

SCOMM

28:1

CONTRACTS LIST

Contractor	Ttl Amt	Pd To Date	Remaining	Term	Product Required
Doscher	\$20,000	\$13,724.23	\$6,275.77	To 12/31/79	Series-reports
✓ Tussing-West Coast oil surplus	\$70,000	\$64,479.89	\$5,320.11	To 8/31/80	Final report Aug. 31, 1979
AEIDC	\$20,000	No billing yet		To 6/30/80 or end of session	Monthly updates & final report October 15, 1979
VanPoolen	\$60,000	\$29,884.52	\$30,115.48	To 12/31/79	Report - now due mid-Sept.
Orth Assoc.	\$42,500	\$15,937.50	\$26,562.50	To June 30 1980	Report due Jan. 15, 1980
WhiteWeld	\$125,000	\$75,000	---	Ended 6/30/79	First report delivered
Pope (Erickson was project director; no published product resulted)	\$5,000	\$1,654.40		Ended 6/30/79	
Birch	Update on Birch status in separate memo				

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

SEN. MIKE COLLETTA
CO-CHAIRMAN

REP. BILL MILES
CO-CHAIRMAN

SEN. FRANK FERGUSON

REP. C.V. CHATTERTON

SEN. BILL SUMNER

REP. TERRY GARDINER

REP. JOE HAYES

REP. CHARLES PARR

EX-OFFICIO MEMBERS

MR. ROBERT LERESCHE

MR. JACK BACHMAN



727 N ST. SUITE 2
ANCHORAGE, ALASKA 99501
(907) 276-4340

August 30, 1979

Marsha Helton
Special Assistant
Legislative Affairs Agency
Pouch Y
Juneau, Ak. 99811

Dear Marsha,

Enclosed are the originals of the amendments to the Birch contract signed by all the parties except Myrt Charney.

I would appreciate receiving a zerox of the finished contract after Myrt has signed it.

Also would you please inform Pat Costello that with the contract on file, it is now appropriate to pay the already approved billing for \$8,000.

By separate mail to Pat, I am sending the monthly statements for hourly fees which Sen. Colletta and Rep. Miles have reviewed. Those statements can now be processed.

Thank you for all your help. Best of luck in your new adventure in North Carolina.

Sincerely,

MARY

Mary Halloran
Research Analyst

cc: Ron Birch
Mike Colletta
Bill Miles

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

AMENDMENT NO. 1 TO CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811

AND

BIRCH, HORTON, BITTNER & MONROE
1127 West Seventh Avenue
Anchorage, Alaska 99501

THE ABOVE PARTIES TO THE CONTRACT dated October 3, 1978, in consideration of the covenants hereinafter contained, hereby mutually agree and amend said contract under the terms and conditions hereinafter set forth:

CLAUSE I - STATEMENT OF WORK

(This clause is amended by adding the following paragraphs, to read:)

- (D) The Contractor shall provide analyses to the Project Director on the following issues:
 - (1) The ex parte 308 proceedings at FERC, wherein FERC is reviewing oil pipeline rate making policy vis-a-vis the TAPS tariff;
 - (2) FERC's conditioning costs decision regarding the gas pipeline, including the likely response of the producers, as well as Congressional and Administrative response in Washington;
 - (3) All policy decisions and statements made by the Department of Energy, and particularly Secretary Schlesinger, relating to federal support for the natural gas pipeline, the North Slope oil exchange, and federal efforts to force the State and the producers to financially support the gas line;
 - (4) The constitutionality of Northwest pipeline bonds issued by the State;
 - (5) Possible Alaska royalty oil trading with Israel;
 - (6) The status of Export Administration Act Amendments relating to the export of North Slope Alaskan oil; and

- (7) Periodic developments in Washington, D. C., on the Northwest pipeline.
- (E) The Contractor shall make its best efforts to obtain for the Project Director copies of documents from the FOIA appeal which relate to the pipeline until all non-exempt documents relating to the State of Alaska are obtained, and a list of all other documents possessed by the Department of Treasury covering the Alaska Natural Gas Transportation System has been provided.
- (F) The Contractor shall prepare an additional study on the Alaska natural gas pipeline: current prospects for federal assistance, and shall submit said study in writing to the Project Director with a copy to the Agency by August 1, 1979. (This study shall hereinafter be referred to as "Additional Study.")

CLAUSE II - PERIOD OF PERFORMANCE

(This clause is amended by amending paragraph (B), adding a new paragraph (C), adjusting the alphabetic labeling of paragraphs (C) and (D), and amending paragraph (D), as follows:)

- (B) The Contractor shall deliver the reports referenced in Clause I(A) and described in the annex to this agreement to the Project Director in accordance with the following schedule:

Delivery of Preliminary Report-----1 February 1979
Delivery of Final Report-----23 April 1979

- (C) The Contractor shall deliver the report referenced in Clause I(F) of this agreement to the Project Director in accordance with the following schedule:

Delivery of Additional Study-----1 August 1979

- (D) This agreement may be terminated by either party on written notice to the other.
- (E) Unless otherwise terminated or extended, this agreement shall expire on 31 August 1979.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

(This clause is amended by adding new paragraphs (A)(7) and (8), and amending paragraph (B), as follows:)

- (A) (7) Total payment for work referenced in Clause I(F) shall not exceed \$8,000, inclusive of all expenses, which for the work under Clause I(F), shall be the sole responsibility of the Contractor.

- (A) (8) Payment for the work referenced in Clause I(F) shall be due and payable to the Contractor in accordance with the following schedule:

<u>On Delivery of:</u>	<u>Amount Due:</u>
Additional Study	\$8,000.00

except that in the event the study is delivered late, the payment due on delivery of that report shall be reduced by one and one-half percent (1.5%) for each day elapsing between the due date and the date the report is delivered.

- (B) (1) Total payments for the work described in Clause I(B), (C), (D), and (E) of this contract shall not exceed Twenty-Five Thousand Dollars (\$25,000.00), inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B), (C), (D), or (E) after Contractor's total billings for this work exceed \$25,000.00, inclusive of reimbursable expenses.

- (2) Work conducted under Clause I(B), (C), (D), and (E) shall be compensated at the following rates:

Ronald Birch	\$90/hour
Bruce Monroe	\$90/hour
Mike Spaan	\$90/hour
Constance Brooks	\$70/hour
Joseph Chomski	\$70/hour
Harvey Levine	\$70/hour
Richard Haggart	\$60/hour

except that charges for any individual consultation or report prepared under Clause I(B) shall not exceed \$270.00. Payment for work conducted under Clause I(B), (C), (D), and (E) shall be made by the Agency in response to monthly invoices from the Contractor, approved by the Project Director. These invoices shall note each legislator or legislative staff member requesting work, specify which of the above designated principals or members of Contractor's staff responded to each request, and the time worked by each on each request.

- (3) Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I(B), (C), (D), and (E) shall be reimbursable on the basis of coach class fares, with per diem payable at prevailing state government rates. Contractor shall be reimbursed for long distance telephone expenses incurred in carrying out the work called for in Clause I(B), (C), (D), and (E). Purchase and reproduction costs of documents or publications obtained for and delivered to the Agency or

LEGISLATIVE AFFAIRS AGENCY

and

BIRCH, HORTON, BITTNER & MONROE

Amendment No. 1

individual legislators in support of work under Clause I(B), (C), (D), or (E) shall be reimbursed. Expenses incurred by the Contractor for all goods or services not specifically enumerated in this paragraph shall be the responsibility of the Contractor unless specifically authorized in advance by the Project Director.

CLAUSE V - PROJECT DIRECTOR

(This clause is amended in its entirety as follows:)

The Project Director shall be the Honorable Bill Miles, Alaska State Representative, and the Honorable Mike Colletta, Alaska State Senator, collectively, whose address is 727 "N" Street, Suite 2, Anchorage, Alaska, 99501, or their designees.

THIS AMENDMENT contains all the terms and conditions to the amendment agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this amendment shall be deemed to affect the contract between the parties effective October 3, 1978. All other provisions of the contract between the parties referenced above shall remain in full force and effect.

IN WITNESS WHEREOF, the parties to this amendment have hereinafter set their hands and seals on the dates individually indicated.

BIRCH, HORTON, BITTNER & MONROE
Contractor

LEGISLATIVE AFFAIRS AGENCY
Agency

Ronald Birch 8/30/79
RONALD BIRCH Date

M. R. Charney Date
Executive Director

APPROVED:

APPROVED AS TO FORM:

Bill Miles 8/28/79
REP. BILL MILES Date
Project Director

John B. Berrier 8/24/79
BILLY G. BERRIER Date
Agency Legal Counsel

Mike Colletta
SEN. MIKE COLLETTA Date
Project Director

Joint Gas Pipeline Committee
Alaska State Legislature

SEN. MIKE COLLETTA
CO-CHAIRMAN

REP. BILL MILES
CO-CHAIRMAN

SEN. FRANK FERGUSON

REP. C.V. CHATTERTON

SEN. BILL SUMNER

REP. TERRY GARDINER

REP. JOE HAYES

REP. CHARLES PARR

EX-OFFICIO MEMBERS

MR. ROBERT LERESCHE

MR. JACK BACHMAN



727 N ST., SUITE 2
ANCHORAGE, ALASKA 99501
(907) 276-4340

August 24, 1979

Pat Costello
Legislative Affairs Agency
Pouch Y
Juneau, Ak. 99801

Dear Pat,

Enclosed is an approved billing for \$8,000 payable to the Birch law firm for the third report delivered earlier this summer.

When the appropriate contract amendment is finalized and the amended contracts on file with the Legislative Affairs Agency, the billing may be paid. Marsha Helton or I will let you know when the amendments are complete.

Again, thanks for all your help.

Sincerely,

Mary

Mary Halloran
Research Analyst

cc: Marsha Helton
Ron Birch

LAW OFFICES

BIRCH, HORTON, BITTNER AND MONROE

1127 WEST SEVENTH AVENUE

ANCHORAGE, ALASKA 99501

(907) 276-1550

TELEX 25-356

STATEMENT

130 SEWARD STREET
JUNEAU, ALASKA 99801
(907) 586-2890

4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89-2591

1200 AIRPORT HEIGHTS DRIVE, SUITE 520
ANCHORAGE, ALASKA 99504
(907) 279-9501

711 GAFFNEY
FAIRBANKS, ALASKA 99701
(907) 452-1666

August 14, 1979

The Joint Interim Gas Pipeline Committee
& The Honorable Bill Miles
727 "N" Street, Suite 2
Anchorage, Alaska 99501

FOR PROFESSIONAL SERVICES RENDERED
BIRCH 001547.04

FEES

Third Report June 4 - August 10, 1979	<u>\$8,000.00</u>
Total Amount Due	\$8,000.00

Approved: _____

B. Miles 8/23/79

PLEASE REMIT PAYMENT TO

1127 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501

File: Birch

To: Bill
From: Mary ^{MM}
August 13, 1979

Re: Birch Contract status

There are currently three parts to the work which the Birch firm is performing for the Joint Gas Pipeline Committee. Each part and the payment status are discussed below.

PART 1 - FLAT FEE for preliminary and final reports on Alaska Gas Pipeline Perspectives--studies of the federal leverage which could be brought to bear on the State.

35000
0.14.
The contract allowed \$23,334. \$15,556 was paid; you authorized payment of the remaining \$7,778 last Wednesday and Birch should be receiving the check this week.

Amount allowed:	\$23,334
Amount paid:	15,556
Balance	7,778 - payment authorized & check on the way

PART 2 - HOURLY FEE for miscellaneous requests

34400
The original contract allowed a maximum of \$11,667.00 for payment through the hourly fee structure. To date, \$9,290.24 has been paid. Also to date Birch has billed a total of \$22,242.13. From the perspective of the accountant, the Birch firm has now overbilled \$10,575.13 but is owed a maximum of \$2,376.76 more under the hourly ceiling specified in the original contract. 25000

14
The firm understood that an agreement had been reached to raise the hourly ceiling from the original \$11,667.00 to \$25,000. Unfortunately, no one has an authorizing document on file which leaves the accountant, of course, unable to pay over the original contract amount.

In addition, the firm is also carrying on its billing statements previous bills which were disallowed by the then project director Gregg Erickson as inappropriate.

PART 3 - NEW REPORT on "Current Prospects for Federal Assistance" requested by the Joint Gas Pipeline Committee at its June 4 meeting.

Birch estimates a maximum of \$8,000 for this report. To cover it, we must do a contract extension as it was done without the benefit of a formal contract.

Need
a) Costs for \$8,000
b)

pg 32, 623, 24
bal 2,376.76

Birch Contract status - 2

WHAT NEEDS TO BE DONE -

1. In regard to the flat fee of \$23,334, appropriate action has been taken, Birch should be receiving the check this week for \$7,778 and this problem is thus resolved.
2. In regard to the hourly billing, two things need to be done:
 1. A contract amendment should be signed, if the Committee does wish to raise the hourly ceiling amount to \$25,000.
 2. The billings submitted by the firm need to be reviewed closely, probably by both yourself and Sen. Colletta, so that everyone is satisfied as to their appropriateness.
3. In regard to the new report, a contract extension of the previous contract needs to be executed to allow for payment of a maximum of \$8,000 for the new report which the Legislature has already received.

IMPLICATIONS FOR THE GAS PIPELINE COMMITTEE FUNDS -

The remainder of the flat fee (\$7,778) is being paid out of FY 79 funds. In addition, another \$2,375.76 is left in FY 79 funds which would have covered the hourly fees under the original contract ceiling. So all hourly fees paid in excess of the original ceiling, a maximum of \$13,333.000 if the ceiling is raised to \$25,000, must come from FY 80 funding. In addition, the funds for the new report, a maximum of \$8,000, must also come from FY 80 funds.

In total, then, the contract changes and additions amount to a maximum of \$21,333 in FY 80 funding commitments.

①

10,745.83
- 7,778.00
2,375.76

11,667.00
13,333.00

27

① Contract to cover the July 31, 1979 report
"The Alaska Nat. Gas Pipeline: Current Prospective
Prospects for Fed Asst"
- Introductory to June 4

② FLAT FEE A - pd for 1st stage

\$ 15,556
7,778
\$23,334

FLAT FEE B - not paid \$ 7,778.00

DID WE GET FINANCIAL need authorization
to pay it

③ Key - billed for \$ 17,745.83 +H

unpaid
carrying forward
previously unauthorized
payment

max allowed 11,667.00
overbilled 6,078.83
pd to date 9,290.24 -OK
[we owe them
on maximum
allowed] 2,376.76

NEED -
copies of all
hrly contracts
no FY 79 money
left to cover

FY 79 -
\$10,153.76
still left

plus May hrs ~~2,112.00~~ \$2,261.86
plus June hrly \$ 2,234.44

Estimating of \$25,000

*[no billing for May 1-30, 1979]

17,745.83
2,234.44
2,261.86
22,242.13

22,242.13
11,667.00
10,575.13

Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

and

BIRCH, HORTON, BITTNER AND MONROE
733 West Fourth Avenue, Suite 206
Anchorage, Alaska 99501

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, hereinafter referred to as the "Agency", and BIRCH, HORTON, BITTNER AND MONROE, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide specialized professional legal and governmental consulting services in the area of natural gas policy to the Alaska State Legislature.

IT IS, THEREFORE, MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall analyze and prepare the Preliminary and Final Reports described in the annex to this agreement (which is incorporated herein by reference) and shall deliver the reports to the Project Director in a form suitable for offset printing.
- (B) The Contractor shall provide telephone consultations and brief written responses to legislative inquiries related to the subject of Alaska natural gas.
- (C) The Contractor shall, on written request of the Project Director, conduct additional specified studies related to Alaska natural gas, and prepare written reports thereon. If requested in writing by the Project Director, the Contractor shall prepare and present testimony to committees of the legislature on the subject matter of these reports, and on those prepared under (A) of this clause.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) This agreement shall have retroactive effect to 3 October 1978.

- (B) The Contractor shall deliver the reports referenced in Clause I(A) and described in the annex to this agreement to the Project Director in accordance with the following schedule:

Delivery of Preliminary Report----- 31 January 1979
Delivery of Final Report ----- 15 March 1979

- (C) This agreement may be terminated by either party on written notice to the other.
- (D) Unless otherwise terminated or extended, this agreement terminates on 30 June 1979.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A)(1) Total payments for the work referenced in Clause I(A) shall not exceed \$23,333, inclusive of all expenses, which, for the work under Clause I(A), shall be the sole responsibility of the Contractor.
- (2) Payment for the work referenced in Clause I(A) and described in the contract annex shall be due and payable to the Contractor in accordance with the following schedule:

<u>On Delivery of:</u>	<u>Amount Due</u>
Preliminary Report	\$ 15,556
Final Report	\$ 7,777

except that in the event a report is delivered late, the payment due on delivery of that report shall be reduced by one and one-half percent (1.5%) for each day elapsing between the due date and the date the report is delivered.

- (3) If this agreement is terminated by the Agency before 31 January 1979, then the Contractor is not required to deliver the reports referenced under Clause I(A), although the provisions of Clause IV still apply. In this event, payment due the Contractor for work on those reports shall be determined by multiplying \$15,556 times a fraction, the numerator of which is the number of days between 3 October 1978 and the termination date, with the denominator being 120.
- (4) If this agreement is terminated by the Agency after 31 January 1979, but before delivery of the Preliminary Report, then the Contractor shall not be required to deliver the Final Report. In this event payment due the Contractor shall be determined by reducing \$15,556 by one and one-half percent (1.5%) for each day elapsing between 31 January 1979 and the date the Preliminary Report is actually delivered.

(5) If this agreement is terminated by the Agency after the delivery of the Preliminary Report, but before 15 March 1979, then the Contractor shall not be required to deliver the Final Report. In this event, payment due the Contractor for the work done on the Final Report shall be determined by multiplying \$7,777 by a fraction, the numerator of which is the number of days between the date the Preliminary Report was delivered and the termination date, with the denominator being 45.

(6) If this agreement is terminated by the Contractor in accordance with Clause II(C) or under the terms of Clause VI(B), then the Contractor shall receive no payment for any report referenced in Clause I(A) which is not delivered by the termination date.

(B)(1) Total payments for the work described in Clause I(B) and (C) shall not exceed \$11,667, inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B) or (C) after Contractor's total billings for this work exceed \$11,667, inclusive of reimbursable expenses.

(2) Work conducted under Clause I(B) and (C) shall be compensated at the following rates:

Ronald Birch	\$90/hour
Bruce Monroe	\$90/hour
Mike Spaan	\$90/hour
Constance Brooks	\$70/hour
Joseph Chomski	\$70/hour
Harvey Levine	\$70/hour
Richard Haggart	\$60/hour

except that charges for any individual consultation or report prepared under Clause I(B) shall not exceed \$270. Payment for work conducted under Clause I(B) and (C) shall be made by the Agency in response to monthly invoices from the Contractor, approved by the Project Director. These invoices shall note each legislator or legislative staff member requesting work, specify which of the above designated principals or members of Contractor's staff responded to each request, and the time worked by each on each request.

(3) Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I(B) and (C) shall be reimbursed on the basis of coach class fares, with per diem payable at prevailing state government rates. Contractor shall be reimbursed for long distance telephone expenses incurred in carrying out the work called for in Clause I(B) and (C). Purchase and reproduction costs of documents or publications obtained for and delivered to the Agency or individual legislators in support of work under Clause I(B) and (C) shall be reimbursed. Expenses incurred by the Contractor for all goods or services not specifically

enumerated in this paragraph shall be the responsibility of the Contractor unless specifically authorized by the Project Director.

CLAUSE IV - RECORDS, DOCUMENTS AND AUDIT

The Contractor shall maintain accurate and detailed records, in accordance with Agency procedures, of the billable time worked and reimbursable expenses incurred under this contract. The records shall be available for inspection by the Agency at all reasonable times. All documents and writings generated as a consequence of work done under this agreement are the property of the State of Alaska, and shall be delivered to the Agency on termination of the agreement.

CLAUSE V - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research, or his designee.

CLAUSE VI - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated 12 October 1978, Contractor affirms that it and the principals and staff members mentioned by name in Clause III(E) do not represent, own any beneficial interest in, or have any professional business relationship with:

Northern Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Co.

or any firm or organization holding an interest in natural gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Project Director in writing of any events that would require an amendment of Contractor's letter of 12 October 1978, or otherwise tend to create a conflict of interest. Within ten days of receiving this notification, the Project Director shall, after consultation with the Contractor, notify the Contractor in writing of his determination as to whether or not a conflict of interest exists. If the notification is that, in the opinion of the Project Director, a conflict exists, then the contract shall be deemed to have been terminated by the Contractor in accordance with Clause II(C).

CLAUSE VII - CONFIDENTIALITY OF COMMUNICATIONS

It is contemplated that all work done under this contract will be made public by the legislature. However, all communications between the Agency or the legislature and the Contractor, including the final report, shall be held confidential by the Contractor until released by the Agency or other legislative entity or individual legislator to which they were addressed.

CLAUSE VIII - LOBBYING DISCLAIMER

The Agency and the Contractor agree that the only services to be provided under this contract are the provision of information, analysis, and advice to the legislature; the Contractor is not authorized or permitted under this contract to represent the legislature, its members, committees, or staff agencies before Congress or any other legislative, administrative, or judicial institution. However, nothing in this clause limits the Contractor's rights or responsibilities under any other agreement, or prohibits the giving of testimony to the Alaska legislature when that testimony is properly authorized under Clause I(C).

CLAUSE IX - ALL WRITINGS CONTAINED HEREIN

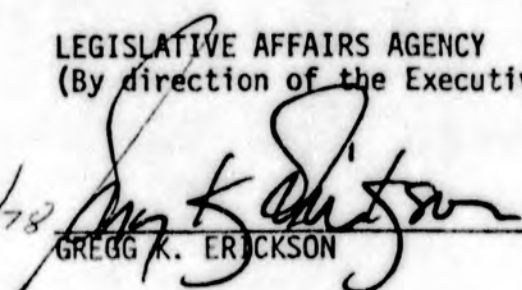
This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

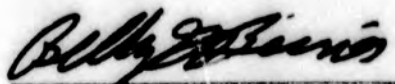
BIRCH, HORTON, BITTNER AND MONROE

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)


RONALD BIRCH
Date 10/22/78


GREGG K. ERICKSON
Date 10/16/78

Approved as to form.


AGENCY LEGAL COUNSEL
Date 10/19/78

ANNEX

To Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

And

BIRCH, HORTON, BITTNER AND MONROE

The written reports referenced in Clause I(A) of the agreement consist of a Preliminary Report and a Final Report addressing the subjects listed below. The Final Report shall be an extension of the work in the Preliminary Report, with emphasis on those areas designated by the Project Director for more intensive study or analysis. Both reports shall be organized in three sections, described as below, or in such other manner as may be most effective in covering all the topics noted.

SECTION 1.

This section will address the following specific questions.

- (a) To what extent is Alaska's financial participation in the project as described in the President's decision still "expected?"
- (b) Is Alaska's financial participation perceived to be a vital element in the project's success?
- (c) To what extent are the proposals for state financial participation put forward by Northwest considered "appropriate" avenues of state participation, considered in the context of the President's decision, Congressional findings, and events of the last year?
- (d) To what extent has action by the State of Alaska establishing a pipeline bonding authority, as requested by Northwest Pipeline, fulfilled the "obligations" of the state (as perceived by federal policy makers) with respect to financial participation?
- (e) To what extent do federal policy makers consider Northwest's proposed utilization of tax exempt revenue bonds, requiring a Congressional amendment to Section 103 of the Internal Revenue Code, an appropriate response by the company to the President's decision and/or the provisions of the Alaska Natural Gas Transportation Act?

- (f) What are the prospects for enactment of such an amendment to the Internal Revenue Code?
- (g) In the event that the project cannot be financed as currently contemplated by Northwest, which of the following responses by the federal government is most likely?
 - i) provision of federal loan guarantees;
 - ii) direct federal financial participation other than in the form of loan guarantees;
 - iii) voiding of Northwest's franchise in favor of another private sector company;
 - iv) project abandonment;
 - v) other response.

SECTION 2.

This section will address the following specific areas:

- (a) The background to the President's decision selecting the Northwest proposal, in which Alaska's financial participation was assumed. This will include consideration of the public record covering the decision and particularly those areas of the record to which Alaska contributed.
- (b) Where arguments relating to Alaska participation are advanced as the official positions of organizations (for example, the Treasury Department), a detailed examination of the decision-making process that led up to taking that position.
- (c) A determination of how and under what circumstances there developed among federal policy makers the apparent perception that Alaska had committed itself to support financially the proposed El Paso system.
- (d) An analysis should be made of official and unofficial statements by state officials before Congressional committees or to other national policy makers which might pertain to Alaska's position with respect to construction of the Alaska natural gas transportation system, particularly with reference to those statements bearing on Alaska's responsibilities for management of the Prudhoe Bay reservoir.

SECTION 3.

This section will examine the full spectrum of means the federal government might conceivably use to induce the State of Alaska to contribute its fiscal resources to the construction of the Alaska natural gas transportation system. These means should include both direct and indirect federal actions, and should examine in at least a cursory way all those areas where the federal government exercises or could exercise leverage on the State. Detailed examination should be devoted to those areas where federal action in this context is most likely.

March 12, 1979

Joseph M. Chomski
Birch, Horton, Bittner & Monroe
4400 Jenifer St., N.W. Suite 300
Washington, D.C. 20015

Dear Joe:

Senator Colletta, Representative Miles, and I have discussed your memorandum of February 28 to us concerning future work under your contract with the Agency. In addition, you and I discussed this matter over the telephone today, and concur, along with Messrs. Miles and Colletta, in the following approach for the continuation of your work under the contract.

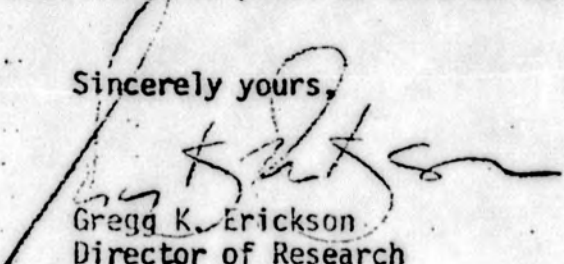
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March 12, 1979

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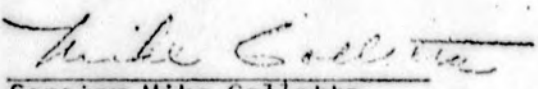
Once again, please accept my congratulations and thanks for the fine job that you and Dick did on the February 15 report. It has stimulated a good deal of favorable comment in Alaska, and we are most appreciative of the highly professional and well finished piece of work we've received.

Sincerely yours,


Gregg K. Erickson
Director of Research

Endorsed:


Representative Bill Miles


Senator Mike Colletta

GKE:dh

cc: Ron Birch

RONALD G. BIRCH •
 HAL R. HORTON •
 WILLIAM H. BITTNER •
 BRUCE MONROE •
 SUZANNE C. FESTINGER
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• ADMITTED IN D. C.

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TELEX 9-89-2591

April 27, 1979

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 (907) 586-2890

Mr. Gregg K. Erickson
 Director of Research
 Legislative Affairs Agency
 Pouch Y
 Juneau, Alaska 99811

Dear Gregg:

Attached please find the memoranda discussed in our letter to you of February 28, and in your response letter of March 12. These memoranda complete the research tasks necessary to convert our February 15, 1979 "Alaska Gas Pipeline Perspective" report into a final report. This should also satisfy the requirements in Clause I(A) of our contract with the Joint Interim Natural Gas Pipeline Committee.

Per your request, we have submitted this research in the form of separate memoranda covering Nos. 1, 2, 4, and 5 of our February 28 letter to you. We have also submitted a memo on the Carter-Trudeau meeting, per your request.

With regard to Paragraph 1 (the obtaining of all remaining pertinent documentation under our Freedom of Information Act request at the Treasury Department), I have the following progress report. We have been supplied with almost all Treasury documents that were initially denied us regarding Alaska's financial participation. Some arrived as late as this afternoon. Much of the information we have gleaned from these documents appears in one of the attached memoranda. Upon receiving all Treasury documentation, which Treasury

Mr. G. K. Erickson
Page 2
April 27, 1979

promises within the next week, coupled with Treasury's letter describing what they have provided us and the few things they have denied, we will deliver in one package all of these materials to you and the Committee. It is my opinion that an appeal to the courts for the denied documentation from Treasury would not be a judicious expenditure of funds, since I do not believe any worthwhile information was denied, nor am I sure that we would receive relief from the courts for the few things that will not be supplied.

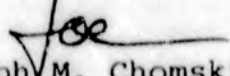
I hope the memoranda below are satisfactory and, as you know, Dick Haggart and I are at your disposal and the disposal of the Committee to answer any questions or expand on any of the points contained. We are continuing to monitor the non-study provisions of our contract with the Committee, as also described in the February 28 letter and confirmed by your response letter. With regard to special informational requests, you have been supplied with a copy of our recent legal opinion on the constitutionality of general obligation bonds for the Northwest Pipeline, which we completed at the request of Representative Bill Miles. We have also begun a shorter study on the law and politics surrounding supplying Alaska oil to Israel, pursuant to a request by Senator Colletta.

I should also like to confirm that the continued work under Clauses 1(B) and (C) coupled with the work we do pursuant to future special requests will be done at the same hourly rate as described in our contract. Per the agreement reached with Senator Colletta and Representative Miles, we shall not exceed a ceiling of \$25,000 of hourly expenditures over the commitment made in the October contract.

Once again, we hope the attached memoranda and the general obligation bond opinion are satisfactory to the Committee and yourself.

Warmest personal regards,

BIRCH, HORTON, BITTNER & MONROE


Joseph M. Chomski

JMC:sac

Encl.

CC: Senator Mike Colletta
Representative Bill Miles
Ronald Birch, Esq.

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(907) 452-1665

July 6, 1979

The Honorable Bill Miles
Joint Interim Gas Pipeline Committee
1016 West Sixth Avenue, Suite 435
Anchorage, AK 99501

Dear Bill:

Thank you for your letter of June 20, 1979.
The additional work assigned to us by the Committee at
its June 4th meeting should not exceed \$8,000 in cost.
The work will be billed at the hourly rate previously
agreed to and specified in our existing contract.

The work will cover the matters delineated
at the meeting of June 4th, exploring the current and
future prospects for federal participation in the gas
pipeline project.

Yours very truly,

BIRCH, HORTON, BITTNER & MONROE


Ronald G. Birch

RGB/mbr

CC: The Honorable Mike Colletta
Joseph M. Chomski, Esquire

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July 20, 1979

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The Honorable Bill Miles
Joint Interim Natural Gas Pipeline
Committee
1016 W. 6th Avenue, Suite 435
Anchorage, Alaska 99501

Dear Bill:

I am writing to clarify a problem that Mary Halloran has reminded us of regarding budgeting for our work for the JIPC from the period of last April through the beginning of 1980. I think with the summary below, we can resolve the uncertainty.

In October, 1978, the JIPC contracted with our firm for a report on the State's existing financial commitment to the pipeline and ways the federal government could impose a financial commitment, and for ongoing research services on an individual request basis. The contract provided \$35,000 (inclusive of costs), two-thirds to the report and the other one-third to the individual research. It is the last third of that contract, and the offshoots from that third which raise the problem.

