [illegible]

02 006 ANCHORAGE AK 126 05-11 904A ADT

1976 MAY 11 AM 11 27

PMS REP NELS ANDERSON DLR DLR AND REPORT CHGS IF BEYOND ZONE

1460

JUNEAU AK

DEAR REPRESENTATIVE ANDERSON,

THIS MESSAGE IS TO ADVISE YOU AND ALL MEMBERS OF THE HOUSE OF REPRESENTATIVES RESOURCES COMMITTEE OF THE DEEP INTEREST THE MEN AND WOMEN OF THE 172ND INFANTRY BRIGADE (ALASKA) HAVE IN THE RECENTLY PASSED SB565 AS AMENDED. WE BELIEVE THAT PASSAGE OF THIS BILL AS IT STANDS BY THE ALASKA LEGISLATURE WOULD REFLECT THE TRUE SENTIMENTS OF THE PEOPLE OF ALASKA WITH WHOM THE ARMY AND ITS SISTER SERVICES HAVE BEEN IN PARTNERSHIP FOR THE BETTERMENT OF THE STATE SINCE IT BECAME A PART OF THE UNITED STATES IN 1867. THE ASSISTANCE OF YOU AND YOUR COLLEGUES IN THE HOUSE TO HELP PASS CSSB565 DURING THIS SESSION WOULD BE MOST GREATFULLY RECEIVED BY ALASKAS OWN 172ND INFANTRY BRIGADE.

BRIGADER GENERAL JAMES G BOATNER

COMMANDER 172 ND INFANTRY BRIGADE (ALASKA)

#

SB

565

"An Act relating to fees for fish and small game licenses for military personnel; and providing for an effective date."

COMMITTEE REPORT

5/5/76

HOUSE

Mr. Speaker: Date 4-17-76

The Committee on RESOURCES has had CSSSSB 565 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____ _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

2037 Churchill Drive
Anchorage, AK 99503
14 May 1976

Honorable Nels A. Anderson, Jr.
House of Representatives
State of Alaska
Pouch V
Juneau, AK 99811

Dear Mr. Anderson:

The State Senate has recently passed CS for Sponsor Substitute for Senate Bill Number 565, an act relating to fees for fish and small game licenses for military personnel, with virtually a unanimous vote in recognition of the short military tours in Alaska (especially at remote sites), and the many military contributions generously made by military personnel on behalf of the residents of this state. In addition, all other states have similar statutes. If this statute becomes law, it would place Alaska on a very similar par with all the other states.

I personally believe that the passage of this Bill by the House of Representatives, State of Alaska, would certainly be a warm gesture by our state and our citizens (and a token of appreciation) for all that the military has done for the state and her residents for so many years. I further believe that SB565 as substituted (and attached) should become law this year and that the House Resources Committee should recommend its immediate passage. I, therefore, sincerely urge that immediate attention be given to this very worthwhile bill and trust that you (and your committee) will give it full support.

I know that our general public in Alaska is highly sensitive towards its responsibilities and will be warmly sympathetic and supportive of this Bill as a gesture of appreciation for all that the military and its personnel throughout the years have done for them.

Sincerely,

Gaylon K. Kinther

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER POUCH S - JUNEAU 99811

May 14, 1976

The Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: CSSSSB No. 565

Dear Mr. Anderson:

Committee Substitute for Sponsor Substitute for Senate Bill No. 565, an Act relating to fees for fish and small game licenses for military personnel, was introduced in the House on May 5, 1976 and was referred to the House Resources Committee.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum prepared by R. H. Pilcher, Manager, Juneau Field Office, Department of Revenue advising of effect on revenue and costs of administration.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Pilcher for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: The Honorable John Rader
Prime Sponsor - Senate Bill No. 565

R. H. Pilcher
Manager, Juneau Field Office
Department of Revenue

Form SA 1

MEMORANDUM State of Alaska

TO: R.D. Stevenson
Special Assistant
Department of Revenue

DATE : May 14, 1976

FROM: R.H. Pilcher
Manager
Juneau Field Office

SUBJECT: CSSSSB No. 565

By passage of CSSSSB 565 members of the military service on active duty who are permanently stationed in the state, and their dependents, who do not qualify as resident , may obtain special nonresident military small game and sport fishing licenses at the rates for resident hunting and sport fishing licenses, but may not take a big game animal without previously purchasing a regular nonresident hunting license and appropriate tag issued at the nonresident rate.

EFFECT ON TREASURY

Statistics indicate the state received a total of $81,985 from the sale of nonresident sport fishing and hunting licenses and tags at military installations in year 1975. If the sport fishing small game hunting licenses had been sold on a resident fee basis and big game hunting licenses and tags at non-resident rates the state would have received a total of $28,112, a loss of $53,873 in revenue, plus possible loss of Federal Aid Matching funds which are usually on a 3 to 1 basis.

TYPE OF LICENSE	NONRESIDENT GROSS FEES	RESIDENT FEES	NUMBER SOLD
Non-Res. Sport Fish	$59,200	$14,800	2,960
Non-Res. Hunt	10,180	3,563	509
Non-Res. Hunt/Fish	4,080	1,224	102
	$73,460	$19,587	3,571
Non-Res. Big Game Tags	8,525	8,525	133

PROBLEMS OF ADMINISTRATION

Implementation of CSSSSB565 will necessitate printing and distributing a special Military License and Affidavit to vendors throughout the state. The added cost will be approximately $1,000 for printing, shipping and postage. The January 1, 1977 effective date allows sufficient time to design, purchase and ship the required licenses and affidavits and to publish the information for licensees, vendors and enforcement personnel.

Estimated cost of printing	$750
Estimated cost of shipping and postage	$250

Affidavits can be printed by Central Duplicating.

cc: Ralph Kimlinger
Director, Enforcement Division

FAIRBANKS OFFICE

Edward A. Merdes
Grace Berg Schaible
Howard Staley
Dennis E. Cook
Barbara L. Schuhmann

ANCHORAGE OFFICE

Stephen S. DeLisio
Alan Sherry
Henry J. Camarot
Mark A. Sandberg

LAW OFFICES OF

MERDES, SCHAIBLE, STALEY & DeLISIO, Inc.

A PROFESSIONAL CORPORATION

POST OFFICE BOX 810

FAIRBANKS, ALASKA 99707

300 Barnette Street
Telephone: (907) 452-1855

Cable Address:
MERFAIR

May 11, 1976

Mr. Guy Van Doren
Administrative Assistant to
House Resources Committee
Pouch U
Juneau, Alaska 99801

Dear Guy:

Enjoyed seeing you in Juneau last week and discussing SSSB 565 this morning. Be assured I will do as you suggest and immediately phone my good friend Red Swanson, a key member of the Committee, and work on turning him around to our position.

As I personally told you on the phone, you certanly kept your word and effectively followed through in getting SJR 77, the State's first real statement of agricultural policy, out of committee and through the House. For this we all thank you, and be assured those interested in agriculture, which are legion in this State, will hear of your good work.

As I mentioned to you also, a very important matter is now in Nels' Committee, namely the enclosed copy of SSSB 565. This bill passed the Senate 17 to 2 week before last. Enclosed is a copy of General Hill's concisely written April 23rd background letter to Kay Poland, along with an exchange of correspondence between myself, John Huber and the General. As we both agreed, Committee Chairman Nels ought not to object to 565 as it now eliminates any reference to big game. I am pleased you agree with my view of his feelings.

Guy, I really need your help on this one. Since you made the commitment on the phone to do everything in your power to get it out of the Committee and through the house, it is with a great deal of confidence I feel that it will be done. Be assured I will return the favor.

On the sheer merits of the bill, it is a recognition of simple justice and fairness and a simple civilian thanks to our military friends for the humanitarian work done in rescuing lost and hurt civilians all over the State without any request or thought of remuneration.

Upon receipt of this letter, if you would be kind enough to personally call General Hill in Anchorage at 752-2100 and outline to him your approach and

strategy to get the job done, it would be must appreciated because, as you know, time is of the essence.

Sincerely,

Edward A. Merdes

EAM/ps

cc: General Hill/Col. Shepard/Col. Brunhart

SB

726

"An Act relating to exchange of land; and provding for an effective date."

COMMITTEE REPORT

4/30/76

HOUSE

FINANCE

Mr. Speaker: Date 5-17-76

The Committee on RESOURCES has had CSSB 726

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR CSSB726 AND THAT CS FOR CSSB726 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Nels

Thanks for taking the time to talk with Sam and me this morning. I would suggest the language on the attached page for the committee report regarding C.S. S.B. 726 when it reaches the House. If for some reason the language of C.S. S.B. 726 is going to be changed by the House or if hearings are going to be held, I would appreciate it if someone would call me so we would have a chance to offer our thoughts.

DAVID WOLF
1026 W 4th AVE
Anch.
274 2602
home 349 1926

SAM DEMMERT
YAKUTAT
784 3335

Although A.S.38.95.060 is repealed by this new statute, it is not intended that this new statute affect the recent land trade in yakutat between the State and Yak-tat Kwaan, Inc. which was authorized under A.S.38.95.060.

Federal-State
Land Use Planning Commission
For Alaska

733 W. FOURTH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501

April 20, 1976

Honorable Nels A. Anderson, Jr.
Chairman
House Resources Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

As promised in earlier correspondence to the Committee, we are writing to communicate the Commission's views respecting the principal elements which should be included in any new legislation enacted by the Legislature to govern land exchanges involving the State.

The concepts discussed in this letter were considered by the Commission at a meeting held on April 20, 1976. The Commission elected not to put its recommendations into legislative form.

1. Valuation of Properties.

The Commission believes that any new State legislation should emphasize the consummation of land exchanges based on the equal fair market value of the properties to be exchanged. However, we also recommend that in situations where the properties involved are not equal in appraised fair market value or where such value cannot be ascertained with reasonable certainty, the director be authorized to enter into an exchange if he finds that the appraised fair market value of the properties to be received by the State, together with the nonmonetary value of other public benefits, equals or exceeds the value of the properties which the State will relinquish.

The criterion of equal fair market value has traditionally been included in Federal and State exchange statutes, and this standard works well

where land values can be readily determined through appraisal. The equal monetary value standard breaks down in the Alaska context, however, because the paucity of comparable land sales in many rural areas, the vast acreages involved, and other factors often vitiate the accuracy of the appraisal method. In recognition of this fact, Congress recently authorized Federal involvement in exchanges which are premised on other than appraised value. We believe that a similar approach, with proper procedural and other safeguards, should be incorporated into State legislation. Such safeguards should include, among other things, public notice and hearings, legislative review, and a carefully documented statement of the nonmonetary values involved. In our opinion, passage of legislation of this sort would help consolidate State land holdings and lead to more effective administration of the State public domain. At the same time, appropriate procedural safeguards and the emphasis on the consummation of equal appraised value trades, where possible, should insure adequate protection of the public interest.

2. Exchanges Involving Mineral Rights.

The Commission recommends that any new exchange legislation authorize the Director of the Division of Lands or other appropriate official to convey mineral rights in State lands to the extent that such a conveyance is permitted by the Alaska Constitution and applicable Federal law. The Commission further recommends that except where special circumstances dictate, the Director be precluded from conveying or receiving either the surface estate or the mineral rights therein, one without the other.

Previous experience in other parts of the country demonstrates the adverse economic, environmental, and social consequences which can result from separating ownership of the surface estate and the mineral rights located therein. While Section 6(i) of the Alaska Statehood Act does preclude the State from disposing of mineral rights generally, a recent amendment to the Settlement Act explicitly waives this constraint with respect to exchanges involving the Federal government. (This waiver is presently being challenged in the courts.) Other Federal statutes pursuant to which the State has previously selected mental health, university, and school lands do not contain a prohibition against the disposal of mineral rights. In view of this and the improved land mangement and use which usually results from a conveyance of full fee title, the Commission believes that new exchange legislation should authorize the State to convey mineral rights to the extent authorized by applicable law, and that the appropriate official be required to convey or receive full fee title except where special circumstances pertain.

3. Legislative Review.

The Commission recommends that subsequent legislation provide an opportunity for legislative review of proposed exchanges based on other than equal appraised fair market value. However, the Commission believes

that affirmative approval should not be required. Rather, the Legislature should be afforded an opportunity to review a proposed exchange within a reasonable period, and if the Legislature does not act to disapprove the exchange within that period, the appropriate State official would be empowered to execute it in behalf of the State.

Historically, the requirement of equal fair market value has been included in exchange statutes as legislative protection against arbitrary action and other abuse by those empowered to execute an exchange. This standard has worked well in protecting the public interest with respect to exchanges involving equal appraised value, and we see no reason to impose the additional requirement of legislative approval, which possesses certain infirmities of its own. The situation is different with respect to proposed exchanges premised on other than equal appraised value. Here, there is no objective standard against which to test a proposed exchange. In view of this, we believe that exchanges for other than equal appraised value should be viewed as resource allocation decisions concerning which the people's elected representative should have an opportunity to express their views. We do not think, however, that the means of expression should be affirmative legislative approval. Experience on the Federal level indicates that the review approach which the Commission is suggesting provides ample opportunity for legislative bodies to participate meaningfully in the decisionmaking process. At the same time, this means of review helps to avoid political logrolling and other undesirable activity.

In making the recommendations discussed in this section, we are aware that some persons believe that the separation of powers doctrine and other constitutional constraints preclude any sort of legislative review of proposed land exchanges. The research which has been conducted by our legal staff indicates that there is currently no definitive judicial decision or other opinion on this point. There are cases, constitutional provisions, and other considerations which can be used by either side of the issue to support its contention. Our staff does believe, however, that the better reasoned opinion would support legislative review in the form which we are suggesting here. (Because the criterion of equal appraised value does provide an objective standard against which to test proposed exchanges based on this standard, legislative review of such exchanges would appear less supportable.) Since there is no definitive answer at the present time, we suggest that the Legislature adopt that review procedure which it deems best from a policy point of view, and then if necessary, that decision can be tested in the courts.

4. Prohibition Against Exchanges Requiring Subsequent Identification of the Consideration Involved.

The Commission recommends that any legislation should specifically prohibit the Director of the Division of Lands or other appropriate State official from negotiating or entering into any land exchange which

requires the identification of lands or interests in land at some time after the exchange is initially executed. The Commission further recommends that such officials be precluded from alienating or agreeing not to exercise selection rights granted in the Alaska Statehood Act.