The last third was actively used for ongoing research requests made by members of the Committee and individual assignments we were asked to prepare. It was to be completed at the hourly rate specified in the contract. By around March 1, we finished the report and also had exhausted the limits of the hourly retainer. At that time, additional work to be done for the Committee was suggested by Gregg Erickson and by us, and the need for additional future work

Hon. Bill Miles

Page 2

July 20, 1979

was confirmed by both yourself and Senator Colletta. I have attached a March 12, 1979 letter confirming that. Ron Birch advanced a proposal to the Committee that a ceiling on our hourly work of \$25,000 above the commitment made in the October contract would cover what we estimated to be the level of work we would be requested to do in the next year. A letter confirming that was circulated to Senator Colletta and yourself for signature. While we received verbal confirmation that said letter had been signed, it apparently now cannot be unearthed. I note to you my April 27, 1979 letter (attached) to Gregg Erickson, copied to you and Senator Colletta, in which the second to last paragraph contains a sentence stating "Per the agreement reached with Senator Colletta and Representative Miles, we shall not exceed the ceiling of \$25,000 of hourly expenditures over the commitment we made in the October contract."

As our recent bills will reflect, assignments we have received since mid-March that have been completed under the hourly portion of the contract have used up approximately one-half of the additional \$25,000 ceiling. Among the research products we have provided pursuant to requests are our reports on the constitutionality of Northwest pipeline bonds issued by the State, possible Alaska royalty oil trading with Israel, the status of Export Administration Act Amendments relating to export of North Slope Alaskan oil, and our periodic updates on Northwest pipeline developments in Washington. Assuming that future requests for information under the hourly portion of the contract continue at the same rate as during the last several months, our estimate of a \$25,000 ceiling for this work should be right on the nose.

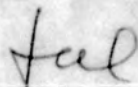
At the June 4 JIPC meeting, a separate request for a study essentially updating our major report on Northwest pipeline financing was made to Ron Birch. Ron was asked to estimate the cost of such a study and stated that it would not cost more than \$8,000. We have completed the study and shall be mailing it to the Committee within a few days. We have delayed sending it only to add some analysis of the impact that President Carter's recent energy initiatives may have on the future of the Alaska Natural Gas Pipeline and the State's financial commitment. It will still arrive well before the August 15 due date. A confirming letter from Ron to you on the pipeline financing report update is also attached. As you can see, the Birch letter was written two weeks ago. I asked Ron to forward that letter to me so that we could submit all of this material in one shot, and hopefully clarify this matter once and for all.

Hon. Bill Miles
Page 3
July 20, 1979

Please call if there are any further questions. We will gladly answer any questions or help out wherever possible. I believe you will find the updated pipeline financing report to be quite interesting.

Warmest personal regards,

BIRCH, HORTON, BITTNER & MONROE


Joseph M. Chomski

JMC:sac

Encls.

CC: Hon. Mike Colletta
Ms. Mary Halloran
Ronald G. Birch, Esq.

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July 6, 1979

The Honorable Bill Miles
Joint Interim Gas Pipeline Committee
1016 West Sixth Avenue, Suite 435
Anchorage, AK 99501

Dear Bill:

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The work will cover the matters delineated at the meeting of June 4th, exploring the current and future prospects for federal participation in the gas pipeline project.

Yours very truly,

BIRCH, HORTON, BITTNER & MONROE


Ronald G. Birch

RGB/mbr

CC: The Honorable Mike Colletta
Joseph M. Chomski, Esquire

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April 27, 1979

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* ADMITTED IN D. C.

Mr. Gregg K. Erickson
 Director of Research
 Legislative Affairs Agency
 Pouch Y
 Juneau, Alaska 99811

Dear Gregg:

Attached please find the memoranda discussed in our letter to you of February 28, and in your response letter of March 12. These memoranda complete the research tasks necessary to convert our February 15, 1979 "Alaska Gas Pipeline Perspective" report into a final report. This should also satisfy the requirements in Clause I(A) of our contract with the Joint Interim Natural Gas Pipeline Committee.

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Mr. G. K. Erickson
Page 2
April 27, 1979

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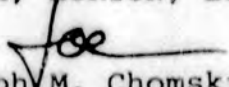
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Warmest personal regards,

BIRCH, HORTON, BITTNER & MONROE


Joseph M. Chomski

JMC:sac

Encl.

CC: Senator Mike Colletta
Representative Bill Miles
Ronald Birch, Esq.

March 12, 1979

Joseph M. Chomski
Birch, Horton, Bittner & Monroe
4400 Jenifer St., N.W. Suite 300
Washington, D.C. 20015

Dear Joe:

Senator Colletta, Representative Miles, and I have discussed your memorandum of February 28 to us concerning future work under your contract with the Agency. In addition, you and I discussed this matter over the telephone today, and concur, along with Messrs. Miles and Colletta, in the following approach for the continuation of your work under the contract.

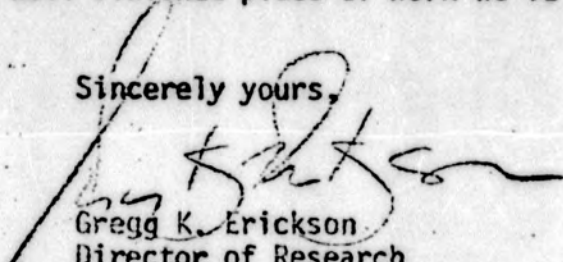
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4. You are also authorized, under Clause I(C), to continue to pursue the administrative appeals of the Treasury Department's denial of our Freedom of Information Act request. We do not at this time contemplate initiating any litigation on this subject, although that might change if you feel the results would justify the very

March 12, 1979

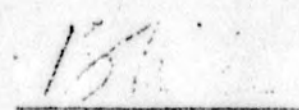
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Once again, please accept my congratulations and thanks for the fine job that you and Dick did on the February 15 report. It has stimulated a good deal of favorable comment in Alaska, and we are most appreciative of the highly professional and well finished piece of work we've received.

Sincerely yours,


Gregg K. Erickson
Director of Research

Endorsed:


Representative Bill Miles


Senator Mike Colletta

GKE:dh

cc: Ron Birch

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The Joint Interim Gas Pipeline Committee
c/o Honorable Bill Miles
727 "N" Street, Suite 2
Anchorage, Alaska 99501

July 24, 1979

FOR PROFESSIONAL SERVICES RENDERED:
BIRCH 001547.02

Balance Forward
Total Amount Due

\$3,888.50
\$3,888.50

Study II

Total Amt \$ 11,666.50
Paid CR# 893747 (7,778.00)
3/8/79
Amt. Still Owing \$ 3,888.50

002 ^C
3,888.50+
3,888.50+
7,777.00 *
Total amt due
Study I & II

PLEASE REMIT PAYMENT TO

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The Joint Interim Gas Pipeline Committee
c/o Honorable Bill Miles
727 "N" Street, Suite 2
Anchorage, Alaska 99501

July 24, 1979

FOR PROFESSIONAL SERVICES RENDERED:
BIRCH 001547.01

Balance Forward	<u>\$3,888.50</u>
Total Amount Due	\$3,888.50

Study I

Total Amount \$11,606.50

Paid CH# 893747 (7,778.00)
3/8/79

Amt. Still Owng \$3888.50

PLEASE REMIT PAYMENT TO

1127 WEST SEVENTH AVENUE
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LAW OFFICES

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4400 JENIFER ST. N.W. SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89-2591

* NOT ADMITTED IN ALASKA

October 24, 1978

Mr. Gregg K. Erickson
Director of Research
State of Alaska
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811 ..

JIPC

Dear Gregg:

Attached please find an executed copy of the contract.

We look forward to working with you.

With best wishes,

Cordially,

BIRCH, HORTON, BITTNER & MONROE

Ronald G. Birch

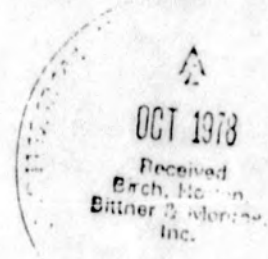
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STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FOURTH STATE CAPITOL
JUNEAU, ALASKA 99801
907-465-3800

October 16, 1978



Mr. Ronald Birch, Esq.
Birch, Horton, Bittner and Monroe
733 West Fourth Avenue
Suite 206
Anchorage, Alaska 99501

Dear Ron:

In accordance with Clause V of the contract we executed on October 16, 1978, effective the date of this letter I have designated The Honorable Bill Miles, Chairman, State Energy Policy Committee, 629 L Street, Anchorage, Alaska 99501, as project director.

Please send a copy of all notifications and formal communications under this contract to me.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Gregg K. Erickson", is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gregg K. Erickson
Director of Research

GKE:jm

cc: The Honorable Bill Miles

Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

and

BIRCH, HORTON, BITTNER AND MONROE
733 West Fourth Avenue, Suite 206
Anchorage, Alaska 99501

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, hereinafter referred to as the "Agency", and BIRCH, HORTON, BITTNER AND MONROE, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide specialized professional legal and governmental consulting services in the area of natural gas policy to the Alaska State Legislature.

IT IS, THEREFORE, MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall analyze and prepare the Preliminary and Final Reports described in the annex to this agreement (which is incorporated herein by reference) and shall deliver the reports to the Project Director in a form suitable for offset printing.
- (B) The Contractor shall provide telephone consultations and brief written responses to legislative inquiries related to the subject of Alaska natural gas.
- (C) The Contractor shall, on written request of the Project Director, conduct additional specified studies related to Alaska natural gas, and prepare written reports thereon. If requested in writing by the Project Director, the Contractor shall prepare and present testimony to committees of the legislature on the subject matter of these reports, and on those prepared under (A) of this clause.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) This agreement shall have retroactive effect to 3 October 1978.

- (B) The Contractor shall deliver the reports referenced in Clause I(A) and described in the annex to this agreement to the Project Director in accordance with the following schedule:

Delivery of Preliminary Report----- 31 January 1979

Delivery of Final Report ----- 15 March 1979

- (C) This agreement may be terminated by either party on written notice to the other.
- (D) Unless otherwise terminated or extended, this agreement terminates on 30 June 1979.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A)(1) Total payments for the work referenced in Clause I(A) shall not exceed \$23,333, inclusive of all expenses, which, for the work under Clause I(A), shall be the sole responsibility of the Contractor.

- (2) Payment for the work referenced in Clause I(A) and described in the contract annex shall be due and payable to the Contractor in accordance with the following schedule:

<u>On Delivery of:</u>	<u>Amount Due</u>
Preliminary Report	\$ 15,556
Final Report	\$ 7,777

except that in the event a report is delivered late, the payment due on delivery of that report shall be reduced by one and one-half percent (1.5%) for each day elapsing between the due date and the date the report is delivered.

- (3) If this agreement is terminated by the Agency before 31 January 1979, then the Contractor is not required to deliver the reports referenced under Clause I(A), although the provisions of Clause IV still apply. In this event, payment due the Contractor for work on those reports shall be determined by multiplying \$15,556 times a fraction, the numerator of which is the number of days between 3 October 1978 and the termination date, with the denominator being 120.
- (4) If this agreement is terminated by the Agency after 31 January 1979, but before delivery of the Preliminary Report, then the Contractor shall not be required to deliver the Final Report. In this event payment due the Contractor shall be determined by reducing \$15,556 by one and one-half percent (1.5%) for each day elapsing between 31 January 1979 and the date the Preliminary Report is actually delivered.

(5) If this agreement is terminated by the Agency after the delivery of the Preliminary Report, but before 15 March 1979, then the Contractor shall not be required to deliver the Final Report. In this event, payment due the Contractor for the work done on the Final Report shall be determined by multiplying \$7,777 by a fraction, the numerator of which is the number of days between the date the Preliminary Report was delivered and the termination date, with the denominator being 45.

(6) If this agreement is terminated by the Contractor in accordance with Clause II(C) or under the terms of Clause VI(B), then the Contractor shall receive no payment for any report referenced in Clause I(A) which is not delivered by the termination date.

(B)(1) Total payments for the work described in Clause I(B) and (C) shall not exceed \$11,667, inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B) or (C) after Contractor's total billings for this work exceed \$11,667, inclusive of reimbursable expenses.

(2) Work conducted under Clause I(B) and (C) shall be compensated at the following rates:

Ronald Birch	\$90/hour
Bruce Monroe	\$90/hour
Mike Spaan	\$90/hour
Constance Brooks	\$70/hour
Joseph Chomski	\$70/hour
Harvey Levine	\$70/hour
Richard Haggart	\$60/hour

except that charges for any individual consultation or report prepared under Clause I(B) shall not exceed \$270. Payment for work conducted under Clause I(B) and (C) shall be made by the Agency in response to monthly invoices from the Contractor, approved by the Project Director. These invoices shall note each legislator or legislative staff member requesting work, specify which of the above designated principals or members of Contractor's staff responded to each request, and the time worked by each on each request.

(3) Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I(B) and (C) shall be reimbursed on the basis of coach class fares, with per diem payable at prevailing state government rates. Contractor shall be reimbursed for long distance telephone expenses incurred in carrying out the work called for in Clause I(B) and (C). Purchase and reproduction costs of documents or publications obtained for and delivered to the Agency or individual legislators in support of work under Clause I(B) and (C) shall be reimbursed. Expenses incurred by the Contractor for all goods or services not specifically

enumerated in this paragraph shall be the responsibility of the Contractor unless specifically authorized by the Project Director.

CLAUSE IV - RECORDS, DOCUMENTS AND AUDIT

The Contractor shall maintain accurate and detailed records, in accordance with Agency procedures, of the billable time worked and reimbursable expenses incurred under this contract. The records shall be available for inspection by the Agency at all reasonable times. All documents and writings generated as a consequence of work done under this agreement are the property of the State of Alaska, and shall be delivered to the Agency on termination of the agreement.

CLAUSE V - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research, or his designee.

CLAUSE VI - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated 12 October 1978, Contractor affirms that it and the principals and staff members mentioned by name in Clause III(E) do not represent, own any beneficial interest in, or have any professional business relationship with:

Northern Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Co.

or any firm or organization holding an interest in natural gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Project Director in writing of any events that would require an amendment of Contractor's letter of 12 October 1978, or otherwise tend to create a conflict of interest. Within ten days of receiving this notification, the Project Director shall, after consultation with the Contractor, notify the Contractor in writing of his determination as to whether or not a conflict of interest exists. If the notification is that, in the opinion of the Project Director, a conflict exists, then the contract shall be deemed to have been terminated by the Contractor in accordance with Clause II(C).

CLAUSE VII - CONFIDENTIALITY OF COMMUNICATIONS

It is contemplated that all work done under this contract will be made public by the legislature. However, all communications between the Agency or the legislature and the Contractor, including the final report, shall be held confidential by the Contractor until released by the Agency or other legislative entity or individual legislator to which they were addressed.

CLAUSE VIII - LOBBYING DISCLAIMER

The Agency and the Contractor agree that the only services to be provided under this contract are the provision of information, analysis, and advice to the legislature; the Contractor is not authorized or permitted under this contract to represent the legislature, its members, committees, or staff agencies before Congress or any other legislative, administrative, or judicial institution. However, nothing in this clause limits the Contractor's rights or responsibilities under any other agreement, or prohibits the giving of testimony to the Alaska legislature when that testimony is properly authorized under Clause 1(C).

CLAUSE IX - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

BIRCH, HORTON, BITTNER AND MONROE

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

Ronald Birch Date 10/16/78
Gregg R. Erickson Date 10/16/78

Approved as to form.

Agency Legal Counsel Date 10/19/78

ANNEX

To Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

And

BIRCH, HORTON, BITTNER AND MONROE

The written reports referenced in Clause I(A) of the agreement consist of a Preliminary Report and a Final Report addressing the subjects listed below. The Final Report shall be an extension of the work in the Preliminary Report, with emphasis on those areas designated by the Project Director for more intensive study or analysis. Both reports shall be organized in three sections, described as below, or in such other manner as may be most effective in covering all the topics noted.

SECTION 1.

This section will address the following specific questions.

- (a) To what extent is Alaska's financial participation in the project as described in the President's decision still "expected?"
- (b) Is Alaska's financial participation perceived to be a vital element in the project's success?
- (c) To what extent are the proposals for state financial participation put forward by Northwest considered "appropriate" avenues of state participation, considered in the context of the President's decision, Congressional findings, and events of the last year?
- (d) To what extent has action by the State of Alaska establishing a pipeline bonding authority, as requested by Northwest Pipeline, fulfilled the "obligations" of the state (as perceived by federal policy makers) with respect to financial participation?
- (e) To what extent do federal policy makers consider Northwest's proposed utilization of tax exempt revenue bonds, requiring a Congressional amendment to Section 103 of the Internal Revenue Code, an appropriate response by the company to the President's decision and/or the provisions of the Alaska Natural Gas Transportation Act?

- (f) What are the prospects for enactment of such an amendment to the Internal Revenue Code?
- (g) In the event that the project cannot be financed as currently contemplated by Northwest, which of the following responses by the federal government is most likely?
 - i) provision of federal loan guarantees;
 - ii) direct federal financial participation other than in the form of loan guarantees;
 - iii) voiding of Northwest's franchise in favor of another private sector company;
 - iv) project abandonment;
 - v) other response.

SECTION 2.

This section will address the following specific areas:

- (a) The background to the President's decision selecting the Northwest proposal, in which Alaska's financial participation was assumed. This will include consideration of the public record covering the decision and particularly those areas of the record to which Alaska contributed.
- (b) Where arguments relating to Alaska participation are advanced as the official positions of organizations (for example, the Treasury Department), a detailed examination of the decision-making process that led up to taking that position.
- (c) A determination of how and under what circumstances there developed among federal policy makers the apparent perception that Alaska had committed itself to support financially the proposed El Paso system.
- (d) An analysis should be made of official and unofficial statements by state officials before Congressional committees or to other national policy makers which might pertain to Alaska's position with respect to construction of the Alaska natural gas transportation system, particularly with reference to those statements bearing on Alaska's responsibilities for management of the Prudhoe Bay reservoir.

SECTION 3.

This section will examine the full spectrum of means the federal government might conceivably use to induce the State of Alaska to contribute its fiscal resources to the construction of the Alaska natural gas transportation system. These means should include both direct and indirect federal actions, and should examine in at least a cursory way all those areas where the federal government exercises or could exercise leverage on the State. Detailed examination should be devoted to those areas where federal action in this context is most likely.

LAW OFFICES

BIRCH, HORTON, BITTNER AND MONROE

A PROFESSIONAL CORPORATION

1127 WEST SEVENTH AVENUE

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(907) 276-1550

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RONALD G. BIRCH
HAL R. HORTON
WILLIAM H. BITTNER
SUZANNE CHEROT PESTINGER
LLOYD V. ANDERSON
BRUCE MONROE
GREGORY C. TAYLOR
ROD CARMAN
MICHAEL R. SPAAN
JOSEPH M. CHOMSKI
GORDON F. SCHADT
CAROL A. JOHNSON
GERALD D. STOLTZ*
RONALD E. NOEL
JOSEPH W. EVANS
WINSTON S. BURBANK
E. BUDD SIMPSON
JAN SAMUEL O. TROVSKY
CONSTANCE E. BROOKS*
JACK D. CLARK
GARY J. FINNELL
PAUL H. GRANT
DOUGLAS J. SERDAHELY
NANCY J. SHAW
PATRICK H. OWEN
MICHAEL C. GERAGHTY
PERCY R. LUNEY*

August 6, 1979

* NOT ADMITTED IN ALASKA

Ms. Mary Holloran
in care of
The Honorable Bill Miles
Health Resources
Pouch B
Juneau, Alaska 99811

Dear Mary:

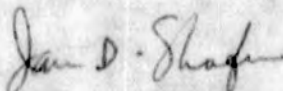
As per our phone conversation of today, please find enclosed a copy of the executed contract for the Joint Interim Pipeline Committee contract work. See page two for the compensation agreement.

As I mentioned our work was delivered timely and we would appreciate greatly receiving payment. I will call you again on Thursday of this week in case there may be any other information needed.

Thanks for your help.

Yours Truly,

BIRCH, HORTON, BITTNER AND MONROE, INC.



Jan D. Shafer, Comptroller

JDS:wm

Enclos:one

LAW OFFICES

BIRCH, HORTON, BITTNER AND MONROE

A PROFESSIONAL CORPORATION

1127 WEST SEVENTH AVENUE

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WASHINGTON, D. C. 20015
(202) 244-4250
TELEX 9-89-2591

August 9, 1979

* NOT ADMITTED IN ALASKA

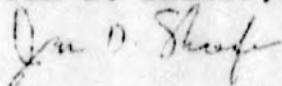
Ms. Pat Costello
Ms. Marcia Helton

Dear Pat and Marcia:

- (1) Please find enclosed the copies of letters referencing the increase of \$25,000 plus costs above the original contract and also the separate study of \$8,000.
- (2) I have also enclosed a copy of the May 1 through May 31 billing.
- (3) Upon checking on the travel costs found on the October through December billings, I will make an itemized listing and forward it on to you at a later date.

Thank you for your help and please give me a call if more information is needed.

Yours Truly,
BIRCH, HORTON, BITTNER AND MONROE, INC.
Jan D. Shafer, Comptroller



JDS:wm

Enclosures: four letters
June Statement w/May Time

March 12, 1979

Joseph M. Chomski
Birch, Norton, Bittner & Monroe
4400 Jenifer St., N.W. Suite 300
Washington, D.C. 20015

Dear Joe:

Senator Colletta, Representative Miles, and I have discussed your memorandum of February 28 to us concerning future work under your contract with the Agency. In addition, you and I discussed this matter over the telephone today, and concur, along with Messrs. Miles and Colletta, in the following approach for the continuation of your work under the contract.

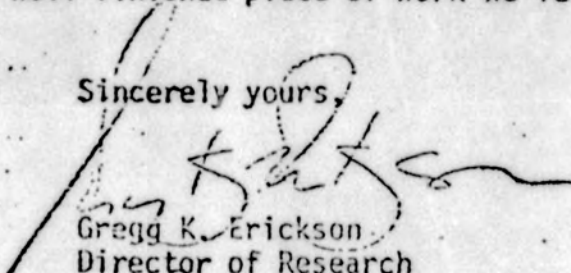
1. The Agency concurs in your proposed Clause I(A) research tasks numbers 1, 2, 4, and 5 on the first page of your February 28 memorandum. Reports to the legislature on these items should be in memorandum form; in the case of item 5 (FERC interim regulations) we recognize that the complexity of their proposals you will be reviewing will prohibit any detailed analysis. At your suggestion, we additionally request that you address the implications of the recent Carter trip to Canada. In order to focus more effort on the above items, we authorize you to delete from further consideration item 3 on page one and items 6-9 on page two of your February 28 memo.
2. The amended deadline for submission of the final work under Clause I(A) currently is April 1. We concur that an additional extension is appropriate, and therefore further amend the deadline date to April 15, 1979.
3. Your proposals for continued work under Clause I(B) and (C) of the contract (contained on the last half of page two of your February 28 memo) are approved, and this letter constitutes the written request required in Clause I(C).
4. You are also authorized, under Clause I(C), to continue to pursue the administrative appeals of the Treasury Department's denial of our Freedom of Information Act request. We do not at this time contemplate initiating any litigation on this subject, although that might change if you feel the results would justify the very

March 12, 1979

substantial effort that would apparently be required. In any event, please keep us informed at fairly frequent intervals as to the progress and amount of resources devoted to this follow-up effort.

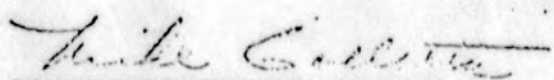
Once again, please accept my congratulations and thanks for the fine job that you and Dick did on the February 15 report. It has stimulated a good deal of favorable comment in Alaska, and we are most appreciative of the highly professional and well finished piece of work we've received.

Sincerely yours,


Gregg K. Erickson
Director of Research

Endorsed:


Representative Bill Miles


Senator Mike Colletta

GKE:dh

cc: Ron Birch

DONALD G. BIRCH *
 HAI R. HORTON *
 WILLIAM H. BITTNER *
 BRUCE MONROE *
 SUZANNE C. FENSTER
 LLOYD V. ANDERSON
 GREGORY C. TAYLOR
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 PAUL H. GRANT
 JACK D. CLARK
 ANN W. RESCH
 GARY FINNELL

* ADMITTED IN D. C.

LAW OFFICES
BIRCH, HORTON, BITTNER AND MONROE
 4400 JENIFER ST., N. W. - SUITE 300
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(202) 244-4250
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April 27, 1979

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 FAIRBANKS, ALASKA 99707
 (907) 452-1606

130 SEWARD STREET, SUITE 314
 JUNEAU, ALASKA 99801
 (907) 580-2890



Mr. Gregg K. Erickson
 Director of Research
 Legislative Affairs Agency
 Pouch Y
 Juneau, Alaska 99811

Dear Gregg:

Attached please find the memoranda discussed in our letter to you of February 28, and in your response letter of March 12. These memoranda complete the research tasks necessary to convert our February 15, 1979 "Alaska Gas Pipeline Perspective" report into a final report. This should also satisfy the requirements in Clause I(A) of our contract with the Joint Interim Natural Gas Pipeline Committee.

Per your request, we have submitted this research in the form of separate memoranda covering Nos. 1, 2, 4, and 5 of our February 28 letter to you. We have also submitted a memo on the Carter-Trudeau meeting, per your request.

With regard to Paragraph 1 (the obtaining of all remaining pertinent documentation under our Freedom of Information Act request at the Treasury Department), I have the following progress report. We have been supplied with almost all Treasury documents that were initially denied us regarding Alaska's financial participation. Some arrived as late as this afternoon. Much of the information we have gleaned from these documents appears in one of the attached memoranda. Upon receiving all Treasury documentation, which Treasury

Mr. G. K. Erickson
Page 2
April 27, 1979

promises within the next week, coupled with Treasury's letter describing what they have provided us and the few things they have denied, we will deliver in one package all of these materials to you and the Committee. It is my opinion that an appeal to the courts for the denied documentation from Treasury would not be a judicious expenditure of funds, since I do not believe any worthwhile information was denied, nor am I sure that we would receive relief from the courts for the few things that will not be supplied.

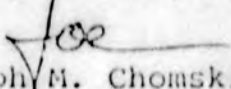
I hope the memoranda below are satisfactory and, as you know, Dick Haggart and I are at your disposal and the disposal of the Committee to answer any questions or expand on any of the points contained. We are continuing to monitor the non-study provisions of our contract with the Committee, as also described in the February 28 letter and confirmed by your response letter. With regard to special informational requests, you have been supplied with a copy of our recent legal opinion on the constitutionality of general obligation bonds for the Northwest Pipeline, which we completed at the request of Representative Bill Miles. We have also begun a shorter study on the law and politics surrounding supplying Alaska oil to Israel, pursuant to a request by Senator Colletta.

I should also like to confirm that the continued work under Clauses 1(B) and (C) coupled with the work we do pursuant to future special requests will be done at the same hourly rate as described in our contract. Per the agreement reached with Senator Colletta and Representative Miles, we shall not exceed a ceiling of \$25,000 of hourly expenditures over the commitment made in the October contract.

Once again, we hope the attached memoranda and the general obligation bond opinion are satisfactory to the Committee and yourself.

Warmest personal regards,

BIRCH, HORTON, BITTNER & MONROE


Joseph M. Chomski

JMC:sac

Encl.

CC: Senator Mike Colletta
Representative Bill Miles
Ronald Birch, Esq.

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

August 13, 1979

Jan D. Shafer, Comptroller
BIRCH, HORTON, BITTNER & MONPOE
1127 West Seventh Avenue
Anchorage, Alaska 99501

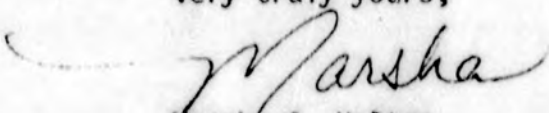
Dear Jan:

I am forwarding a copy of Joe's letter of July 20, 1979, addressed to Rep. Bill Miles, today to Mary Halloran. The letter copy has been prepared for approval or rejection by Rep. Miles and Sen. Colletta as an amendment to the contract, and hopefully, this will end the funding question. I will provide you with a copy of the signed authorization when it is returned from the committee. It is a pity that this confusion has taken up so much of everyone's time, but as you know, proper accounting requires supporting documents of some type.

Along those lines, I understand that Pat Costello will be requesting documentation for travel expenses claimed. Please expedite those receipts, etc., so that payment can be made on the contract.

If you have any questions, please write or call me at 465-3802. Kindly relay my best wishes to the BHBM group.

Very truly yours,


Marsha A. Helton
Special Assistant to the
Executive Director

MAH:tim

cc: Joint Interim Gas Pipeline
Financing Committee

Contract between

THE JOINT INTERIM GAS PIPELINE COMMITTEE
727 "N" Street, Suite 2
Anchorage, AK 99501

and

BIRCH, HORTON, BITTNER & MONROE
1127 W. Seventh Avenue
Anchorage, AK 99501

The parties to this Agreement are the Joint Interim Pipeline Committee, hereinafter referred to as "JIPC" and Birch, Horton, Bittner & Monroe, P.C., hereinafter referred to as "Contractor."

The purpose of this Agreement is to provide specialized professional, legal and governmental services in the area of natural gas policy to the Alaska State Legislature. It is therefore mutually agreed that:

CLAUSE I - STATEMENT OF WORK

(a) The Contractor shall analyze and prepare a report to the JIPC updating the previous reports on Northwest Pipeline financing.

CLAUSE II - PERIOD OF PERFORMANCE

(a) This Agreement shall have retroactive effect to June 4, 1979.

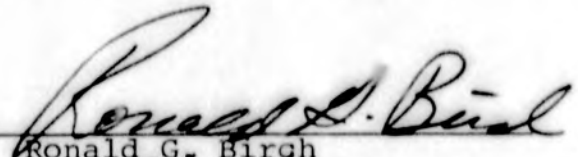
CLAUSE III - COMPENSATION

(a) Total compensation for the work referenced in Clause I shall be in the amount of \$8,000 inclusive of all expenses.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted below their signatures.

BIRCH, HORTON, BITTNER & MONROE

THE JOINT INTERIM GAS PIPELINE
COMMITTEE

BY: 

Ronald G. Birch

Date: 8/14/79

BY: _____

Senator Mike Colletta

Date: _____

BY: _____

Representative Bill Miles

Date: _____

Contract between

THE JOINT INTERIM GAS PIPELINE COMMITTEE
727 "N" Street, Suite 2
Anchorage, AK 99501

and

BIRCH, HORTON, BITTNER & MONROE
1127 W. Seventh Avenue
Anchorage, AK 99501

The Contract between the State of Alaska, Legislative Affairs Agency and Birch, Horton, Bittner & Monroe dated October 3, 1978, attached hereto and incorporated herein, is hereby amended as follows:

CLAUSE III, Paragraph B(1) as set forth on Page three of said Contract shall read:

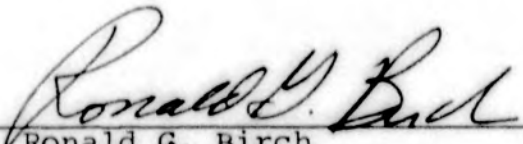
"Total payments for the work described in Clause I(B) shall not exceed \$25,000.00, inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B) after Contractor's total billings for this work exceed \$25,000.00, inclusive of reimbursable expenses.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted below their signatures.

BIRCH, HORTON, BITTNER & MONROE

THE JOINT INTERIM GAS PIPELINE
COMMITTEE

BY:


Ronald G. Birch

Date:

8/14/79

BY:

Senator Mike Colletta

Date:

BY:

Representative Bill Miles

Date:

Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

and

BIRCH, HORTON, BITTNER AND MONROE
733 West Fourth Avenue, Suite 206
Anchorage, Alaska 99501

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, hereinafter referred to as the "Agency", and BIRCH, HORTON, BITTNER AND MONROE, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide specialized professional legal and governmental consulting services in the area of natural gas policy to the Alaska State Legislature.

IT IS, THEREFORE, MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall analyze and prepare the Preliminary and Final Reports described in the annex to this agreement (which is incorporated herein by reference) and shall deliver the reports to the Project Director in a form suitable for offset printing.
- (B) The Contractor shall provide telephone consultations and brief written responses to legislative inquiries related to the subject of Alaska natural gas.
- (C) The Contractor shall, on written request of the Project Director, conduct additional specified studies related to Alaska natural gas, and prepare written reports thereon. If requested in writing by the Project Director, the Contractor shall prepare and present testimony to committees of the legislature on the subject matter of these reports, and on those prepared under (A) of this clause.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) This agreement shall have retroactive effect to 3 October 1978.

- (B) The Contractor shall deliver the reports referenced in Clause I(A) and described in the annex to this agreement to the Project Director in accordance with the following schedule:

Delivery of Preliminary Report----- 31 January 1979
Delivery of Final Report ----- 15 March 1979

- (C) This agreement may be terminated by either party on written notice to the other.
- (D) Unless otherwise terminated or extended, this agreement terminates on 30 June 1979.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A)(1) Total payments for the work referenced in Clause I(A) shall not exceed \$23,333, inclusive of all expenses, which, for the work under Clause I(A), shall be the sole responsibility of the Contractor.
- (2) Payment for the work referenced in Clause I(A) and described in the contract annex shall be due and payable to the Contractor in accordance with the following schedule:

<u>On Delivery of:</u>	<u>Amount Due</u>
Preliminary Report	\$ 15,556
Final Report	\$ 7,777

except that in the event a report is delivered late, the payment due on delivery of that report shall be reduced by one and one-half percent (1.5%) for each day elapsing between the due date and the date the report is delivered.

- (3) If this agreement is terminated by the Agency before 31 January 1979, then the Contractor is not required to deliver the reports referenced under Clause I(A), although the provisions of Clause IV still apply. In this event, payment due the Contractor for work on those reports shall be determined by multiplying \$15,556 times a fraction, the numerator of which is the number of days between 3 October 1978 and the termination date, with the denominator being 120.
- (4) If this agreement is terminated by the Agency after 31 January 1979, but before delivery of the Preliminary Report, then the Contractor shall not be required to deliver the Final Report. In this event payment due the Contractor shall be determined by reducing \$15,556 by one and one-half percent (1.5%) for each day elapsing between 31 January 1979 and the date the Preliminary Report is actually delivered.

- (5) If this agreement is terminated by the Agency after the delivery of the Preliminary Report, but before 15 March 1979, then the Contractor shall not be required to deliver the Final Report. In this event, payment due the Contractor for the work done on the Final Report shall be determined by multiplying \$7,777 by a fraction, the numerator of which is the number of days between the date the Preliminary Report was delivered and the termination date, with the denominator being 45.
- (6) If this agreement is terminated by the Contractor in accordance with Clause II(C) or under the terms of Clause VI(B), then the Contractor shall receive no payment for any report referenced in Clause I(A) which is not delivered by the termination date.
- (B)(1) Total payments for the work described in Clause I(B) and (C) shall not exceed \$11,667, inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B) or (C) after Contractor's total billings for this work exceed \$11,667, inclusive of reimbursable expenses.
- (2) Work conducted under Clause I(B) and (C) shall be compensated at the following rates:

Ronald Birch	\$90/hour
Bruce Monroe	\$90/hour
Mike Spaan	\$90/hour
Constance Brooks	\$70/hour
Joseph Chomski	\$70/hour
Harvey Levine	\$70/hour
Richard Haggart	\$60/hour

except that charges for any individual consultation or report prepared under Clause I(B) shall not exceed \$270. Payment for work conducted under Clause I(B) and (C) shall be made by the Agency in response to monthly invoices from the Contractor, approved by the Project Director. These invoices shall note each legislator or legislative staff member requesting work, specify which of the above designated principals or members of Contractor's staff responded to each request, and the time worked by each on each request.

- (3) Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I(B) and (C) shall be reimbursed on the basis of coach class fares, with per diem payable at prevailing state government rates. Contractor shall be reimbursed for long distance telephone expenses incurred in carrying out the work called for in Clause I(B) and (C). Purchase and reproduction costs of documents or publications obtained for and delivered to the Agency or individual legislators in support of work under Clause I(B) and (C) shall be reimbursed. Expenses incurred by the Contractor for all goods or services not specifically

enumerated in this paragraph shall be the responsibility of the Contractor unless specifically authorized by the Project Director.

CLAUSE IV - RECORDS, DOCUMENTS AND AUDIT

The Contractor shall maintain accurate and detailed records, in accordance with Agency procedures, of the billable time worked and reimbursable expenses incurred under this contract. The records shall be available for inspection by the Agency at all reasonable times. All documents and writings generated as a consequence of work done under this agreement are the property of the State of Alaska, and shall be delivered to the Agency on termination of the agreement.

CLAUSE V - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research, or his designee.

CLAUSE VI - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated 12 October 1978, Contractor affirms that it and the principals and staff members mentioned by name in Clause III(E) do not represent, own any beneficial interest in, or have any professional business relationship with:

Northern Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Co.

or any firm or organization holding an interest in natural gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Project Director in writing of any events that would require an amendment of Contractor's letter of 12 October 1978, or otherwise tend to create a conflict of interest. Within ten days of receiving this notification, the Project Director shall, after consultation with the Contractor, notify the Contractor in writing of his determination as to whether or not a conflict of interest exists. If the notification is that, in the opinion of the Project Director, a conflict exists, then the contract shall be deemed to have been terminated by the Contractor in accordance with Clause II(C).

CLAUSE VII - CONFIDENTIALITY OF COMMUNICATIONS

It is contemplated that all work done under this contract will be made public by the legislature. However, all communications between the Agency or the legislature and the Contractor, including the final report, shall be held confidential by the Contractor until released by the Agency or other legislative entity or individual legislator to which they were addressed.

CLAUSE VIII - LOBBYING DISCLAIMER

The Agency and the Contractor agree that the only services to be provided under this contract are the provision of information, analysis, and advice to the legislature; the Contractor is not authorized or permitted under this contract to represent the legislature, its members, committees, or staff agencies before Congress or any other legislative, administrative, or judicial institution. However, nothing in this clause limits the Contractor's rights or responsibilities under any other agreement, or prohibits the giving of testimony to the Alaska legislature when that testimony is properly authorized under Clause I(C). ✓

CLAUSE IX - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

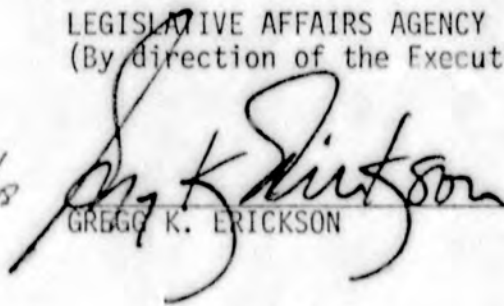
IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

BIRCH, HORTON, BITTNER AND MONROE

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

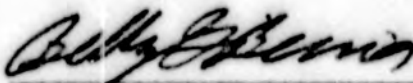

RONALD BIRCH

10/16/78
Date


GREGG K. ERICKSON

10/16/78
Date

Approved as to form.


AGENCY LEGAL COUNSEL

10/19/78
Date

ANNEX

To Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

And

BIRCH, HORTON, BITTNER AND MONROE

The written reports referenced in Clause I(A) of the agreement consist of a Preliminary Report and a Final Report addressing the subjects listed below. The Final Report shall be an extension of the work in the Preliminary Report, with emphasis on those areas designated by the Project Director for more intensive study or analysis. Both reports shall be organized in three sections, described as below, or in such other manner as may be most effective in covering all the topics noted.

SECTION 1.

This section will address the following specific questions.

- (a) To what extent is Alaska's financial participation in the project as described in the President's decision still "expected?"
- (b) Is Alaska's financial participation perceived to be a vital element in the project's success?
- (c) To what extent are the proposals for state financial participation put forward by Northwest considered "appropriate" avenues of state participation, considered in the context of the President's decision, Congressional findings, and events of the last year?
- (d) To what extent has action by the State of Alaska establishing a pipeline bonding authority, as requested by Northwest Pipeline, fulfilled the "obligations" of the state (as perceived by federal policy makers) with respect to financial participation?
- (e) To what extent do federal policy makers consider Northwest's proposed utilization of tax exempt revenue bonds, requiring a Congressional amendment to Section 103 of the Internal Revenue Code, an appropriate response by the company to the President's decision and/or the provisions of the Alaska Natural Gas Transportation Act?

- (f) What are the prospects for enactment of such an amendment to the Internal Revenue Code?
- (g) In the event that the project cannot be financed as currently contemplated by Northwest, which of the following responses by the federal government is most likely?
 - i) provision of federal loan guarantees;
 - ii) direct federal financial participation other than in the form of loan guarantees;
 - iii) voiding of Northwest's franchise in favor of another private sector company;
 - iv) project abandonment;
 - v) other response.

SECTION 2.

This section will address the following specific areas:

- (a) The background to the President's decision selecting the Northwest proposal, in which Alaska's financial participation was assumed. This will include consideration of the public record covering the decision and particularly those areas of the record to which Alaska contributed.
- (b) Where arguments relating to Alaska participation are advanced as the official positions of organizations (for example, the Treasury Department), a detailed examination of the decision-making process that led up to taking that position.
- (c) A determination of how and under what circumstances there developed among federal policy makers the apparent perception that Alaska had committed itself to support financially the proposed El Paso system.
- (d) An analysis should be made of official and unofficial statements by state officials before Congressional committees or to other national policy makers which might pertain to Alaska's position with respect to construction of the Alaska natural gas transportation system, particularly with reference to those statements bearing on Alaska's responsibilities for management of the Prudhoe Bay reservoir.

SECTION 3.

This section will examine the full spectrum of means the federal government might conceivably use to induce the State of Alaska to contribute its fiscal resources to the construction of the Alaska natural gas transportation system. These means should include both direct and indirect federal actions, and should examine in at least a cursory way all those areas where the federal government exercises or could exercise leverage on the State. Detailed examination should be devoted to those areas where federal action in this context is most likely.

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99801

AND

LAZARD FRERES & CO.
One Rockefeller Plaza
New York, New York 10020

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, on behalf of the Alaska State Legislature's Joint Committee on Gas Pipeline Financing, hereinafter referred to as the "AGENCY", and LAZARD FRERES & CO., hereinafter referred to as the "CONTRACTOR".

WHEREAS, the Alaska State Legislature resolved that the Joint Committee on Gas Pipeline Financing be directed to consult with appropriate financial and legal experts, and obtain expert opinions on the economic feasibility of the proposed natural gas pipeline and alternative methods by which the Legislature may wish to assist timely construction of the pipeline, including the desirability of direct financial participation in the pipeline,

THE PURPOSE OF THIS AGREEMENT is to provide specialized financial research and consulting services to the Alaska State Legislature through the Joint Committee on Gas Pipeline Financing.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall provide to the Joint Committee on Gas Pipeline Financing expert financial opinion on the desirability of various methods for providing financial assistance to the gas pipeline project, including but not limited to direct State participation. Such opinion shall be made after discussions with appropriate federal government agencies, lenders, Northwest Energy Company and other interested parties as may be deemed necessary.

- (B) All reports, correspondence, graphs, computer programs (including card decks and listings), and other documents prepared under this Contract are the property of the Alaska State Legislature, and it shall have the full right to use these documents for its purposes, or otherwise, when and where the Alaska State Legislature may designate without any claim on the part of the Contractor for additional compensation. They shall be submitted to the Co-Chairmen of the Joint Committee immediately upon completion. Copies of all reports, correspondence, graphs, computer programs and other documents shall also be sent to the Attorney General's Office (Pouch K, Juneau, Alaska 99811), to the attention of Robert B. Maynard, Assistant Attorney General.
- (C) The work shall be done in accordance with generally recognized standards of professional consulting services. In the event that any work does not meet these standards, the Agency may serve written notice and satisfactory correction shall be made within ten (10) days. Completion dates for any portion(s) of the work shall be set by mutual agreement. Failure to complete the work on time shall result in liquidated damages of One Hundred Dollars (\$100) per day, except for delays due to causes beyond the control and without fault or negligence of the Contractor. Liquidated damages shall not exceed the total payments allowed under the Contract and may be deducted from payments that are owing.
- (D) The Agency may terminate this Contract upon written notice of the necessity for doing so and payment shall be made for satisfactory work. Any dispute concerning a question of fact that relates to the Contractor's performance, if not disposed of by agreement between the parties, shall be decided by the Co-Chairmen of the Committee, who shall notify the Governor. This decision, unless appealed to a court of competent jurisdiction within ninety (90) days of the completion or termination of the Contract, shall be final and conclusive.

CLAUSE II - WRITTEN REPORT

The Contractor's opinions and advice will be made in written form, including findings and recommendations, to the Committee on or before June 30, 1980.

CLAUSE III - INTERIM REPORTS

The Contractor shall submit such interim reports as the Committee shall reasonably request.

CLAUSE IV - PROJECT DIRECTOR

The Project Director shall be Senator Mike Colletta, acting on behalf of the Joint Gas Pipeline Committee.

CLAUSE V - PERIOD AND DATES OF PERFORMANCE

The work under this Contract shall commence on July 15, 1979, and expire on June 30, 1980. Performance may be extended for additional periods by mutual written agreement of the parties.

CLAUSE VI - COMPENSATION AND METHOD OF PAYMENT

In full consideration of the Contractor's performance hereunder, the Agency shall pay the Contractor the customary fees not to exceed a total charge of \$50,000 (Fifty Thousand Dollars). Billings may be submitted to the Agency on a quarterly basis and shall include appropriate time records of the Contractor. No more than 50% of the maximum charge under the Contract shall be paid out in advance of the acceptance of the final work product by the Co-Chairmen of the Committee.

CLAUSE VII - OTHER CONTRACT PROVISIONS

It is understood that the Contractor is an investment bank with numerous, historic relationships with oil producing companies, oil and gas transmission companies, and refiners. It is understood that the Contractor is not obligated to terminate ongoing relationships with such companies and may without restriction enter into new relationships with such companies in the future. The Contractor shall be obligated, however, to inform the Committee of any arrangements which may present a conflict of interest, and upon receipt of such information the Committee may, if it so desires, terminate this Contract with penalty. Contractor knows of no current or prospective circumstance which would present a conflict of interest in providing objective financial expert advice.

Nothing in this Contract shall prevent Contractor after completion of its report from participating in the ultimate financing agreements of the Alaska Gas Pipeline Project.

CLAUSE VIII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement
on the dates indicated below.

CONTRACTOR

LEGISLATIVE AFFAIRS AGENCY

LAZARD FRERES & CO. Date
IRS No. _____

M. R. CHARNEY Date
Executive Director

Accepted:

Approved as to form:

Senator Mike Colletta Date
Co-Chairman, Joint Gas
Pipeline Committee

Billy G. Berrier Date
Agency Legal Counsel

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

*Send copy
all com members
file you find*
JAY S. HAMMOND, GOVERNOR

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

August 20, 1979

The Honorable Mike Colletta
Chairman
Special Joint Interim Committee
on Gas Pipeline Financing
P. O. Box 3188
Anchorage, Alaska 99501

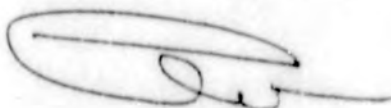
Dear Mike:

At your request and direction, I have gone ahead and executed the contract between the committee and Lazard Freres & Co. for study of the financial assistance question. You indicated you wanted me to keep it under \$180,000. You will note that the price negotiated is \$50,000. That should be satisfactory. I assume I will be permitted to personally keep two-thirds of the remainder.

Seriously, they have commenced work on the project. I assume it will be done reasonably quickly.

It was nice seeing you here during the Special Session. It was not, as I am sure you'll agree, an altogether pleasant experience, but perhaps we can make up for it in January.

Yours very truly,



Avrum M. Gross
Attorney General

AMG:as

Enclosure

Professional Services Contract

This Contract, effective the 15th day of July 1979
between the State of Alaska, Department of Natural Resources (here-
inafter called the "State") and Lazard Freres & Co., One Rockefeller
Plaza, New York, New York 10020 (hereinafter called the "Contractor"),

WITNESSETH THAT:

WHEREAS, The Alaska State Legislature RESOLVED that the
Joint Interim Committee on Gas Pipeline Financing be directed to
consult with appropriate financial and legal experts, and obtain
for the legislature

- 1) a formal opinion of bond counsel on whether general
obligation bonds may be legally used to finance
State equity participation in the natural gas pipe-
line.
- 2) if bond counsel determines that the use of general
obligation bonds would be legal for this purpose,
expert financial opinion on how the issuance of the
bonds would affect the State's ability to finance
other needed capital projects
- 3) detailed projections of the State's general fund
balances using reasonable income and revenue
assumptions, and
- 4) expert financial and legal opinions on any other
methods for providing financial assistance to the
gas pipeline project, and

FURTHER RESOLVED that the Joint Interim Committee on Gas Pipeline be directed to continue its efforts to develop, in consultation with the Governor a report for the legislature examining the economic feasibility of the natural gas pipeline and alternative methods by which the legislature may wish to assist timely construction of the pipeline, including the desirability of direct financial participation in the pipeline; and

FURTHER RESOLVED that the Joint Interim Committee on Gas Pipeline Financing submit a written report, including findings and recommendations, to the Second Session of the Eleventh Legislature, now, THEREFORE, the parties hereto agree as follows:

ARTICLE I: Service to be Performed

The Contractor shall provide to the Joint Interim Committee on Gas Pipeline Financing expert financial opinion on the desirability of various methods for providing financial assistance to the gas pipeline project, including but not limited to direct State participation. Such opinion shall be made after discussing with appropriate federal government agencies, lenders, Northwest Energy Company and other interested parties as may be deemed necessary.

All reports, correspondence, graphs, computer programs (including card decks and listings), and other documents prepared under this Contract are the property of the STATE and it shall have the full right to use these documents for its purposes, or otherwise, when and where the STATE may designate without any claim on the part of the

Contractor for additional compensation. They shall be submitted to the Commissioner of Natural Resources immediately upon completion. Copies of all reports, correspondence, graphs, computer programs and other documents shall be sent to the Attorney General's Office (Pouch K, Juneau, Alaska, 99811) to the attention of Robert B. Maynard, Assistant Attorney General.

The work shall be done in accordance with generally recognized standards of professional consulting services. In the event that any work does not meet these standards, the Commissioner of Natural Resources may serve written notice and satisfactory correction shall be made within ten (10) days. Completion dates for any portion(s) of the work shall be set by mutual agreement. Failure to complete the work on time shall result in liquidated damages of One Hundred Dollars (\$100) per day, except for delays due to causes beyond the control and without fault or negligence of the Contractor. Liquidated damages shall not exceed the total payments allowed under the Contract and may be deducted from payments that are owing.

The STATE may terminate this Contract upon written notice of the necessity for doing so and payment shall be made for satisfactory work. Any dispute concerning a question of fact that relates to the Contractor's performance, if not disposed of by agreement between the parties, shall be decided by the Commissioner of Natural Resources, who shall notify the Contractor. This decision, unless appealed to a court of competent jurisdiction within ninety (90) days of the completion or termination of the Contract, shall be final and conclusive.

ARTICLE II: Written Report

The Contractor's opinions and advice will be made in written form, including findings and recommendations, to the Joint Interim Committee on Gas Pipeline Financing on or before June 30, 1980.

ARTICLE III: Interim Reports

The Contractor shall submit such interim reports as the Joint Interim Committee on Gas Pipeline Financing shall reasonably request.

ARTICLE IV: Period of Performance

The period of performance under this Contract shall commence on July 15, 1979 and expire on June 30, 1980. Performance may be extended for additional periods by mutual written agreement of the parties.

ARTICLE V: Consideration

open ended

In full consideration of the Contractor's performance hereunder, the STATE shall pay the Contractor the customary fees not to exceed a total charge of \$50,000⁰⁰ plus third party out-of-pocket expenses as may from time to time to approved by the Commissioner of Natural Resources. Billings shall be submitted to the Commissioner of Natural Resources on a quarterly basis and shall include appropriate time records of the Contractor. No more than 50% of the maximum charge under the Contract shall be paid out in advance of the acceptance of the final work product by the Commissioner of Natural Resources.

ARTICLE VI: Other Contract Provisions

It is understood that the Contractor is an investment bank with numerous, historic relationships with oil producing companies, oil and gas transmission companies, and refiners.

It is understood that the Contractor is not obligated to terminate ongoing relationships with such companies and may without restriction enter into new relationships with such companies in the future. The Contractor shall be obligated, however, to inform the Joint Interim Committee on Gas Pipeline Financing of any arrangements which may present a conflict of interest and upon receipt of such information the Joint Interim Committee on Gas Pipeline Financing may, if it so desires, terminate this Contract without penalty. Contractor knows of no current or prospective circumstance which would present a conflict of interest in providing objective financial expert advice.

Nothing in this Contract shall prevent Contractor after completion of its report from participating in the ultimate financing arrangements of the Alaska Gas Pipeline Project.

Appendix A attached hereto and made a part hereof sets forth additional general contract provisions of this Contract.

IN WITNESS WHEREOF, the parties have executed this Contract this 15 day of August, 1979.

Contractor

LAZARO FRANKS & CO

By: [Signature]

State of Alaska,

~~Department of Natural Resources~~

Joint Interim Committee on Gas Financing

By: [Signature]

Chair, Subcommittee on Equity Investment

Approved:

(Date)

Approved:

(Date)

APPENDIX "A"

ARTICLE A-1. Definitions:

(a) The term "head of the agency" or "Commissioner" as used herein means the Commissioner, the Deputy Commissioner, or any other head or assistant head of the executive department or other State agency; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the head of the agency or the Commissioner.

(b) The term "Contracting Officer" as used herein means the person executing this contract on behalf of the State, and includes a duly appointed successor or authorized representative.

(c) The term "Department" means the Department of Law, State of Alaska.

ARTICLE A-2. Inspection and Reports.

(a) The Department shall have the right to inspect, in such manner and at all reasonable times as it deems appropriate, all activities of the Contractor arising in the course of its undertakings under this contract.

(b) The Contractor shall make progress and other reports in such manner and at such times as the Department may reasonably require.

ARTICLE A-3. State Saved Harmless:

The Contractor shall hold and save the State, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses, for or on account of any or all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of any wrongful act or omission of Contractor not specifically directed by the State or its duly authorized agents.

ARTICLE A-4. Disputes:

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not

disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Commissioner or head of the agency involved. The decision of the Commissioner or head of the agency or his duly authorized representative for the determination of such appeals shall be final and conclusive. This provision shall not be pleaded in any suit involving a question of fact arising under this contract as limiting judicial review of any such decision to cases where fraud by such official or his representative or board is alleged: Provided, however, that any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(b) This Disputes clause does not preclude consideration of questions of law in connection with decisions provided for in Paragraph (a) above. Nothing in this contract, however, shall be construed as making final the decision of any administrative official, representative or board on a question of law.

ARTICLE A-5. Equal Employment Opportunity:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, or sex. The Contractor will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, ancestry, age,

or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

(b) The Contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, or sex.

(c) The Contractor will send to each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding a notice advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to all employees and applicants for employment.

(d) The Contractor will include the provisions of Paragraphs (a) through (c) of this Article in every contract, and will require the inclusion of these provisions in every sub-contract entered into by any of its sub-contractors, so that such provisions will be binding upon each sub-contractor, as the case may be. For the purpose of including such provisions in any construction, maintenance, or service contract or sub-contract, as required hereby, the term "Contractor" and the term "Sub-contractor" may be changed to reflect appropriately the name or designation of the parties of such contract or sub-contract.

(e) The Contractor agrees that he will fully cooperate with the office or agency of the State of Alaska which seeks to deal with the problem of unlawful or invidious discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and said Contractor will comply promptly with all requests and directions from the State Commission

of Human Rights or any of its officers or agents relating to prevention of discriminatory employment practice.

(f) Full cooperation as expressed clause (e) foregoing shall include, but not be limited to, being a witness in any proceeding involving questions of unlawful or invidious discrimination if such is deemed necessary by any official or agency of the State of Alaska, permitting employees of said Contractor to be witnesses or complainants in any proceeding involving questions of unlawful or invidious discrimination, of such is deemed necessary by any official or agency of the State of Alaska, participating in meetings, submitting periodic reports on the equal employment aspects of present and future employment, assisting in inspection of the construction site, and promptly complying with all State directives deemed essential by any office or agency of the State of Alaska to insure compliance with all Federal and State laws, regulations and policies pertaining to the prevention of discriminatory employment practices.

(g) Failure to perform any of the above agreements pertaining to equal employment opportunities shall be deemed a material breach of the contract.

The responsible officer overseeing compliance with such fair practice and non-discrimination provision shall be the executive head of such department or other agency of the State of Alaska as is a party to the contract. Such responsible officer shall report to the State Commission for Human Rights whenever discriminatory practices are brought to his attention.

ARTICLE A-6. Termination:

The performance of work under this contract may be terminated, in whole or from time to time in part, by the State whenever for any reason the Contracting Officer shall determine that such termination is in the best interest of the State. Termination of work hereunder shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated and the date upon which such termination becomes effective.

ARTICLE A-7. No Assignment:

The Contractor shall not assign this contract, nor any part thereof, nor any right to any of the monies to be paid him hereunder, nor shall any part of the work done or materials furnished under said contract be sublet except with the written consent of the Contracting Officer.

ARTICLE A-8. No Additional Work:

No claim for additional work or materials not specifically herein provided, done or furnished by the Contractor will be allowed by the Commissioner or the head of the agency, nor shall the Contractor do any work or furnish any material not covered by the contract unless such work is ordered or confirmed in writing by the Commissioner or the head of the agency.

ARTICLE A-9. Independent Contractor:

The Contractor, and any agents and employees of the Contractor, shall act in an independent capacity and not as officers or employees or agents of the State in the performance of the contract.

ARTICLE A-10. Payment of Taxes:

As a condition of performance of this contract, the contractor shall pay all Federal, State, and local taxes incurred by the contractor, subcontractor or other person or persons in the performance of this contract, and proof of payment of these taxes is a condition precedent to payment by the State under this contract.

INSTRUCTIONS TO BE OBSERVED IN EXECUTING CONTRACT

1. A statement of grounds which permit contracting without State advertising pursuant to AS 37.05.230 should be inserted in this recital if there has been no such advertising. For example: "Whereas the State is entering into this contract by direct negotiation and not by competitive bids because this is a contract for professional services."

2. A statement of statutory grounds which authorize the Department or Agency to enter into the contract should be inserted in this recital. For example: "Whereas the Department of Health and Welfare has the authority to enter into this contract by AS 47.05.010."

3. Appendix A may be attached to the contract if it is necessary to set out in lengthy detail the service. If Appendix A is attached to the contract, there should be a recital which explicitly states this. For example: "The services to be performed by the Contractor are set forth in Appendix A attached hereto and made a part hereof."

4. A statement of the amount to be paid the Contractor and a per diem rate, if the contract is one that entails per diem rate, should be set forth here.

5. Any substantial change or addition to the contract must be approved as to form by the Department of Law.

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

H. K. VAN POOLLEN AND ASSOCIATES, INC.

1100 WEST LITTLETON BOULEVARD
LITTLETON, COLORADO 80120
TELEPHONE: 303 793-8378
TWX: 910 935 0102
ANS: HKVANPOOL LITL

July 5, 1979

Mr. E. Phillips
Department of Natural Resources
Division of Minerals and Energy Management
703 W. Northern Lights Blvd.
Anchorage, Alaska 99501

Dear Mr. Phillips:

RE: Request for Extension of Contract

The contract between the Legislative Affairs Agency and H. K. van Poollen and Associates, Inc., covering the development of cost data and methodology for Prudhoe Bay will expire on August 30, 1979.

Acquisition of the necessary cost data and results of the reservoir simulation study have been slower than originally anticipated. The current estimate on the availability of initial results from the 3-D model is in mid-August. Hopefully, the operators will furnish the necessary cost data by that time.

In view of the above considerations, we request an extension of the contract to December 31, 1979. This will be sufficient time to complete the contract and submit the final report.

Yours very truly,

Wayne R. Beeks

Wayne R. Beeks
Vice President
H. K. van Poollen and Associates, Inc.

WRB:sh

RECEIVED

JUL 09 1979

RESERVOIR ENGINEERING — WASTE DISPOSAL — WELL TESTING — GAS STORAGE
PETROLEUM ENGINEERING — WATER TREATMENT — Div. of Minerals & Energy Technology
SEISMIC INTERPRETATION — EVALUATIONS — SECONDARY RECOVERY — Anchorage, AK — HEARINGS
PRODUCTION — EXPLORATION — DRILLING — CORROSION — COMPUTER APPLICATIONS
WELL COMPLETION — RESERVOIR GEOLOGY — OFFSHORE TECHNOLOGY — OPERATIONS

MEMORANDUM

State of Alaska

TO: Marsha A. Helton
Legislative Affairs Agency
Pouch Y State Capitol
99811

DEPT. DNR
DIV. DMEM
SEC. Petrochem

DATE : 27/July/79

FROM: F. R. Rupp
Div of M. Natural Energy
Mgmt. Anchorage 99503

SUBJECT: Extension of Contract
For H. K. Von Poolen.

Given the data problems I think the request enclosed with this memo is reasonable. Their recent billing looks O.K. Could you send me a statement concerning their total billing and the balance remaining in the contract.

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

AMENDMENT NO. 1 TO CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y - Capitol
Juneau, Alaska 99811

AND

H. K. VAN POOLLEN AND ASSOCIATES
1100 West Littleton Boulevard
Littleton, Colorado 80120

IT IS MUTUALLY AGREED THAT THE CONTRACT ENTERED INTO BETWEEN THE PARTIES, DATED FEBRUARY 23, 1979, IS HEREBY AMENDED AS FOLLOWS:

CLAUSE III - PERIOD AND DATES OF PERFORMANCE

- (A) This contract shall be retroactive to 1 February, 1979, and shall expire on 31 December, 1979, unless extended by written agreement or terminated in accordance with (B) of this clause.

CLAUSE V - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide monthly progress reports to the Project Director in the form specified by him. A copy of each report shall be sent to the Executive Director of the Agency at the address hereinabove stated.

CLAUSE VI - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records, including detailed time records, as may be required by the Agency. The records are subject to inspection by the Agency at all reasonable times. Copies of all documents, reports, and writings produced in the course of the work performed under this contract shall be delivered to the Project Director and to the Executive Director of the Agency upon termination of this agreement.

AMENDMENT NO. 1
TO CONTRACT BETWEEN

LEGISLATIVE AFFAIRS AGENCY
and
H. K. VAN POOLLEN AND ASSOCIATES

THE PARTIES FURTHER AGREE THAT ALL OTHER PROVISIONS OF THE
CONTRACT DATED FEBRUARY 23, 1979, SHALL REMAIN IN FULL FORCE
AND EFFECT.

IN WITNESS WHEREOF, the parties have executed this Amendment
No. 1 on the dates indicated.