We believe that the best way to insure proper analysis of a proposed exchange is to require that all lands and other consideration which will be involved therein be clearly identified at the time when public notice is circulated. If such properties are not so identified, the public and others desiring to analyze a proposed exchange will be compelled to speculate on how the selection procedures contained in the proposed agreement will be implemented. In such instances, executory selection and exchange procedures often could be implemented in a number of ways, with varying consequences resulting from each scenario. To avoid uncertainty in a matter so important as the disposition of the State public domain, and to provide meaning to the public and other review processes provided in proposed legislation, we believe that the prohibition recommended here is necessary. For the same reasons, and in recognition of certain constraints contained in Section 6(g) of the Statehood Act, we also recommend that appropriate State officials be precluded from alienating or agreeing not to exercise State selection rights as part of the consideration for an exchange.

5. Statement of Basis for an Exchange.

We recommdend that the Director or other appropriate State official be required to prepare and distribute a report which objectively analyzes a proposed exchange in a clear and concise format which is designed to facilitate public understanding of the issues involved. Among other things, the report should include a discussion of the monetary and non-monetary values of the properties involved, including surface and mineral resources, the benefits and detriments which can be expected to accrue, and possible alternatives. Preparation and circulation of a report of this type should promote informed public dialogue and lead to a better ultimate decision concerning the proposed exchange.

6. Other Elements.

We have dealt in this correspondence with the principal elements which, in the opinion of the Commission, should be included in any new legislation governing land exchanges. In so doing, we do not mean to minimize the importance of other necessary elements, such as provisions concerning authorization, parties to an exchange, reservations and covenants, agency coordination, public notice and hearings, protection of valid existing rights, and so forth. We believe, however, that there is general agreement about how to handle these matters, and so we have not considered them here.

In closing, we want to express the Commission's strong support for needed revisions, such as those which we have discussed here, in State land exchange authority. The land ownership pattern in Alaska is growing ever more complex as a consequence of the implementation of the selection provisions of the Alaska Statehood Act and the Alaska Native Claims Settlement Act. Lands owned by the Federal government, the State, Native corporations, and others lie adjacent to each other in tracts which do not necessarily follow rational boundary lines. This intermixture of land ownership often jeopardizes prudent management and use. To rectify this situation, certain refinements in existing authority and new innovations appear necessary. In our opinion, the enactment into law of the elements referred to above would facilitate the types of land adjustments needed to establish more rational patterns of land ownership in Alaska.

Thank you for your consideration of this correspondence. If we can be of any further assistance in the Committee's consideration of the matters discussed here, please let us know.

Sincerely,

Burton W. Silcock
Federal Co-Chairman

Sincerely,

Walter B. Parker
State Co-Chairman

cc: Representative Theodore G. Smith, House Resources Committee
Representative Fred E. Brown, House Resources Committee
Representative Richard I. Eliason, House Resources Committee
Representative H.M. Hershberger, House Resources Committee
Representative James H. Huntington, House Resources Committee
Representative Alvin Osterback, House Resources Committee
Representative Leo Rhode, House Resources Committee
Representative Leslie E. Swanson, House Resources Committee

SJR

6

"Relating to the renaming of Mt.McKinley."

2/19/75

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date 2-26-75

The Committee on RESOURCES has had SJR 6 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR SJR 9 AND THAT CS FOR SJR 1 DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Vic Kohlhaas

Members NOT concurring in the Majority report:

Mike Hirshberger recommends: No Recommendation

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Vic Kohlhaas Chairman

File SJR 6

Alaska State Legislature

HOME ADDRESS
P. O. BOX 65
GALENA, ALASKA 99741

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 586-6155



SENATOR
John C. Sackett

RULES COMMITTEE
FINANCE COMMITTEE
LABOR & MANAGEMENT COMMITTEE

Senate

March 5, 1975

Nels Anderson
Representative
Alaska State House of
Representatives

Dear Nels:

In your committee you have Senate Joint Resolution 6, "An Act relating to the renaming of Mt. McKinley to "Denali".

Attached for your information are copies of letters that we have received. Additionally, the resolution has been endorsed by the State Geographic Board, the Mt. McKinley Advisory Council, Tanana Chiefs Conference and the Mountain Climbing Association in Alaska.

Please let me know should you desire additional information and when and if you anticipate bringing up the bill for action before your committee.

Thank you very much. With kind regard,

Very Sincerely,

John C. Sackett
Alaska State Senator

STATE OF ALASKA
DEPT. OF COMMUNITY & REGIONAL AFFAIRS
JAY S. HAMMOND, Governor
OFFICE OF THE COMMISSIONER / POUCH B–JUNEAU 99801

February 19, 1975

The Honorable John C. Sackett
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

The State Geographic Board would like to take this opportunity to advise you of its endorsement of Senate Joint Resolution Six, changing the name of Mt. McKinley to Mt. Denali.

Although this is just a minor point, because Denali means "the great mountain," do you feel adding the diminutive, Mount, is really necessary? Knowing of people who still continue to use the name Denali, I do not recall them using mount with the name. Your comments would be appreciated.

Sincerely,

Lee McAnerney

Lee McAnerney
Chairman, State
Geographic Board

LMcA:lb

MOUNTAINEERING CLUB OF ALASKA, INC.

X McKinley Re.

RECEIVED
OCT 22 1974
DOYON, LIMITED

BOX 2037 ANCHORAGE, ALASKA

October 18, 1974

Hon. John Sackett
527 3rd Avenue
Fairbanks, Alaska 99701

Dear Senator Sackett:

At its General Meeting Wednesday, October 16th, the members of the Mountaineering Club of Alaska unanimously passed a motion to change the name of Mt. McKinley to Mt. Denali, and to send a letter to you indicating that position.

The motion was introduced by Helen Nienhueser (author of "55 Ways to the Wilderness in Southcentral Alaska") as a result of a recent visit in Colorado with Margaret Murray, a long-time Alaskan and author of "Two in the Far North." During this visit, Mrs. Murray said that she had written to the Board of Geographic Names suggesting this change, and they told her the request must come from within Alaska. In addition, Mrs. Nienhueser reported that the Denali Citizens Council, a group headed by Ev Drashner of Cantwell and formed for the purpose of watching over matters related to Mt. McKinley Park, had asked you to formulate legislation concerning this name change. She also noted that a resolution to this effect had been passed by the Democratic State Convention in Nome last May.

There has been much discussion over the years that the name McKinley was quite inappropriate for this peak in that President McKinley had never visited Alaska. In addition, it was the opinion of the late Vin Hoeman, long interested in geographic names in Alaska, that land features should not be named after persons. Most know that Denali means "The Great One" and was the name given this mountain by native Alaskans.

We hope you will be able to obtain legislative support for this proposal.

Sincerely,

Dona Agosti

Dona Agosti (Mrs. L.J.)
Secretary

cc: Ev Drashner

DENALI CITIZEN'S COUNCIL
P.O. Box 39
McKinley Park, Alaska 99755

31 January 1975

Senator John Sackett
Pouch V, The Capitol
Juneau, Alaska 99801

Dear Senator Sackett;

We of Denali Citizens Council urge you to support a resolution soon to be introduced by Senator John Sackett which would restore the name "Denali" to Mt. McKinley.

There is an increasing interest in maintaining the integrity of our great natural features and it is most appropriate that the original native name be restored. "Denali", the Athabascan Indian designation, means "The Great One" or "The Most High". In their name is reflected the reverence and respect these people had for this magnificent mountain. By contrast, the current name, honoring a non-Alaskan who had no relevant association with the Mountain, is inappropriate.

Senator Sackett's measure should be appearing before the Senate during the second week of February. We will appreciate your help in passing this resolution. A strong show of concern from our Alaskan legislature will greatly increase the likelihood that the United States Board on Geographic Names will give serious consideration to restoring the name "Denali".

Sincerely,
DENALI CITIZENS COUNCIL

Everett Drashner, Chairman

Hope these letters help!

Deneki Lakes
McKinley Park Alaska 99755
February 10, 1975

Senator John Sackett
Pouch V, The Capitol
Juneau, Alaska 99801

Dear Senator Sackett:

We are writing to indicate our strong support of your resolution to restore the indian name, "Denali," to Mt, McKinley.

It is most appropriate that the mountain's name be descriptive and that it reflect the reverence that the Athapaskan Indians had for it. We hope that the United States Board on Geographic Names will give serious consideration to the renaming upon a strong show of support from the Alaskan legislature.

Sincerely,

Wallace A Cole
Jerrine Cole

Mr. and Mrs. Wallace A. Cole

February 8, 1975.

X McKinley

Senator John Sackett
Alaska Senate
Juneau, Alaska.

My dear Senator Sackett,

Hearty congratulations on your resolution to rename our mighty mountain Denali. We have long felt that this should be done. Let's preserve the fame or infamy of man by naming only man made fetures after him.

Our home is on the side of the Chugach range from where we have a view extending from Denali to Iliamna. Over the years we have had visitors from many parts of the country and they have all preferred the old names and enjoyed the legend of Mt. Susitna. I intend to write to them and ask them to write to their Congressmen, Secretary Morton, and the U.S. Board on Geographic Names in support of your resolution.

If there is anything beyond writing letters which we can do please let us know. Would petitions help?

Yours very truly,
Doris M. Fisk

Mrs. H. Roy Fisk
Star Route A, Box 395K
Anchorage, Alaska 99502

Denali Citizens' Council Studies Mt. McKinley Development, Growth

By GREG WOLF
Times Staff Writer

Concerned with the growth and development of Mt. McKinley National Park and the surrounding areas, a group of resident Alaskans along with a few from Outside has incorporated as the Denali Citizens' Council.

Membership has risen from the 30 founding members in the spring of 1973 to today's total of 150. For the most part, the members make their residence in Fairbanks, Anchorage or the Cantwell area but some are from the Lower 48.

This fall the council incorporated and began making contacts with federal, state and local officials concerned with national and state parks as well as land use and management.

According to Everett Drashner, chairman of the council, "We are making a practice of inviting state and federal agency leaders to come to our meetings or send us information that will be of use to our meetings or send us information that will be of use to our cause; we want to be informed. Some groups take too narrow of an approach to a problem and tend to forget about other views or opinions."



EVERETT DRASHNER
Council Chairman

Drashner, a 20-year homesteader in the Cantwell area, has headed the council since its incorporation and is concerned vitally with assuring sensible, well planned development of both the national park and the land along the Anchorage-to-Fairbanks highway.

Among the issues the council is involved with are renaming Mt. McKinley to the Indian name of Denali, the cooperative planning and management zone proposals and the proposed north and south additions to the existing McKinley National Park.

On re-naming Mt. McKinley the council has received support from several organizations, including the Mountaineering Club of Alaska, both the Anchorage and Fairbanks Environmental Centers and various native groups. Along with the organizations, the council also has received letters of encouragement from naturlists Margaret Murie and Bradford Washburn.

Washburn stated, "Needless to say I'm solidly in favor of the return to Denali — and Denali's Wife for Mt. Foraker — I hope the Alaskan Legislature does something about it and then sends the result of its action to the board of geographic names for hoped-for action. Denali is a magnificent name, and it would never have been changed if Dickey (1896) had known about it when he suggested McKinley."

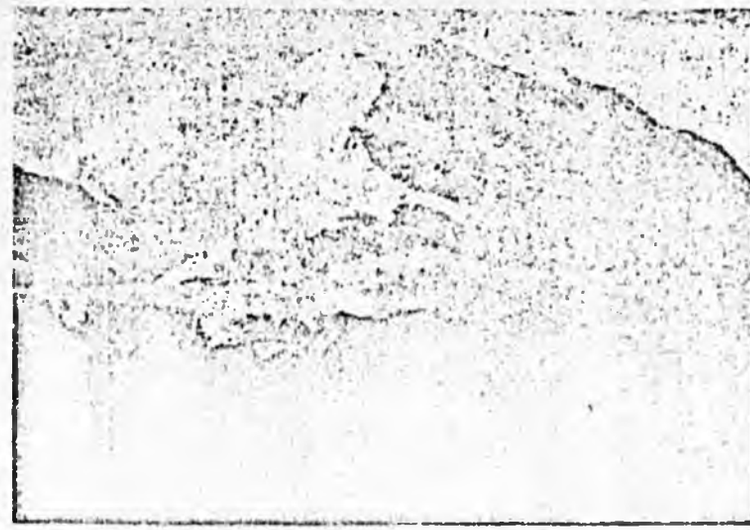
William Dickey, an Alaskan prospector, was impressed by the beauty and grandeur of the huge peaks at the head of the Chulitna River and in a subsequent expedition in 1896 carried out several preliminary surveys of the peaks. From his survey he determined its height to be well over 20,000 feet.

Later the next year, Dickey described his visits to the enormous peaks in an article published in the New York Sun on Jan. 24, 1897. He explained, "We named our great peak Mt. McKinley after William McKinley of Ohio, who had been nominated for the presidency, and that fact was the first news we received on our way out of the wonderful wilderness."

Twenty-two years later in 1917 Mt. McKinley National Park was established and the name of the peak has stuck ever since.

Dishner stated that the council's top priority is a cooperative planning and management zone that is being debated by several groups. The zone, which borders north to Healy, south to Talkeetna and east to the Susitna River, is being studied by the Joint Federal State Land Use Planning Commission.

According to Dashner, it is the hope of the council to "be one of the groups instrumental in creating policy for future management and planning for the area."



MOUNTAIN IS COUNCIL FOCUS

Majestic Mt. McKinley is the focus of a newly-incorporated group called the Denali Citizens' Council. The council proposals include the renaming of the mountain to Denali, the Indian name for the mountain.

BOOKSALE
The Book Cache

THE MUSEUM OF SCIENCE
SCIENCE PARK
BOSTON, MASSACHUSETTS 02114

BRADFORD WASHBURN
DIRECTOR

(617) 723-2500

February 18, 1975

Dear Lowell:

I gather that, although there may be very little flak about changing the name of Mount McKinley to Denali, there may be fireworks about changing the name of the park, as that requires a new act of congress. You might give thought to changing the name of the mountain to Denali (and Foraker to Denali's Wife) but changing the park to McKinley National Park, omitting only the Mount. This would obviously be much easier to initiate in a Republican administration than a Democratic, as foul play might otherwise be alleged by Republicans!