H. K. VAN POOLLEN AND ASSOCIATES LEGISLATIVE AFFAIRS AGENCY

Contractor

Date

MYRTON R. CHARNEY
Executive Director

Date

APPROVED AS TO FORM:

 7/30/79

AGENCY LEGAL COUNSEL Date

STATEMENT OF PAYMENTS ON CONTRACT

H. K. VAN POOLEN & ASSOCIATES

Contract:	\$60,000.00	<u>Fees</u>	<u>Expenses</u>	<u>Balance</u>
January		\$ 720.00	\$542.96	
February		---	---	Did not bill
March		4,055.00	---	
April		10,247.50	60.44	
May		8,095.00	392.85	
June		<u>5,021.25</u>	<u>749.52</u>	In process
TOTAL to date		\$28,138.75	\$1,745.77	
				<u>\$30,115.48</u>

Account No. 203 (FY '79)
\$60,000

CONTRACT BETWEEN

STATE OF ALASKA

LEGISLATIVE AFFAIRS AGENCY

Pouch Y
Juneau, Alaska 99811

AND

H. K. VAN POOLLEN AND ASSOCIATES

1100 W. Littleton Blvd.
Littleton, Colorado 80120

The parties of this agreement are the LEGISLATIVE AFFAIRS AGENCY, hereinafter referred to as the "Agency," and H. K. VAN POOLLEN AND ASSOCIATES, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide the State of Alaska with specialized consulting services in oil and gas reservoir management.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

Under the direction of the Project Director, the Contractor shall assist state personnel in:

- (A) Defining the methodology appropriate to evaluating the benefits and costs to the State of Alaska and the nation of pursuing any particular development path at Prudhoe Bay;
- (B) Identifying the information necessary to apply such a methodology;
- (C) Developing the necessary engineering and cost data; and
- (D) Preparing a preliminary analysis of the economic tradeoffs circumscribing the development options at Prudhoe Bay.

CLAUSE II - PROJECT DIRECTOR

The Project Director shall be the director of the Division of Minerals and Energy Management, Alaska Department of Natural Resources, or his designee.

CLAUSE III - PERIOD AND DATES OF PERFORMANCE

- (A) This contract shall be retroactive to 1 February 1979 and shall expire on 30 August 1979 unless extended by written agreement or terminated in accordance with (B) of this clause.

- (B) This contract may be terminated on written notice of either party to the other.

CLAUSE IV - COMPENSATION AND METHOD OF PAYMENT

- (A) Payment for the Contractor's services shall be calculated in accordance with the rates and terms specified in the Contractor's most recent published schedule of rates, or at the rates (and in accordance with the terms) specified in the contract with the Department of Natural Resources, Division of Oil and Gas Conservation, executed by the Contractor on 21 August 1978, whichever is lower.
- (B) Reimbursement of expenses authorized in advance by the Project Director shall be on the basis of actual costs incurred, except that air travel shall be reimbursed on the basis of coach class air fare, and per diem on the basis of state per diem rates.
- (C) Total compensation for expenses and services under this agreement shall not exceed \$60,000.

CLAUSE V - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide monthly progress reports in the form specified by him. A copy of each report shall be sent to the Director of Research, Legislative Affairs Agency, Pouch Y, Juneau, Alaska 99811.

CLAUSE VI - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records, including detailed time records, as may be required by the Agency. The records are subject to inspection by the Agency at all reasonable times. Copies of all documents, reports and writings produced in the course of the work performed under this contract shall be delivered to the Project Director and to the Director of Research, Legislative Affairs Agency, upon termination of this agreement.

CLAUSE VII - CONFLICT OF INTEREST

- (A) Except as described in Appendix A of this agreement, Contractor affirms that it does not have any professional business relationship with:

Northern Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.

United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield

or any firm or organization which, to the Contractor's knowledge, holds an interest in oil or gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Project Director in writing of any events that would require an amendment of Appendix A of this agreement, or otherwise tend to create a conflict of interest.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted.

H. K. VAN POOLLEN AND ASSOCIATES

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

H. K. Van Poolle

2/23/79
Date

Gregg K. Erickson
GREGG K. ERICKSON

2/14/79
Date

Alaska Business License #78-233326

Approved as to form.

Billy J. Benson
AGENCY LEGAL COUNSEL

2/13/79
Date

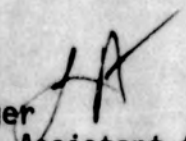
**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

FILE: CONTRACTS

January 7, 1980

To Representative Miles:

Enclosed is a copy of the amendment to the contract with
Todd Doscher.


Lynn Ager
Special Assistant to Myrt Charney

AMENDMENT NO. 3

CONTRACT BETWEEN
STATE OF ALASKA - LEGISLATIVE AFFAIRS AGENCY

AND

THE DOSCHERS GROUP, INC.

IT IS MUTUALLY AGREED THAT THE CONTRACT BETWEEN THE ABOVE PARTIES,
DATED AUGUST 8, 1978, IS HEREBY AMENDED AS FOLLOWS:

CLAUSE III, Paragraph (A), page 1 is amended to read:

- (A) This contract shall have retroactive effect to 1 July, 1978
and work under this contract shall be accomplished between
that date and June 30, 1980.

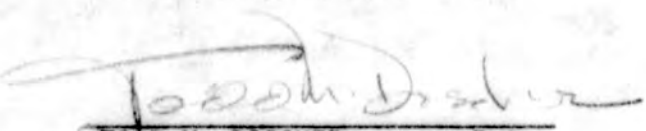
CLAUSE III, Paragraph (B), page 1 is amended to read:

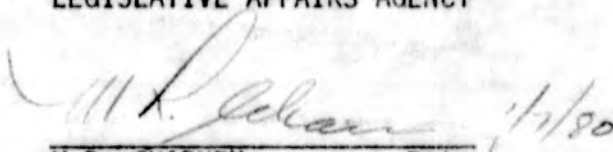
- (B) This contract terminates on June 30, 1980 unless
terminated earlier in accordance with (C) of this clause.

IN WITNESS WHEREOF, the parties have executed this amendment to
this agreement on the dates indicated below.

THE DOSCHERS GROUP, INC.

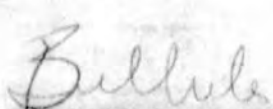
LEGISLATIVE AFFAIRS AGENCY


TODD M. DOSCHER Date
IRS. Ident. No. 95-3166009


M.R. CHARNEY Date 1/7/80
Executive Director

Accepted:

Approved as to form:


Bill Miles Date 12/4/79
Project Director


Billy G. Berrier Date 11/30/79
Agency Legal Counsel

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

AND

MARY HALLORAN
718 Fifth
Juneau, Alaska 99801

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, on behalf of the Alaska State Legislature's Joint Interim Committee on Gas Pipeline Financing, hereinafter referred to as the "Agency," and MARY HALLORAN, hereinafter referred to as the "Consultant."

THE PURPOSE OF THIS AGREEMENT is to provide specialized research and consulting services to the Alaska State Legislature through the Agency.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

The Consultant shall, as directed by the project director, provide the Alaska State Legislature with specialized research and consulting services relating to oil and gas, gas pipeline development, and related policy areas, particularly with reference to proposals for state financial participation in the Alaska Natural Gas Pipeline Project.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) The period of this contract shall be from 1 June 1979 to 31 December 1979 unless extended by written agreement or terminated in accordance with (B) of this clause.
- (B) This contract may be terminated by ten (10) days' written notice of either party to the other party.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A) Payment for work performed under this agreement shall be at the rate of \$2500 per month to be paid before the last working day of each month for work carried out between the 15th day of the preceding month and the 15th day of the current month.

On or before the 10th day of each month, the Consultant shall submit a statement of time worked to the project director for approval. Total compensation for the work performed under this clause shall not exceed \$17,500. The Agency shall deduct from each monthly payment income tax and other deductions required by law.

- (B) The Consultant shall be reimbursed by the Agency for travel expenses authorized in advance by the project director. Air transportation shall be reimbursed at coach class fares and per diem expenses at state rates.
- (C) Office space and equipment necessary to carry out the work designated in Clause I of this agreement shall be provided by the Agency at no cost to the Consultant.
- (D) No other employee benefits are allowed the Consultant.

CLAUSE IV - PROJECT DIRECTOR

The Project Director shall be The Honorable Bill Miles, Co-Chairman of the Joint Interim Committee on Gas Pipeline Financing, or his designee.

CLAUSE V - REPORTS

The Consultant shall keep the Project Director informed as to the progress of work performed under this agreement and shall provide written progress reports as specified by him.

CLAUSE VI - RECORDS, DOCUMENTS, AUDIT

The Consultant shall maintain accurate records, including detailed time records, as may be required by the Agency. The records are subject to inspection by the Agency at all reasonable times. All documents, reports and writings produced in the course of the work performed under this contract are, upon delivery to the Agency or at termination of this agreement, the property of the Agency.

CLAUSE VII - CONFLICT OF INTEREST

- (A) The Consultant affirms that she does not represent, own any beneficial interest in, or have any professional business relationship with:

Northern Natural Gas Company
Northwest Energy Corporation
Panhandle Eastern Pipe Line Company
Pacific Gas and Electric Company
Pacific Interstate Transmission Company
United Gas Pipeline Company
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Company

or any firm or organization holding an interest in natural gas reserves in the Prudhoe Bay Field.

- (B) The Consultant shall immediately notify the Project Director in writing of any events that would require an amendment of this affirmation or tend to create a conflict of interest.

CLAUSE VIII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated below.

CONSULTANT

LEGISLATIVE AFFAIRS AGENCY

Mary Halloran

6/4/79
Date

MARY HALLORAN
Social Security No. 513-44-0833
Alaska Business License No. 49862

Myrton R. Charney

11/5/79
Date

MYRTON R. CHARNEY
Executive Director

Accepted:

Approved as to form:

Bill Miles

6/4/79
Date

REP. BILL MILES, Co-Chairman
Joint Committee on Gas Pipeline
Financing

Billy H. H. H.

5/24/79
Date

AGENCY LEGAL COUNSEL

**Joint Gas Pipeline Committee
Alaska State Legislature**

SEN. MIKE COLLETTA
CO-CHAIRMAN

REP. BILL MILES
CO-CHAIRMAN

SEN. FRANK FERGUSON

REP. C.V. CHATTERTON

SEN. BILL SUMNER

REP. TERRY GARDINER

REP. JOE HAYES

REP. CHARLES PARR

EX-OFFICIO MEMBERS

MR. ROBERT LERESCHE MR. JACK BACHMAN



727 N ST., SUITE 2
ANCHORAGE, ALASKA 99501
(907) 276-4340

September 24, 1979

Myrt Charney
Director
Legislative Affairs Agency
Pouch Y
Juneau, Ak. 99811

Dear Myrt,

Enclosed is a contract agreed to by the Co-chairmen of the Joint Interim Gas Pipeline Committee, Sen. Mike Colletta and Rep. Bill Miles, and the law firm of Birch, Horton, Bittner and Monroe.

The contract needs to be reviewed and approved by you and Bill Berrier. Also before it becomes effective, it also needs to be okayed by the full gas pipeline committee. We will notify you when that full committee approval has taken place.

Thank you for your help.

Sincerely,

Mary

Mary Halloran
Research Analyst

cc: Ron Birch
Joe Chomski

Contract between
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y and State Capitol
Juneau, Alaska 99811

and

BIRCH, HORTON, BITTNER & MONROE
(hereinafter "the Contractor")
1127 West Seventh Avenue
Anchorage, Alaska 99501

THE ABOVE PARTIES TO THIS CONTRACT, in consideration of the covenants hereinafter contained, hereby mutually agree to the terms and conditions hereinafter set forth:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall analyze available data and prepare monthly reports to be submitted to the Alaska State Legislature through the Joint Interim Natural Gas Pipeline Committee relating to all matters affecting approval and effectuation of the proposed natural gas pipeline from the North Slope of Alaska to the continental United States.
- (B) The Contractor shall, on specific written request from the Project Director of the Joint Interim Natural Gas Pipeline Committee, research and provide additional written reports to the Committee related to Alaska natural gas sale and transportation, and submit said written reports to the Committee in a timely fashion. If requested in writing by the Project Director, the Contractor shall prepare and present testimony to Committees of the Legislature on the subject matter of these reports.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) This Agreement shall commence on September 1, 1979 and continue through June 30, 1980. This Agreement may be terminated by either party on written notice to the other.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A) (1) Total payment for the work referenced in Clause I shall not exceed \$25,000, inclusive of all expenses, which, for the work under Clause I, shall be the sole responsibility of the Contractor.
- (A) (2) Payment for the work referenced in Clause I and described in the Contract shall be due and payable to the Contractor in accordance with the following schedule:
- 10 monthly payments of \$2500.00 each, the first payment due and payable on September 30, 1979 and successive payments due on the last day of the succeeding months thereafter.
- (A) (3) Actual expenditures for travel and per diem incurred by the Contractor, subsequent to request from the Project Director, shall be reimbursed. Said Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I shall be reimbursable on the basis of coach class fares, with per diem payable at prevailing state government rates.

CLAUSE IV - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated 12 October 1978, Contractor affirms that it and the principals and staff members mentioned by name in Clause III(E) do not represent, own any beneficial interest in, or have any professional business relationship with:

Northwest Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Co.

or any firm or organization owning or holding natural gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Committee Chairman in writing of any events that would require an amendment of Contractor's letter of 12 October 1978, or otherwise tend to create a conflict of interest. Within ten days of receiving this notification, the Committee Chairman shall, after consultation with the Contractor, notify the Contractor in writing of his determination as to whether or not a conflict of interest exists. If the notification is that, in the opinion of the Committee Chairman, a conflict exists, then the contract shall be deemed to have been terminated by the Contractor.

CLAUSE V - CONFIDENTIALITY OF COMMUNICATIONS

It is contemplated that all work done under this contract will be made public by the Legislature. However, all communications between the Agency or the Legislature and the Contractor, including the final report, shall be held confidential by the Contractor until released by the Legislative Affairs Agency, the Committee, or other Legislative entity or individual Legislator to which they were addressed.

CLAUSE VI - LOBBYING DISCLAIMER

The Agency, the Committee, and the Contractor agree that the only services to be provided under this contract are the provision of information, analysis and advice to the Legislature; the Contractor is not authorized or permitted under this contract to represent the Legislature, its members, committees, or staff agencies before Congress or any other legislative, administrative, or judicial institution. However, nothing in this clause limits the Contractor's rights or responsibilities under any other agreement or prohibits the giving of testimony to the Alaska Legislature when that testimony is properly authorized.

CLAUSE VII - PROJECT DIRECTOR

The Project Director shall be the Honorable Bill Miles, Alaska State Representative, and the Honorable Mike Colletta, Alaska State Senator, collectively, whose address is 727 "N" Street, Suite 2, Anchorage, Alaska, 99501, or their designees.

CLAUSE VIII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties to this Agreement have hereinafter set their hands and seals on the dates individually indicated.

BIRCH, HORTON, BITTNER & MONROE
Contractor

Ronald G. Birch 9/12/79
Ronald G. Birch Date

LEGISLATIVE AFFAIRS AGENCY
Agency

M. R. Charney Date
Executive Director

APPROVED:

Bill Miles 9/16/79
Rep. Bill Miles Date
Project Director

APPROVED AS TO FORM:

Billy G. Berrier Date
Agency Legal Counsel

Mike Colletta 9/16/79
Sen. Mike Colletta Date
Project Director

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y, State Capitol
Juneau, Alaska 99811

and

FRANK ORTH & ASSOCIATES, INC.
135 Lake Street South
Suite 232
Kirkland, Washington 98033

The parties of this agreement are the Legislative Affairs Agency, on behalf of the Legislative Council's House Interim Foreign Investment Committee, hereinafter referred to as the "AGENCY", and Frank Orth & Associates, Inc., hereinafter referred to as the "CONTRACTOR."

THE PURPOSE OF THIS AGREEMENT is to provide the House Interim Foreign Investment Committee with specialized consulting services to assist in the development of public policy relating to foreign investment in the Alaska fishing industry.

IT IS MUTUALLY AGREED THAT:

CLAUSE I. - STATEMENT OF WORK

(A) The Contractor shall determine to the maximum extent possible the degree of foreign ownership in Alaska fisheries as documented in available public reports and other sources.

(B) The Contractor shall conduct a comprehensive review of the Alaska corporate disclosure law (AS 10.05.699 - 705) with regard to:

1. Purposes of the law with respect to disclosure of foreign investment in companies operating in Alaska;
2. The present practice of the state with respect to implementation and enforcement of the law;

3. The present uses of data provided by reporting companies;
4. Recommendations with respect to legislative or administrative changes which would enhance the achievement of the purposes of that corporate disclosure law, especially with regard to reporting requirements of foreign corporations.

(C) The Contractor shall provide an analysis of the effect of the foreign investment on fisheries investment decisions of domestic processors.

(D) Under guidance of the Project Director, the Contractor shall coordinate his research and analysis with relevant state and federal agencies.

(E) The Contractor shall prepare a preliminary report including findings of the work required by paragraphs (A), (B) and (C) of this Clause, and recommendations for legislative action to the House Interim Committee on Foreign Investment.

(F) The Contractor shall advise the House Interim Committee on Foreign Investment in the drafting of any proposed legislation for necessary statutory changes required to implement the study's findings.

(G) The Contractor shall prepare a final report, including findings of the work required by paragraphs (A), (B) and (C) of this Clause, and recommendations for legislative action.

(H) The Contractor and any subcontractors designated by the Project Director shall be available, on reasonable notice and subject to prior professional and personal commitments, to testify before the House Interim Foreign Investment Committee and other committees of the Eleventh Alaska State Legislature, Second Session, on the subject matter of the report.

CLAUSE II. - PERIOD OF PERFORMANCE

(A) All work under Clause I(A) - (G) shall be performed between June 15, 1979, and January 15, 1980.

(B) The Contractor shall be available from January 15, 1980, to the end of the Second Session of the Eleventh Legislature, or June 30, 1980, whichever is earlier, to provide services under Clause I (H) of this agreement, under the terms and conditions contained herein.

(C) The Contractor shall submit to the Project Director no later than November 15, 1979, the preliminary report required under Clause I (E) of this agreement.

(D) The Contractor shall submit to the Project Director no later than January 15, 1980, two copies of the final report required under Clause I (G) of this contract.

(E) The work under this contract shall be performed by the Contractor, except that, when prior written approval has been received from the Project Director to subcontract, the Contractor may arrange to subcontract all or any portion of the work described under Clause I(A) - (G). The Contractor shall receive prior written approval from the Project Director for each subcontractor authorized under the terms of this paragraph.

(F) Unless extended or amended by mutual written agreement, this contract expires on June 30, 1980.

CLAUSE III - TERMINATION

This contract may be terminated by mutual consent.

CLAUSE IV - PROJECT DIRECTOR

The Project Director shall be the Honorable Bill Miles, acting for the Honorable Fred F. Zharoff, Chairman of the House Interim Foreign Investment Committee.

CLAUSE V - COMPENSATION AND METHOD OF PAYMENT

(A) The Contractor shall be compensated \$42,500 for the work specified in Clause I of this Agreement.

(B) Upon execution of this Agreement, \$5,312.50 of the amount specified for compensation in (A) of this Clause shall be paid to the Contractor. Thereafter, the balance of compensation shall be paid in seven equal monthly installments of \$5,312.50, payable for the period July, 1979, to January, 1980, inclusive. Payment shall be made by the Agency not later than the fifteenth day of each month upon (1) submission to the Agency not later than the fifth day of the month of billings by the Contractor for work performed during the previous calendar month; and (2) approval of the billings for payment by the Project Director or his designee. The monthly payments specified in this Clause include all expenses, including travel costs and payments to each subcontractor authorized under Clause II(E), related to the work required in Clause I.

(C) The Contractor shall receive no payment in addition to that specified in Clause V(A) for travel and related expenses for the work specified in Clause I(H) unless the required services of the Contractor under Clause I(H), including travel time between the Contractor's principal place of business and Juneau, Alaska, exceed three (3) days for the Contractor or a subcontractor approved under Clause II(E) of this agreement.

CLAUSE VI - RECORDS, DOCUMENTS, AUDIT

(A) The Contractor shall maintain accurate records as may be required by the Project Director. The records are subject to the inspection of the Agency or the Project Director at all times.

(B) All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and upon completion of the work or at the termination of this contract shall be delivered to the Project Director.

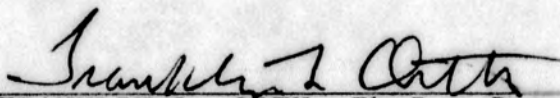
CLAUSE VII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated.

CONTRACTOR

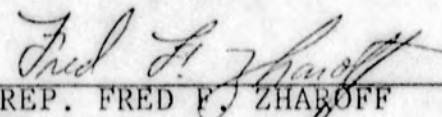
LEGISLATIVE AFFAIRS AGENCY

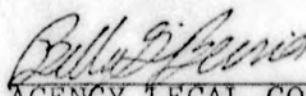

FRANKLIN L. ORTH, Ph.D. Date
Frank Orth & Associates, Inc.
IRS I.D. NO. _____

MYRTON R. CHARNEY Date
Executive Director

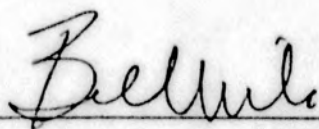
Accepted:

Approved as to form:

 6-21-79
REP. FRED F. ZHAROFF Date
Chairman
House Interim Foreign
Investment Committee

 6/20/79
AGENCY LEGAL COUNSEL Date

As Project Director, I formally give my approval to Frank Orth & Associates, Inc. to subcontract to W. Patrick Dougherty according to the terms and conditions specified in the written contract between the State of Alaska, Legislative Affairs Agency, and Frank Orth & Associates, Inc. signed on June 25, 1979. This approval is granted to fulfill the conditions of the subcontractor approval provision found in Clause II(E) of the above-mentioned contract.



Representative Bill Miles

Project Director

House Interim Foreign Investment Committee

4/26/79
Date

Contract between
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y and State Capitol
Juneau, Alaska 99811

and

BIRCH, HORTON, BITTNER & MONROE
(hereinafter "the Contractor")
1127 West Seventh Avenue
Anchorage, Alaska 99501

THE ABOVE PARTIES TO THIS CONTRACT, in consideration of the covenants hereinafter contained, hereby mutually agree to the terms and conditions hereinafter set forth:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall analyze available data and prepare monthly reports to be submitted to the Alaska State Legislature through the Joint Interim Natural Gas Pipeline Committee relating to all matters affecting approval and effectuation of the proposed natural gas pipeline from the North Slope of Alaska to the continental United States.
- (B) The Contractor shall, on specific written request from the Project Director of the Joint Interim Natural Gas Pipeline Committee, research and provide additional written reports to the Committee related to Alaska natural gas sale and transportation, and submit said written reports to the Committee in a timely fashion. If requested in writing by the Project Director, the Contractor shall prepare and present testimony to Committees of the Legislature on the subject matter of these reports.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) This Agreement shall commence on September 1, 1979 and continue through June 30, 1980. This Agreement may be terminated by either party on written notice to the other.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A) (1) Total payment for the work referenced in Clause I shall not exceed \$25,000, inclusive of all expenses, which, for the work under Clause I, shall be the sole responsibility of the Contractor.
- (A) (2) Payment for the work referenced in Clause I and described in the Contract shall be due and payable to the Contractor in accordance with the following schedule:
- 10 monthly payments of \$2500.00 each, the first payment due and payable on September 30, 1979 and successive payments due on the last day of the succeeding months thereafter.
- (A) (3) Actual expenditures for travel and per diem incurred by the Contractor, subsequent to request from the Project Director, shall be reimbursed. Said Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I shall be reimbursable on the basis of coach class fares, with per diem payable at prevailing state government rates.

CLAUSE IV - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated 12 October 1978, Contractor affirms that it and the principals and staff members mentioned by name in Clause III(E) do not represent, own any beneficial interest in, or have any professional business relationship with:

Northwest Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Co.

or any firm or organization owning or holding natural gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Committee Chairman in writing of any events that would require an amendment of Contractor's letter of 12 October 1978, or otherwise tend to create a conflict of interest. Within ten days of receiving this notification, the Committee Chairman shall, after consultation with the Contractor, notify the Contractor in writing of his determination as to whether or not a conflict of interest exists. If the notification is that, in the opinion of the Committee Chairman, a conflict exists, then the contract shall be deemed to have been terminated by the Contractor.

CLAUSE V - CONFIDENTIALITY OF COMMUNICATIONS

It is contemplated that all work done under this contract will be made public by the Legislature. However, all communications between the Agency or the Legislature and the Contractor, including the final report, shall be held confidential by the Contractor until released by the Legislative Affairs Agency, the Committee, or other Legislative entity or individual Legislator to which they were addressed.

CLAUSE VI - LOBBYING DISCLAIMER

The Agency, the Committee, and the Contractor agree that the only services to be provided under this contract are the provision of information, analysis and advice to the Legislature; the Contractor is not authorized or permitted under this contract to represent the Legislature, its members, committees, or staff agencies before Congress or any other legislative, administrative, or judicial institution. However, nothing in this clause limits the Contractor's rights or responsibilities under any other agreement or prohibits the giving of testimony to the Alaska Legislature when that testimony is properly authorized.

CLAUSE VII - PROJECT DIRECTOR

The Project Director shall be the Honorable Bill Miles, Alaska State Representative, and the Honorable Mike Colletta, Alaska State Senator, collectively, whose address is 727 "N" Street, Suite 2, Anchorage, Alaska, 99501, or their designees.

CLAUSE VIII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties to this Agreement have hereinafter set their hands and seals on the dates individually indicated.

BIRCH, HORTON, BITTNER & MONROE
Contractor

Ronald G. Birch 9/12/79
Ronald G. Birch Date

LEGISLATIVE AFFAIRS AGENCY
Agency

M. R. Charney Date
Executive Director

APPROVED:

Bill Miles 9/16/79
Rep. Bill Miles Date
Project Director

APPROVED AS TO FORM:

Billy G. Berrier Date
Agency Legal Counsel

Sen. Mike Colletta Date
Project Director

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

STATEMENT
BIRCH, HORTON, BITTNER AND MONROE

733 WEST FOURTH AVENUE, SUITE 206
ANCHORAGE, ALASKA 99501
TELEPHONE (907) 279-9403



The Joint Interim Gas Pipeline Committee
% Mr. Gregg K. Erickson
State of Alaska
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

February 24, 1979

FOR PROFESSIONAL SERVICES RENDERED: January 1 - 31, 1979
BIRCH 201547 MISCELLANEOUS

FEES

CONTACT	ATTY.	HRS.	DATE	DESCRIPTION
Moen	RGH	.1	01/02	Assemble materials
Miles	JMC	.9	01/04	Conf. w/Miles; update Developments on Northwest Pipeline for Monthly Report
Erickson	RGH	.2	01/05	Call to Kay Brown
Moen	RGH	.1	01/06	Assemble materials
Miles	RGH	.2	01/09	Preparation re: Status of Incentive Rate of Return and Field Costs
Miles	RGH	.6	01/10	Conf. w/Miles
Miles	RGB	.4	01/10	Conf. w/Miles
Erickson	RGH	.4	01/11	Preparation re: Request from Kay Brown for RM 78-12
Erickson	RGH	.3	01/12	Continued preparation re: Kay Brown query on RM 78-12
Miles	JMC	.6	01/15	Review article; dictate letter to Miles on recent developments
Erickson	RGH	1.2	01/16	Preparation re: Query from Kay Brown on Incentive Rate of Return and Field Costs treatment by FERC
Miles	JMC	.9	01/27	Reviewed Miles Memorandum; reviewed new Gas Pipeline Developments
Total Partner Hours (RGB, MRS, WBM)				.4 \$ 36.00
Total Associate Hours (JMC, CEB)				2.4 168.00
Total Energy Specialist Hours (RGH)				3.1 186.00
Total Fees				5.9 \$ 390.00

STATEMENT
BIRCH, HORTON, BITTNER AND MONROE

733 WEST FOURTH AVENUE, SUITE 206
ANCHORAGE, ALASKA 99501
TELEPHONE (907) 279-9403

COSTS

10/18	Phone	5.40
11/09	Phone	28.22
11/17	Phone	2.70
12/19	Telex	25.00
01/04	Phone	75.00
01/29	Telex	22.85
01/31	Xerox copies	11.55

Total Costs

\$ 170.72

Total Current Month

\$ 560.72

Balance Forward

4,512.33

Total Amount Due

\$ 5,073.05

Approved For
Payment
2/27/77
M7

130 SEWARD STREET
JUNEAU, ALASKA 99801
(907) 586-2880
4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89-2591

BIRCH, HORTON, BITTNER AND MONROE
1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356
STATEMENT

1200 AIRPORT ROAD, SUITE 100
ANCHORAGE, ALASKA 99504
(907) 279-8601
751 OLD RICHARDSON HWY., SUITE 300
FAIRBANKS, ALASKA 99701
(907) 452-1600



The Joint Interim Gas Pipeline Committee
% Mr. Gregg K. Erickson
State of Alaska
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

March 24, 1979

FOR PROFESSIONAL SERVICES RENDERED: February 1 - 28, 1979
BIRCH 001547.00

FEES

CONTACT	ATTY.	HRS.	DATE	DESCRIPTION
Erickson	RGH	.2	01/30	Conf. w/Kay Brown re: Costs
Erickson	RGH	.6	01/31	Status of Conditioning Costs
Miles	JMC	.6	02/04	Review all recent articles and reports on Northwest Pipeline
Moen	JMC	.8	02/15	Conf. w/Hoffman of Senator Gravel's Office re: GSOP Developments and Northwest Pipeline
CHATTERTON	MRS	1.0	02/19	Review Royalty Gas Report
	JMC	.3	02/22	Conf. w/McMilliam re: Northwest Pipeline
Total Partner Hours (RGB, MRS, WBM)		1.0		\$ 90.00
Total Associate Hours (JMC, CEB)		1.7		119.00
Total Energy Specialist Hours (RGH)		.8		48.00
Total Fees		3.5		\$ 257.00

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1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501

SEWARD STREET
UNEAU, ALASKA 99801
(907) 586-2890
4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89-2591

LAW OFFICES
BIRCH, HORTON, BITTNER AND MONROE
1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356
STATEMENT

1200 AIRPORT HEIGHTS DRIVE, SUITE 520
ANCHORAGE, ALASKA 99504
(907) 279-9501
751 OLD RICHARDSON HWY., SUITE 349
FAIRBANKS, ALASKA 99701
(907) 452-1666

COSTS

01/23	Delivery service	22.00	
01/25	Copies	.90	
02/01	Printing charges	171.82	
02/09	Delivery service	23.00	
02/14	Postage	79.26	
02/21	Copies	27.00	
02/22	Travel	7.50	
02/22	Travel	44.73	
02/22	Copies	13.70	
Total Costs			\$ 389.91
Total Current Month			\$ 646.91
Balance Forward			5,073.05
Less Payment Received			-3,863.78
Less Payment Received			- 560.72
Total Amount Due			\$ 1,295.46

130 SEWARD STREET
ANCHORAGE, ALASKA 99501
(907) 586-2890
4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D.C. 20015
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1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356

ANCHORAGE, ALASKA 99501
(907) 279-9501
751 OLD RICHARDSON HWY., SUITE 349
FAIRBANKS, ALASKA 99701
(907) 452-1666

STATEMENT



The Joint Interim Gas Pipeline Committee
% Mr. Gregg K. Erickson
State of Alaska
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

April 24, 1979

FOR PROFESSIONAL SERVICES RENDERED: March 1 - 31, 1979
BIRCH 001547.00

FEES

CONTACT	ATTY.	HRS.	DATE	DESCRIPTION
Miles	JMC	.8	02/28	Conf. w/Miles re: Committee work; dictate Memoranda and letters to Miles, Colletta, and Erickson
Miles	JMC	.1	03/01	Update information for monthly Miles Report
Miles	RGH	2.5	03/02	Update material for Miles and Colletta re: III
	RGB	.3	03/02	Conf. re: State Port Injunction; calls to Senator Colletta
Moen	RGH	.5	03/03	Obtain GSOP material
Miles	JMC	1.1	03/03	Confs. w/Miles, Colletta; research Trudeau meeting; attend Hearing on Capital Hill for Jackson
Miles	JMC	.4	03/05	Dictate letters to Miles, Colletta; send Washington Post article
Miles	RGH	2.5	03/05	Obtain material for Miles, Colletta re: III
Miles	RGH	2.0	03/06	Preparation, dictation re:

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ANCHORAGE, ALASKA 99501

III, letters

Miles	JMC	1.1	03/06 Dictate letters to Miles and Colletta re: Recent Developments
Colletta	RGB	1.2	03/07 Analysis-report to Colletta
Chatterton	MRS	.3	03/07 Review Memorandum re: Royalty Gas
Colletta	RGB	.4	03/09 Conf. w/Colletta
Miles	JMC	.4	03/11 Dictate letters to all Committee Members re: FERC article Expediting Gas Pipeline
Erickson	JMC	1.1	03/12 Conf. w/Erickson; research
Erickson	JMC	3.0	03/13 Treasury FOIA Appeal-research and dictation
Miles	JMC	1.5	03/14 File FOIA Appeal; dictate letters to Miles, Colletta and Erickson
Erickson	JMC	1.0	03/14 Work on update of DOE Gas Line position; review Schleisinger Statements
Chatterton	MRS	.3	03/16 Review Royalty Gas Memorandum
Erickson	JMC	1.0	03/19 Dictate letter to K. Brown
Miles	GDS	.7	03/21 Review recent articles on Natural Gas Pipeline
	PL	6.0	03/21 Attend Audit Hearing of Subcommittee on International Economic Policy and Trade on McKinney Amendment
Miles	JMC	.7	03/22 Discuss Oil Export Hearing; dictate letter to client
Miles	GDS	.2	03/23 Call
Miles	RGH	2.2	03/23 Preparation re: Export material for Miles and Colletta
Miles	RGH	2.7	03/27 Dictate letters to Miles, Colletta, and Erickson re:

Exports

	GDS	.3	03/27 Review recent articles
Erickson	JMC	.6	03/28 Conf. w/Erickson re: Energy

Issues

Colletta	JMC	.8	03/29 Conf. w/Colletta, Miles		
Total Partner Hours (RGB, MRS, WBM)		2.5		\$	90.00
Total Associate Hours (JMC, CEB, GDS, PL)		20.8			1,456.00
Total Energy Specialist Hours (RGH)		12.4			<u>744.00</u>
Total Fees		35.7		\$	2,425.00

COSTS

01/17	Phone	11.36	
03/01	Travel	65.00	
03/08	Xerox copies	.45	
03/15	Copies	4.60	
03/19	Travel	100.00	
03/20	Travel	4.95	
03/20	Travel	3.20	
03/27	Xerox copies	21.00	
Total Costs			\$ <u>210.56</u>
Total Current Month			\$ 2,635.56
Balance Forward			<u>1,295.46</u>
Total Amount Due			\$ 3,931.02

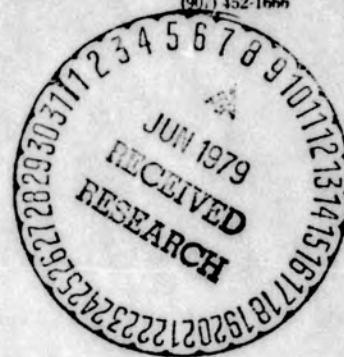
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4100 JENIFER ST., N.W., SUITE 300
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(202) 244-4250
TELEX 9-89-2591

BIRCH, HORTON, BITTNER AND MONROE

1127 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356

STATEMENT

1200 AIRPORT HEIGHTS DRIVE, SUITE 520
ANCHORAGE, ALASKA 99504
(907) 279-9501
751 OLD RICHARDSON HWY., SUITE 349
FAIRBANKS, ALASKA 99701
(907) 452-1666



The Joint Interim Gas Pipeline Committee
c/o Mr. Gregg K. Erickson
State of Alaska
Legislative Affairs Agency
Pouch "Y"
Juneau, Alaska 99811

May 24, 1979

FOR PROFESSIONAL SERVICES RENDERED: April 1 - 30, 1979
BIRCH 001547.00

FEES

CONTACT	ATTY.	HRS.	DATE	DESCRIPTION
Miles	RGH	1.5	03/29	Miles query on Canada-oil pipeline situation
Erickson (Follow-on work)	JMC	.2	04/04	Call from Rosenbaum at Treasury re: FOIA appeal
Erickson	JMC	.4	04/06	FOIA appeal-conf. w/Rosenbaum of Treasury Department re: inspection of documents and appeal time extension
Miles	PL	5.0	04/06	Research and dictation re: general obligation bonds
Miles	JMC	1.3	04/09	Work on research re: general obligation bonds
Miles	JMC	.9	04/10	Review research on G.O. constitutionality
Erickson	JMC	1.6	04/11	Negotiations w/Treasury for documents; read documents supplied
Colletta	RGB	.2	04/12	Conf. re: shipment of royalty oil to Israel
Miles	PL	6.0	04/12	Research and dictation re: general obligation bonds and pipeline
Miles	RGH	2.0	04/12	Research Canadian policy on oil pipelines
Miles	PL	3.0	04/13	Dictation and research re: general obligation bonds
Miles	JMC	1.8	04/13	Read case law; conf. w/bond specialists

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ANCHORAGE, ALASKA 99501

Colletta	JMC	.4	04/13 Preparation re: Alaska oil trade to Israel
Miles	PL	3.5	04/16 Research re: general obligation bonds
Erickson	JMC	2.1	04/16 Negotiations for Treasury documents w/Rosenbaum; arrange for delivery; research
Miles	MRS	.2	04/17 Conf. re: gas pipeline
Miles	PL	2.0	04/17 Research question of legality of state lending its credit to private corporation (general obligation bonds
Miles	JMC	1.0	04/17 Conf. w/Rosenbaum-Treasury re: documents; research re: general obligation; confs. w/Miles re: Northwest pipe work and Halloran
Miles	PL	1.5	04/18 Research re: validity of issuance of general obligation bonds
Miles	JMC	6.5	04/18 Dictate and proof general obligation memorandum and cover letters
Miles	PL	6.0	04/19 Dictation re: memorandum on general obligation bonds
Miles	JMC	1.1	04/19 Preparation re: general obligation bonds memorandum
Erickson	JMC	.1	04/27 Conf. w/Rosenbaum of Treasury re: documents availability
Colletta	JMC	2.5	04/30 Conf. w/economic attache from Israel Embassy re: Alaska oil trade; preparation re: memorandum
Colletta	JMC	1.0	04/90 Dictation re: memorandum
Total Partner Hours (RGB, JMC)			21.3 \$1,917.00
Total Associate Hours (PL)			27.0 1,890.00
Total Energy Specialist Hours (RGH)			3.5 210.00
Total Fees			\$4,017.00

COSTS

01/04	Phone	15.71
01/29	Telex	46.46
03/08	Telex	19.96
03/08	Telex	24.54
03/09	Phone	.32

03/09	Phone	50.18	
03/29	Telex	12.79	
04/03	Delivery service	27.50	
04/10	Travel	65.00	
04/19	Xerox copies	36.89	
04/19	Xerox copies	30.00	
04/20	Travel	134.00	
04/24	Travel	5.10	
04/24	Travel	5.10	
04/24	Travel	3.00	
04/25	Subscription fee	21.66	
12/05	Phone	9.36	
Total Costs			<u>\$ 507.57</u>
Total Current Month			\$4,524.57
Balance Forward			<u>3,931.02</u>
Total Amount Due			\$8,455.59

130 SEWARD STREET
JUNEAU, ALASKA 99801
(907) 586-2800
1100 JENIFER ST. N.W., SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89 2591

LAW OFFICES
BIRCH, HORTON, BITTNER AND MONROE
1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25 356

1200 AIRPORT HEIGHTS DRIVE, SUITE 520
ANCHORAGE, ALASKA 99504
(907) 279-9501
751 OLD RICHARDSON HWY., SUITE 349
FAIRBANKS, ALASKA 99701
(907) 452-1666

STATEMENT

The Joint Interim Gas Pipeline Committee
c/o Mr. Gregg K. Erickson
State of Alaska
Legislative Affairs Agency
Pouch "Y"
Juneau, Alaska 99811

June 24, 1979

FOR PROFESSIONAL SERVICES RENDERED: May 1 - 31, 1979
BIRCH 001547.00

FEES

CONTACT	ATTY.	HOURS	DATE	DESCRIPTION
Erickson	JMC	.4	05/01	Review additional Treasury documents supplied under FOIA appeal
Colletta	JMC	.7	05/02	Israel memorandum work
Miles	JMC	1.0	05/04	Attend Alaska energy conf. panel on future and financability of gas pipeline
Erickson	RGH	.8	05/07	Conference with Bregha; materials for Bregha, (Canada)
Miles	RGH	1.5	05/07	Updated analysis of FERC treatment and conditioning cost regulations
Erickson	JMC	.1	05/07	Call from Rosenbaum at Treasury re: FOIA letter
Miles	RGH	1.2	05/08	FERC regulations analysis
Miles/Erickson and Eppenbach	RGH	2.6	05/09	Material and preparation re: trip to New York City and D.C. of Legislators (Miles, Cotten, Gardiner)

Miles/Erickson and Eppenbach	RGH	1.0	05/10	Preparation re: memor- andum and material on Legislative trip
Miles	JMC	.4	05/11	Northwest update for Miles
Miles	JMC	.3	05/11	Dictate letter to Erickson; call to Miles; update on Northwest
Miles/Erickson and Eppenbach	RGH	1.1	05/11	Legislative trip prepara- tion
Miles	RGH	.6	05/14	FERC regulations
Colletta	JMC	.6	05/15	Work on Israel-Alaska oil trade memorandum; outline of memorandum
Colletta	RGB	.8	05/16	Conf. w/Senator Colletta re: trade of royalty oil to Israel
Colletta	JMC	1.2	05/17	Finalize all research and amendments; begin memor- andum re: Israel
Colletta	JMC	4.9	05/18	Dictate, finalize and send client Israel report
Miles/Erickson and Eppenbach	RGH	1.2	05/18	Legislative meeting preparation
Miles/Erickson and Eppenbach	RGH	2.0	05/20	Meet w/Miles, Gardiner and Cotten re: trip to New York City and D.C.
Colletta	RGH	2.5	05/25	Research for Colletta on Seatrain testimony on McKinney Amendment
Miles	RGH	1.2	05/25	FERC regulations
Miles	MRS	.4	05/25	Review memoranda to JIPC
Colletta	BM	1.0	05/25	Research re: McKinney Amendment; conf. w/ Senator Colletta
Colletta	RGH	1.1	05/29	Research on Colletta query Seatrain
Miles	RGH	.4	05/29	FERC regulations-- continued analysis
Colletta	RGB	.2	05/30	Conf. w/Colletta
Total Partner Hours: (RGB, JCM, MRS, BM)			12.0	\$ 1,080.00
Total Energy Specialist Hours (RGH)			17.2	<u>1,032.00</u>
Total Fees				\$ 2,112.00

COSTS

05/02	Courier service	10.65	
05/17	Travel	17.30	
05/17	Xerox copies	8.40	
05/17	Expedited mail	80.31	
05/21	Telex	15.70	
05/22	Delivery service	11.00	
05/31	Travel	<u>6.50</u>	
Total Costs			<u>\$ 149.86</u>
Total Current Month			\$ 2,261.86
Balance Forward			<u>8,455.59</u>
Total Amount Due			\$10,717.45 ✓

130 SEWARD STREET
JUNEAU, ALASKA 99801
(907) 586-2890
4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89-2591

LAW OFFICES
BIRCH, HORTON, BITTNER AND MONROE
1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356

1200 AIRPORT HEIGHTS DRIVE, SUITE 520
ANCHORAGE, ALASKA 99504
(907) 279-9501
751 OLD RICHARDSON HWY., SUITE 349
F/IRBANKS, ALASKA 99701
(907) 452-1666

STATEMENT

Joint Interim Gas Pipeline Committee
c/o The Honorable Bill Miles
727 "N" Street, Suite 2
Anchorage, AK 99501

July 24, 1979

FOR PROFESSIONAL SERVICES RENDERED: June 1 - 30, 1979
BIRCH 001547

FEES

Colletta	BM	.6	06/01	Inter-office conf. re: testimony in Congress on Export Administrative Act and Senator Colletta
Miles	RGH	.5	06/01	FERC regulations
Miles	JMC	.4	06/01	Update; call to Miles; read Alaska oil to Israel article
Colletta	RGH	1.2	06/04	Dictate letter to Colletta and Miles w/FERC materials
Miles/Colletta	RGB	2.0	06/04	Attend meeting of JIPC
Miles/Colletta	RGH	1.8	06/04	Attend committee meeting
Miles	RGH	.8	06/06	FERC regulations-as per Miles' request
Miles	JMC	1.2	06/06	Update re: FERC and adminstration for report to Miles
Miles	RGH	.5	06/07	FERC regulations
Miles	JMC	.4	06/07	Read article on American Natural Resources addition to Northwest partnership; dictate memorandum on gas committments
✓ Miles	RGH	1.5	06/12	Analyze Order 31 (incen- tive rate of return)
Colletta	JMC	.3	06/12	Research Carl Rowan Article on oil to Israel; dictate memorandum to Colletta
✓ Miles	RGH	2.0	06/13	Analyze Order 31
Colletta	BM	.3	06/15	Dictate letter to Senator Colletta

PLEASE REMIT PAYMENT TO

1125 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501

	MS	.4	06/15	Review bondable costs memorandum	
Miles	RGH	.3	06/18	FERC regulations	
	RGH	2.3	06/19	Research Sealand inquiry	
Miles	RGH	.4	06/19	FERC regulations	
Colletta	RGH	1.2	06/19	Seatrains query	
Miles	GDS	.1	06/19	Review of Presidential documents relating to Federal Inspectors	
Miles	RGH	2.1	06/20	Federal funding project-Miles and Colletta	
Miles	JMC	.2	06/20	Analyze recent Supreme Court case re: dedication of gas interstate	
Miles	RGH	.5	06/21	FERC regulations	
Miles	RGH	1.6	06/22	Federal financial alternative Miles/Colletta	
Miles	RGH	2.5	06/25	Federal funding-Miles/Colletta	
Miles	JMC	.1	06/25	Research general obligation bond article on gas line	
	JMC	.3	06/25	Research American Natural Resources Corporation report re: pipeline	
Total Partner Hours: (JMC, RGB, MS, BM)				8.0	\$ 720.00
Total Associate Hours: (GDS)				.1	7.50
Total Energy Specialist Hours: (RGH)				17.4	<u>1,044.00</u>
Total Fees					\$ 1,771.50

COSTS

05/22	Phone	15.34	
06/05	Xerox copies	9.60	
06/05	Travel	65.00	
06/11	Travel	306.08	
06/18	Travel	4.50	
06/19	Expedited mail service	22.00	
06/25	Telex	33.87	
06/26	Phone	<u>6.55</u>	
Total Costs			<u>462.94</u>
Total Current Month			\$ 2,234.44
Balance Forward			<u>10,717.45</u>
Total Amount Due			\$12,951.89

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

AMENDMENT NO. 1 TO CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811

AND

BIRCH, HORTON, BITTNER & MONROE
1127 West Seventh Avenue
Anchorage, Alaska 99501

THE ABOVE PARTIES TO THE CONTRACT dated October 3, 1978, in consideration of the covenants hereinafter contained, hereby mutually agree and amend said contract under the terms and conditions hereinafter set forth:

CLAUSE I - STATEMENT OF WORK

(This clause is amended by adding the following paragraphs, to read:)

- (D) The Contractor shall provide analyses to the Project Director on the following issues:
 - (1) The ex parte 308 proceedings at FERC, wherein FERC is re-viewing oil pipeline rate making policy vis-a-vis the TAPS tariff;
 - (2) FERC's conditioning costs decision regarding the gas pipeline, including the likely response of the producers, as well as Congressional and Administrative response in Washington;
 - (3) All policy decisions and statements made by the Department of Energy, and particularly Secretary Schlesinger, relating to federal support for the natural gas pipeline, the North Slope oil exchange, and federal efforts to force the State and the producers to financially support the gas line;
 - (4) The constitutionality of Northwest pipeline bonds issued by the State;
 - (5) Possible Alaska royalty oil trading with Israel;
 - (6) The status of Export Administration Act Amendments relating to the export of North Slope Alaskan oil; and

LEGISLATIVE AFFAIRS AGENCY
and
BIRCH, HORTON, BITTNER & MONROE
Amendment No. 1

- (7) Periodic developments in Washington, D. C., on the Northwest pipeline.
- (E) The Contractor shall make its best efforts to obtain for the Project Director copies of documents from the FOIA appeal which relate to the pipeline until all non-exempt documents relating to the State of Alaska are obtained, and a list of all other documents possessed by the Department of Treasury covering the Alaska Natural Gas Transportation System has been provided.
- (F) The Contractor shall prepare an additional study on the Alaska natural gas pipeline: current prospects for federal assistance, and shall submit said study in writing to the Project Director with a copy to the Agency by August 1, 1979. (This study shall hereinafter be referred to as "Additional Study.")

CLAUSE II - PERIOD OF PERFORMANCE

(This clause is amended by amending paragraph (B), adding a new paragraph (C), adjusting the alphabetic labeling of paragraphs (C) and (D), and amending paragraph (D), as follows:)

- (B) The Contractor shall deliver the reports referenced in Clause I(A) and described in the annex to this agreement to the Project Director in accordance with the following schedule:

Delivery of Preliminary Report-----1 February 1979
Delivery of Final Report-----23 April 1979

- (C) The Contractor shall deliver the report referenced in Clause I(F) of this agreement to the Project Director in accordance with the following schedule:

Delivery of Additional Study-----1 August 1979

- (D) This agreement may be terminated by either party on written notice to the other.
- (E) Unless otherwise terminated or extended, this agreement shall expire on 31 August 1979.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

(This clause is amended by adding new paragraphs (A)(7) and (8), and amending paragraph (B), as follows:)

- (A) (7) Total payment for work referenced in Clause I(F) shall not exceed \$8,000, inclusive of all expenses, which for the work under Clause I(F), shall be the sole responsibility of the Contractor.

LEGISLATIVE AFFAIRS AGENCY
and
BIRCH, HORTON, BITTNER & MONROE
Amendment No. 1

- (A) (8) Payment for the work referenced in Clause I(F) shall be due and payable to the Contractor in accordance with the following schedule:

<u>On Delivery of:</u>	<u>Amount Due:</u>
Additional Study	\$8,000.00

except that in the event the study is delivered late, the payment due on delivery of that report shall be reduced by one and one-half percent (1.5%) for each day elapsing between the due date and the date the report is delivered.

- (B) (1) Total payments for the work described in Clause I(B), (C), (D), and (E) of this contract shall not exceed Twenty-Five Thousand Dollars (\$25,000.00), inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B), (C), (D), or (E) after Contractor's total billings for this work exceed \$25,000.00, inclusive of reimbursable expenses.

- (2) Work conducted under Clause I(B), (C), (D), and (E) shall be compensated at the following rates:

Ronald Birch	\$90/hour
Bruce Monroe	\$90/hour
Mike Spaan	\$90/hour
Constance Brooks	\$70/hour
Joseph Chomski	\$70/hour
Harvey Levine	\$70/hour
Richard Haggart	\$60/hour

except that charges for any individual consultation or report prepared under Clause I(B) shall not exceed \$270.00. Payment for work conducted under Clause I(B), (C), (D), and (E) shall be made by the Agency in response to monthly invoices from the Contractor, approved by the Project Director. These invoices shall note each legislator or legislative staff member requesting work, specify which of the above designated principals or members of Contractor's staff responded to each request, and the time worked by each on each request.

- (3) Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I(B), (C), (D), and (E) shall be reimbursable on the basis of coach class fares, with per diem payable at prevailing state government rates. Contractor shall be reimbursed for long distance telephone expenses incurred in carrying out the work called for in Clause I(B), (C), (D), and (E). Purchase and reproduction costs of documents or publications obtained for and delivered to the Agency or

LEGISLATIVE AFFAIRS AGENCY
and
BIRCH, HORTON, BITTNER & MONROE
Amendment No. 1

individual legislators in support of work under Clause I(B), (C), (D), or (E) shall be reimbursed. Expenses incurred by the Contractor for all goods or services not specifically enumerated in this paragraph shall be the responsibility of the Contractor unless specifically authorized in advance by the Project Director.

CLAUSE V - PROJECT DIRECTOR

(This clause is amended in its entirety as follows:)

The Project Director shall be the Honorable Bill Miles, Alaska State Representative, and the Honorable Mike Colletta, Alaska State Senator, collectively, whose address is 727 "N" Street, Suite 2, Anchorage, Alaska, 99501, or their designees.

THIS AMENDMENT contains all the terms and conditions to the amendment agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this amendment shall be deemed to affect the contract between the parties effective October 3, 1978. All other provisions of the contract between the parties referenced above shall remain in full force and effect.

IN WITNESS WHEREOF, the parties to this amendment have hereinafter set their hands and seals on the dates individually indicated.

BIRCH, HORTON, BITTNER & MONROE
Contractor

LEGISLATIVE AFFAIRS AGENCY
Agency

Ronald B. Birch 8/30/79
RONALD BIRCH Date

M. R. Charney 8/6/79
M. R. CHARNEY Date
Executive Director

APPROVED:

APPROVED AS TO FORM:

Bill Miles 8/28/79
REP. BILL MILES Date
Project Director

Billy G. Berrier 8/24/79
BILLY G. BERRIER Date
Agency Legal Counsel

Mike Colletta
SEN. MIKE COLLETTA Date
Project Director

Joint Interim Gas Pipeline Committee

File - Contract

SEN. MIKE COLLETTA REP. BILL MILES
CO-CHAIRMAN CO-CHAIRMAN
SEN. FRANK FERGUSON REP. C. V. CHATTERTON
SEN. BILL SUMNER REP. TERRY GARDINER
EX-OFFICIO MEMBERS
MR. FRED BONESS MR. JACK BACHMAN

1016 WEST 6TH AVENUE, SUITE 435
ANCHORAGE, ALASKA 99501
(907) 274-8351



June 18, 1979

To: Rep. Bill Miles, Co-Chairman
Joint Gas Pipeline Committee

From: Mary Halloran
Research Analyst

Gregg Erickson, former director of Legislative Research, and I discussed the oil and gas contracts that were being administered by that Agency prior to its termination.

Four contracts relating to oil and gas are currently in effect:

1. Contract with Todd Doescher (reservoir model studies), expires 6/30;
2. Contract with Arlon Tussing (West Coast oil surplus), expires 6/30;
3. Contract with Birch, Horton, Bittner & Monroe (legal proceedings and regulatory matters), expires 6/30;
4. Contract with Alaska Environmental Information and Data Center, expires at the end of the second regular session of the Eleventh Alaska Legislature or June 30, 1980, whichever comes first.

Mr. Erickson's recommendations regarding these contracts were as follows:

1. The Doescher contract should be extended another six months so that the necessary work may be completed. The extension of the contract does not require any additional funds. \$20,000 was obligated for the contractual work under FY '79 funding. To date, approximately \$7,000 has been expended, leaving about \$13,000 for an additional six months work.
2. We did not discuss any extension of the Tussing contract.
3. There may need to be some clarification of the contractual status of the Birch firm. The Gas Pipeline Committee has asked the firm to submit another report at the Committee's August meeting. The funds for this contract, however, are already overexpended, according to Mr. Erickson. A letter is being sent to Mr. Birch asking for an estimate of the cost of the additional work requested.
4. The AEIDC contract needs no changes.

In addition, Mr. Erickson and I discussed two other appropriations/contractual matters which need the legislators' attention.

June 18, 1979 - 2

First, the Legislature appropriated \$150,000 to Legislative Research for a study of the instate uses of natural gas. With the dissolution of the Agency, the appropriation should probably be handled by the Joint Gas Pipeline Committee. Plans for those funds should be made quickly if they are to serve the purpose for which they were intended, i.e. to protect the State's interest regarding its use of its royalty gas and gas liquids during the Federal Energy Regulatory Commission's proceedings this summer and fall.

Second, Larry Eppenbach, formerly under contract to the Legislative Research Agency, has done extensive work on a field benefits model. Mr. Erickson reported that Eppenbach has done a first cut on the results which shows various options and the costs of each. To finish the work, it was suggested, Mr. Eppenbach should be placed on a short, three to four week contract.

In summary, action is needed very quickly on the Doescher contract, the Birch firm contract, and the appropriation for study of instate use of natural gas. Prompt action on any additional contract for Mr. Eppenbach should probably take place also before he makes prior professional commitments.

cc: Sen. Mike Colletta
Co-Chairman

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1979

SUBJECT: Legislative Council Review of Activities Pertaining to the
West Coast Surplus and Gas Pipeline Financing Studies

TO: The Honorable George Hohman, Chairman
Legislative Council

FROM: Gregg K. Erickson
Director of Research

In our conversation last Thursday, you directed that we proceed as follows with respect to the West Coast oil surplus studies and the natural gas pipeline financing studies:

1. All on-going work should proceed in accordance with existing contracts.
2. Any additional contracts or new work requiring funding from Research Division appropriations or other sources under the Council's jurisdiction should be held in abeyance until presented to the Council for review at its next meeting, tentatively scheduled for this week.
3. We should provide you with our recommendations concerning further work required in these areas.

With respect to this last point, we recommend and request your approval to execute two contracts, a Prudhoe Bay gas supply economics study with H. K. van Poolen & Associates for \$60,000, and a \$35,000 amendment to the existing contract with Arlon R. Tussing & Associates related to the West Coast oil surplus issue. These are described more fully below.

West Coast Surplus Studies

Due to our cancellation of the contract with Battelle Northwest, on which you have already been briefed, approximately \$58,000 of the original \$202,000 appropriation for this purpose remains unexpended and unencumbered. We propose that \$35,000 of this money be obligated by an amendment to our current contract with Arlon R. Tussing & Associates. Efforts under this contract with respect to resolving the West Coast surplus have met with a good deal of preliminary success, and we believe that additional work as described in Dr. Tussing's letter to you of February 2, 1979 is extremely important if this project is to come to fruition.

Gas Pipeline Financing Studies

A total of \$475,000 was appropriated to the Research Division for costs associated with the study of direct financial participation in the Northwest Alaska pipeline project. Approximately \$126,000 of this appropriation is unexpended and unobligated, although some of the outstanding contracts have cancellation provisions which could increase this amount. In addition, a study of the economics of supplying gas from the Prudhoe Bay field has been approved in principle, and this would reduce available funds by \$60,000. Listed below in summary form are the major outstanding contracts. Where individuals other than the Director of Research have been designated as project director, that designation is revokable by letter to the contractor.

1. The Institute of Social and Economic Research is under contract with us for a study of pipeline financibility and gas marketability. The work is more than half complete, with two reports already having been published by the Agency and submitted to the Legislature. Two additional reports are scheduled, one for the end of this month, and the fourth and final report at the end of March, 1979. The Director of Research is the designated project director.
2. A contract with the Merrill Lynch/White Weld Capital Markets Group obligates a total amount of \$125,000 for a study of the state's present framework of taxes, contracts and regulations, and the strengths and weaknesses of alternative institutional frameworks under which oil and gas resource development could take place in Alaska. Phase I of the report is to be completed by March 6, 1979. The Agency has the right to terminate this contract after completion of Phase I and total payment to the contractor of \$75,000. In accordance with the action of the Joint Gas Pipeline Financing Committee, Rep. Terry Gardiner has been designated as the acting project director.
3. The Birch, Horton, Bittner, and Monroe contract, in the amount of \$35,000, is proceeding in two parts. The first of these, at a fixed fee of \$23,333, is for a preliminary and a final report on a number of issues related to Alaska's participation in the gas pipeline project. The second part, for \$11,667, covers the hourly costs of "spot research." In accordance with the action of the Joint Committee on Gas Pipeline Financing, Rep. Bill Miles has been designated as project director for this contract. Under certain circumstances of late performance, this contract may be terminated before expenditure of the full obligation.
4. The amount of \$20,000 has been obligated under a contract with the Doschers Group, Inc. for on-going review of reservoir engineering studies related to the production of gas from the Prudhoe Bay reservoir, particularly the studies being conducted

February 5, 1979

by H. K. van Poolen & Associates for the Alaska Oil and Gas Conservation Board. This contract may be terminated by written notice from us to the contractor. The contract is being supervised by the Director of Research.

5. In addition to these major contracts, there are several miscellaneous obligations, the aggregate total of which is less than \$12,000.

We recommend that \$60,000 of the unexpended gas pipeline financing appropriation be encumbered to cover a contract with H. K. van Poolen & Associates, reservoir engineering consultants of Denver, Colorado, for the purpose of assisting in an analysis of the economic implications for the state and for the Prudhoe Bay field of selling natural gas from that field. This study is to be done in conjunction with the Division of Minerals and Energy Management (DMEM) of the Department of Natural Resources, and was approved in principle by the Joint Gas Pipeline Financing Committee. Agreement on how this work is to proceed was reached at a meeting Thursday in my office with DMEM, H. K. van Poolen representatives, and ourselves. A description of the work as described by van Poolen is attached. We believe this work is extremely crucial and request your approval for executing this contract at the end of this week. We will be happy to provide any further information on these matters.

GKE:jm

Enclosures: Tussing letter of 2/2/79
ISER Contract with Attachment
Merrill Lynch/White Weld Contract
Birch, Horton, Bittner and Monroe Contract
Doschers Group, Inc. Contract
H. K. van Poolen Proposal

cc: The Honorable Joe McKinnon, Vice Chairman
Myrton Charney, Executive Director

Arlon Tussing and Associates
Suite 210
880 H Street
Anchorage, AK 99501

February 2, 1979

The Honorable George Hohman
Chairman, Legislative Council

Dear Senator Hohman:

As you are no doubt aware, the work on the West Coast oil surplus has been extremely productive. This effort was initiated by the legislature in 1978, and is now carried on principally by the state administration with my assistance as consultant for the legislature.

I am currently working on the project without assurance of compensation or reimbursement of expenses, since funding under the current contract for consulting services between Arlon R. Tussing and Associates and the Legislative Affairs Agency, dated August 8, 1978, was exhausted in December, 1978. Continuing the present effort will require my participation over the first half of 1979 at about the same level as in the previous period, and I request, therefore, that the contract be amended to add \$35,000 to the funding limit, for a total of \$70,000 over the course of the year (July 1978 through June 1979).

I have discussed this with Mr. Erickson and either he or I will be happy to respond to any questions you may have.