Good luck!

Sincerely yours,

Bradford Washburn

Lt. Governor Lowell Thomas, Jr.
State of Alaska
Juneau, AK 99801

STATE OF ALASKA
RECEIVED
FEB 21 1975
LIEUTENANT GOVERNOR

SJR

17

Relating to the possible closure of the Ketchikan Pulp Company.

COMMITTEE REPORT

HOUSE

3/7/75

Mr. Speaker: Date March 5, 1975

The Committee on Resources has had SJR 17 under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob B. Anderson
Mike Hershberger
Helen Nienna
Glenn Patrick

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob B. Anderson Jr. Chairman

TO RESOURCES

AMENDMENT #1

OFFERED IN THE HOUSE: BY: House Resources

To: _____ HOUSE BILL No. _____

SENATE BILL No. SJR 17

PAGE: _____ LINE: _____

Page 1, line 14: Delete "$50,000" and insert "$50,000,000 ($50 million)"

Page 2, line 23: After "Stevens" delete "and" and insert ","

line 24: After "Gravel" delete "," and insert "and the Honorable Edmond Muskie,".

AMENDMENT

OFFERED IN THE HOUSE: BY: Hon. Powers

To: Amend HOUSE BILL No. _____

SENATE BILL No. SJR 17

PAGE: 1 LINE: 1

and: Sec. 2

add: Sec. 2. (a) [illegible] to

[illegible]

File

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

JAY S. HAMMOND, Governor

POUCH O— JUNEAU 99801

March 10, 1975

The Honorable Nels A. Anderson
House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Representative Anderson:

The Department of Environmental Conservation will hold Public Hearings on a proposed Air Quality Control Permit to Operate, with compliance schedule and variance application, for both Ketchikan Pulp Company and Alaska Lumber and Pulp Company. Enclosed for your review and comment is a copy of the proposal, in addition to a copy of the Notice of Public Hearing and a two page summary of previous air quality control compliance activities for both mills.

We would appreciate receiving any comments and testimony which you might have, either at the hearings, or in writing. The hearing at Sitka will be held on March 12, and the Ketchikan hearing will be held on March 13 and 14. The enclosed public notice contains detailed information regarding the hearing, and variance request.

The Department has made no determination regarding the acceptability of the variance application from the mills, and will not do so until all public testimony has been received and evaluated. We would welcome any testimony you might present, and would be pleased to answer your questions or provide additional information.

Sincerely,

Ernst W. Mueller
Commissioner

Pro ers of DISSOLVING PULP

KETCHIKAN PULP COMPANY

P.O. BOX 1619 KETCHIKAN, ALASKA 99901 U.S.A.

T. E. FLANAGAN
President

February 20, 1975

The Honorable Nelson A. Rockefeller
The Vice President of the United States
The U. S. Capitol
Washington, D.C. 20510

Re: National Commission on Water Quality

Dear Mr. Vice President:

Ketchikan Pulp Company started in Alaska in 1954 and brought to Alaska's third largest city a steady, year-round industrial employer. This replaced seasonal and unstable fishing as the area's economic base - contributing prosperity, stability and peace of mind to the area's people. The pulp company's modern, innovative, chemical recovery process, a celebrated model for the industry, has flourished over its twenty year history and leads today in environmental cleanliness.

Despite this, the 1972 Water Quality Act now will require the company to make environmental expenditures of more than thirty-four million dollars - approaching the original plant investment - to fulfill the law, notwithstanding the already minimal effect on water quality of the plant's operation.

The alternative to this expenditure is ceasing operation according to the law, thus ending the prosperity of South-east Alaska, bringing unemployment to more than one thousand people, depression to twelve thousand people and a loss of an industry and its revenue to the State and the Country.

The National Commission on Water Quality must study this situation. There must be an alternative. The expenditure, approximately two to four times that of the company's dissolving pulp competition, would result in disproportionate costs, no base for competitive profit and hence economic failure. The owner's choice, to cease operations, while not desirable, is the only justifiable alternative.

We understand that your commission will study many facets of the law - one of them being the social and economic effects on single industry communities. I submit that Ketchikan, Alaska, in fact the whole of Southeast Alaska, is a prime example of this kind of community.

This unfair act of legislation can have these consequences: little, if any, improvement in water quality should the high expenditure be made, or total economic depression in the area should the pulp industry be abandoned.

We invite your investigation of this dilemma.

More comprehensive information has been sent to the members of the staff of your Commission.

Yours very truly,

J. E. Flanagan

bls
cc: Senator Edmond S. Muskie
Representative Robert E. Jones
Mr. Edwin A. Gee
Mr. Raymond R. Gianelli
Mr. Raymond Kudukis
Senator Jennings Randolph
Senator Lloyd M. Bentsen
Senator Howard H. Baker, Jr.
Senator James L. Buckley
Representative John A. Blatnik
Representative James C. Wright, Jr.
Representative William H. Harsha

Representative James R. Grover, Jr.
Representative Harold T. Johnson
Senator Ted Stevens
Senator Mike Gravel
Representative Don Young
Governor Jay Hammond
Mr. H. A. Merlo
Mr. R. H. Malott
Mr. R. C. Tower
Mr. D. R. Kayser
Mr. D. A. Westenhaver
Mr. M. B. Hodges

GOVERNOR NELSON A. ROCKEFELLER
CHAIRMAN
SENATOR EDMUND S. MUSKIE
REPRESENTATIVE ROBERT E. JONES
VICE CHAIRMEN

PUBLIC MEMBERS
EDWIN A. GEE
WILLIAM R. GIANELLI
RAYMOND KUDUKIS
CARL E. WRIGHT

U. S. SENATORS
JENNINGS RANDOLPH
LLOYD M. BENTSEN
HOWARD H. BAKER, JR.
JAMES L. BUCKLEY

U. S. REPRESENTATIVES
JOHN A. BLATNIK
JAMES C. WRIGHT, JR.
WILLIAM H. HARSHA
JAMES R. GROVER, JR.

FREDERICK J. CLARKE
EXECUTIVE DIRECTOR
TELEPHONE
202 254-7800

National Commission on Water Quality

P. O. Box 19266
WASHINGTON, D. C. 20036

December 13, 1974

MEMORANDUM TO: THE AMERICAN INDUSTRIAL COMMUNITY

SUBJECT: The National Commission on Water Quality's Industry Studies

My fellow Commissioners and I are grateful to the industrial community for the help we are receiving in our investigations into the impacts of the Federal Water Pollution Control Act Amendments of 1972.

As you know, Congress has asked us to make a comprehensive report on the economic, social and environmental effects of this legislation. Our professional contractors are now gathering information and data. Everywhere they are receiving your help and cooperation.

The enclosed leaflet explains our industry studies and how their results will feed into our final report next year.

Now, may we ask a favor? Because we recognize that some questions cannot be answered by statistics and engineering reports, we would value your thoughts regarding our study. We would like to know your views on the best ways to reach our goal of better water quality and to learn of the problems you may be encountering. I assure you that all letters received will be conscientiously studied.

Nelson A. Rockefeller

NELSON A. ROCKEFELLER
Chairman

Enclosure

I hereby certify the annexed instrument is a true and correct copy of the original on file in my office.
ATTEST: Judith A. Layer
Clerk Ketchikan Gateway Borough

Approved: 3/3/75
Voting "yes": Hanger
Zastrow
Elkins
Davidson
Kamm
Johnson
Taylor
Robertson
Guymon
Voting "no": None
Absent: Simpson
Pomtier

K E T C H I K A N G A T E W A Y P O R O U G H

RESOLUTION NO. 185

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, URGING THE PRESIDENT AND THE VICE PRESIDENT OF THE UNITED STATES, THE ENVIRONMENTAL PROTECTION AGENCY, THE NATIONAL COMMISSION ON WATER QUALITY, THE CONGRESS OF THE UNITED STATES; THE GOVERNOR OF ALASKA, AND THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION, TO TAKE WHATEVER STEPS ARE NECESSARY TO PREVENT THE CLOSING AND ABANDONMENT OF THE KETCHIKAN PULP COMPANY, NECESSARILY REQUIRED BY KETCHIKAN PULP COMPANY'S INABILITY TO COMPLY WITH THE PROVISIONS OF THE 1972 WATER QUALITY ACT, AND REGULATIONS PROMULGATED THEREUNDER, AND REMAIN COMPETITIVE IN THE PULP INDUSTRY.

The Ketchikan Gateway Borough lies in the rugged, mountainous, wilderness archipelago region of Southeastern Alaska, familiarly called the Alaska Panhandle. It is located generally 100 miles north and west of Prince Rupert, British Columbia, its nearest sizable neighboring city to the South, and approximately 100 miles south and east of Wrangell, Alaska, its nearest sizable neighboring city to the North. It is one of only five sizable communities scattered along the 500 miles of wilderness islands which comprise the bulk of Southeastern Alaska.

The major employers in Ketchikan are the Ketchikan Pulp Company, employing 650 workers and Ketchikan Spruce Mills, a subsidiary of the Ketchikan Pulp Company, employing 150 workers. In addition, the Metlakatla Hemlock Mill, on neighboring Annette Island (an Indian Reservation), and the Thorne Bay Lumber Camp, are closely related industries which employ approximately 200 workers. The rest of the labor force in this community is closely related to and dependent upon the existence and well-being of the Ketchikan Pulp Company. Briefly, we are talking about the direct employment of approximately 1,000 people and the indirect employment of 12,000 people.

Recent information indicates that the local insured unemployment rate is between 8.5% and 9.0%, with seasonal unemployment running as high as 18%. This information assumes continuing operation of the Ketchikan Pulp Company and associated industries. Under the circumstances now existing throughout the country, this figure may well be higher.

As a result of the 1972 Water Quality Act, the Ketchikan Pulp Company has been required to make environmental expenditures of more than Thirty-four Million Dollars ($34,000,000.00). These expenditures will proportionately cost the Ketchikan Pulp Mill from two to four times the amount necessarily expended by competitive pulp mills in the lower forty-eight states. This means that the price required by Ketchikan Pulp Company for its product will be approximately $34.00 per ton, compared to a cost of approximately $10.00 a ton, an obviously disproportionate, non-competitive price. Because of the requirements of the 1972 Water Quality Act, and because of the concomitant resulting non-competitive price of Ketchikan Pulp Company's product, the management of Ketchikan Pulp Company has declared its present intention of closing the pulp mill at Ketchikan, Alaska, on or about July 1, 1975.

If the Ketchikan Pulp Company is required to close its mill in Ketchikan, Alaska, the result will be, without a doubt, total economic depression throughout the community and the ruin of many businesses with consequential damage to hundreds of homes, families, and individuals.

NOW, THEREFORE, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

Section 1. The President of the United States, the Vice President of the United States, the Environmental Protection Agency, the National Commission on Water Quality, Members of Congress, the Governor of the State of Alaska, and the Alaska Department of Environmental Conservation, are jointly and severally urged to take whatever steps are necessary to prevent the closing and abandonment of the Ketchikan Pulp Company necessitated by the company's inability to comply with the provisions of the 1972 Water Quality Act, and at the same time remain competitive in the pulp industry.

Section 2. The Borough Clerk is directed to send copies of this Resolution to:

The officers and agencies referred to above in Section 1;
Members of the Alaska Legislature;
Board of Directors of Louisiana-Pacific Corporation;
Board of Directors of FMC Corporation;
Ketchikan Pulp Company;
Mr. Edwin A. Gee;
Mr. Raymond R. Gianelli;
Mr. Raymond Kudukis;
Mr. H. A. Merlo;
Mr. R. H. Malott;
Mr. R. C. Tower;
Mr. D. R. Kayser;
Mr. D. A. Westenhaver; and
Mr. M. B. Hodges.

Section 3. This Resolution is effective immediately.

ADOPTED this 3rd day of March, 1975.

Karl E. Stewart
BOROUGH MAYOR

ATTEST:
Judith A. Logie
BOROUGH CLERK

Approved as to Form:
Harvey L. Cadell
Borough Attorney

SJR

41

Requesting amendment of the Organic Act of 1897 to permit management of the national forests in Alaska according to modern silvicultural techniques.

COMMITTEE REPORT

1/15/76

HOUSE

Mr. Speaker: Date 1-11-76

The Committee on RESOURCES has had SJR #1 am under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

1560

January 23, 1976

Honorable Nels Anderson
Chairman
House Resource Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

Bob Tracy has informed me of some of the testimony given by Alan Stein on January 16 when the House Resources Committee was deliberating on SJR No. 41 regarding clearcutting.

Mr. Stein is one of the plaintiffs in the case Zieske vs. Butz, et al. We are well aware of his views on logging practices in southeast Alaska.

We have not seen any of the photos he displayed to the committee. They are obviously purported to show unacceptable resource damage. We do know that pictures, as well as words, are rather easily taken out of context and it would be impossible for us to comment specifically on them without knowing their exact location, the time and circumstance in which they were taken, the duration of the condition shown, and whether or not the condition still exists. We suspect that most of them are not nearly so alarming once that information is known. We can assert very positively that our present environmental analysis procedures, strict timber sale contract requirements, and increased contract administration abilities do not permit any widespread and flagrant abuse of National Forest lands and waters. Occasional mistakes, accidents, or even rare intentional violations will occur, but these would be picked up and corrected almost immediately.

One of our current contract requirements, for example, is that if logging debris does get into a stream, it is required to be removed within a period of 48 hours. We vigorously enforce this requirement. Mr. Stein made some statement to the effect that 80 miles of fish stream were damaged by logging last year. We deny that this is even close to a true statement and challenge anyone to present such specific evidence. Again, this is not as satisfactory a response to you as would be possible if we knew the specific 80 miles Mr. Stein is referring to.

We would welcome the opportunity to respond to specific charges of damage. As a matter of fact, Alaska Department of Fish and Game named 150 streams in southeast Alaska they claim were damaged by logging. We have no information from them as to what they consider to be damage, the extent of the damage, or whether or not the streams remain in a damaged state. But we have asked our fisheries biologists on each Area to report their

findings on the streams so that we can discuss and reach a common understanding with ADF&G as to just what has happened on the streams they have named.

You heard Commissioner Brooks mention mud from logging in streams discoloring water as much as 10 miles out from their mouths. We don't know what streams those would be either, but will ask him to have them identified. Commissioner Brooks also told the Forest Practices Committee of the Alaska Loggers Association that he does not consider logging to be the significant reason for reduced salmon runs.