Sincerely,

Arlon R. Tussing
Consultant

ART:dh

cc: Gregg K. Erickson
Director of Research
Legislative Affairs Agency

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

and

BIRCH, HORTON, BITTNER AND MONROE
733 West Fourth Avenue, Suite 206
Anchorage, Alaska 99501

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, hereinafter referred to as the "Agency", and BIRCH, HORTON, BITTNER AND MONROE, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide specialized professional legal and governmental consulting services in the area of natural gas policy to the Alaska State Legislature.

IT IS, THEREFORE, MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall analyze and prepare the Preliminary and Final Reports described in the annex to this agreement (which is incorporated herein by reference) and shall deliver the reports to the Project Director in a form suitable for offset printing.
- (B) The Contractor shall provide telephone consultations and brief written responses to legislative inquiries related to the subject of Alaska natural gas.
- (C) The Contractor shall, on written request of the Project Director, conduct additional specified studies related to Alaska natural gas, and prepare written reports thereon. If requested in writing by the Project Director, the Contractor shall prepare and present testimony to committees of the legislature on the subject matter of these reports, and on those prepared under (A) of this clause.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) This agreement shall have retroactive effect to 3 October 1978.

- (B) The Contractor shall deliver the reports referenced in Clause I(A) and described in the annex to this agreement to the Project Director in accordance with the following schedule:

Delivery of Preliminary Report----- 31 January 1979
Delivery of Final Report ----- 15 March 1979

- (C) This agreement may be terminated by either party on written notice to the other.
- (D) Unless otherwise terminated or extended, this agreement terminates on 30 June 1979.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A)(1) Total payments for the work referenced in Clause I(A) shall not exceed \$23,333, inclusive of all expenses, which, for the work under Clause I(A), shall be the sole responsibility of the Contractor.
- (2) Payment for the work referenced in Clause I(A) and described in the contract annex shall be due and payable to the Contractor in accordance with the following schedule:

<u>On Delivery of:</u>	<u>Amount Due</u>
Preliminary Report	\$ 15,556
Final Report	\$ 7,777

except that in the event a report is delivered late, the payment due on delivery of that report shall be reduced by one and one-half percent (1.5%) for each day elapsing between the due date and the date the report is delivered.

- (3) If this agreement is terminated by the Agency before 31 January 1979, then the Contractor is not required to deliver the reports referenced under Clause I(A), although the provisions of Clause IV still apply. In this event, payment due the Contractor for work on those reports shall be determined by multiplying \$15,556 times a fraction, the numerator of which is the number of days between 3 October 1978 and the termination date, with the denominator being 120.
- (4) If this agreement is terminated by the Agency after 31 January 1979, but before delivery of the Preliminary Report, then the Contractor shall not be required to deliver the Final Report. In this event payment due the Contractor shall be determined by reducing \$15,556 by one and one-half percent (1.5%) for each day elapsing between 31 January 1979 and the date the Preliminary Report is actually delivered.

- (5) If this agreement is terminated by the Agency after the delivery of the Preliminary Report, but before 15 March 1979, then the Contractor shall not be required to deliver the Final Report. In this event, payment due the Contractor for the work done on the Final Report shall be determined by multiplying \$7,777 by a fraction, the numerator of which is the number of days between the date the Preliminary Report was delivered and the termination date, with the denominator being 45.
- (6) If this agreement is terminated by the Contractor in accordance with Clause II(C) or under the terms of Clause VI(B), then the Contractor shall receive no payment for any report referenced in Clause I(A) which is not delivered by the termination date.
- (B)(1) Total payments for the work described in Clause I(B) and (C) shall not exceed \$11,667, inclusive of all reimbursable expenses, and nothing in this agreement shall require the Contractor to render any work or service under Clause I(B) or (C) after Contractor's total billings for this work exceed \$11,667, inclusive of reimbursable expenses.
- (2) Work conducted under Clause I(B) and (C) shall be compensated at the following rates:

Ronald Birch	\$90/hour
Bruce Monroe	\$90/hour
Mike Spaan	\$90/hour
Constance Brooks	\$70/hour
Joseph Chomski	\$70/hour
Harvey Levine	\$70/hour
Richard Haggart	\$60/hour

except that charges for any individual consultation or report prepared under Clause I(B) shall not exceed \$270. Payment for work conducted under Clause I(B) and (C) shall be made by the Agency in response to monthly invoices from the Contractor, approved by the Project Director. These invoices shall note each legislator or legislative staff member requesting work, specify which of the above designated principals or members of Contractor's staff responded to each request, and the time worked by each on each request.

- (3) Contractor's travel expenses authorized in advance by the Project Director and in support of the work described in Clause I(B) and (C) shall be reimbursed on the basis of coach class fares, with per diem payable at prevailing state government rates. Contractor shall be reimbursed for long distance telephone expenses incurred in carrying out the work called for in Clause I(B) and (C). Purchase and reproduction costs of documents or publications obtained for and delivered to the Agency or individual legislators in support of work under Clause I(B) and (C) shall be reimbursed. Expenses incurred by the Contractor for all goods or services not specifically

enumerated in this paragraph shall be the responsibility of the Contractor unless specifically authorized by the Project Director.

CLAUSE IV - RECORDS, DOCUMENTS AND AUDIT

The Contractor shall maintain accurate and detailed records, in accordance with Agency procedures, of the billable time worked and reimbursable expenses incurred under this contract. The records shall be available for inspection by the Agency at all reasonable times. All documents and writings generated as a consequence of work done under this agreement are the property of the State of Alaska, and shall be delivered to the Agency on termination of the agreement.

CLAUSE V - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research, or his designee.

CLAUSE VI - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated 12 October 1978, Contractor affirms that it and the principals and staff members mentioned by name in Clause III(E) do not represent, own any beneficial interest in, or have any professional business relationship with:

Northern Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield Co.

or any firm or organization holding an interest in natural gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Project Director in writing of any events that would require an amendment of Contractor's letter of 12 October 1978, or otherwise tend to create a conflict of interest. Within ten days of receiving this notification, the Project Director shall, after consultation with the Contractor, notify the Contractor in writing of his determination as to whether or not a conflict of interest exists. If the notification is that, in the opinion of the Project Director, a conflict exists, then the contract shall be deemed to have been terminated by the Contractor in accordance with Clause II(C).

CLAUSE VII - CONFIDENTIALITY OF COMMUNICATIONS

It is contemplated that all work done under this contract will be made public by the legislature. However, all communications between the Agency or the legislature and the Contractor, including the final report, shall be held confidential by the Contractor until released by the Agency or other legislative entity or individual legislator to which they were addressed.

CLAUSE VIII - LOBBYING DISCLAIMER

The Agency and the Contractor agree that the only services to be provided under this contract are the provision of information, analysis, and advice to the legislature; the Contractor is not authorized or permitted under this contract to represent the legislature, its members, committees, or staff agencies before Congress or any other legislative, administrative, or judicial institution. However, nothing in this clause limits the Contractor's rights or responsibilities under any other agreement, or prohibits the giving of testimony to the Alaska legislature when that testimony is properly authorized under Clause I(C).

CLAUSE IX - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

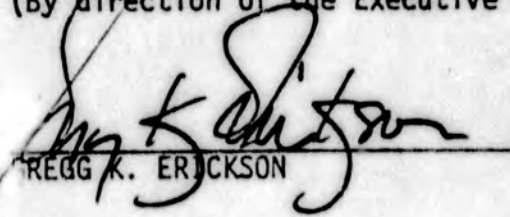
IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted next to their signatures.

BIRCH, HORTON, BITTNER AND MONROE

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

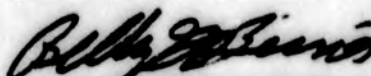

RONALD BIRCH

10/22/78
Date


REGG K. ERICKSON

10/16/78
Date

Approved as to form.


AGENCY LEGAL COUNSEL

10/19/78
Date

ANNEX

To Contract Between

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

And

BIRCH, HORTON, BITTNER AND MONROE

The written reports referenced in Clause I(A) of the agreement consist of a Preliminary Report and a Final Report addressing the subjects listed below. The Final Report shall be an extension of the work in the Preliminary Report, with emphasis on those areas designated by the Project Director for more intensive study or analysis. Both reports shall be organized in three sections, described as below, or in such other manner as may be most effective in covering all the topics noted.

SECTION 1.

This section will address the following specific questions.

- (a) To what extent is Alaska's financial participation in the project as described in the President's decision still "expected?"
- (b) Is Alaska's financial participation perceived to be a vital element in the project's success?
- (c) To what extent are the proposals for state financial participation put forward by Northwest considered "appropriate" avenues of state participation, considered in the context of the President's decision, Congressional findings, and events of the last year?
- (d) To what extent has action by the State of Alaska establishing a pipeline bonding authority, as requested by Northwest Pipeline, fulfilled the "obligations" of the state (as perceived by federal policy makers) with respect to financial participation?
- (e) To what extent do federal policy makers consider Northwest's proposed utilization of tax exempt revenue bonds, requiring a Congressional amendment to Section 103 of the Internal Revenue Code, an appropriate response by the company to the President's decision and/or the provisions of the Alaska Natural Gas Transportation Act?

- (f) What are the prospects for enactment of such an amendment to the Internal Revenue Code?
- (g) In the event that the project cannot be financed as currently contemplated by Northwest, which of the following responses by the federal government is most likely?
 - i) provision of federal loan guarantees;
 - ii) direct federal financial participation other than in the form of loan guarantees;
 - iii) voiding of Northwest's franchise in favor of another private sector company;
 - iv) project abandonment;
 - v) other response.

SECTION 2.

This section will address the following specific areas:

- (a) The background to the President's decision selecting the Northwest proposal, in which Alaska's financial participation was assumed. This will include consideration of the public record covering the decision and particularly those areas of the record to which Alaska contributed.
- (b) Where arguments relating to Alaska participation are advanced as the official positions of organizations (for example, the Treasury Department), a detailed examination of the decision-making process that led up to taking that position.
- (c) A determination of how and under what circumstances there developed among federal policy makers the apparent perception that Alaska had committed itself to support financially the proposed El Paso system.
- (d) An analysis should be made of official and unofficial statements by state officials before Congressional committees or to other national policy makers which might pertain to Alaska's position with respect to construction of the Alaska natural gas transportation system, particularly with reference to those statements bearing on Alaska's responsibilities for management of the Prudhoe Bay reservoir.

SECTION 3.

This section will examine the full spectrum of means the federal government might conceivably use to induce the State of Alaska to contribute its fiscal resources to the construction of the Alaska natural gas transportation system. These means should include both direct and indirect federal actions, and should examine in at least a cursory way all those areas where the federal government exercises or could exercise leverage on the State. Detailed examination should be devoted to those areas where federal action in this context is most likely.

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

CONTRACT BETWEEN
STATE OF ALASKA
AND
UNIVERSITY OF ALASKA
INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

The parties of this agreement are the LEGISLATIVE AFFAIRS AGENCY, on behalf of the Alaska State Legislature, hereinafter referred to as the "Agency", and the UNIVERSITY OF ALASKA, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT is to provide the Legislature and the State with economic consulting services in the area of natural gas policy.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I. - STATEMENT OF WORK

The Contractor shall study and analyze the marketability of North Slope gas and the financiability of the Alaska Highway Gas Transportation System, and prepare reports thereon in the manner described in the Contractor's proposal to the Agency dated August 16, 1978, hereinafter referred to as the "Proposal". In the event of any conflict between the proposal and this agreement, this agreement shall govern.

CLAUSE II. - PERIOD AND DATES OF PERFORMANCE

- (A) The period of this contract shall begin on the date it is executed by all parties and terminate on 30 June 1979 unless extended by written agreement or terminated in accordance with this clause.
- (B) This contract may be terminated by written notice from either party to the other.
- (C) All reports called for in the Proposal shall be delivered within the time frames described in the Proposal. As used in the Proposal, the term "contract date" shall be interpreted to mean the date this contract was executed by the Agency.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be Gregg K. Erickson, Director of Research, Legislative Affairs Agency, Pouch Y, Juneau, AK 99811, or his designee.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

- (A) The Contractor shall receive compensation at the rates provided in the pro forma budget attached to the proposal, but in no case shall Contractor's total compensation for all work described in the proposal exceed \$85,000, inclusive of all costs and expenses. Air travel shall be reimbursed at coach class rates and per diem at generally applicable University rates. Except as provided in the pro forma budget in the form of overheads and under the item "office expenses, other contractual services" no additional compensation for or reimbursement of office expenses shall be made. Total payments under the "office expenses, other contractual services" category shall not exceed \$8000 (as noted in the pro forma budget) without prior written authorization from the Project Director.
- (B) In the event that this contract is terminated by notice from the Agency to the Contractor (unless this notice is given after Contractor's failure to deliver a written report within the specified time frame as described in the Proposal), the Contractor shall be compensated for all work done, and reimbursed for all expenses incurred, and shall additionally be paid an amount calculated by subtracting total compensation and expenses from \$85,000 and multiplying the remainder by one-tenth (0.1).
- (C) In the event this contract is terminated by notice from the Contractor to the Agency, or if notice of termination is given by the Agency after Contractor's failure to deliver a report within the specified time frame as described in the Proposal, the amount due the Contractor shall be reduced by an amount equal to ten percent (10%) of the total compensation for work done and expenses incurred up to the date of termination.

CLAUSE V. - PROGRESS REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement.

CLAUSE VI. - RECORDS, DOCUMENTS, AUDIT

All documents, reports and writings produced in the course of the work performed under this contract are, upon delivery to the Agency or at termination of this agreement, whichever occurs first, the property of the Agency.

CLAUSE VII. - CONFIDENTIALITY

It is contemplated that all written work produced under this contract will be made public. However, the Agency shall have complete discretion to determine the time and manner of public release.

CLAUSE VIII. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted.

UNIVERSITY OF ALASKA, INSTITUTE
OF SOCIAL AND ECONOMIC RESEARCH

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

E. Lee Gorsuch
E. LEE GORSUCH

8/28/78
Date

Gregg K. Erickson
GREGG K. ERICKSON

8/24/78
Date

ACCEPTED: UNIVERSITY OF ALASKA

Approved as to form:

Howard A. Cutler
HOWARD A. CUTLER

apf Chancellor

8/31/78
Date

Billy Brown
AGENCY LEGAL COUNSEL

8/24/78
Date

Attachment: Contractor's proposal dated 16 August 1978

CONTRACT BETWEEN

STATE OF ALASKA

LEGISLATIVE AFFAIRS AGENCY

AND

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

orig to Pat C.
Copied to: Research file
~~White Weld~~
Terry Gardiner
Executive Dir
* see memos of 12/29 &
1/5

The parties to this agreement are the Legislative Affairs Agency, Pouch Y, Juneau, Alaska, 99811, hereinafter referred to as the "Agency", and the Merrill Lynch White Weld Capital Markets Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, New York, 10080, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT is to provide the Alaska State Legislature and its Joint Interim Committee on Gas Pipeline Financing with specialized consulting services with respect to oil and gas development policy.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall review Alaska law and administrative policy and compare the state's present framework of taxes, contracts and regulation to those of other states, governments and organizations functioning as major petroleum resource owners. The Contractor shall prepare an initial report describing the strengths and weaknesses of alternative institutional frameworks under which oil and gas resource development could take place in Alaska. The alternatives shall be chosen by the Contractor with respect to:
- (1) The degree they might reduce the adversarial nature of the state-industry relationship;
 - (2) Sufficiency of state revenue;
 - (3) The ability to assure the state a continuing flow of information on oil and gas development sufficient to make decisions concerning that development;
 - (4) Enhancing the role of the state in determining the pace of oil and gas activity;
 - (5) The minimization of dead weight administrative and resource costs;

- (6) Improved interrelation of community, employment and environmental considerations in oil and gas development decisions;
- (7) The adaptability of the system to the provision of direct returns to the citizens of Alaska from oil resource development.

The Contractor shall appear before committees of the legislature as designated by the Project Director to explain and provide testimony on the several alternative institutional structures described in the written initial report.

- (B) After receipt of the initial written report the Project Director shall notify the Contractor in writing of the institutional alternative to be given more detailed examination. The Contractor shall then prepare and submit a detailed final written report on how that alternative should be implemented, and provide testimony thereon before committees of the legislature designated by the Project Director.
- (C) In preparing the report, the Contractor will rely on information supplied by representatives of the State or third parties and will not independently verify the accuracy or completeness of such information.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) The Contractor shall submit the completed initial report to the Agency within 60 days of the signing of this contract on behalf of the Agency.
- (B) The Contractor shall submit the final written report to the Agency on a mutually agreed upon date after receiving the written notice from the Project Director designating the institutional alternative to be studied in depth.

- (C) Unless terminated earlier in accordance with (D) of this Clause this contract terminates on 30 June 1979.
- (D) This contract may be terminated by written notice to the Contractor from the Project Director at any time after the submission of the initial written report and before the Project Director gives the Contractor the written notice to proceed with the work described in Clause I(B).

CLAUSE III - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research, or his designee. (Terry Gardiner)

CLAUSE IV - COMPENSATION AND METHOD OF PAYMENT

- (A) Contractor's compensation for preparation and submission of the initial written report and work described in Clause I(A) shall be \$75,000, payable on submission of the report.
- (B) Contractor's compensation for preparation and submission of the final written report and work described in Clause I(B) shall be \$50,000, payable on submission of the report.
- (C) All expenses including travel expenses, office space, equipment, and all other goods and services required by the Contractor to carry out the Contractor's obligations under this contract shall be supplied by the Contractor at no cost to the Agency. However, the Agency shall assist the Contractor in obtaining relevant background material available in Alaska.
- (D) Total payments to the Contractor under this contract shall not exceed \$125,000.

CLAUSE V - PROGRESS REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by him.

CLAUSE VI - CONFLICT OF INTEREST

- (A) Except as described in Contractor's letter to the Agency dated December 20, 1978, Contractor affirms that it does not have any professional business relationship with:

Northern Natural Gas Co.
Northwest Energy Corp.
Panhandle Eastern Pipe Line Co.
Pacific Gas and Electric Co.
Pacific Interstate Transmission Co.
United Gas Pipeline Co.
The Standard Oil Company (Ohio)
British Petroleum
Exxon Corporation
Atlantic Richfield

or any firm or organization which, to Contractor's knowledge, holds an interest in oil or gas reserves in the Prudhoe Bay Field.

- (B) Contractor shall immediately notify the Project Director in writing of any events that would require an amendment of Contractor's letter of December 20, 1978, or otherwise tend to create a conflict of interest.

CLAUSE VII - ALL WORK PROPERTY OF THE AGENCY

All documents, reports and writings produced in the course of the work performed under this contract are upon delivery to the Agency or termination of this contract the property of the Agency.

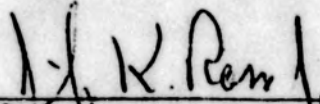
CLAUSE VIII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings oral or otherwise regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates noted.

MERRILL LYNCH WHITE WELD
CAPITAL MARKETS GROUP

LEGISLATIVE AFFAIRS AGENCY
(By direction of the
Executive Director)


JEREMIAH K. ROSS, JR. 12/28/1978
Managing Director Date


GREGG K. ERICKSON 1/5/79
Date

Approved as to form:


AGENCY LEGAL COUNSEL 1/5/79
Date

FY 79

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
THE DOSCHERS GROUP, INC.

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, Pouch Y, Juneau, Alaska 99811, hereinafter referred to as the "Agency", and THE DOSCHERS GROUP, INC., 8948 Wonderland Park Avenue, Los Angeles, California 90046, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT is to provide, through the Agency, professional consulting services in oil and gas reservoir analysis to the Alaska State Legislature.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I. - STATEMENT OF WORK

The Contractor shall act as an independent technical advisor to the legislature on matters related to oil and gas reservoir management policy, and shall assist in maintaining technical liaison between the Agency and other state agencies or consultants involved with reservoir management issues.

CLAUSE II. - SUBCONTRACTS

The Contractor may, with prior approval of the Project Director, subcontract for services necessary to carry out the work described in Clause I of this agreement.

CLAUSE III. - PERIOD AND DATES OF PERFORMANCE

- A. This contract shall have retroactive effect to 1 July 1978, and work under this contract shall be accomplished between that date and 30 June 1979.
- B. This contract terminates on 30 June 1979 unless terminated earlier in accordance with (C) of this clause.
- C. This contract may be terminated on written notice of the terminating party to the terminated party at the address stated in this agreement.

CLAUSE IV. - PROJECT DIRECTOR

The Project Director shall be Gregg K. Erickson, Director of Research, Legislative Affairs Agency.

CLAUSE V. - COMPENSATION AND METHOD OF PAYMENT

- A. Contractor shall be compensated for the services of Contractor's principal, Dr. Todd Doscher, at the rate of \$360 per day.
- B. In the event Contractor wishes to make use of other professional staff for work under this contract, the written approval of the Project Director shall first be obtained, and an amendment to this contract covering compensation for the other professional staff shall be agreed to and executed by the Agency and the Contractor.
- C. The Contractor shall submit time statements with each billing on which there shall be certified the time worked under this contract, the subject of the work, and the starting and ending time of the work.
- D. The costs of travel approved in advance by the Project Director shall be reimbursable to the Contractor on the basis of state per diem rates and coach class air fare.
- E. The Contractor shall obtain specific authorization from the Project Director before providing services or incurring travel expenses under this contract, the aggregate obligation of which would exceed \$1000 in any calendar month.
- F. Total compensation for work performed under this contract, inclusive of travel costs, shall not exceed \$20,000.

CLAUSE VI. - REPORTS

The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by the Project Director.

CLAUSE VII. - OFFICE SPACE, EQUIPMENT, CLERICAL SUPPORT

Office space, equipment and clerical support to the Contractor that will be necessary to carry out the Contractor's obligations under this contract shall be supplied by the Contractor at no cost to the Agency.

CLAUSE VIII. - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records, including detailed time records, as may be required by the Agency. The records are subject to inspection by the Agency at all reasonable times. All documents, reports and writings produced in the course of the work performed under this contract are, upon delivery to the Agency or at termination of this agreement, the property of the Agency.

CLAUSE IX - CONFLICT OF INTEREST

The Contractor affirms that it and its principal, Dr. Todd Doscher, are not now engaged in any professional business relationship with any firm holding an interest in the Prudhoe Bay Field or with any firm associated with the proposed Alaska Natural Gas Transportation System, and undertakes not to enter into any such relationship prior to the termination of this contract.

CLAUSE X. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated.

THE DOSCHERS GROUP, INC.


TODD M. DOSCHER

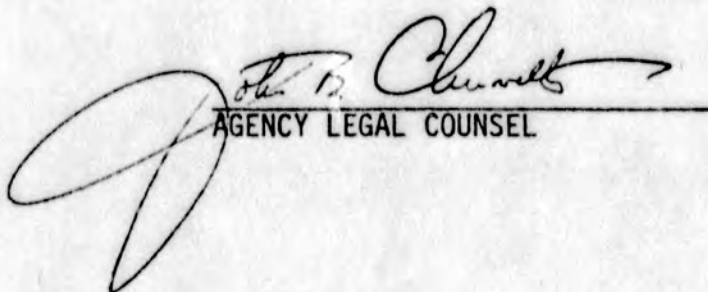
Date

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)


GREGG K. ERICKSON

8/15/78
Date

Approved as to form:


AGENCY LEGAL COUNSEL

8/15/78
Date

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

FY 79
Acct. #203
\$20,000

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

AND

ARCTIC ENVIRONMENTAL INFORMATION AND DATA CENTER
UNIVERSITY OF ALASKA
707 A Street
Anchorage, Alaska 99501

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, hereinafter referred to as the "AGENCY", and the ARCTIC ENVIRONMENTAL INFORMATION AND DATA CENTER, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT is to assist the Alaska State Legislature and its Joint Gas Pipeline Financing Committee in evaluating the current status of unresolved technical concerns in relation to construction of the proposed Alaska Highway gas pipeline.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

The Contractor shall provide the services described in the attached proposal (Attachment A) which is incorporated herein by this reference as though set out in full. If any conflict should exist between the provisions of this contract and the provisions of the proposal, the contract shall govern.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) The Contractor's written report to the Agency shall be submitted to the Agency in duplicate on or before October 15, 1979, in a form suitable for offset printing.
- (B) Unless extended by written agreement, this contract expires at the end of the second regular session of the Eleventh Alaska Legislature, or on June 30, 1980, whichever comes first.

CLAUSE III - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research or his designee.

CLAUSE IV - COMPENSATION AND METHOD OF PAYMENT

- (A) For the written report described in the Proposal, the Contractor shall receive \$15,000, payable on delivery of the report. All expenses related to preparation of this report shall be the responsibility of the Contractor.
- (B) The Contractor shall be reimbursed for travel and other expenses authorized in advance by the Project Director and related to work carried out after submission of the report described in the Proposal. Per diem shall be paid at prevailing State employee rates, and air travel shall be paid on the basis of coach class fares. Total payments under this subsection shall not exceed \$5,000.
- (C) Total payments for all work performed under this contract, including expenses, shall not exceed \$20,000.

CLAUSE V - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records, including detailed time records, as may be required by the Project Director. The records are subject to inspection by the Agency or the Project Director at all reasonable times. The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by the Project Director. All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and on completion of the work or at the termination of this contract shall be delivered to the Agency.

CLAUSE VI - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement
on the dates indicated.

CONTRACTOR

LEGISLATIVE AFFAIRS AGENCY
(By direction of Executive Director)

David M. Hickok

6/10/79
Date

Gregg L. Erickson

6/7/79
Date

BY:

Approved as to form:

Howard A. Cutler

6/10/79
Date

Howard A. Cutler
Chancellor
University of Alaska, Fairbanks

David M. Walker

6/7/79
Date

AGENCY LEGAL COUNSEL

Proposal To:

State of Alaska
Legislative Affairs Agency

Title:

The Gas Pipeline Construction Issues

by

Arctic Environmental Information and Data Center
University of Alaska
707 A Street
Anchorage, Alaska 99501

1. General:

Construction of a gas pipeline from the Prudhoe Bay area to the contiguous 48 states has been under consideration for quite some time. The choice of a route to parallel the existing trans-Alaska pipeline system (TAPS) and the Northwest Alaska Pipeline Company (Northwest) to build the Alaska portion of the pipeline was made in 1976. Since then actions have been taken on several fronts to accomplish construction of the gas pipeline. However there are many serious unresolved technical problems connected with this proposed construction. These technical questions have a direct bearing upon routing, proximity, and compatibility with TAPS and the safety of TAPS itself. Thereby, they not only directly influence proposed project costs, but also state revenues from the TAPS through-put and use of the entire right-of-way and the haul road.

The state of Alaska has been asked by Northwest to assist in financing the gas pipeline both by equity investment of \$500,000,000 and by sponsoring the sale of ^{lands} ~~land~~ in the amount of ^{one} ~~two~~ billion dollars. Before a decision is made on the financial involvement of such magnitude, the status of unresolved technical questions should be made known to legislators so a decision could be made based on the most up-to-date information available when the question comes up again in future legislative sessions.

The Arctic Environmental Information and Data Center is in a unique position to provide this information, having been involved with the

original preparation of materials on this issue for the Federal Power Commission and through monitoring of this question for the past three years in both Washington D.C. and Alaska.

II. Proposal:

We propose to investigate the current status of unresolved technical concerns in relation to construction of the Alaska Highway Gas Pipeline and prepare a report to the legislature on this status. This report will be submitted October 15, 1979. Additionally, AEIDC personnel would be available for legislative hearings or briefings on this subject as required.

III. Scope of Work:

1. To research and synthesize documents from the public and private sectors giving references to unresolved technical concerns connected with gas pipeline construction. Subject areas would include:
 - a. Thermal regime effects--frost heaving, frost bulb creation, and underground icing, etc.
 - b. Hydrology and ground water concerns.
 - c. Proximity to TAPS--criteria, and risk analysis problems.

- d. Work pad criteria--upgrading TAPS work pad, use of snow and ice pads, construction of new pads, etc.
 - e. Construction--techniques, scheduling, sequencing.
 - f. Design pressure determinations and effects.
2. To identify studies and actions directed toward resolving the technical concerns identified in task 1 with commentary on their objectives, schedules, and expected project impact. A synthesis report of activities current as of September 15, 1979 will be made.

V. Costs:

Conduct of investigations and preparation
of report by October 15, 1979

\$15,000.00 fixed fee

Appearances for meetings, briefings, hearings,
etc. on cost-reimbursible basis.

estimated 5,000.00

Total \$20,000.00

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

AMENDMENT NO. 2
TO THE CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

AND

ARLON R. TUSSING & ASSOCIATES

IT IS MUTUALLY AGREED THAT THE CONTRACT BETWEEN THE ABOVE PARTIES, DATED AUGUST 8, 1978, INCLUDING A FIRST AMENDMENT, DATED FEBRUARY 21, 1979, IS HEREBY AMENDED IN PART AS FOLLOWS:

CLAUSE II. - PERIOD AND DATES OF PERFORMANCE

- A. This contract shall have retroactive effect to 1 June 1978, and work under this contract shall be accomplished between that date and 31 August 1979.
- B. This contract terminates on 31 August 1979, unless terminated earlier in accordance with (C) of this clause.

CLAUSE III. - PROJECT DIRECTOR

- A. The Project Director shall be the Honorable Bill Miles, Alaska State Representative, or his designee.

CLAUSE VI. - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records as may be required by the Project Director. The records are subject to inspection by the Agency or the Project Director at all reasonable times. All documents, reports, and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and on completion of the work or at the termination of this contract, shall be delivered to the Project Director. The Contractor shall keep the Project Director informed as to the progress of the work performed under

AMENDMENT NO. 2
CONTRACT BETWEEN
LEGISLATIVE AFFAIRS AGENCY
AND
ARLON R. TUSSING & ASSOCIATES

this agreement and shall provide progress reports as specified by the Project Director. The Contractor shall further provide a final written report to the Project Director on or before August 31, 1979.

IT IS UNDERSTOOD AND AGREED BY THE PARTIES THAT ALL OTHER PROVISIONS OF THE CONTRACT DATED AUGUST 8, 1978, INCLUDING A FIRST AMENDMENT DATED FEBRUARY 21, 1979, SHALL REMAIN IN FULL FORCE AND EFFECT.

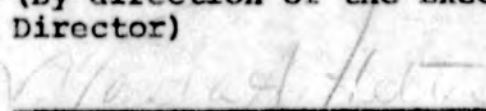
IN WITNESS WHEREOF, the parties have executed this amendment to the contract on the dates indicated below.

ARLON R. TUSSING & ASSOCIATES:

LEGISLATIVE AFFAIRS AGENCY:
(By direction of the Executive
Director)


ARLON R. TUSSING

Date


MARSHA A. HELTON

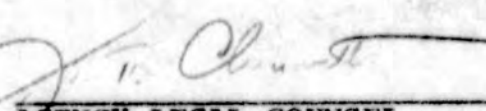
8/1/79
Date

PROJECT DIRECTOR:

APPROVED AS TO FORM:


REP. BILL MILES

Date


AGENCY LEGAL COUNSEL

7/21/79
Date

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

August 13, 1979

Mary Halloran, A. A.
Office of the Honorable Bill Miles
727 "N" Street, Suite 2
Anchorage, Alaska 99501

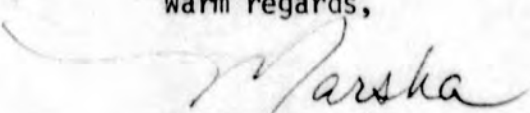
Dear Mary:

Enclosed for the committee's records is a copy of the executed Amendment No. 2 to Tussing's Contract.

Also, we have contacted Jan Shafer of Birch, Horton, et al., regarding the question of funds for the contract and have received copies of correspondence from Birch, Horton which delineate their understanding of the additional work to be performed, the increased maximum on hourly billings under the existing contract, and the \$8,000 allowed for their latest study. Jan did not, however, include any written confirmation from either Rep. Miles or Sen. Colletta, and we have no written or oral confirmation from the legislators to release funds. Therefore, I think the best way to resolve the problem is to simply have the legislators approve or reject the understanding reflected in Joe Chomski's letter to Rep. Miles of July 20, 1979, a copy of which I have enclosed for that purpose. Please return the original of this amendment with their approvals or rejections so that we can attach it to the contract. It should suffice until such time as a new contract is necessary for future projects.

If you have any problem with the above suggestion, please drop me a line or call 465-3802. It was nice to see you last week. I am sorry we did not have time to chat.

Warm regards,


Marsha A. Helton
Special Assistant to the
Executive Director

MAH:tim

Enclosures

Tussing

AMENDMENT TO CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

AND

ARLON R. TUSSING AND ASSOCIATES

IT IS MUTUALLY AGREED THAT THE CONTRACT BETWEEN THE ABOVE PARTIES DATED AUGUST 8, 1978, IS HEREBY AMENDED AS FOLLOWS:

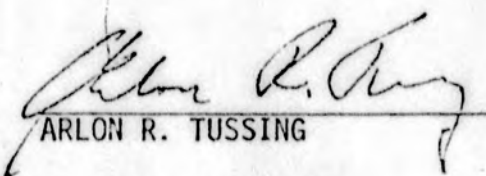
CLAUSE IV, Subsection (D) is amended to read:

- (D) Total compensation for work performed under Clause I of this contract, inclusive of travel costs, shall not exceed \$70,000.

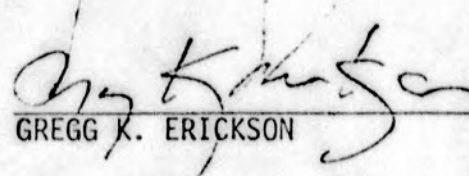
IN WITNESS WHEREOF, the parties have executed this amendment to this agreement on the dates indicated below.

ARLON R. TUSSING AND ASSOCIATES

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)


ARLON R. TUSSING

21 Feb 79
Date


GREGG K. ERICKSON

2/21/79
Date

*Copies to: Tussing
(long) Pat C
Helen G.*

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
ARLON R. TUSSING AND ASSOCIATES

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, Pouch Y, Juneau, Alaska 99811, on behalf of the Alaska State Legislature, hereinafter referred to as the "Agency", and ARLON R. TUSSING AND ASSOCIATES, ~~2720 Rainier Bank Tower, Seattle, Washington 98101~~, hereinafter referred to as the "Contractor" *880 H Street, Anchorage, Alaska 99501* *Suite 210* *CEJ* *KE*

THE PURPOSE OF THIS AGREEMENT is to provide specialized consulting services to the Agency and the Legislative Council's Interim Subcommittee on the West Coast Oil Surplus.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I. - STATEMENT OF WORK

The Contractor shall provide such specialized consulting services related to the problem of oil surpluses on the West Coast as the Project Director may request.

CLAUSE II. - PERIOD AND DATES OF PERFORMANCE

- A. This contract shall have retroactive effect to 1 June 1978, and work under this contract shall be accomplished between that date and 30 June 1979.
- B. This contract terminates on 30 June 1979 unless terminated earlier in accordance with (C) of this clause.
- C. This contract may be terminated on written notice of the terminating party to the terminated party at the address stated in this agreement.

CLAUSE III. - PROJECT DIRECTOR

- A. The Project Director shall be Gregg K. Erickson, Director of Research, Legislative Affairs Agency, or his designee.
- B. It is contemplated that the chairman of the Subcommittee on the West Coast Oil Surplus will be designated as project director for the period of the subcommittee's organized existence. The Contractor will be notified in writing of this designation.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

- A. The Contractor shall be compensated at a rate of \$75/hour, but not more than \$600 shall be payable for any 24 hour period, regardless of the number of hours worked under this contract during that period.
- B. The Contractor shall submit time statements with each billing on which there shall be certified the time worked under this contract, the subject of the work, and the starting and ending time of the work to the nearest one-tenth of an hour. The Contractor shall certify that the time billed under this contract has not been billed to or paid for by any other party.
- C. The costs of travel approved in advance by the Project Director shall be reimbursable to the Contractor on the basis of state per diem rates and coach class air fare.
- D. Total compensation for work performed under Clause I of this contract, inclusive of travel costs, shall not exceed \$35,000.

CLAUSE V. - OFFICE SPACE, EQUIPMENT, CLERICAL SUPPORT

Office space, equipment and clerical support necessary to carry out the Contractor's obligations under this contract shall be supplied by the Contractor at no cost to the Agency.

CLAUSE VI. - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records as may be required by the Project Director. The records are subject to inspection by the Agency or the Project Director at all reasonable times. All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and on completion of the work or at the termination of this contract shall be delivered to the Agency. The Contractor shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by the Project Director.

CLAUSE VII. - CONFLICT OF INTEREST

The Contractor affirms that he is not now engaged in any professional business relationship with any firm holding an interest in the Prudhoe Bay Field, and undertakes not to enter into any such relationship prior to the termination of this contract.

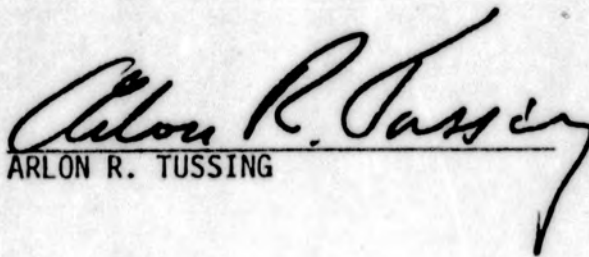
CLAUSE VIII. - ALL WRITINGS CONTAINED HEREIN

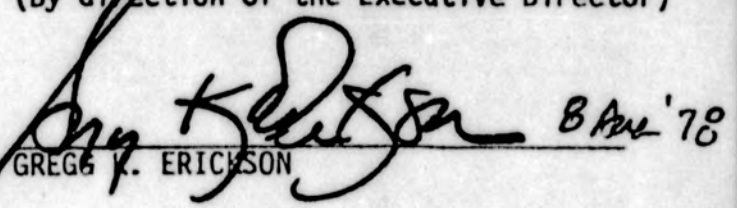
This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement.

CONTRACTOR

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)


ARLON R. TUSSING

 B Apr '78
GREGG V. ERICKSON

Approved as to form.


AGENCY LEGAL COUNSEL

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, AK 99811

AND

DOUGLAS POPE
912 West Sixth Avenue
Anchorage, AK 99501

The parties to this agreement are the LEGISLATIVE AFFAIRS AGENCY, on behalf of the Alaska State Legislature's Joint Interim Committee on Gas Pipeline Financing, hereinafter referred to as the "Agency," and DOUGLAS POPE, hereinafter referred to as the "Contractor."

THE PURPOSE OF THIS AGREEMENT is to provide specialized legal and consulting services to the Alaska State Legislature through the Agency.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

The Contractor shall, as directed by the project director, provide the Alaska State Legislature with specialized legal and consulting services relating to oil and gas, and gas pipeline development.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) The Contractor shall be available to provide the services described in this agreement until 30 June 1979. This agreement shall have retroactive effect to 1 November 1978.
- (B) This agreement may be terminated by either party on written notice to the other party.
- (C) This agreement expires on 30 June 1979 unless terminated earlier as provided in (B) of this clause.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A) The Contractor shall be compensated at the rate of \$175 per day, on the basis of billings certified by the project director.
- (B) The Contractor shall be reimbursed for travel expenses authorized in advance by the project director. Per diem shall be paid at prevailing state rates, and air travel shall be reimbursed on the basis of coach class fares.

- (C) Total compensation under this agreement, inclusive of expenses, shall not exceed \$5,000.

CLAUSE VI - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research or his designee.

CLAUSE V - RECORDS, DOCUMENTS, AUDIT

The Contractor shall maintain accurate records, including detailed time records, as may be required by the Agency and the project director. The records are subject to inspection by the Agency or the project director at all reasonable times. All documents, reports and writings are, upon delivery to the Agency or at the termination of this agreement, the property of the agency.

CLAUSE VI - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties to this agreement.

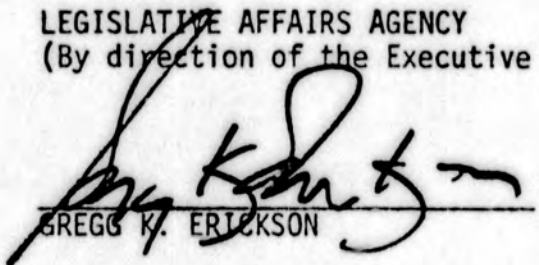
IN WITNESS WHEREOF, the parties have executed this agreement on the dates shown.

CONTRACTOR

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

DOUGLAS POPE

Date

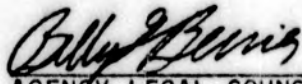


GREGG K. ERICKSON

Date

12/4/78

Approved as to form:



AGENCY LEGAL COUNSEL

Date

12/4/78

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT Rep. Bill Miles
ATTENTION Mary Halloran

- | | |
|--|--|
| ☐ 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 3101
DEPARTMENT Legis. Affairs Agency
BY Marsha Helton DATE 8/7/99

02-002 (REV. 10/73)

FRANK ORTH & ASSOCIATES

Economic and Business Consultants • 225 108th Ave. N.E., Suite 311, Bellevue WA 98004 • (206) 455-3507

- I N V O I C E -

Alaska State Legislature
Legislative Affairs Agency
c/o Mr. Myron Charney
Executive Director
Pouch Y
Juneau, Alaska 99811
Attn: Marcia Helton

TO: Mr. Myron Charney
FROM: Frank Orth & Associates *Frank Orth*
SUBJECT: Invoice for Professional Services for the Month of August, 1979.
DATE: August 3, 1979

FOR PROFESSIONAL SERVICES & DIRECT EXPENSES (as per contract dated
6/20/79, - House Iterim Foreign Investment Committee)

INSTALLMENT AMOUNT PER CONTRACT

\$5,312.50

cc: The Honorable Bill Miles

*Approved for print.
M.R.B. 5/7/79
Frank Orth picked up
check for \$5312.50
8/7/79. M.A.*

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

LAW OFFICES

BIRCH, HORTON, BITTNER AND MONROE, INC.

733 WEST FOURTH AVENUE-SUITE 208

ANCHORAGE, ALASKA 99501

(907) 279-9403

TELEX 25-356

1200 AIRPORT HEIGHTS DRIVE
ANCHORAGE, ALASKA 99504
(907) 279-9501

751 OLD RICHARDSON HWY., SUITE 346
FAIRBANKS, ALASKA 99701
(907) 427-1666

130 SEWARD STREET
JUNEAU, ALASKA 99801
(907) 586-2890

4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D. C. 20015
(202) 244-4250
TELEX 9-89-2591

RONALD G. BIRCH
MAL R. HORTON
WILLIAM M. BITTNER
SUZANNE CHEROT PESTINGER
LLOYD V. ANDERSON
BRUCE MONROE
GREGORY C. TAYLOR
ROD CARMAN
MICHAEL R. SPAAN
RITA T. ALLEE
GORDON F. SCHADT
HARVEY A. LEVIN
JOSEPH M. CHOMSKI
CAROL A. JOHNSON
MICHAEL J. O'BRIEN
GERALD D. STOLTZ
RONALD E. NOEL
JOSEPH W. EVANS
WINSTON S. BURBANK
DIANNE H. PIERSON
E. BUDD SIMPSON
JAN SAMUEL OSTROVSKY
CONSTANCE E. BROOKS
WALLER TAYLOR III
JACK D. CLARK

September 11, 1978

*NOT ADMITTED IN ALASKA

Chat Chatterton
Member of Joint Interim Committee
on Gas Pipeline Financing
2308 Boniface Parkway
Anchorage, Alaska 99504

Dear Chat:

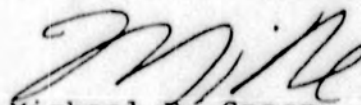
Thank you very much for allowing me to appear
before the Joint Interim Committee on Gas Pipeline Financing
Thursday, September 7, 1978. Please find enclosed, a copy
of the formal proposal made by my law firm.

If you have any questions, please don't hesitate
to contact me at your convenience.

With best wishes,

Cordially,

BIRCH, HORTON, BITTNER & MONROE


Michael R. Spaan

MRS/kpo
Enclosure (proposal)

RONALD G. BIRCH *
 HAL B. HORTON *
 WILLIAM H. BITTNER *
 BRUCE MONROE *
 SUZANNE C. FESTINGER
 LLOYD V. ANDERSON
 GREGORY C. TAYLOR
 ROO CARMAN
 GORDON F. SCHADT
 HARVEY A. LEVIN *
 JOSEPH M. CHONSKI *
 MICHAEL B. SPAAN *
 RONALD NOEL *
 CAROL A. JOHNSON
 GERALD D. STOLTZ *
 MICHAEL J. O'BRIEN
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 WINSTON S. BURBANK
 E. BUDD SIMPSON
 CONSTANCE E. BROOKS *
 JAS. S. OSTROVSKY
 WALLER TAYLOR, III
 DOUGLAS J. SERDANELY *
 PAUL H. GRANT
 JACK D. CLARK
 ANN W. KESCH
 GARY PINNELL

* ADMITTED IN D. C.

LAW OFFICES

BIRCH, HORTON, BITTNER AND MONROE

4400 JENIFER ST., N. W. - SUITE 300

WASHINGTON, D. C. 20015

(202) 244-4250

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1200 AIRPORT HEIGHTS DRIVE
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751 OLD RICHARDSON HWY., SUITE 249
 FAIRBANKS, ALASKA 99707
 (907) 452-1999

130 SEWARD STREET, SUITE 314
 JUNEAU, ALASKA 99901
 (907) 580-2690

RECEIVED

SEP 8 1978

STEERING COUNCIL
 FOR ALASKA LANDS

STUDY PROPOSAL

To: Joint Interim Committee on Gas Pipeline Financing

Subject: "National Political Impacts"/
 "Political and Institutional Factors Which Would
 Affect The Safety And Viability of the State's
 Investment"

September 7, 1978

I. SUMMARY OF PROPOSAL

The study will consist of both a qualitative and quantitative examination of the extent to which failure by the State of Alaska to financially support the Northwest Alaskan Pipeline Project, or to withdraw previously promised financial support at some later date, could result in the Federal government taking punitive legislative or regulatory actions with respect to vital State interests. This analysis will be presented to the Interim Committee and the Legislative Affairs Agency in final report form on or about January 1, 1979. The total cost of the study, as described in the work plan below, will be \$30,000, plus expenses.

II. INTRODUCTION

This proposal is in response to a proposed research study described in Legislative Affairs Agency memoranda of May 18, 1978 and August 7, 1978, both prepared by Mr. Gregg K. Erickson, Director of Research. Specifically, the proposal responds to research topic 7 of the August 7 memorandum entitled "National Political Impacts", and item 4 of the May 18, 1978 memorandum.

III. DEFINITION OF VITAL STATE INTERESTS

We recognize the preliminary nature of the proposed research topic, and hence, its lack of precisely defined areas of State interest. Consequently, absent direction from the Committee or the Agency with respect to such areas, we propose to utilize the following definitions for determining "vital State interests" as that phrase is used in this proposal:

1. The items of State interest relating to North Slope natural gas as generally described in Chapter 90 SLA 1978 which establishes a gas pipeline financing authority.
2. Other items of major interest to the State to be identified by Contractor. Such items will include, but not be limited to, offshore leasing, decisions with respect to policy on the West Coast oil surplus, trans-Alaska pipeline tariffs and D(2) policy.

While the above working definition is proposed, additions or deletions by the Committee or the Agency would make no material difference with respect to the remainder of the proposal, given the proposed research methodology.

IV. METHODOLOGY OF RESEARCH

As noted in the Legislative Affairs Agency memorandum of August 7, 1978, analysis of the proposed subject will involve a number of qualitative judgments. To the greatest extent possible, however, the judgments contained in the final report will be those of relevant Congressional, Administration, and Federal regulatory officials with authority over Alaska interests. Wherever a subjective evaluation is made by the Contractor, it will be clearly specified as such.

In general, the following research methodology will be utilized:

1. Survey and collection of relevant public sector documents, print media sources and the like. This will be of primary significance in developing Section 1 of the proposal.
2. Review major Federal support programs, regulatory functions, legislative subject areas and budget projections with a view to identifying where negative Federal pressure could be asserted over the State within the next three to five years. Pursuant to these findings, the questions in Sections 2-5 will be supplemented or modified accordingly in order to elicit more specific responses.
3. Personal and telephone interviews with key members of Congress (the coincidence of this research with an early October adjournment and the November elections could limit access to members of Congress), Congressional staff, members of the Administration, officials of the Departments of Energy, Interior, and Transportation with policy responsibilities for the areas in question, and officials of the Federal Energy Regulatory Commission and other relevant regulatory authorities.
4. Survey Constitutional law, as well as statutory and regulatory sources for limitations on possible punitive actions by the Federal government with respect to State interests.

V. SCOPE OF WORK

Birch, Horton, Bittner and Monroe (hereinafter referred to as the "Contractor") proposes to prepare and deliver to the Legislative Affairs Agency a report covering the following areas:

1. A review of the factual bases upon which current demands for State financial participation are being made.

This would include the background to the President's decision selecting the Northwest proposal, in which Alaska's financial participation was assumed. In addition, a review will be made of previous State actions with respect to the El Paso project, which have been construed as committing the State in principle to financing North Slope natural gas development.

2. A survey of Congress and relevant Administration and Federal regulatory officials to determine general attitudes with respect to the Northwest Alaska pipeline project.

Specific areas that will be examined are:

- a) To what extent has Northwest handled its franchise to transport North Slope natural gas to U.S. markets in an effective and responsible manner?
- b) Based on events of the last year, can the Northwest project be financed and built in the manner proposed by Northwest? If the answer is "no" or "uncertain", what are the most important considerations militating against project success? What factors (if any), have changed since the President's decision was issued, either increasing or decreasing Northwest's chances for success?
- c) What are the chances that Northwest will receive legislative approval for an amendment to §103 of the Internal Revenue Code? To what extent is such an amendment a key consideration in terms of project success? When might such an amendment be enacted?

- d) In the event the project cannot be financed privately, what will be the response of the Federal government? Direct Federal participation? Removal of Northwest's franchise in favor of another company? Issuance of Federal guarantees? Let the project die?
3. A survey of current perceptions in Congress and among Administration and Federal regulatory officials regarding Alaska's responsibilities with respect to the Northwest pipeline project.

Emphasis in this section will be placed largely, but not solely, on the question of State financial support of the project, with specific reference to the following areas:

- a) To what extent is Alaska "expected" to participate in the project, given the project's current status and outlook? Is this expectation different today than it was one year ago?
- b) To what extent is Alaska's financial participation considered a vital element of project success?
- c) To what extent are the proposals for State financial participation put forward by Northwest considered "appropriate" avenues of State participation?
- d) Have State actions with respect to establishment of the bonding authority and formalized consideration of direct equity participation demonstrated that the State is acting "responsibly"?
- e) In the event Northwest experiences difficulties in obtaining financing under their proposed system, what alternatives do Federal officials have in mind? To what extent would additional State financial support be considered "appropriate"?
- f) What would be the effect on the project of Alaska's refusing to purchase an equity interest in the project as proposed by Northwest?

- g) What would be the effect of Alaska's refusing to issue revenue bonds as proposed by Northwest (given that the bond authority has been established), provided that Congress makes the necessary changes in the tax law?
 - h) To the degree that respondents reveal a belief that Alaska has an obligation to provide financial support to the project, what will be their (agency, committee, or individual) response to a refusal by the State to participate as specified?
 - i) In the event the State does not financially support the pipeline project, and Federal guarantees or loans become necessary if the project is to succeed, what Federal response could be anticipated with respect to:
 - 1) State authority over oil and gas conservation policy;
 - 2) State authority over North Slope natural gas wellhead and pipeline policy;
 - 3) Authority of the State to withdraw its royalty gas from interstate commerce as provided by 15 U.S.C.A. §719K(b);
 - 4) North Slope wellhead pricing policy;
 - 5) Treatment and conditioning costs;
 - 6) Gas pipeline tariffs;
 - 7) City gate pricing.
4. Based on the responses elicited in Sections 2 and 3, the Contractor will provide an assessment of the threat posed to vital State interests in the event the State chooses not to support the project financially, or chooses to withdraw its prior support. Such assessments will be made under the following separate assumptions:
- a) the State authorizes issuance of the proposed revenue bonds, but does not purchase an equity interest in the pipeline project.

- b) the State neither authorizes the proposed revenue bonds nor does it purchase an equity interest in the project.

Upon identifying the areas where punitive Federal response is likely, the Contractor will provide a legal assessment of the limits on possible punitive action found in the Constitution, case law, the pertinent statutes, and existing Federal regulations.

For purposes of this analysis, it will be assumed that non-participation by the State results in, or coincides with, failure of the project to gain private sector financing.

5. To the extent that the research conducted for this study reveals possible favorable Federal or Congressional actions stemming from State participation in the project, these positive responses will be enumerated and discussed.

VI. FIRM AND INDIVIDUAL QUALIFICATIONS

Birch, Horton, Bittner and Monroe is an Alaskan law firm comprised of 30 attorneys. The law firm's main office is in Anchorage, Alaska. The law firm has offices with resident partners and associate attorneys in Washington, D.C., in Fairbanks, and in Juneau, Alaska. It is the only Alaskan law firm with an office in Washington, D.C.

The firm was founded in 1971 by Ronald Birch, formerly staff attorney to Senator E. L. Bartlett, and administrative assistant to United States Senator Ted Stevens. In the succeeding years, the firm has grown from two members to its current size.

The firm's attorneys engage in the general practice of law, with an emphasis on civil litigation in State and Federal Courts. Additionally, the firm has specific expertise in public land law, energy and natural resource law, commercial development, and fishing and maritime matters.

Our Washington, D.C. office was established as an office devoted to the general practice of law and to aid several of our major clients in the Federal administrative field, and problems related to Congressional action. Among those clients are the State of Alaska's Steering Council for Alaska Lands; Westinghouse Electric Corporation; Hellmuth, Obata and Kassabaum, Inc., Architects; and various Alaska native regional corporations.

The firm has attorneys admitted to practice in 24 different States, various Federal District Courts and Courts of Appeal, the U.S. Patent Office, and the Supreme Court of the United States.

With regard to expertise in the subject matter of this study for the Joint Interim Committee on Gas Pipeline Financing, the firm possesses expertise specific to each of the areas covered by our proposal. The biographies of the four attorneys and one professional staff member who will have principal responsibility for this study are attached. These biographies indicate an aggregate of over 25 years exposure to political forces impacting on the State of Alaska within the United States Congress, the Federal regulatory agencies and the interest groups that have been involved with Alaska issues. The firm has also done extensive legal work in the fields of Federal regulation of oil and gas pricing and development, as well as the use of industrial revenue bonds for financing energy development projects. Sample memoranda prepared by the firm regarding pricing of Alaskan royalty oil and the use of industrial revenue bonds for Alaskan energy projects are attached. Both of these memoranda were provided to the Department of Natural Resources during its consideration of proposals for sale of the State's North Slope royalty oil.

VII. CONFLICT OF INTEREST

We have conducted an extensive examination of our client base and find that no conflict of interest would occur if we were to be chosen to conduct this proposed study. Specifically, we do not now, nor have we ever represented Northwest Pipeline Company, nor any of the entities who are participants in the Northwest Alaska Pipeline Project. Additionally, we have no known indirect relationship with the participants in that project, or any of their sale contractors.

The firm does provide closed panel legal services to members of Alaska Teamsters Local 959 under its prepaid legal service plan. The firm does not represent Local 959 nor does it represent any segment of the International Brotherhood of Teamsters. We perceive no conflict of interest between our personal representation of Local 959 members and the subject matter of this study. The firm also represents Columbia Gas Systems, a participant in the now defunct Arctic Gas Pipeline proposal. Columbia Gas has never been and is not now a participant in the Northwest Pipeline consortium.

APPENDIX "A"

BIOGRAPHIES

Birch, Horton, Bittner and Monroe
Principal Attorneys
and
Professional Staff

with

Prime Responsibility for this Study

RONALD G. BIRCH

Ronald G. Birch, born New York, New York, November 2, 1941; admitted to bar, 1966, Alaska; 1969, U.S. Supreme Court; 1972, District of Columbia; 1975, U.S. District Court, District of Alaska, U.S. Court of Appeals, Ninth Circuit and U.S. District Court for the District of Columbia; 1976, U.S. Court of Appeals for the District of Columbia. Lecturer in Business Law and Instructor in Constitutional Law, University of Alaska, 1966-1967. Law Clerk to Honorable Jay A. Rabinowitz, Supreme Court, State of Alaska, 1965-1966. Assistant Attorney General, State of Alaska, 1966-1967. District Attorney, First Judicial District, State of Alaska, 1967-1968. Administrative Aide to Senator Ted Stevens, 1968-1971. Member: The District of Columbia Bar; Alaska and American Bar Associations.

BRUCE MONROE

Bruce Monroe, born Hobbs, New Mexico, November 22, 1937; admitted to bar, 1966, Alaska; 1977, District of Columbia. Preparatory education, Texas Christian University; legal education, University of Texas (J.D., 1963). District Judge, State of Alaska, 1966-1974. Member: Alaska Bar Association. (Resident, Juneau Office)

MICHAEL R. SPAAN

Michael R. Spaan, born Berkeley, California, November 29, 1945; admitted to bar, 1973, California and Alaska; 1975, District of Columbia; 1976, U.S. Supreme Court. Preparatory education, Chico State College (B.S., 1968); legal education, University of California at Davis (J.D., 1972). Member, Order of the Coif. Member, University of California at Davis Law Review, 1971-1972. Author: "Number 8 and Still Trying Harder" and "An Analysis of Chapter, Vol. IV., XII of the Bankruptcy Act in Sacramento, California", University of California at Davis Law Review, 1971. Member: Alaska Bar Association; the District of Columbia Bar; State Bar of California.

JOSEPH M. CHOMSKI

Joseph M. Chomski, born New York, New York, December 2, 1946; admitted to bar, 1971, New York; 1973, District of Columbia; 1977, Alaska. Preparatory education, George Washington University (B.A. 1967); legal education, George Washington University (J.D. 1970). Senior policy analyst, environmental and energy affairs, Government Research Company, 1971-1972; Vice President, Washington Analysis Corporation, fields of specialization federal regulatory and legislative policy; investment analysis, 1972-1976. Co-author of President Carter's Transition Paper on Clean Air Act and Air Quality Control Policy, December 1976. Co-author of "Restrictions on Legal Service Plans in Alaska", New Directions, Vol. III, No. 4 (July-August, 1978); "A Potential Tax Problem for Many Group Legal Services Plans", New Directions, Vol. III, No. 5 (September-October, 1978). Member: The District of Columbia Bar; American Bar Association (Member, Natural Resources Law Section, Alaska Bar Association). (Resident at Washington, D.C. Office).

RICHARD G. HAGGART

Richard G. Haggart, born Anchorage, Alaska, December 8, 1947. Preparatory education: Columbia University, University of Maryland. Aide to Senator E. L. Bartlett and Senator Ted Stevens, 1968-1970. Senior Energy Analyst, G.A. Saxton and Company (Investment Banking), 1971-1975. American Petroleum Institute, 1975-1976. Senior Policy Analyst (Oil and Gas), Legislative Affairs Agency, State of Alaska, 1976-1978.

APPENDIX "B"

SAMPLE MEMORANDA

1. Federal Energy Administration Regulation of Alaska
Royalty Oil
2. Legal Analysis of Tax Problems Inherent in Alaska
Petrofining (Industrial Development Bond) Financial
Structure

George Shipley
President
Alaska Petroleum Company

January 7, 1977

Federal Energy Administration Regulation
of
Alaska Royalty Oil

I. INTRODUCTION

The following is an analysis of the status that Alaska's royalty oil maintains and will maintain under the auspices of federal and state energy legislation and regulations. This study focuses on the federal mandatory petroleum allocation program, since it is this program that will determine Alaska's ability to control the distribution and end use of its royalty oil.

Two possible scenarios for the distribution and sale of the State's North Slope oil are examined in depth. In the first scenario, Alaska would take its oil in kind from the beginning and at all times thereafter. It would then have the oil refined under a processing agreement under which title would not shift from the State and then the refined product would be sold under a consignment agreement or any of several other marketing approaches. Under the second scenario, the State would initially opt to take cash for its royalty oil, allowing the producers to determine the transportation, refining, distribution, and marketing of the oil or product. The crucial element of this scenario is Alaska's ability, or lack thereof, to withdraw the royalty oil from the distribution relationships that are established when the oil is taken in cash.

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As will be seen later, it is the conclusion of this study that the first scenario will enable the state to self-determine the future of its royalty oil. Under the second scenario, this analysis concludes that Alaska will not be able to withdraw its oil from the supplier/purchaser relationships established when the oil was taken in cash, despite the provisions of the State oil leases covering North Slope crude.

II. PETROLEUM ALLOCATION PROGRAM

a) General Description

In 1973, the Emergency Petroleum Allocation Act, PL 93-159, was passed by Congress in the throes of the "energy crisis". Since then, the Act has been amended by PL 93-511, PL 94-99, PL 94-133, and PL 94-163. The Act grants to the President of the United States the authority to establish a petroleum allocation program "to deal with shortages of crude oil, residual fuel oil, and refined petroleum products or dislocations in their national distribution system." 15 USC 751(b)

The regulatory guidelines promulgated by the Federal Energy Administration to carry out the dictates of this Act may be found at 10 CFR 211 and 212. The crux of the allocation program is 10 CFR 211.63, entitled "Domestic Crude Oil Supplier/Purchaser Relationships". This section provides for "the allocation of crude oil produced in the United States other than crude oil which is the subject of (4) the first sale of any domestic crude oil produced and sold from a property from which domestic crude oil was not produced and sold prior to January 1, 1976." 10 CFR 211.63(a)(4)

The general rule, as stated in subsection(b), is that "all supplier/purchaser relationships in effect under contracts for sales, purchases and exchanges of domestic crude oil on January 1, 1976 shall remain in effect for the duration of this program; Provided, however, that any such supplier/purchaser relationship to which this section is applicable may be terminated as provided in paragraph(d) of this section."

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This subsection goes on to state that "once any first sale, purchase or exchange of domestic crude oil is made which is exempt from this rule pursuant to paragraph (a)(4) of this section . . . a supplier/purchaser relationship between the seller and purchaser shall be established thereafter under this section as though it had been in effect on January 1, 1976."

Therefore, once domestically produced crude oil that is exempt from the allocation program under 10 CFR 211.63(a)(4) has been subjected to a first sale, a supplier/purchaser relationship has been established, as if that sale had occurred prior to the January 1, 1976 effective date of the general rule, and the supply obligations and purchase rights as described in 10 CFR 211.63(c) attach. Generally described, subsection(c) requires that once a supplier/purchaser relationship has been established, the supplier responsibilities are frozen at a specified level of supply, purchaser rights are created, and termination of that relationship can only occur pursuant to the provisions of 10 CFR 211.63(d). The regulations are quite specific as to what constitutes a "first sale". At 10 CFR 212.72, a "first sale" is defined as "the first transfer for value by the producer or royalty owner."