Mr. Stein testified that 158 culverts were installed improperly last year, and, as a result, fish passage was blocked. He has never discussed this with us, and we can't comment specifically without knowing what culverts are referred to. However, many culverts are designed for road drainage only and do not need to pass fish. Those culverts in streams that do need to pass fish are designed to do that, but we have learned that our design has not always accomplished what was intended, nor were design specifications always followed precisely in the past. Consequently, we do find occasional examples of inadequate design and installation. This concerned us enough that we formed a task force of our engineers, biologists, and hydrologists to determine what changes are needed to prevent future problems in design and installation and to correct existing culverts that are, in fact, barriers to fish passage. We can't speak more to the 158-culvert charge without knowing specifics, but we believe this charge is not remotely close to being accurate.

Another of Mr. Stein's statements was that many streams on Prince of Wales Island did not meet State water quality standards for temperature. The Federal Water Pollution Control Act amendments of 1972 do require conformance to State water quality standards for both temperature and turbidity. We are establishing a responsive water quality monitoring program throughout the Tongass and Chugach National Forests to help us with meeting these standards. To implement this program, we hired hydrologists for each of our Forest Supervisor's offices. They, in turn, ordered equipment and instrumented some monitoring sites during last year. We know, from our own and other agency measurements, that several streams in their natural state (no logging) do exceed State allowable maximums for temperature fluctuations. Once again, there may be information available on specific streams, but we cannot speak to Mr. Stein's charge without knowing his source of information or what streams he refers to.

One last comment we would make is with regard to Mr. Stein's references to leaving buffer strips along streams. Past practices did indeed permit cutting adjacent to both sides of streams for long, unbroken stretches. Our current practices do not permit this. We may or may not leave buffer strips, depending again on the specific needs of a given stream and location. We may have a buffer on one side of a stream and not the other. Or if we do cut to the edge of a stream from both

sides, it will not be for long unbroken stretchs of stream in any one logging entry or time period. To protect stream temperature regimes, subsequent streamside cutting is not permitted until adequate shade is established in previous cutting units. It should be noted, however, that mature trees are not the only vegetation that can provide adequate shade and temperature control. In many cases, especially the smaller streams, alders and other smaller brushy vegetation are just as effective in providing shade as are taller forms of vegetation. Each stream is considered on its own merits. This seems far perferable to a blanket requirement for buffer strips which are often either subject to windthrow, or, if wide enough to be protected from windthrow, would make serious inroads into the volume of timber available for harvest. We believe sound multiple use practices do allow us to optimize (not maximize) timber use in harmony with water quality and fish habitat protection.

This has been a lengthy discussion, difficult to write because of the lack of specifics for us to speak to. I hope it is of some help to you. If your committee is interested, we would welcome the opportunity to prepare a more specific background report on our current activities and practices. We, too, have slides that depict our current standard of performance, including the good, the bad, and the most common. Without claiming to be perfect, we do believe our planning procedures and careful dedicated administration are accomplishing a good job of resource management that is a credit to Alaska. That is our goal. We appreciate your interest and help in seeing that we achieve it.

Sincerely,

C. A. Yates

C. A. YATES
Regional Forester

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

1560

January 23, 1976

Honorable Nels Anderson
Chairman
House Resource Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

Bob Tracy has informed me of some of the testimony given by Alan Stein on January 16 when the House Resources Committee was deliberating on SJR No. 41 regarding clearcutting.

Mr. Stein is one of the plaintiffs in the case Zieske vs. Butz, et al. We are well aware of his views on logging practices in southeast Alaska.

We have not seen any of the photos he displayed to the committee. They are obviously purported to show unacceptable resource damage. We do know that pictures, as well as words, are rather easily taken out of context and it would be impossible for us to comment specifically on them without knowing their exact location, the time and circumstance in which they were taken, the duration of the condition shown, and whether or not the condition still exists. We suspect that most of them are not nearly so alarming once that information is known. We can assert very positively that our present environmental analysis procedures, strict timber sale contract requirements, and increased contract administration abilities do not permit any widespread and flagrant abuse of National Forest lands and waters. Occasional mistakes, accidents, or even rare intentional violations will occur, but these would be picked up and corrected almost immediately.

One of our current contract requirements, for example, is that if logging debris does get into a stream, it is required to be removed within a period of 48 hours. We vigorously enforce this requirement. Mr. Stein made some statement to the effect that 80 miles of fish stream were damaged by logging last year. We deny that this is even close to a true statement and challenge anyone to present such specific evidence. Again, this is not as satisfactory a response to you as would be possible if we knew the specific 80 miles Mr. Stein is referring to.

We would welcome the opportunity to respond to specific charges of damage. As a matter of fact, Alaska Department of Fish and Game named 150 streams in southeast Alaska they claim were damaged by logging. We have no information from them as to what they consider to be damage, the extent of the damage, or whether or not the streams remain in a damaged state. But we have asked our fisheries biologists on each Area to report their

findings on the streams so that we can discuss and reach a common understanding with ADF&G as to just what has happened on the streams they have named.

You heard Commissioner Brooks mention mud from logging in streams discoloring water as much as 10 miles out from their mouths. We don't know what streams those would be either, but will ask him to have them identified. Commissioner Brooks also told the Forest Practices Committee of the Alaska Loggers Association that he does not consider logging to be the significant reason for reduced salmon runs.

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Sincerely,

C. A. Yates

C. A. YATES
Regional Forester

SJR

47

Relating to Congressional action on House Resolution 200.

COMMITTEE REPORT

2/23/76

HOUSE

Mr. Speaker: Date 2-23-76

The Committee on Resources has had SJR 47 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Bob Leggett _____ _____

_____ _____ _____

_____ _____ _____

_____ _____ _____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bob Leggett Chairman

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 19, 1976

The Honorable Jay S. Hammond
Governor of Alaska
State Capitol
Juneau, Alaska 99811

Dear Governor Hammond:

In accordance with AS 44.19.797, we have the honor to transmit to you the attached position on the House of Representatives and Senate versions of H.R. 200.

Since Congressional deliberations on this legislation are presently in progress and are expected to be concluded in the near future, the Commission has voted to request that Mr. Edgar Huizer of the Department of Fish and Game and Mr. Jeff Haynes of the Department of Law be sent to Washington, D.C., for the purpose of discussing this position with the Alaska delegation, the House and Senate conferees, and members of the appropriate committee staffs.

Sincerely,

THE ALASKA COMMISSION ON THE CONFERENCE OF THE LAW OF THE SEA

Chancy Croft
Acting Chairman

I. STATEMENT OF GENERAL PREFERENCE

The Senate version of H.R. 200 more closely coincides with the interests of Alaska than does the House version. Our reasons for favoring the Senate version are set out more completely below. As a generalization, we believe that the House version contains an excessive amount of detail and an unnecessary number of procedural mechanisms and safeguards which will tend to inhibit implementation of timely and efficient fisheries conservation and management measures.

However, this is a general preference only; there are many concepts and provisions in the House versions which should be included in the final product. In addition, several sections of the Senate version are in need of amendment for clarification purposes. In some instances, discussion of certain language in the Conference Report is important if misinterpretation is to be avoided.

General Recommendation: Except where otherwise stated in this paper, we request that the Conferees utilize in general the language and provisions of the Senate version.

II. FINDINGS AND STATEMENTS OF POLICY

A. We have no strong feelings about these portions of the respective versions with the following exceptions:

Section 2(a)(8) of the Senate version [Com. Print, page 5], which mentions the importance to the United States of developing a United States fishery for bottomfish adjacent to Alaska. Since many United States fishermen are anticipating their eventual participation in this fishery, it is important that this statement be retained.

Recommendation: Regardless of which set of findings and policy statements is adopted by the Conferees, Section 2(a)(8) of the Senate version should be included.

B. We also are concerned with the broad implications of Section 2(a)(5) [Com. Print, page 5] of the Senate version, since it does not accurately reflect the situation of many fisheries in Alaska and other states where they have traditionally been well managed by the states.

Recommendation: Avoid usage of Section 2(a)(5) of the Senate version unless it is properly qualified to indicate that not all fisheries are depressed. This

NOTE: Page and line citations in this paper for the most part are for the Comparative Print (Com. Print) on H.R. 200. On occasion it was necessary for clarity to cite either the House approved bill dated October 20, 1975; or the Senate approved version of H.R. 200 dated February 3, 1976.

could be achieved either directly by amendment or indirectly by appropriate language in the Conference report.

C. Again, Section 2(a)(7) of the Senate version [Com. Print, page 4] is appropriate with respect to some, but certainly not all, United States fisheries stocks.

Recommendation: The first sentence of Section 2(a)(7) of the Senate version should read:

"A national program for management and conservation of some of the fishery resources . . .".

III. DEFINITIONS

Many of the definitions in the respective versions are similar. Since we are recommending more close adherence to the Senate version, it would be preferable if the Senate definitions are used.

However, one exception is the definition of fishing. The House version is preferable because it contains the phrase "any action which can reasonably be expected to result in the catching", etc. This would facilitate enforcement and prosecution by allowing arrest of violators at the preparatory stage.

Recommendation: Utilize the Senate definitions. However, substitute Section 3(8) of the House version in place of Section 3(10) of the Senate version [Com. Print, page 12].

VI. CONTROL AND AUTHORIZATION OF FOREIGN FISHING

A. We favor strongly the Senate language as contained in Sections 101 and 102 of the Senate version [Senate Bill, pages 82-86]. These provisions are relatively simple and clear, provide adequate protection, and state in straightforward fashion the harvesting preference granted to United States fishermen.

In contrast, the House version would institute a complex permit system, and vest substantial authority in the Secretary to follow his own preferences for allowing foreign fishing without any distinct standard of accountability. We are particularly disturbed that the House version incorporates Article 7 of the Geneva Convention with respect to the measures that would protect anadromous species seaward of the conservation zone, as this would invite delays and disputes and risk mandatory international arbitration procedures. Consequently, the Senate bill is especially preferable from the standpoint of salmon protection.

We also protest the concept embodied in the House version whereby

license fee receipts emanating from the Alaska bottomfish fishery would be utilized to subsidize the tuna fleet [House Bill, Sec. 306(d), pages 49-50].

Recommendation: The Conferees should utilize Sections 101 and 102 of the Senate version rather than similar sections (especially Section 201) of the House version. It is extremely important that the provisions of the Senate version regarding anadromous species and United States preferential harvest rights be retained.

B. The Senate version [Senate Bill, Sec. 203, pages 101-108] is much clearer than the House version, that the regional councils will be authorized to develop management programs for foreign as well as domestic fisheries.

Recommendation: Retain Sec. 203 of the Senate version with respect to council management program jurisdiction.

V. RENEGOTIATION OF NONCONFORMING TREATIES AND AGREEMENTS

The concept contained in Sec. 103(b) of the Senate version [Com. Print, pages 31-32] is important; without such a stimulus, renegotiation processes could drag on indefinitely. However, it appears unclear under the existing language whether the Secretary is expected to merely initiate negotiations by January 1, 1977, or to actually amend or terminate these agreements by that date. We also believe that an annual report to the Congress from the Secretary on the progress of renegotiations, as required in Sec. 202(c) of the House Bill [Com. Print, page 32] is desirable.

Recommendation: For clarity, include a statement in the Conference Report that it is the intention of the Congress that the Secretary initiate action on nonconforming agreements no later than January 1, 1977, and that he proceed on renegotiations as expeditiously as possible. In addition, the language contained in Sec. 202(c) of the House Bill should be added to Sec. 103(b) of the Senate version.

VI. CONGRESSIONAL REVIEW OF INTERNATIONAL FISHERY AGREEMENTS

International fisheries agreements are and will continue to be important factors regarding long term protection of fisheries resources adjacent to, emanating from, or depended upon by the United States. Inasmuch as many of these agreements are executive agreements rather than treaties and therefore not subject to ratification by the Senate, the receptiveness of the Executive Branch to the needs of United States citizens is by no means guaranteed. Therefore, we strongly favor the concept in Sec. 206 of the House version [Com. Print, pages 38-42].

Recommendation: Sec. 206 of the House version should be inserted as a new section after Sec. 103 of the Senate version. We question whether Sec. 206 must be as explicit and detailed as it now exists. However, since much of this section relates to the internal operations of the Congress, we believe that the Conferees are best qualified to make this determination.

VII. TERMINATION OF AUTHORITY

Both versions contemplate the possibility of the United States becoming a party to a Law of the Sea or similar treaty which could conflict with the provisions of this Act. However, while the Senate version would cancel the authority of Title I of the Act entirely, the House version merely provides that regulations affecting foreign nationals be amended by the Secretary to conform to the elements of such a treaty. We believe that terminating the authority of Title I without mitigation could seriously disrupt the workings of the Federal bureaucracy and lead to the potentiality for misunderstandings and confusion. Consequently, we prefer the approach taken by the House.

Undoubtedly, there may also be conflicts between a Law of the Sea Treaty and the provisions of the Act itself. However, it is unlikely that such a treaty would be self-executing. Therefore, implementing legislation by the Congress is a virtual certainty, and any necessary amendments to this Act could be taken care of at that time.

Recommendation: Insert the substance of Sec. 205 of the House version in place of Sec. 104 of the Senate version [Com. Print, pages 37-38]. Some editorial changes will be necessary. The language of the House version which references treaties emanating from the Law of the Sea Conference only (rather than other comprehensive treaties) should be retained so as to prevent the possibilities of a misunderstanding.

VIII. NATIONAL STANDARDS

A. The national standards set forth in the respective versions are substantially similar. One element which concerns us is the prohibition against discrimination [Com. Print, page 45]. We understand that the Councils are basically interstate organizations, and therefore may not be subject to Fourteenth Amendment nondiscrimination requirements, which is the reason for including this prohibition in the bill. However, this is not spelled out. Consequently, there is a danger that (1) individuals who are somewhat disenchanted with conservation measures may engage in frivolous lawsuits or appeals based on this phrase, and (2) courts may misunderstand the reason for its inclusion and decide that it was intended to impose a stricter nondiscrimination

standard than is provided by the Fourteenth or Fifth Amendments.

Recommendation: The Conference Report should state clearly that the nondiscrimination prohibition in the bill is intended to cover the novel concept represented by the Councils, and that the standard for review is the same as for claims brought under the Fourteenth or Fifth Amendments.

B. We have an additional concern with respect to Sec. 201(a)(4) of the Senate version [Com. Print, page 45] relating to national standards. The reference in this paragraph to "allocation" operates to encourage Federal limited entry, and the legislative history demonstrates that this was intended. We are adamantly opposed to Federal limited entry.

Recommendation: Delete all of Sec. 201(a)(4) of the Senate version after the first sentence.

C. We believe very strongly that implementation of the programs contained in this legislation should take into account existing management entities which are performing satisfactorily so as to avoid duplication of effort and changes which result in no benefit. Section 201(a)(7) of the Senate version [Com. Print, page 46] appears to recognize this. However, specific mention should be made of the desirability of this approach in the Conference Report

Recommendation: In discussing Sec. 201(a)(7) of the Senate version, the Conference Report should indicate the intention of the Congress that existing fisheries management organizations (such as those of the states) should be utilized to the fullest possible extent so as to preclude duplication of effort and meaningless changes of jurisdiction.

IX. GUIDELINES FOR REGIONAL FISHERY MANAGEMENT COUNCILS

Section 201(b) of the Senate version [Com. Print, page 47] requires the Secretary of Commerce to establish guidelines for the Fishery Management Councils to follow in the development of management plans and proposed regulations. It is our belief that this authorization provides an opportunity for the Secretary to abuse the intended relationship between the Councils and the Federal government by using the guidelines to affect the outcome of Council deliberations on plans and regulations as well as the mechanisms by which they are obtained. The presence of national standards and the opportunity for review by the Secretary are a more than sufficient safeguard to protect the interests of the Federal government. Concurrently, the Councils should be free to develop their recommendations without significant Federal interference if rational measures conforming to regional conditions are to be expected.

Recommendation: Section 201(b) of the Senate version should be deleted.

X. COMPOSITION OF FISHERIES COUNCILS

First of all, we recognize that conditions in various United States fisheries differ substantially, and that the composition of the Councils and the means of determining that composition may necessarily have to vary.

However, we strongly object to the composition of the Council in our region as it is presently set forth in the House version [Com. Print, pages 50-52]. The failure of the House version to specify the origin of eight of the Council members guarantees continuous uncertainty, confusion, and hardship among fishermen within the region. It would insure that political consideration and the formation of political coalitions, replete with constant power struggles and political compromises divorced from rational fisheries management, would take place continuously. Long delays in the formulation of management programs and a preference for half-measures representing only the lowest common denominator would be commonplace. As the wild card members changed, so would the political coalitions, and in turn so would the management programs. The big loser would be the fisherman, regardless of which state he came from. In sum, utilization of the House version would result in the imposition of an additional and unmanageable layer of bureaucracy with no corresponding benefits. While we sympathize with the attempt of the House draftsmen to construct a council in the most democratic means possible, we would emphasize that democracy without a means of insuring final resolution of problems is virtually useless.

For those who feel that, under the Senate version, they would be in the minority, we would point out that the Secretary has powers of review of proposed management plans in accordance with the national standards, and that such standards prohibit discrimination.

Some may also believe that the House version would more accurately provide for representation of the total public interest on the Council. In response, we question whether the Federal government (in the form of the Secretary appointing eight members) is anywhere near as qualified as the Governors of the respective states to determine which persons from their state represent the public interest.

> Recommendation: We reiterate that if representatives from other regions wish to utilize the House version or a combination of the House-Senate approaches, we have no objection; consistency is not as important as creation of a workable council reflecting the conditions in each region. With respect to Alaska's fisheries, however, we urge in the strongest terms possible that the composition system embodied in the Senate version be retained.

XI. STAFFING

Section 302(d)(2) of the Senate version [Com. Print, pages 56-57] permits regional councils to retain individuals for purposes of obtaining information necessary to formulate management programs. We believe it to be

important for this responsibility to lie with the Councils rather than the Secretary so that the Councils are free to develop their programs as they see fit, using such data as they consider relevant.

> Recommendation: Retain Section 202(d)(2) of the Senate version.

XII. TIME CONSTRAINTS

It is important to retain the time constraints for appointments and development of management regulations and plans contained in the Senate version. Without this stimulus, delays running into years could result before the programs envisioned by the bill are implemented.

> Recommendation: Retain provisions in Sec. 202 and Sec. 203 and other appropriate parts of the Senate version imposing deadlines on review of agreements, appointments and formulation of management programs.

XIII. PRE-EMPTION OF STATE FISHERIES MANAGEMENT RESPONSIBILITIES

The Senate version recognizes the traditional right of the states to manage fisheries at least within the territorial sea. Senate Bill, Sec. 202(g)(1) [Com. Print, pages 62-63] deprives the Councils of any authority to make recommendations regarding fisheries occurring principally within such waters. Federal authority is treated similarly in Senate version, Sec. 205 [Com. Print, page 87].

The House version, however, clearly authorizes Federal incursions into state domain in Sec. 309 [Com. Print, pages 87-89].

We strongly urge that the provisions of the Senate version be employed by the Conferees. There is no significant justification for Federal intervention into local coastal fisheries utilized only by United States fishermen.

> Recommendation: Retain Sections 202(g)(1) and 205 of the Senate version; avoid Section 309 and related sections of the House version.

XIV. CONTINUATION OF ACCEPTABLE STATE REGULATIONS

Section 202 (g)(3) of the Senate version [Com. Print, page 69] encourages the use of existing state regulations where they are acceptable. Obviously, regulations which have proven their value should not be discarded merely because new legislation is enacted.

> Recommendation: Retain Section 202(g)(3) of the Senate version.

XV. NONDISRUPTION OF FISHERIES

Similarly, Sec. 202(g)(4) of the Senate version [Senate Bill, page 101, lines 8-10] is intended to insure that the transition from existing management to the new arrangement involving regional councils be accomplished in a manner which does not needlessly inconvenience the fisherman, who is the beneficiary of the legislation.

> Recommendation: Retain Section 202(g)(4) of the Senate version.

XVI. NATURE OF COUNCIL REGULATIONS

A. Section 203(b)(1) of the Senate version [Senate Bill, page 102, lines 22-25] is in need of a minor clarification to distinguish between limited entry and other types of regulations governing fishing vessels.

> Recommendation: Section 203(b)(1) to read:
>
> > "designate zones where, and designate periods when, fishing shall be limited to, or shall not be permitted, or shall be permitted only as to specified types or sizes of vessels or gear;"

B. Section 203(c)(2) of the Senate version [Senate Bill, page 105, lines 3-7] contains an incorrect citation to another part of the bill. Section 203(b)(2) rather than (b)(1) relates to limited entry.

> Recommendation: Change the reference in Section 203(c)(2) from "(b)(1)" to "(b)(2)".

XVII. CONFIDENTIALITY OF STATISTICS

For reasons of consistency and clarity, we favor the Senate version regarding the general operations of the Councils except as otherwise stated in this paper. However, while we encourage the collection of statistics, we believe the requirement of the House version that statistics relating to the financial and other records of individuals be kept confidential is an important safeguard to individual privacy. Moreover, our experience with a similar Alaska state law has demonstrated that this protection encourages fishermen and processors and others to submit accurate statistics.

> Recommendation: Retain Sec. 202(f)(1) of the Senate version [Com. Print, page 59], but incorporate appropriate language from Sec. 304(b)(4) of the House version [Com. Print, page 67].

XVIII. FOREIGN STATISTICS

Statistics on foreign fishing effort and related data will be necessary if the regional Councils are able to efficiently perform their function of developing management programs regarding foreign fishing. However, it is necessary that this information be accurate, detailed, and meaningful. The Conference Report should indicate clearly that the United States must require detailed data and economic information from foreign governments, including production costs and figures on the value of fisheries products. In turn, the Federal government must deliver this information to the regional Councils so they will be able to set the value of fishing privileges from the standpoint of foreign vessel license fees.

> Recommendation: In discussing Sec. 102(b)(2) of the Senate version [Senate Bill, page 84] in the Conference Report, appropriate mention should be made of the type of foreign statistics which will be required by the United States.

XIX. SECRETARIAL REVIEW

The review standard contained in the Senate version is more clear and provides for greater accountability than does the House version.

> Recommendation: Employ Section 203(c) of the Senate version [Senate Bill, pages 104-105].

XX. NATURE OF SECRETARIAL REGULATIONS

A. It is the general consensus that existing state regulatory and administrative organizations will be relied upon in many cases by the Secretary to continue to carry out management responsibilities and to participate in decisionmaking in the field. It is important that the Act specifically authorize the Secretary to take advantage of such organizations.

While this type of regulation should be authorized, we object to the power of the Secretary to adopt regulations governing the operation of Councils. Internal workings of Councils should be established by them according to their needs and objectives.

> Recommendation: The second sentence of Sec. 203(c) of the Senate version should be amended to read [Senate , page 106, lines 7-11]:
>
> "In addition, such regulations shall pertain to, but need not be limited to, [THE OPERATION OF COUNCILS] the setting of fees, procedures for obtaining data and statistics relating to fishing,

implementation of conservation and management programs in the field, and other matters relating to the purposes of this Act."

So that it is clear that the Councils are empowered to establish their own procedures, Sec. 303(e)(4) of the House version [Com. Print, page 58] should be added to the appropriate part of Sec. 202(d) of the Senate version [Com. Print, page 56].

B. Alaska is opposed to any Federally-initiated limited entry or limited access program. Sec. 203(c)(2) of the Senate version [Senate Bill, page 105] reflects this point of view by prohibiting such action unless it is specifically approved by the appropriate Council. We cannot overemphasize the importance of maintaining this prohibition in the final product adopted by the Conferees.

Recommendation: Retain the prohibition against a limited entry program independently initiated by the Federal government contained in Sec. 203(c)(2) of the Senate version.

XXI. EMERGENCY ACTION

Where genuine emergencies exist, regulatory action may be required within a matter of hours. Immediate action may be impossible if it is necessary for the Secretary to approve an emergency measure. Rather, the responsibility in this area should be vested in the Secretary's regional representative, who will be familiar with local conditions.

Recommendation: Section 203(f) of the Senate version [Senate Bill, page 106] should begin as follows:

"If the Secretary or his delegate determines. . .".

XXII. INTERIM PLANS

A. While the language of the Senate version regarding emergency action is satisfactory, the situation of management of stocks pending development of management programs is not specifically covered. Therefore, the essence of Sec. 308 of the House version [Com. Print, pages 80-81] should be incorporated into the Senate version after Sec. 203(f) [Senate Bill, page 106].

Recommendation: Include Section 308 of the House version, with appropriate editorial changes, after Sec. 203(f) of the Senate version.

In addition, include in the Conference Report a statement that it is expected that the Secretary will subdelegate his responsibility regarding emergency action and interim plans to the Regional Director of the National Marine Fisheries Service or other field personnel.

For purposes of consistency with this recommendation, the definition of "depleted" in Sec. 3(4) of the House version [Com. Print, page 11] should be included in the Senate version.

B. Emergency regulations promulgated under Sec. 308 of the House version are clearly temporary in nature since they will remain in effect no longer than 180 days. However, it is not spelled out that management plans prepared under Sec. 308(a)(3)(A) of the House version [Com. Print, page 80] are also interim in nature until the appropriate Council has had the opportunity to develop a permanent plan. Finally, we see no rationale for limiting temporary emergency plans and regulations to the present nine-mile contiguous fishery zone rather than for the enlarged zone.

Recommendation: Amend Sec. 308(a)(3)(A) of the House version [Com. Print, page 80] to read:

"prepare, after consultation with appropriate States and fishing industry representatives, [A] an interim management plan which will remain in effect until the appropriate council develops a permanent plan, which shall apply within the conservation and management zone established by this Act [THOSE WATERS WHICH COMPRISE THE CONTIGUOUS FISHERIES ZONE ESTABLISHED BY THE FIRST SECTION OF THE ACT OF OCTOBER 14, 1966, FOR THE FISHERY; AND]."

XXIII. FISHERY MANAGEMENT REVIEW BOARD

We have considered carefully the advantages and disadvantages of the review board concept, which is included in the Senate version but not the House version. For the following reasons, we believe that the review board is not desirable:

1. There being only one board, it will have a national rather than regional orientation (the opposite of the Council arrangement). The board may feel constrained to make decisions which are consistent and symmetrical nationally but which do not properly consider inherent regional differences.

2. We are not convinced that administrative review procedures will result in expedited settlement of disputes. Our

experience, in fact, would tend to lead us to the opposite conclusion. Often, such disputes will be carried to the courts anyway, and the presence of an appeal board may do nothing but insert an extra step.

3. We believe that the courts are more likely to uphold a Fisheries Management Council than would an appeals board. We foresee that a number of individuals may undertake what amount to obstructionist appeals, and be encouraged to do so simply by the presence of a board. Since the board is established to hear appeals, it may feel more constrained to be receptive to frivolous or unjustifiable appeals. A district court, however, should be inclined to recognize that the Councils are governmental entities and were established by the Congress to represent the public interest; consequently, their determinations should be given great deference.

4. Under the Senate version, foreign nationals (as well as resident aliens) would be given virgually automatic standing to obtain an appeal. Thus, for example, Soviet or Japanese fishermen could conceivably tie up management plans or proposed regulations developed by a Council through the appeals board. While it might be possible to do so as well through the courts, standing to sue would have to be demonstrated; the review board, on the other hand, virtually invites them to take action.

> Recommendation: Section 204 of the Senate version [Senate Bill, pages 103-113] should be deleted. For consistency, Section 3(2), defining "Board", [Senate Bill, page 75] should also be removed.

XXIV. PENALTIES

Section 301(e) of the Senate version [Com. Print, pages 94-95] fails to provide for vessel forfeitures. This is a highly important legal weapon where expensive vessels and large catches are involved in violations, as has been demonstrated in prosecutions and settlements under the Bartlett Act with respect to illegal fishing by foreign nationals. Since the House version does provide for vessel forfeiture, appropriate language should be inserted authorizing this procedure.

> Recommendation: The words "any fishing vessel" from Sec. 313(a) of the House version [Com. Print, page 94] should be included in the first sentence of Sec. 301(e) of the Senate version.