Termination of an established supplier/purchaser relationship is fairly difficult to effect. At 211.63(d)(i), the regulations state that the relationship may be terminated at the option of the purchaser if he tenders written consent and "provided all subsequent purchasers of the crude oil involved have consented to such termination in writing." A producer or reseller may terminate a relationship only pursuant to a complicated process whereby consent must be garnered from subsequent resellers or refiners or, in the alternative, subsequent resellers and/or refiners must be assured of a substitute equivalent supply of crude. 10 CFR 211.63(d)(iv). Under either of these termination approaches, a recalcitrant subsequent crude oil purchaser or refiner can obstruct the termination of the supplier/purchaser relationship.

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Finally, it should be noted that the allocation program applies to the State of Alaska, local governments, and the federal government, just as it applies to private corporations, individuals, and many other entities. See definition of "firm" at 10 CFR 212.31.

- b) The State of Alaska takes its royalty oil in kind at all times.

In this alternative, the State of Alaska takes its royalty oil in kind beginning with the first production extracted from the North Slope. The oil is then transported to a refiner with whom the State has a processing agreement. It is refined and the product is sold via a marketing/consignment agreement or some other method. The purpose of this distribution system is to completely avert the mandatory petroleum allocation program by avoiding a "first sale". Without a first sale, no supplier obligations or purchaser rights are created, thereby giving the state maximum flexibility to determine the future use of its royalty oil. This also enables the State to sell refined product, which should add to the profitability of the royalty oil. Finally, by having control over the future use of the royalty oil, the State will be better able to determine what, if any, selected industrial growth it intends to promote within Alaska.

The Federal mandatory petroleum allocation program pertains to distribution of domestically produced crude oil, after the first sale has occurred, where no prior commitments have been made prior to January 1, 1976. Under the system described above, the State would not be distributing or selling or in any way transferring crude oil, rather it would be selling and distributing refined product, which is not covered by the mandatory petroleum allocation program. The avoidance of the allocation program's tentacles can be achieved because no "transfer for value" by the royalty owner of crude oil ever takes place, so that the allocation program never attaches to the Alaska royalty oil. The applicable sections of the Code of Federal Regulations have been cited before, namely 10 CFR 211.63(a)(4), 10 CFR 211.63(b)(1) and (2), and 10 CFR 212.72. In addition, the

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energy regulations also define "processing agreements", at 10 CFR 211.62, as "any agreement pursuant to which an owner of crude oil agrees to have that crude oil processed or refined by another person and retains ownership in some or all of the petroleum products so processed or refined from the crude oil." The definition evidences FEA's acceptance of the industry practice of suppliers retaining title even after refining.

Although the marketing aspect of the refined product does not directly impact the above described avoidance of the petroleum allocation program, some attention should be paid to the structure of a consignment agreement. If the same company enters into a processing agreement for refining the product and an improperly structured consignment agreement, it could subject the royalty oil to a possible FEA interpretation that a "first sale" occurred prior to the refining process and therefore the royalty oil would be engulfed by the allocation program. Specifically, FEA ruling 1975-8, 40 FR 30037, qualifies certain consignment agreements as creating a supplier/wholesale purchaser-reseller relationship where the consignee receives product through consignment, and is engaged in marketing that product to the consignee's customers, acting generally like a jobber. The ruling states that a consignee acting as an independent jobber will generally have many of the following characteristics: appropriate facilities and equipment for conduct of selling the distributing product; responsibility for internal and financial management and administrative operation; independent control over the disposition of the allocated product, including the right to enter into and determine relationships with customers rather than solely being restricted to distributing product to customers designated by the supplier. A consignee would not qualify as a wholesale purchaser-reseller (and therefore in no way threaten the avoidance of the allocation program) if that consignee "has all the characteristics of an employee of a supplier, but is merely designated as a "consignee", or where the "consignee" operates as an independent contractor but only provides transportation of the supplier's products to the supplier's customers, without any control over the disposition of the product, even though he, as an independent businessman, may have a substantial investment in his trucks and terminal facilities."

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There should be no difficulty in designing a marketing agreement with the refiner that is under a processing agreement covering royalty oil so that said refiner can also market the royalty oil and not create any indicia of a first sale, as it is defined in the regulations.

It is difficult to avoid noticing the pronounced similarity that the distribution structure described above has to the effects of section 13(b) of the much-heralded Alaska Natural Gas Transportation Act. In both cases, the State of Alaska would be able to enter its energy resource (oil in the former case, gas in the latter) into the stream of interstate commerce at prevailing market prices yet retain the ability to withdraw that resource and recapture it for the State's own benefit at any time the State so desires, without interference or obstruction by the federal government.

- c) Alaska takes in cash at first, then attempts to take in kind.

In this scenario, the State initially is paid cash for its royalty oil which then becomes the property of the North Slope producers who can determine its distribution, refining, and marketing future. At some date subsequent to the cash payments for the royalty, the State then demands, pursuant to the North Slope oil leases and the proper notice period contained therein, to take its royalty in kind, thereby withdrawing it from the producers and its historically established distribution pattern.

The initial transaction, i.e., the receipt of a cash payment by the state in exchange for property (the royalty oil) appears to fit perfectly into the definition of "first sale" that is, and has always been, contained in the FEA regulations (now at 10 CFR 212.72). The State has received value and it no longer has title to its oil. This conforms to the definition: "first transfer for value by the royalty owner".

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If this transaction is not considered a first sale by the State, what then is it. If there has been no first sale or transfer, what consideration has the state supplied for the value (cash) that it received. Furthermore, the allocation program is based on the principle that a supplier (in this case also the producer) makes an initial transaction (the first sale) to a purchaser of crude oil. The State's interpretation i.e., that taking the royalty oil in cash is not a first sale, does not fit the allocation program's structure. In effect, the State is contending that it is supplying the supplier, receiving value from that supplier, yet the supplier who has paid the State is not a purchaser.

The Federal Energy Administration in 1974 ruled on a directly analogous situation, in FEO Ruling 1974-22, 39 FR 25228. The facts in that matter were that the Department of the Interior and Firm A, under the terms of a lease, undertook to extract crude oil from property under the control of the Department of the Interior. The lease provided Firm A with part of the crude oil produced and entered the Department of Interior to the remainder which was referred to as "royalty oil". The Department of Interior agreed under the lease to sell its royalty oil to Firm A subject to Interior's right under certain conditions to direct that the royalty oil be sold to other firms. Firm A received royalty oil during the base period and therefore the supplier/purchaser transaction was frozen under the petroleum allocation program. The Department of the Interior then directed Firm A to sell the royalty oil to Firm B and Firm A objected.

FEA ruled that the Department of the Interior was fully subject to the provisions of section 211.63 providing that supplier/purchaser relationships in effect under contracts for sales, purchases, and exchanges of domestic crude oil shall remain in effect for the duration of the program. The Agency further stated that if Interior were permitted to direct the sale of its royalty oil to Firm B, the supplier/purchaser relationship existing under the petroleum allocation program would be terminated. Accordingly, Interior's direction to transfer the royalty oil from Firm A to Firm B could not be given effect unless the termination provisions in section 211.63 were satisfied. Clearly, Firm A's objection

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to losing its frozen crude oil supply did not and does not conform to the termination provisions that are now contained in 10 CFR 211.63(d). This FEA Ruling has never been superseded by the agency nor has it been overturned by a court.

By determining that Interior's royalty oil was subject to the allocation program by virtue of its sale to Firm A, FEA (FEO at that time) established the precedent that this transfer was a first sale. Note that FEA also overrode the terms of the lease (the legislation will be discussed later).

Once title to the royalty oil resides in the North Slope producers via royalty payment in cash to the State, the producers have complete control over its distribution. The producers (suppliers) can then refine the crude themselves and then market it or can sell or transfer the oil to wholesalers and/or refiners. Because of the distribution problems that have already surfaced regarding Alaska crude as well as the limited refinery capacity that is now available for processing the quality of crude that will come from the North Slope, it is quite possible that the North Slope crude will be wholesaled and refined by a great many entities in the petroleum industry other than the North Slope producers. In addition to these natural forces that will tend to spread out the distribution of Alaska crude, the structure of the petroleum allocation program creates a pronounced incentive for producers receiving royalty oil to transfer it outside their own companies. Specifically, reference the supplier/purchaser termination provisions contained in 10 CFR 211.63(d). By transferring the royalty oil to independent resellers or refiners, producers can, at the very least, make State withdrawal of the royalty oil at a future date a very difficult proposition and can probably make State withdrawal impossible. The termination requirements once a supplier/purchaser relationship has been frozen require that not only must the purchaser consent to termination of the supply, but "all subsequent purchasers of the crude oil involved" must also consent to such termination in writing. 10 CFR 211.63(d)(i) Termination under 10 CFR 211.63(d)(iv) requires consent by resellers and refiners or the provision of an equivalent substitute supply. Such

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supply, which presumably must be of like quality so it can be handled or processed at the same facilities, will not be readily available, nor will producers have any incentive to provide it.

A producer can easily select a series of resellers and/or refiners who are dependent upon a steady supply and who have no alternative supply, thereby assuring that no consent would come from those subsequent purchasers. In addition, refiners in many cases will be making expensive adjustments to their refineries in order to process Alaska crude. These refiners will be particularly reluctant to give up the North Slope crude, even if some other source of crude can be found.

The impossibility of assuring consent from subsequent purchasers (resellers or refiners) may be even more pivotal if, by some strained interpretation, PEA contradicts its ruling in the Interior Department case and agrees with the State's contention that taking royalty oil in cash is not a first sale. The first sale would then occur between the North Slope producer who has paid for the royalty oil and the entity who purchases from him, namely a reseller or a refiner. Once again, these purchasers, and all crude oil purchasers subsequent to them, would have to consent to termination of the existing and historically based supplier/purchaser relationships for Alaska to withdraw its royalty oil from the stream of interstate commerce which it has already entered. Therefore, regardless of how the first sale issue is resolved, North Slope producers can defeat the State's efforts to recapture its royalty oil by spreading the royalty crude to as many resellers and refiners as possible.

Alaska's authority to regain its royalty oil resides in the oil leases it executed with the North Slope producers. In order to enforce these leases, Alaska will have to prevail over the federal government on the issues of whether or not the Petroleum Allocation Act has pre-empted state leases which interfere with the federal allocation scheme, as well as some basic questions of supremacy of laws between federal and state statutes and regulations.

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In FEO Ruling 1974-19, 39 CFR 22133, the Agency addressed a problem dealing with state and county laws requiring competitive bids by suppliers of allocated products when those state and county laws interfered with the allocation program. FEO ruled that "the competitive bid requirement of the laws and ordinances of State B, County A and County X are superseded to the extent they are inconsistent with the allocation program."

The Emergency Petroleum Allocation Act as amended, in 15 USC 755(b), expressly pre-empts certain state and local allocation orders and regulations. This section states that allocation orders and any order issued under 15 USC 753 "shall pre-empt any provision of any program for the allocation of crude oil, residual fuel oil, or any refined petroleum product established by any state or local government if such provision is in conflict with such regulation or any such order." Arguably, a decision by the State of Alaska to retract its royalty oil may be considered part of a state allocation program, violative of 15 USC 755(b), since it would reduce the existing flow of crude oil in interstate commerce, thereby interfering with the federal allocation scheme, and apportioning a greater amount of crude to in-state use. (There would, of course, be no such conflict if the royalty crude had not become subject to the petroleum allocation program.)

Further, the legislative history and judicial interpretations of the pre-emption language indicate that the federal allocation program is intended to abrogate provisions of contracts, even pre-existing and operative contracts, that run contrary to the federal allocation scheme. The House of Representatives Conference Report 628, 93rd Congress, 1st Session (1973) covering the Emergency Petroleum Allocation Act states specifically that "it is expressly recognized and intended that the allocation program would have the effect of abrogating contracts for the supply of fuels covered by regulation, such abrogation should occur only to the extent necessary to accomplish the objectives of the Act." The United States District Court for the District of Columbia, in Trans World Airlines v. FEO, 380 F.Supp 560, 565 (1974), stated specifically that "Congress

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intended contracts to be pre-empted only if FEO determines that such pre-emption is necessary to accomplish the objectives of the Act." The Court specifically cited Congressional intent to minimize economic distortions, inflexibility, and unnecessary interference with market mechanisms. See also Exxon v. FEA, 398 F.Supp 865 (1976).

The ability to abrogate the provisions of contracts when they interfere with the federal allocation scheme has also been the subject of an FEA Ruling, 1974-21, at 39 FR 24359. In it, the Agency found that its allocation rules and authority superseded contractual obligations in an instance in which it required a firm which had been supplying crude oil under a contract to continue to do so despite expiration of the contract.

The previously mentioned Department of Interior royalty oil ruling must also be added to any discussion concerning the supremacy of the allocation program to state laws and contractual obligations. In that instance, a lease agreement between a private firm and a federal agency was overridden when it counteracted the dictates of the allocation program.

The several examples of agency rulings and court decisions that have been enumerated in the previous paragraphs must cast grave doubt on the viability of the State oil leases when pitted against the allocation program. Whether the State's decision to retract its oil would be considered an allocation order, or an exercise of its right described in a lease (leases are, of course, contracts¹), precedent has already been established that would overturn the order or lease and sustain the rights and obligations created under the allocation program.

1 A lease is a "contract for possession and profits of lands . . . either for life, or for a certain period of time, or during the pleasure of the party." Femmer v. City of Juneau, C.C.A. Alaska, 97 F.2d 649, 657 (1938)

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Before leaving the question of Alaska's ability to withdraw its royalty oil from established supplier/purchaser relationships, two final notes should be made. First, the Federal Energy Administration has from its inception maintained unflinching adherence to the concept that historical supplier/purchaser relationships must be maintained in order to satisfy the purposes and intentions of Congress, established in sections 2 and 4 of the EPAA, 15 USC 751 and 753 respectively. Specifically, Congress mandated that competition in the petroleum industry must be maintained, that priority needs include restoring and fostering competition in the producing, refining, distribution, marketing, and petrochemical sectors of the industry, and that the competitive viability of independent refiners, small refiners and independent marketers must be preserved. To emphasize the Agency commitment to said purposes, the descriptive policy statement preceding the most recent revisions of 10 CFR 211.63, at 41 FR 24339, includes the following: "the principal objectives of the [supplier/purchaser termination] rule is to benefit historic purchasers by assuring continued availability of crude supplies."

The second note deals with a recent court decision which further magnifies the stature accorded to the purposes and intentions enumerated in 15 USC 751 and 753. The case in question is Basin, Inc. v. FEA, U.S. District Court for the Western District of Texas, San Antonio Division, Dkt. No. SA-75-CA-250, October 22, 1976. The facts are as follows: Basin was a relatively new middle-man marketer of crude oil, formed in October, 1973. By December, 1973 it had commitments from suppliers to market nearly 1 million barrels of crude per month to it but when the FEA freeze took hold, it deprived Basin of nearly 75% of its oil supply commitments. The freeze rule precluded Basin from purchasing sufficient quantities of oil to stay in business. The District Court found that the freeze therefore violates the Congressional mandate that competitiveness in petroleum marketing be encouraged and therefore is arbitrary and an abuse of agency discretion. The Court enjoined FEA from enforcing freeze regulations with respect to Basin.

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This policy and the recent court case are of significance to the royalty oil question when the practical ramifications of a royalty oil withdrawal are considered. In all likelihood, some independent refiners, small refiners, and independent marketers will be denied an existing supply of crude oil if Alaska withdraws its royalty oil. In addition to the economic hardship this would create, it might well threaten their viability and thereby reduce competition in the industry. This will be particularly true with Alaska crude, since it is high sulfur, heavy, and requires refinery adjustments to be properly processed. Any refiner, particularly a small one, who makes a substantial investment to refine such crude would have a particularly good argument for retaining its supply. Therefore, the fact that both FEA and the courts are strictly adhering to the tenet that the allocation program must be structured and operated so that the principles set out in sections 751 and 753 are complied with diminishes the possibility that Alaska could withdraw its oil to the detriment of these smaller elements in the industry. Once again, this demonstrates the ability of the North Slope producers to lock-in royalty oil by ensuring that some of it is distributed to the petroleum industry entities that are specifically protected by the EPAA.

III. EXPANSION AND EXTENTION OF THE ALLOCATION PROGRAM

The advantages of keeping Alaska's royalty oil out from under the allocation umbrella are even more dramatic when the history of the program is examined. The program's expansion has already been tremendous and can, like most federal regulatory structures, be expected to continue to grow. When initiated in 1973, the allocation program was conceived to be a temporary measure dealing with the Embargo and had a statutory expiration date of September 30, 1975. The Act has already been amended four times, with each amendment generally adding to or extending its powers. At present, the allocation program's expiration date has been advanced to September 30, 1981 (See PL 94-163, section 461 and 15 USC 760g). There is no end in sight.

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FEA has adjusted the base period for regulating supplier/purchaser transactions to include more and more relationships as "historically established" and therefore clearly under allocation program aegis. The most recent example of this Agency practice is the June 16, 1976 revision of 10 CFR 211.63(a), at 41 FR 24338. Prior to the revision, FEA required that "all supplier/purchaser relationships in effect under contracts for sales, purchases or exchanges of domestic crude oil on December 1, 1973 shall remain in effect for the duration of this program". (Emphasis added) The revision, now 10 CFR 211.63(b), changes only the date, moving it up to January 1, 1976.

The supplier/purchaser "freeze" on obligations now has engulfed two more years of new relationships and, coupled with the extension of the authority to 1981, vastly lengthened the duration of the control.

Extension of the allocation program has not been limited to Congress and the Agency. The courts have also played a role. One example is the decision in Consumer Power v. FEA, 413 F.Supp 1007, 1020 (1976). In this case, the public utility moved for issuance of a preliminary injunction against implementation of portions of FEA's order regarding Consumer Power's request for an allocation of natural gas liquids as a feedstock for the production of synthetic natural gas. The issue presented was whether FEA's assertion of regulatory control over natural gas liquids was in excess of its authority, when 15 USC 753 states that "this title or any order issued thereunder shall pre-empt any provision of any program for the allocation of crude oil, residual fuel oil or any refined petroleum product." (Emphasis added) The Court held that FEA could assert allocation authority over NGL's, "at least to the extent necessary to allocate propane and butane as synthetic natural gas feedstocks", even though "the exercise of this authority will cause a substantial impact upon supplies of natural gas in Michigan."

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The history of the petroleum allocation program indicates that once a source of oil flows into the jurisdiction of the program, it is almost impossible to regain control of that oil and, in all likelihood, more extensive controls for greater durations can be expected.

IV. MISCELLANEOUS

1. International Energy Program

As a result of the Oil Embargo, the International Energy Agreement was signed by the United States and several other oil-consuming countries in an effort to promote secure oil supplies on reasonable and equitable terms. The Agreement sets up a program to allocate available oil during periods of shortage and to restrain demand within and between the countries initialing the Agreement. Among the signatory countries are the United States, Great Britain, Canada, Japan, and Germany.

Alaska royalty oil will be included in this international oil-sharing arrangement regardless of the ownership and distribution structure that the State adopts. The reason is that the IEA applies to all domestic production within each signatory country, regardless of the ownership or property rights applicable to said production.

2. State Set-Aside (10 CFR 211.17)

This program was established under the allocation authority to provide certain refined products to states during emergency situations. The program has been scaled down in the last year and does not have any impact on the royalty oil disposition question.

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IV.C CONCLUSIONS

1. By taking its royalty oil in kind at all times and avoiding a first sale of crude, Alaska can preclude having said royalty oil governed by the federal mandatory petroleum allocation program. Eluding the grasp of the allocation program cannot be achieved if the State ever takes cash for its crude oil or surrenders title before the oil is converted to refined product. In short, the State has a unique opportunity to fall between the cracks of the allocation regulatory structure and retain control over the destiny of its resource.
2. By avoiding the allocation program, Alaska will have self-determination power over its oil that is analogous to the rights granted the State covering its royalty gas in the Alaska Natural Gas Transportation Act. In both instances, Alaska will be able to enter its resource into the flow of interstate commerce at prevailing market prices, yet withdraw it without needing federal government approval at any time the State sees fit.
3. Once the royalty oil comes under the jurisdiction of the allocation program, which will occur if the State takes any of its oil in cash, there is little chance that Alaska will be able to withdraw that oil from the existing supplier/purchaser relationships, despite the provisions of the North Slope oil leases. This conclusion is based principally on the following authority:
 - (a) FEA has already ruled that royalty oil that is the property of a government body may not be redirected once said oil has become subject to the allocation program, regardless of the provisions of a lease between the government agency and the producer.
 - (b) Furthermore, FEA has also ruled that state laws are superseded to the extent that they are inconsistent with the allocation requirements.

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- (c) The Emergency Petroleum Allocation Act in its language, coupled with its legislative history, contains a pre-emption against State crude oil allocation programs.
- (d) The legislative history of the Allocation Act and judicial interpretations of it expressly recognize that the program has the authority to abrogate contracts if said contracts interfere with the allocation program. The North Slope leases are, of course, contracts and would fall under this authority.
- (e) FEA and the courts have evidenced strict adherence to the Congressionally-established principles governing the allocation programs, particularly fostering competition in the petroleum industry and protecting smaller refiners and marketers. Withdrawal of royalty oil will almost certainly harm these elements of the industry, run counter to the direction of the program, and face substantial and powerful FEA and judicial opposition.
- (f) It will be nearly impossible to satisfy the FEA requirements for terminating the supplier/purchaser agreements created by sale of the royalty oil to producers. As a result of distribution and refinery capacity problems, as well as the incentive producers have to lock-in royalty oil supply by spreading its distribution to numerous entities in the petroleum industry, efforts to obtain consent to supply termination from all initial and subsequent purchasers of the royalty crude are certain to be futile.

Joseph M. Chomski

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-45-3000

MEMORANDUM

December 20, 1978

SUBJECT: Council Contract
TO: Jay Hogan, Director, Legislative Finance
THROUGH: Myrt Charney, Executive Director
FROM: Gregg K. Erickson, Director of Research

At its meeting in late November, the Joint Interim Committee on Gas Pipeline Financing agreed to the allocation of \$25,000 to support further work by Louis Kelso and his associates for the study and design of a general stock ownership corporation. Since your Division already has a major contract with Kelso on the subject, all agreed that it would be easiest to simply amend your contract to take account of the additional funds and effort. We have, therefore, encumbered the \$25,000 out of the Gas Pipeline Financing appropriation to the Research Division. We will forward a check for that amount to Kelso on presentation of a billing from him approved by the Project Director under your current Kelso contract as appropriately amended.

GKE:lmk

cc: The Honorable Mike Colletta
Pat Costello, Accounting Office ←

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

October 17, 1979

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
507-465-3800

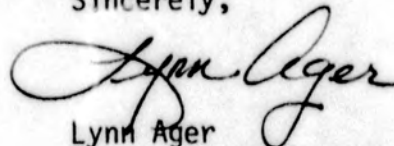
The Honorable Bill Miles, Chairman
House Resources Subcommittee on Land
727 N Street, Suite 2
Anchorage, Alaska 99501

Dear Representative Miles:

Enclosed for your records is a copy of the executed contract between the Legislative Affairs Agency and David Rogers, which Mr. Charney recently signed.

Please let me know if there is anything this agency can do to assist you further.

Sincerely,



Lynn Ager
Special Assistant to
the Executive Director

Enclosure

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
Pouch Y
Juneau, Alaska 99811

AND

DAVID ROGERS
P. O. Box 809
Juneau, Alaska 99801

The parties of this agreement are the LEGISLATIVE AFFAIRS AGENCY on behalf of the Alaska State Legislature and the House Resources Subcommittee on Lands, hereinafter referred to as the "Agency," and DAVID Rogers, hereinafter referred to as the "Consultant."

THE PURPOSE OF THIS AGREEMENT is to provide the House Resources Subcommittee on Lands and other interim committees of the Legislature with specialized legal and consulting services.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

The Consultant shall provide specialized consulting services and counsel to the House Resources Subcommittee on Lands, and other interim committees of the Legislature as designated by the Project Director, in land, energy and related resource policy areas.

CLAUSE II - PERIOD OF PERFORMANCE

- (A) The period of this contract shall be from May 15, 1979 to January 14, 1980 unless extended by written agreement or terminated in accordance with (B) of this clause.
- (B) This contract may be terminated by ten (10) days' written notice of either party to the other party.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A) Payment for work performed under this agreement shall be at the rate of \$2,500 per month, to be paid before the last working day of each month for work carried out between the 15th day of the preceding month and the 15th day of the current month. On or before the 20th day of each month, the Consultant shall submit a statement of time worked to the Project Director for his approval. Total compensation for the work performed under Clause I of this agreement shall not exceed \$20,000. The Agency shall deduct from each monthly payment income tax and other deductions required by law.

- (B) The Consultant shall be reimbursed by the Agency for travel expenses authorized in advance by the Agency's Director of Research Services. Air transportation shall be reimbursed at coach class fares and per diem expenses at state permanent employee rates.
- (C) Office space and equipment necessary to carry out the work designated in Clause I of this agreement shall be provided by the Agency at no cost to the Consultant.
- (D) No other employee benefits are allowed the Consultant.

CLAUSE IV - PROJECT DIRECTOR

The Project Director shall be the Agency's Director of Research or his designee.

CLAUSE V - REPORTS

The Consultant shall keep the Project Director informed as to the progress of work performed under this agreement and shall provide progress reports as specified by him.

CLAUSE VI - RECORDS, DOCUMENTS, AUDIT

The Consultant shall maintain accurate records, including detailed time records, as may be required by the Agency. The records are subject to inspection by the Agency at all reasonable times. All documents, reports and writings produced in the course of the work performed under this contract are, upon delivery to the Agency or at termination of this agreement, the property of the Agency.

CLAUSE VII - ALL WRITINGS CONTAINED HEREIN

This agreement contains all terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

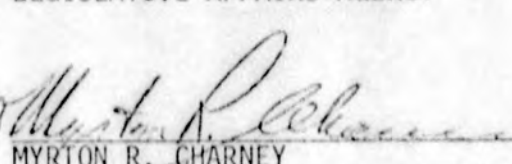
IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated below.

CONSULTANT

LEGISLATIVE AFFAIRS AGENCY


DAVID ROGERS

5/30/79
Date


MYRTON R. CHARNEY

10/12/79
Date

Social Security No. 220-48-9206

Executive Director

Accepted:

B Miles 5/7/79
BILL MILES, Co-chairman Date
House Resources Committee

Approved as to form:

Betty J. Harris 5/30/79
AGENCY LEGAL COUNSEL Date

Memo to: Cathy Martinson
From: David Rogers
RE: Contract for Services
Date: October 11, 1979

Here is the information you requested this morning:

1. I have a B.A. and a J.D. ; for a total of 7 years of higher educational experience. I am currently a member of the Alaska Bar Association in good standing.
2. I worked for Bob Bradley and the House State Affairs Committee during the 1977 Regular Session; for Bradley and Rep. Bill Miles during the 1977 Interim; Bradley and State Affairs during the 1978 Regular Session; no 1978 Interim work for Rep. Bill Miles and the House Resources Committee during the 1979 Regular Session; for Miles and the Lands Subcommittee since June (better confirm that date), 1979. There may be gaps between Regular session and interim work; please verify.

I certify that the above information is accurate to the best of my knowledge.


David Rogers

**Joint Gas Pipeline Committee
Alaska State Legislature**

SEN. MIKE COLLETTA
CO-CHAIRMAN

REP. BILL MILES
CO-CHAIRMAN

SEN. FRANK FERGUSON

REP. C.V. CHATTERTON

SEN. BILL SUMNER

REP. TERRY GARDINER

REP. JOE HAYES

REP. CHARLES PARR

EX-OFFICIO MEMBERS

MR. ROBERT LERESCHE MR. JACK BACHMAN



727 N ST., SUITE 2
ANCHORAGE, ALASKA 99501
(907) 276-4340

Pouch V
Juneau, Ak. 99811
465-3779

January 14, 1980

Sharon Sturrock
Legislative Affairs Agency
Pouch Y
Juneau, Ak. 99811

Dear Ms. Sturrock:

Enclosed is a billing from the firm of Birch, Horton, Bittner and Monroe for October 1 - 31, 1979. It is okay to pay the flat fee of \$2,500.

Thank you for your help and welcome to work with the Legislature. I am sure we will be in contact with you frequently.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Miles".

Bill Miles

130 SEWARD STREET
JUNEAU, ALASKA 99801
(907) 586-2890
4400 JENIFER ST., N.W., SUITE 300
WASHINGTON, D.C. 20015
(202) 244-4250
TELEX 9-89-2591

LAW OFFICES
BIRCH, HORTON, BITTNER AND MONROE
1127 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356
STATEMENT

1200 AIRPORT HEIGHTS DRIVE, SUITE 520
ANCHORAGE, ALASKA 99504
(907) 279-9501
711 GAFFNEY
FAIRBANKS, ALASKA 99701
(907) 452-1666

Joint Interim Gas Pipeline
c/o Honorable Bill Miles
727 "N" Street, #2
Anchorage, AK 99501

November 10, 1979

FOR PROFESSIONAL SERVICES RENDERED: October 1 - 31, 1979
BIRCH 001547.00

FEES

rg	10/01	NGPA research for Alaska testimony; committee work monitoring
jmc	10/02	Examine federal law re: oil company participation in gas line
rg	10/02	NGPA/NGA curtailment/allocation/abandon- ment authority; monitoring
jmc	10/03	Conf. w/energy specialist Silmiantin re: pipeline financing developments; research NGPA policy re: supplies
rg	10/03	Conf. w/Odum Siemiski re: project status; trip to Canada on pipeline matters
jmc	10/04	Conf. w/Miles and Watkins, FERC at- torney, re: royalty gas and gas line; research re: financing
rg	10/04	Conf. w/Watkins re: gas act
jmc	10/05	Calls and examination re: State rights to royalty under NGPA
jmc	10/06	Research re: historical pipeline finan- cing problems
jmc	10/09	Conf. w/Halloran and Costello; general research; meeting w/Stofer
jmc	10/11	Research President's decision re: finan- cial parameters; update reading; conf. w/Halloran re: research assignment
rg	10/11	Monitor FERC/DOE on conditioning plant
jmc	10/12	Conf. w/Attorney General Gross re: gas pipeline financing
jmc	10/17	Conf. w/Jack Rhett, Federal inspector for Alaska pipeline
jmc	10/18	Review report; research re: Canada for Halloran

PLEASE REMIT PAYMENT TO

1127 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501

rg	10/19	Conf. re: gas line status update
jm	10/22	Update pipeline reading; preparation re: current report
jm	10/23	Dictate letter to Cotten, Miles, Colletta, Chatterton and Sumner re: Kennedy energy stance; review notes from Commissioner Sharp for report on Canada
rg	10/23	Research FERC/DOE/Canada status on gas line
rg	10/24	Preparation re: memorandum
jm	10/26	Work on report; conf. w/Pepperson
rg	10/30	Dictate memorandum

COSTS

07/10	Phone	4.01
08/20	Phone	10.74
10/05	Travel	65.00
10/09	Delivery service	6.50
10/25	Xerox copies	5.40

Total Flat Fee	<u>\$2,500.00</u>
Total Amount Due	\$2,500.00