XXV. ENFORCEMENT AND REPEAL OF BARTLETT ACT

Section 303(b) of the Senate version [Com. Print, page 101] provides for

repeal of the Bartlett Act, under which foreign fishing violations are presently prosecuted, at the effective date of the Act. However, enforcement of the Act is itself delayed until July 1, 1977 by virtue of Sec. 302(d). This would result in an interim of more than a year during which there would be no statute under which to prosecute violations by foreign nationals in the existing nine-mile Contiguous Fisheries Zone.

> Recommendation: Redraft Sec. 303 to provide for a continued nine-mile Contiguous Fisheries Zone for enforcement purposes until July 1, 1977, as well as continued application of the existing Bartlett Act during that period.

XXVI. MARINE MAMMALS

The Senate version includes all marine mammals in the definition of "fish" [Com. Print, page 12] and thus would extend full United States jurisdiction over all marine mammals within the 200 mile zone. The House version, on the other hand, does not extend United States jurisdiction over marine mammals in the 200 mile zone but would amend the Marine Mammal Protection Act of 1972 so that its provisions would apply to United States nationals throughout the 200 mile zone.

Alaska continues to support the Senate version. However, in order to minimize problems in administering provisions of the 200 mile law with regard to marine mammals and the Marine Mammal Protection Act of 1972, we recommend that the Senate version be further amended so that United States jurisdiction in the 197 mile zone outside territorial waters would apply only to foreign nationals.

> Recommendation: Amend Sec. 3(7) of the Senate version [Com. Print, page 12] as follows:
>
> "'fish' means all living marine organisms, including, but not limited to, finfish, mollusks, crustaceans, [MARINE MAMMALS, AND] all other forms of marine animal and plant life (but not including birds); and marine mammals only with respect to foreign nationals not legally admitted to the United States;"

SUMMARY

RECOMMENDATIONS

OF THE

ALASKA LAW OF THE SEA COMMISSION

Prepared by:

Office of Senator Chancy Croft

February 20, 1976

IN A WORLD WITH RAPIDLY SHRINKING FOOD SUPPLIES AND POPULATION GROWTH RISING JUST AS RAPIDLY, THE OCEANS OFFER AN ABUNDANT SOURCE OF PROTEIN. BUT IN RECENT YEARS, WASTEFUL HARVESTING PRACTICES AND THE INABILITY OF THE UNITED STATES TO EFFICIENTLY PROTECT ITS FISHERIES HAVE THREATENED THAT FOOD SOURCE. SCIENTISTS HAVE IDENTIFIED 25 STOCKS OF FISH WHICH ARE EITHER CONSIDERED TO BE DEPLETED OR THREATENED WITH DEPLETION.

IN ALASKA, THE ONCE GREAT FISHERIES HAVE BEEN REDUCED MERCILESSLY DUE IN LARGE PART TO UNCONTROLLED HARVESTING BY FOREIGN FLEETS OUTSIDE THE JURISDICTION OF OF U. S. AUTHORITIES. EACH YEAR THOUSANDS OF SALMON ARE TAKEN BY FOREIGN VESSELS, OFTEN USING EQUIPMENT DECLARED ILLEGAL FOR ALASKAN FISHERMEN. ALSO TAKEN INCIDENTALLY TO BOTTOM FISH HARVESTING ARE HALIBUT AND CRAB. ANNUAL LOSSES OF SUCH MAGNITUDE CAN BE ILL AFFORDED IN A STATE WHERE, IN 1972, 16 OF THE 19 FISHERIES WERE CLASSIFIED BELOW THE POVERTY LEVEL.

ON JANUARY 28, 1976, THE UNITED STATES SENATE PASSED THE 200 MILE ZONE BILL, FOLLOWING ACTION TAKEN LAST YEAR BY THE U. S. HOUSE OF REPRESENTATIVES. THE TWO BILLS HAVE BEEN SENT TO A CONFERENCE COMMITTEE TO WORK OUT THEIR DIFFERENCES.

THE ALASKA LAW OF THE SEA COMMISSION HAS REVIEWED BOTH VERSIONS OF THE BILL AND, WHILE ENDORSING THE CONCEPT, HAS MADE SEVERAL RECOMMENDATIONS. THE MAJOR RECOMMENDATIONS TO THE CONFERENCE COMMITTEE ARE DEFINED IN THE FOLLOWING TWELVE POINTS.

REGIONAL COUNCILS

THE ALASKA LAW OF THE SEA COMMISSION ENDORSES THE ESTABLISHMENT OF REGIONAL

COUNCILS AS PROVIDED IN THE SENATE VERSION OF THE 200 MILE LIMIT BILL. THE SENATE VERSION PROVIDES NINE SEATS ON THE ALASKA REGIONAL COUNCIL WITH FIVE ASSIGNED TO ALASKANS.

FISHERY MANAGEMENT

THE COMMISSION RECOMMENDS RETENTION OF LANGUAGE IN THE SENATE BILL WHICH RECOGNIZES THE TRADITIONAL RIGHTS OF THE STATES TO MANAGE THEIR FISHERIES.

DISPUTES

IF DISPUTES DEVELOP BETWEEN UNITED STATES FISHERMEN AND FOREIGN NATIONALS WITH U. S. JURISDICTION, THE SENATE VERSION GRANTS A HARVEST PREFERENCE TO THE UNITED STATES FISHERMAN. IT ALSO LEAVES THE AUTHORITY TO DECIDE SUCH DISPUTES WITH THE REGIONAL COUNCIL. THE COMMISSION ENDORSES THIS CONCEPT.

INTERNATIONAL AGREEMENTS

CURRENTLY MANY INTERNATIONAL FISHERY AGREEMENTS ARE IN FORCE THROUGH EXECUTIVE ORDER. THE HOUSE VERSION OF THE 200 MILE LIMIT BILL WOULD PROVIDE FOR CONGRESSIONAL CONCURRENCE ON INTERNATIONAL FISHING AGREEMENTS. THE COMMISSION SUPPORTS THIS PROPOSAL.

LIMITED ENTRY

THE COMMISSION CAN FIND NO JUSTIFICATION FOR A FEDERAL LIMITED ENTRY PROGRAM. BOTH THE SENATE AND HOUSE VERSIONS ALLOW FOR THE ESTABLISHMENT OF A FEDERAL PROGRAM WITH THE SENATE VERSION ALLOWING IT ONLY ON INITIATION BY THE REGIONAL COUNCILS. THE COMMISSION RECOMMENDS THE EXCLUSION OF ANY AUTHORITY FOR THE ESTABLISHMENT OF A FEDERAL LIMITED ENTRY PROGRAM.

GUIDELINES FOR REGIONAL COUNCILS

THE SENATE VERSION OF THE BILL AUTHORIZES THE SECRETARY OF COMMERCE TO ESTABLISH GUIDELINES FOR THE OPERATION OF THE REGIONAL COUNCILS. THE COMMISSION RECOMMENDS THAT THE GUIDELINES BE ESTABLISHED BY THE REGIONAL COUNCILS THEMSELVES.

FOREIGN STATISTICS

UNITED STATES FISHERMEN HAVE OFTEN BEEN HAMPERED IN THEIR EFFORTS TO PROTECT THE NATION'S RESOURCES BY A LACK OF ACCURATE STATISTICS ON FISHING ACTIVITIES BY FOREIGN FLEETS. THE COMMISSION RECOMMENDS THAT THE REPORT OF THE CONFERENCE COMMITTEE CLEARLY DEFINE THE TYPE OF STATISTICS REQUIRED FROM FOREIGN GOVERNMENTS.

EMERGENCY ACTION

IN TIMES OF GENUINE EMERGENCY, THERE MAY NOT BE TIME FOR REACTION BY THE SECRETARY OF COMMERCE. FOR THIS REASON, THE COMMISSION RECOMMENDS THAT RESPONSIBILITY TO APPROVE EMERGENCY MEASURES SHOULD BE GRANTED TO THE SECRETARY'S REGIONAL REPRESENTATIVE WHO IS MORE FAMILAR WITH LOCAL CONDITIONS. THIS EMBODIES THE CONCEPT OF MANAGEMENT BY EMERGENCY ORDER WHICH IS A CORNERSTONE OF ALASKA'S FISHERIES MANAGEMENT.

FISHERIES MANAGEMENT REVIEW BOARD

THE SENATE BILL ESTABLISHES A NATIONAL FISHERIES MANAGEMENT REVIEW BOARD. THE COMMISSION FEELS THE NATIONAL CHARACTER OF THE BOARD DILUTES THE LOCAL COUNCIL APPROACH AND COULD LEAD TO FRUSTRATION AND UNNECESSARY DELAY IN IMPLEMENTING COUNCIL DECISIONS. THE COMMISSION BELIEVES COURT REVIEW ALONE WILL ADEQUATELY PROTECT THE RIGHTS OF ALL CONCERNED.

VESSEL FORFEITURE

THE HOUSE VERSION PROVIDES FOR THE FORFEITURE OF VESSELS FOUND IN VIOLATION OF THE LAW. THE COMMISSION FEELS VESSEL FORFEITURE IS AN EFFECTIVE AND NECESSARY DETERRENT TO VIOLATORS.

EXTENT OF JURISDICTION

THE COMMISSION RECOMMENDS THE SENATE VERSION WHICH RECOGNIZES THE UNITED STATES POTENTIAL HARVEST RIGHTS WITHIN THE 200 MILE LIMIT AND EXTENDS U. S. CONTROL OF ANADROMOUS SPECIES THROUGHOUT THE MIGRATORY RANGE.

FINDINGS AND STATEMENT OF POLICY

GENERALLY EITHER VERSION IS ACCEPTABLE. BUT THE SENATE VERSION PROVISION EMPHASIZING THE IMPORTANCE OF DEVELOPING A U. S. FISHERY FOR BOTTOM FISH IN ALASKAN WATERS SHOULD BE INCLUDED.

SCR

14

4640 Dale Road
Fairbanks, Alaska
January 23, 1975

Bob Hinman
Regional Game Supervisor
Alaska Department of Fish and Game
1300 College Road
Fairbanks, Alaska 99701

Dear Mr. Hinman:

The undersigned members of the Chena River Sportsman Club support any initiative to institute a predator control program in game management unit 20-A. This support includes aerial wolf hunting and/or a closed moose season. Though ordinarily many of us couldn't condone aerial hunting, we know this to be the only feasible approach in lowering wolf numbers. It's not by passing rumor that we believe the moose herd in 20-A to be in trouble and the wolf population to be extremely healthy. This is an area which we have in thepast extensively utilized and base our beliefs on <u>our</u> past and current field observations.

Jerry R. Pike Resident 34 years Fairbanks, Alaska
Sandra Kay Pike Resident 21 years. 5660 Arpt R
"Frenchie" Stan Ripley Resident of Alaska for 20 yrs
Lloyd W Pike P.O. Box 60412 Fairbanks
Joan S. Davis 5880 Airport Way - Fairbanks
Gene R. Davis 5880 Airport Way Fairbanks
Ted W Leonard 1401 Lathrop St. Fairbanks
Dottie A. Sound 1401 Lathrop, Fanbaks
Margaret Witkowski 5-25 Brenner Fairbanks
Dorothy Thayer
Mrs. Daphne Kirk 1426-3rd ave, Fairbanks
~~Fred Kirk~~
Frederick Kirk - "Bud" 1426 3rd ave Fairbanks
Betty Redfern 4735 Sid Rosewood Fairbanks

4640 Dale Road
Fairbanks, Alaska
January 23, 1975

Bob Hinman
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Alaska Department of Fish and Game
1300 College Road
Fairbanks, Alaska 99701

Dear Mr. Hinman:

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R.A. Fellows 4780 Dale Rd
Jack Smith " "
Dan Wright 4763 5th St.
Barbara Wright " "
Marjory E. Pile P.O. Box 60412 apt Anvil Alaska
Wm Elsey P.O. Box 3116 Fairbanks 7 years in
Dorothy M Witkowski 4640 Dale Rd

CONTINUATION OF PREVIOUS PAGE

Warren "Mc Mooses Kody Dr. Fairbanks
Louis Mc. Mooses Kody Dr. Fairbanks
Ronan E. Witkowski 4640 Dale Rd. Fairbanks
Carl R. Seifert 4735 Third & Cameron Fairbanks
Tom Bullock 4½ mile Badger Rd, Fairbanks
Roy Pedersen 2611 Dale Rd
Ray Kyzlarik 1136 Hayes FBKs Ak
Dale DeWolf 4578 Wood River Dr FBKs Ak

Box 2052
Fairbanks, Alaska
January 16, 1975

Dear Editor:

The recent meeting at the TVSA clubhouse indicated that the arrogant, Watergate mentality has spread to all branches of government, including the Alaska Department of Fish and Game.

The Alaska Department of Fish and Game must be notified that they will be placed on the "endangered" list if they persist in their arrogant plan to "poach" wolves in 20A.

The wolves, as well as the moose and caribou belong to all the people of Alaska and not exclusively to the Alaska Department of Fish and Game.

Wolf control must be carried out by private, licensed airplane hunters, licensed game hunters and licensed trappers. The wolf will then be the exclusive property of the successful licensed hunter, trapper or pilot.

A bounty of $1,000 for each dead wolf with a minimum of 150 wolves taken from 20A (would be a cheap price to pay for the moose saved) would give the proper incentive to make the control program successful.

Sincerely,

Jim Fuksa

Jim Fuksa

1347 Rewak Drive
Fairbanks, Alaska 99701
January 18, 1975

Alaska Department of Fish and Game
1300 College Road
Fairbanks, Alaska 99701

Gentlemen:

I am writing to protest your decision to institute aerial wolf hunting in Subunit 20A. I am an Athabascan Indian who was born and has lived his entire life in the Tanana Valley. For centuries my people have lived in harmony with the wolves and moose but with the advent of the white man everything that is Alaska is being destroyed. The white man has decimated the moose population and now proposes to attempt to destroy the wolves. With the incredible economic bias the white man has on everything I'm sure if he could think of a way to exploit the black spruce and river silt he'd attempt to wipe them out too.

In my opinion, through their inept "management" of the moose, the Department of Fish and Game have shown they couldn't "manage" their way out of a wet paper bag. The Department foolishly allowed a season on cow moose (due to some mystical insight they have into the moose's sex life) and allowed the herd to become depleted and now they plan to rectify their error by instituting aerial hunting of wolves. By some obscure twist of white man's logic these two wrongs will make a right. I say leave the wolves alone and if you're afraid of further depredations the wolves might make in the moose herd then I suggest you stake out Fish and Game employees for the wolves to eat.

Your feedlot mentality as regards Alaska's wildlife disgusts me. Alaskan residence does not guarnatee anyone a chance at a moose in their freezer. I do not understand where you feel you received a mandate to provide a protein subsidy to the citizenry. Since most of us receive a pay check then let's do our hunting in the meat counter of our local grocery store.

My fondest wish is that you and your gun equipped aircraft stop meddling in Alaska's wildlife and return to the cesspool of the lower 48 states from whence you came. Leave Alaska to the moose, the wolves and the Indians. Possibly the land can be saved before you destroy it completely.

Sincerely yours,

Allan J. Renfroe

cc; Governor Jay Hammond
Representative Mike Bradner
Ivan Thorall, Member, Alaska Fish and Game Advisory Board

5640 Airport Way
Fairbanks, Alaska 99701
January 16, 1975

Gentlemen:

I feel that the State of Alaska Department of Fish and Game has mismanaged the moose population in Game Subunit 20A. The recent decision of the Department to institute aerial hunting of wolves is nothing but an effort to lay blame on the wolf for the Department's wrongdoings.

In the fall of 1973, the Department was aware that the moose population in the unit had dwindled to less than half the number the area could usually support. The Department, therefore, decided to cut the population still further by authorizing a cow season. This only served to further deplete the population of moose.

Rather than use aerial hunting to correct the errors of the Department, I feel that it would be best to let nature take its course, close the area to hunting, and allow the ecology balance to right itself.

PAT JOHNSON

copies:

Representative Mike Bradner
Pouch V
Juneau, Alaska 99801

Governor Jay Hammond
Pouch A
Juneau, Alaska 99801

Mr. Ivan Thorall
912Darnette St.
Fairbanks, Alaska 99701

Senator John Butrovich
Pouch V
Juneau, Alaska 99801

State of Alaska
Department of Fish and Game
1300 College Road
Fairbanks, Alaska 99701

P. O. Box 81443
College, Alaska 99701
January 16, 1975

Governor Jay Hammond
Pouch A
Juneau, Alaska 99801

Re: Aerial Wolf Hunting
in Game Management
Subunit 20A

Dear Governor Hammond:

At a Tanana Valley Sportsman's Association meeting on Tuesday, January 14, I was confronted with the awesome report by the Department of Fish and Game that aerial wolf hunting will begin in Subunit 20A before this spring. As a six-year resident of Fairbanks, my anxiety has grown yearly regarding such a move, and now that the reality is upon us, I see that my worries were not unfounded. Human error in environmental policy has caused a moose shortage, and as in the Lower 48, human ego is blindly and erroniously attempting to cover its own wrong doings by placing the blame on nature. Want more moose? Kill more wolves!

I'm certain you are aware of all the arguments, pro and con, regarding this subject. I myself am no expert by any means. But I do wish to voice my opinion and go on record as one more Alaskan opposed to such vicious and self-destructive human interference with a delicate eco-system. The Fairbanks Daily News Miner (1/15/75) quoted Hinman as saying that "the program (killing) will be as clean and well controlled as possible...the general idea is to get in there fast and hit hard and take at least 100 wolves a year and more if possible...such a hunt will not be a one time affair but will probably be a continuing program... it has to be, if the moose in the flats are to increase." In the same article, the News Miner also noted that there are an estimated 175 wolves in the flats.

One needn't be what Hinman labled an "outside extremist group" to see where this logic takes us: at 100+ wolves killed a year, plus the usual fur trappers' toll, it takes us to no more wolves. May God help his blind people.

Men wiped out the wolves in most of the southern states. It kept the cattlemen and hunters happy. And Alaskans are still under the maniacal illusion that every man should get his moose. Where does that attitude lead us when the human population is doubled? Alaskans must realize, before we kill all the wildlife, that they don't have to kill moose to survive. Times change, and so must attitudes. Killing wolves is only another paranoid human gesture to cover the real problem, the problem being how to keep

the voters happy and still keep Alaska the beautiful place it is. I hope that logic (through public education) will replace greed as the motivating force in Alaskan residents--and government representatives--in the handling of our wild friends.

Sincerely,

Barry Brown

Barry Brown

cc: Jim Brooks
Bob Hinman
Representative Don Young
Senator Ted Stevens
Senator Mike Gravel
Fairbanks Daily News Miner

Dear Sirs:

My husband and I came to Alaska one year ago. We came on a voluntary basis, tickled to death to have the opportunity to live in the "last Frontier".

We are both outdoors people. We love to back-pack, camp, fish and while I go but don't carry a gun, we both enjoy hunting. In the fall of 1974, we went moose hunting in the 20A area. We were both surprised to find that a cow as well as a bull moose could be hunted. My husband had misgivings about killing a cow. He was told that the reason for this ruling was that there were so many of them, it wouldn't matter. So after hunting four days and getting no shot at a bull, he took a cow.

Now we are told that the hunting season in 20A will be closed next year and probably for several years thereafter because the moose population has dropped to a level that is endangering the herd. And at the same time we are told that the wolf population in the area must be weeded out because they (quote)"are giving unfair competition to the hunters".(unquote)

First of all, I am not at all convinced that the wolf population in the area is as large as Department of Fish and Game would lead us to believe. And if it is, I do not feel that this is a justification to open war on them. As much as I enjoyed that moose in the freezer and on my table, I would gladly forfeit it to a wolf. I am not in favor of aerial hunting of the wolf in order to right a wrong done by mankind. Mismanagement has caused the inbalance in the area. Now let's just get out of there and let nature right the wrong.

The idea of wolves on the outskirts of town does not terrify me. It reminds me of where I am, in the "Last Frontier". Where else in the world do I have a chance of hearing and possibly seeing a wolf in the wild? It's things like this that brought me here and I love it. Leave the wolves alone.

Sincerely,

Mrs. J. V. Owen

Mrs. J. V. Owen
Fairbanks Resident and Proud of it.

January 16, 1975

Dear Sir:

I have never written a letter of protest before in my life, but after attending the meeting of the Tanana Valley Sportsman's Association last Tuesday night, January 14, 1975, I feel moved to say something about the moose vs wolf controversy.

1. By their own admission, the Department of Fish and Game has made gross errors in the counting and estimating of the number of moose in the 20A hunting area. And yet they speak authoritatively of the estimated number of wolves in the area. Their admission of error in the first instance does not inspire confidence in the second.

2.I do not buy their estimate of the number of moose consumed in one year by the wolves in 20A, ie., 300-400 calves and 300-400 adult moose for a pack of 175 wolves.

3. When asked repeatedly about their policy of both cows and calves being taken from the 20A area, the representatives from Fish and Game refused to answer. In my opinion, this was certainly mismanagement.

4. The problem is too many hunters with too few restrictions and too long a hunting season <u>not</u> too many wolves.

My solution to the problem that exists is not to open war on the wolves. Close hunting in the area indefinitely. Let nature take it's course and set it's own level. It is not the wolf that is endangering the moose herd in 20A...it is the hunter.

Thank you.

Sincerely,

Sherry Owen

Mrs. Sherry Owen
204 Eureka
Fairbanks, Alaska 99701

L 16 January, 1975

Robert Hinman:

I have watched and listened to the recent furor about moose management in Unit 20-A. I wish to make two points to you.

1) Anyone who could see past the Tanana River from Fairbanks could predict the current levels of moose in Unit 20-A. Mel Buckholtz said that the ADF&G could not predict the rapid increase in harvest. I say they could. The road that the military pushed across 20-A to the Blair Lakes Bombing Range gave new late--season access to 2 and 4 wheel drive trucks. This impacted the Gold King area with snow machines and skyrocketed the harvest. People like trapper Jim Smith told this to the Fish & Game Biologists, but this could not be seen from the College Road Office. I made a written proposal to the Board to eliminate mechanized ground vehicles from 20-A which would have decreased the harvest to acceptable levels and avoided the present crisis. As you may remember, I was criticized in the newspaper with the statement that I did not want the weasels competing with my horses. This remark was from one of those who do things only for personal reasons and cannot look forward in game management but only rearward. I repeat, the present moose situation was predictable and your office was repeatedly warned.

2) The second point. You may decide whether or not to institute further wolf controls in Unit 20-A. As a dues-paying sportsman, I say do it the most reasonable way possible. Do not put Fish & Game in the expensive business of wolf control when there are sportsmen (who pay your salary) who want to do it for nothing, under permit, and for recreation. I think that just because some Fish & Game personnel want to kill some wolves is not reason to force the sportsmen to pay their way to take away the sportsmen's recreation. Be reasonable. Look at the Yellowstone Elk Herd.

This is intended to be constructive. That is why I write to you instead of to the newspaper. In closing, you will have to get your finger on the pulse of what is happening. Too many of your biologists do not feel the pulse due to their own personal calouses. You will have to begin restricting mechanized ground access to hunting areas or more of Alaska's game will go the way of the Unit 20-A moose and caribou.

Joe Nava

cc Robert Rausch

P.O. Box 2658
Fairbanks, Alaska 99707
January 15, 1975

Mr. Ivan Thorall
912 Barnette St.
Fairbanks, Alaska 99701

Dear Mr. Thorall:

The recent decision to open Subunit 20A to aerial wolf hunting is an attempt by the Department of Fish and Game to appease the hunters by punishing the wolves for the departments mismanagement of the moose population in the Interior. The days of hunting a moose as a supplement to one's income went out in Alaska along with the stern wheeler. The average hunter is not a man living off the land. Mr. Average Hunter owns wither a $10,000 aircraft, a $3,000 ATV, a $3,000 riverboat or a $2,500 snow machine along with a $6,000 pickup truck (which is probably 4 wheel drive). His income is in excess of $8.00 per hour, he lives in a modern home and takes vacation time to hunt. The year is 1975, not 1938. It's time to manage the game for all the people of Alaska and not just the meat hunter.

I find aerial hunting of wolves abhorrent. I am aware that aerial hunting will not wipe out the wolf population forever in the Subunit but it is a brutal unsportsmanlike method of "correcting" the department's bungling. If any predator must be removed from Subunit 20A I suggest that man be removed permanently and the wolves be left alone. I write as a 30 year old life long Alaskan who would rather see hunting eliminated completely than see the Interior treated as a meat locker for its human residents. Don't make the wold pay for man's mistakes.

Sincerely,

Ann Renfroe

cc: Alaska Department of Fish and Game, Juneau
Alaska Department of Fish and Game, Fairbanks
Governor Jay Hammond
Representative Mike Bradner
Senator John Butrovich

George E. Gordon
P.O. Box 80323
College, Alaska 99701
January 8, 1975

State of Alaska
Dept. of Fish & Game
1300 College Rd.
Fairbanks, Alaska

Dear Sirs:

The recent articles in the Daily News Miner concerning depletion of moose in the Tanana flats appears to be a blatant attempt on the part of your department to cover up an example of complete mismanagement of this renewable resource by inept personnel.

Wolves certainly aren't responsible for this fiasco, the causes are obviously setting seasons that are to long and bag limits that allow taking of any moose that moves, ie cows and calves as well as bulls. No wonder there aren't enough sick moose for the wolves.

In your attempts to now rectify the gross mistakes of the past it would make the difficult decisions on complete closure and destruction of guiding in the area and aerial wolf hunting more palatable to sportsmen if your department would admit to making these mistakes rather than trying to cover them up with a public relations campaign such as you've started in our local paper.

Sincerly,

George E. Gordon

cc: Editor - Daily News Miner,
Dept. of Fish & Game, Juneau, Alaska

THE WOLVES OF CORONATION ISLAND

by

Harry R. Merriam [1]
Alaska Department of Fish and Game

Introduction

On October 27, 1960, four timber wolves (Canis lupus ligoni), all approximately 19 months old, were released on Coronation Island in Southeast Alaska. At the time of the transplant deer were present on the island but there was no knowledge of prior occupancy by wolves. The wolves were taken from a den on Kuiu Island when about one month old and were held in captivity until their subsequent release.

Wolves are indigenous to most of Southeast Alaska with the exception of Admiralty, Baranof and Chichagof Islands. The Stika black-tailed deer (Odocoileus hemionus sitkensis) is present in varying degrees of abundance throughout Southeast Alaska and normally is the major food item for wolves. In areas where deer and wolves co-exist wolves must influence deer populations, but the importance of this relationship has not been demonstrated. Deer populations in this northern region fluctuate greatly depending on the severity of the winter. Many people feel wolves should be controlled to provide more deer for the hunter and a bounty system initiated by the Territorial Legislature in 1915 is still in effect.

The objectives of the project are to determine the impact of wolves on a deer population, factors which control wolf numbers and changes in the habitat induced by the introduction of a predator species.

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[1] Presented at the 15th Alaskan Science Conference, Fairbanks, Alaska, September 2, 1964.

Transplant Site

Coronation Island is situated at the outer edge of the Alexander Archipelago in Southeast Alaska, approximately 80 miles southeast of the town of Petersburg (55° 53' North latitude, 134° 15' West longitude). It is about ten miles long by three and one-half miles wide containing an area of 30 square miles. The shore line is irregular, indented by several bays and exposed on the west and south to the sweep of the Pacific Ocean. The ground formation is predominantly limestone and the highest point on the island is 1,960 feet. About 80 per cent of the island is forested, 11 per cent muskeg, 6 percent subalpine and the remainder, rock, alder slide and water. Forest cover is primarily Sitka spruce (Picea sitchensis) and western hemlock (Tsuga heterophylla) with smaller amounts of yellow cedar (Chamaecyparis nootkatensis) present. The influence of the marine climate results in milder winters with less snow accumulation than in most other areas of Southeast Alaska.

Pre-wolf Conditions

In 1959 when the author first visited the island, deer densities were not high compared to many other areas of Southeast Alaska; however, because of mild winters the deer population had probably remained stable for many years. In spite of the low deer density utilization of food species was so great that available forest understory was almost completely removed. The more palatable food species such as red huckleberry (Vaccinium parvifolium), blueberry (V. ovalifolium), black current (Ribes bracteosum), elderberry (Sambucus racemosa), skunk cabbage (Lysichitum americanum), ground dogwood (Cornus canadensis) and deer heart (Fauria cristi-galli) were present only

in locations inaccessible to deer. Even unpalatable species as rusty menziesia (Menziesia ferruginea), sword fern (Polystichum munitum), devils club (Oplopanax horridus) and hemlock and spruce reproduction were missing from the forest floor.

Klein (1963) demonstrated that deer on Coronation Island (especially males) were about 20 per cent smaller than deer of equivalent age on better ranges of Southeast Alaska. He also showed that the nitrogen content of rumen samples from Coronation Island deer was significantly less (4.47 compared to 6.42 for gross sample) than from Woronkofski Island, one of the better deer ranges which also supported a wolf population.

Remains of deer carcasses within the beach fringe evidenced some annual mortality and examination of bone marrow indicated it was probably from malnutrition.

Post-wolf Conditions

In October, 1960, two male of two female wolves were placed on the island. At least one pup was born in the spring of 1961. In July, 1961, both of the original females were killed by a fisherman; only one was lactating. In June, 1962, positive evidence of only two wolves was found. In April, 1963, an additional adult female was placed on the island. In August, 1963, a family group of three pups and two adults was seen. Tracks indicated the presence of two additional adult wolves. In July, 1964, a family group of four adults and two pups, two groups of three adults each and a single adult were seen. Some of these sightings may have been duplications; however, there are at least seven adults and two pups on the

island at the present time. In July, 1964, fresh wolf tracks were encountered on all beaches. A well-defined wolf trail was present in the beach fringe along the entire northern shore of the island and trails were also present on the island proper.

Wolf scats have been collected and analyzed each year since the transplant. Table 1 lists the food items identified.

Table 1. Food items contained in wolf scats from Coronation Island.

Year	No. Scats	Frequency of Food Items (% in total scats collected)		
		Deer	Harbor Seal	Other
1961	146	78	43	2
1962	18	89	(checked only for deer)	
1963	45	89	53	27
1964	77	95	32	14

The primary food item of the wolves has always been deer. The incidence of deer remains in scats has increased from 78 per cent in 1961 to 95 per cent in 1964. Harbor seal (Phoca vitulina) is the second most important food item. It is not known whether these animals are actually killed or are dead animals which wash up on the beaches. Seals are common in the area and have been observed hauled out on gravel beaches at least 100 feet from the waters edge. Under these circumstances wolves could probably kill them. Most scats contained some wolf hair and other miscellaneous food items including mink, land otter, mice, birds and crabs. A large number of freshly broken cockle clam shells (Clinocardium spp.) were noted in the timber immediately adjacent to the beach. Tooth marks indicated that wolves had broken and probably eaten the clams. These clams are usually

only a few inches below the surface in sandy intertidal areas and could easily be dug by wolves.

Since the introduction of wolves deer numbers have been reduced. In 1959 deer were not as abundant on Coronation Island as in most other areas of Southeast Alaska, however, evidence of deer was common. Table 2 lists deer observations per day before and after the wolf introduction.

Table 2. Deer observations on Coronation Island.

Year	No. Man-Days	No. Deer	Deer per Day
1959	6	49	8.2
1960	Wolf Introduction		
1961	9	32	3.6
1962	3	6	2.0
1963	8	1	0.1
1964	7	1	0.1

In 1959 well-defined deer trails were present. By 1964 these trails had grown over with vegetation and were difficult to locate. However, some evidence of deer was present throughout the island and at least one fresh deer track was seen on each beach searched.

When the island was first visited in 1959 carcasses of deer were common within the beach fringe. Examination of the bone marrow showed that death was usually from malnutrition. In 1964 the remains of 11 deer were found. Only fragments of bone and hair were usually present, but in all instances except one the marrow was white and solid.

The most dramatic change on the island is the vegetative cover. Previously nearly every available plant was utilized by deer. The forest was open and park-like compared to the dense understory usually found in

Southeast Alaskan forests. Species which are generally unpalatable showed heavy use. This is the only site in Southeast Alaska where the writer has seen Sitka spruce hedged by deer. Inaccessible sites, such as roots of overturned trees, supported lush growth of several species of vegetation which were absent from the forest floor. Some plants of Vaccinium ovalifolium, V. parvifolium and Menziesia ferruginea, which had at some time in the past become established and grown too tall for deer to reach, had dense clumps of dead, browsed stubs about their bases.

In june of 1962 there were already signs of a decrease in utilization. Unpalatable species such as Menziesia ferruginea, Oplopanax horridus and the fern Polysticum munitum were beginning to appear. More desirable species as Cornus canadensis and deer fern (Blechnum spicant) were also becoming apparent. Careful observation revealed many small shoots of Vaccinium ovalifolium and V. parvifolium springing from hidden root systems. By July, 1964, changes in the vegetation could not be mistaken. The forest floor supported dense mats of Cornus canadensis and large clumps of Polysticum munitum. In many places the ground was green with small plants of Menziesia furruginea. Fauria crista-galli and Lysichitum americanum were present on the wetter sites and the old Menziesia ferruginea and Vaccinium spp. plants had lush green shoots about their bases which were less than four years old.

Conclusions

Wolves have now been present on Coronation Island for almost four years. They successfully adapted to wild conditions and produced pups at two years of age. At least one of the original males was still alive when four years

old (observed tagged animal). Wolf litters usually average seven or eight pups. Assuming a 1:1 sex ratio at birth and taking into account the death of the two original females during their second year, the maximum population at the present date could be 6 adult males, 5 adult females, 40 year-old animals and 40 pups; a total of 91 wolves. The actual population does not approach this number. Observations indicate there are between 7 and 11 adult and yearling wolves and 2 pups on the 30 square mile island at the present time. This is probably the highest wild wolf population per unit area in existence today. The presence of large amounts of wolf hair in some scats indicates that intra-specific strife may account for the slow increase in wolf numbers. Although their reproductive potential is great, wolves may rarely attain it. We have knowledge of three separate litters born on Coronation Island since 1960; however, the maximum number of pups known in any one litter is three.

Compared to most other areas of Southeast Alaska the present deer population on Coronation Island is low, but in spite of extremely heavy predation, wolves have not elimated the deer and in fact are presently utilizing them more than earlier. Deer numbers have been reduced; however, examination of bone marrow indicates that the remaining deer are in better condition than before wolves were present.

Changes in vegetative cover since the wolf introduction show that ranges in Southeast Alaska subject to heavy deer use recover rapidly when the pressure is released. Plants which appear to have been eliminated quickly re-established.

Literature Cited

Klein, David R. 1963. Physiological response of deer on ranges of varying quality. Ph.D. Thesis. Univ of British Columbia Vancouver, British Columbia.

April 23, 1975

Re: The annihilation of the wolf population in Alaskan wilderness

In recent news coverage I witnessed the practice of the shooting of wolves from hovering helicopters. The object of this practice was to protect herds of wild elk, on whom the wolves reportedly feed, in the interest of hunters who complain that wolves seriously depleted their supply. I understood that this practice was to be temporarily suspended in order for the legislature to study the situation.

Because of this moratorium, I thought that this might be the best time to ask you to address yourselves to the work of Farley Mowat whose study of wolves in Canada has been printed in a work made popular under the title Never Cry Wolf (Dell Publishing Co., Inc., 1963). Mr. Mowat studied the Canadian wolf at close range for a year as a government appointed biologist. His work is noteworthy in that it discloses facts which deny many long-accepted myths regarding the wolf. Among these are the following, which I will only briefly list in hopes that brevity will cause you to read what I write, and perhaps arouse your consideration to his writing, in the interest of a just decision on your behalf for the wolf population under your care and control:

1) The wolf does not consist on a basic diet of large "deer" (in Canada the caribou), but rather, suprisingly, of small rodents, even fish.
2) The wolf is not a fast runner and can only overcome the weakest or sickest animal, thus, "helping" Nature weed out the poorest animals with the result of strengthening the herd.
3) After careful study, Mowat discovered that often the depletion of these herds was caused not by the wolf, but rather by the hunters themselves, or by the native people who need much meat for the feeding of dog teams, but, for obvious reasons, were not anxious to report the actual numbers of their kill because of bounty laws.

These I think are only a few of the most important facts which you need to consider when making a decision which may very well cause the extinction of an animal misjudged and persecuted by man for centuries. Unfortunately, in this century man has the capabilities to destroy the last of any animal he so chooses. For this reason, he must be especially regardful to the facts, and not to special interest groups; otherwise he may find himself responsible for a new member in the post offices' long series of "extinct animal" stamps. I, therefore, implore you to direct yourself to the work of Farley Mowat, Never Cry Wolf. Fortunately, it is an engaging and easily readable work. Also, it is brief. This is in the interest of those whose time I am certain is cramped. In their same interest I will myself be brief. Thank you for your attention. In hopes my voice will be heard and regarded, I remain

Sincerely yours,

Joy Shea

Joy Shea
647 North Santa Cruz Avenue
Los Gatos, California 95030

cc: Alaskan State Legislature
Govenor Raul H. Castro
Senators Ted Stevens and Mike Gravel
Congressman Don Young
The Sierra Club

Interior Wildlife Association of Alaska

Conservation Wise USE of Resources

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S T A T E M E N T

February 6, 1975

to the

SENATE RESOURCES COMMITTEE

regarding

PREDATOR CONTROL IN ALASKA

Our group wishes to go on record as strongly endorsing predator control in Game Management Unit 20A. Further, we wish to call to your attention that game herds are being seriously reduced im many areas of Alaska at this time, in some cases due to hunting, but mainly wolf predation as shown by the poor moose and caribou calf survival. We believe an expanded control effort on wolves beyond 20A is warranted as soon as possible. In particular, the Nelchina, Eagle-Circle, Tanana, Galena and Bettles areas.

Our group is well aware of the squabble with the anti-hunting groups that is sure to ensue and that this initial effort in 20A must be performed as cleanly and smoothly as possible. We also believe that the Game Department is underestimating the magnitude of the undertaking in Unit 20A. We first believe that they are underestimating the number of wolves in 20A (see attached article by a biologist-guide residing full time on Wood River in the middle of 20A). And, secondly, we believe they are overestimating the effectiveness of Super Cubs in taking wolves in 20A. It is our belief that something over 70 percent of 350 wolves must be taken to effect any control. We believe that Super Cubs, given enough time, might effect a 40 percent take. But beyond that we think the Department, Legislature, Governor and Game Board should be prepared to use a helicopter for the remainder of the job. In fact, it could be done much more effectively right from the start using a helicopter. We suggest, however, that up to 40 percent of the wolves could be removed at no cost to the state if shooting permits are issued to individuals of proven capabilities and integrity immediately; then be prepared to use a helicopter during March to complete the job.

However it is done, we want to reiterate that our group endorses this long overdue effort to manage a few acres of Alaska for the benefit of the hunting public rather than as a national park.

February 7, 1975

Kay Poland, Chairman
Senate Resources Committee
Madame Chairman:

I have provided a folder for each member of the Resources Committee. In it you will find copies of letters from constituents in the Fairbanks area on the wolf subject. I am also including a copy of the February issue of the Alaska Magazine as a part of my presentation; I direct your attention to page 15 of that issue--the title of the article "I Live with Wolves" by Dolores Cline Brown. In the article a Yukon Territory resident recalls a series of battles won and lost in a continuing war with wolves near Mayo. I have provided you with this copy of the Alaska Magazine because the case so nearly parallels that in interior Alaska at this time.

I can also tell you some stories of the increases in wolves in the interior particularly in the Goodpaster River Valley. This is a large area north of Big Delta where I have a string of trapping cabins, and try to spend a good amount of my summer time, usually amounting to at least 45 days out of the summer and fall--certainly almost every weekend of most summers. I have not, however, spent any winter time on the river since 1970; prior to this time I trapped and spent a portion of most winters on the Goodpaster. I have myself observed many wolf kills or the aftermath of them in this area. In 1972 just from the weekends that we spent on the river, I could have directed you to eight separate wolf kills. In 1972 on August 28 while traveling up river shortly after dark, with several other passengers in my boat we found ourselves in the middle of a wolf pack of 13 wolves on the bank of the river about three miles above its mouth. We were within 150 feet of these wolves for approximately three minutes. It was a large well-fed pack. In the fall of 1974 I again hunted the same area only on the weekends in September. My brother-in-law accompanied me on these hunts and at one time in a large meadow area covering a couple sections within two miles of where the wolves were cited the previous year he had the occasion to be up in a look-out tree at the time when nine wolves went through the flats. This compares to wolf citings by myself or members of my family in previous years to maybe seeing one or two wolves in a year.

I believe that part of the great increase in wolves in the Goodpaster Drainage is due to the fact that the pioneers who made their homes on the river for many years are no longer there, Lawrence Johnson having died in 1958, and Slim Carroll having passed on in the Spring of 1967. Since that time there are no permanent trappers living on the river year around and trapping for a living. The hard winters and the over generous cow moose seasons have certainly been other factors that have led to the serious decline of moose in the Goodpaster Drainage. However, I believe that the prime cause has been and continues to be predators. This is part of Unit 20&and I request its inclusion in any wolf control program developed subsequentlto this meeting.

Sincerely yours,

John Huber

JH:pg

To: Kay Poland, Chairman
Senate Resources Committee

Re: Wolf Control

From: John Huber

Date: February 7, 1975

Mrs. Patty Dyer called from Fairbanks regarding the meeting held in Fairbanks last night on wolf control. The attendance was 100% hunters, trappers and guides. She wanted to add her opinion that if the wolf predators were going to be controlled, that human predation should be controlled also.

John Huber

SCR

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STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

JAY S. HAMMOND, GOVERNOR

April 23, 1976

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Nels:

The Department of Fish and Game presently has no written policies or regulations regarding Refuges, Sanctuaries, or Critical Habitats. We manage these areas in accordance with legislative intent at time of passage, and in accordance with local public needs and desires. Recently we have encouraged that Refuge bills contain a more thorough statement of purpose than previously.

In addition, we feel that the Refuge, Sanctuary, and Critical Habitat Statutes would benefit from early re-drafting to clarify the generic purposes of each and to require that more detailed regulations be promulgated. We intend to produce a suggested re-draft for the 10th Legislative Session.

Sincerely,

Jim

James W. Brooks
Commissioner

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"

THE SEAL OF THE STATE OF ALASKA

1975-1976

SENATE RESOURCES COMMITTEE

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