

SB

93

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 12, 1995

FURTHER REFERRALS:

Date of Committee Action: 5/3/95

The FINANCE Committee considered:

CSSB 93(RES)

CS FOR SENATE B.LL NO. 93(RES)

DISPOSAL OF LAND ALONG THE DALTON HWY

"An Act relating to the disposal of state land along the Dalton Highway; and providing for an effective date."

recommends it be replaced
with the following committee substitute

HCS CS SB 93 (RES)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) FISH : GAME

zero fiscal note(s) DNR 2/28/95

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Foster</i>	FOSTER	X			
<i>Mark Hanley</i>	HANLEY	X			
<i>Edna Mulder</i>	MULDER	X			
<i>Terry Martin</i>	MARTIN	X			
<i>Paul Parnell</i>	PARNELL	X			
<i>Vic Kohring</i>	KOHRING	X			
<i>Ben Grussendorf</i>	GRUSSENDORF		X		
<i>Tan Brown</i>	BROWN		X		
<i>Walter Navarre</i>	NAVARRE			X	
<i>Pete Kelly</i>	KELLY			X	
<i>Thurnixt</i>	THURNIXT	X			

CHAIR'S SIGNATURE

Mark Hanley
Hanley

Richard Foster
FOSTER

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSSB 93 (Res)

Revision Date: _____ Dept. Affected: Fish and Game
 Title: Disposal of state land along the Dalton Highway BRU: Habitat and Restoration
 Component: Habitat
 Sponsor: Senator Miller
 Requester: Resources, Finance COMPONENT SERIAL NO. 486

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Designation of non-residential development nodes along the Dalton Highway per se will not result in an increased agency workload. However, over the long term, it may become necessary to conduct a comprehensive land use plan for haul road node development. In addition, it may become necessary to monitor and evaluate the effects increased public use of the haul road corridor may have on fish and wildlife stocks and their habitats. Such studies may include traditional population management evaluations to support recommendations to the Board of Fisheries and Game as well as cumulative assessments of potential impacts on subsistence harvests of fish and wildlife.

Prepared by: Ellen Fritts, Acting Director
 Division: Habitat and Restoration
 Approved by Commissioner: Frank Nune
 Agency: Fish and Game

Phone: 465-4107
 Date: 3/13/95
 Date: 3.14.95

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FISCAL NOTE

No. 1

Bill Version: SB 93

(S) Publish Date: 2/28/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BII

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the disposal of state land along BRU: Resource Development
the Dalton Highway; and providing for an effective date... Component: Land Development
 Sponsor: Senator(s) Miller, Green
 Requestor: _____ Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (FY95) cost: \$ None

POSITIONS		FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME		0	0	0	0	0	0
PART-TIME		0	0	0	0	0	0
TEMPORARY		0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Amendment proposed: The legal description for the Yukon River crossing should be changed from Umiat Meridian to Fairbanks Meridian.

Prepared by: Ron Swanson, Director Phone: 762-2692
 Division: Lane Date: 23-Feb-95
 Approved by Commissioner: [Signature] Date: 2-23-95
 Agency: Natural Resources

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Alaska State Legislature

SENATOR

MIKE MILLER

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Senate

White in Juneau

State Capitol

Juneau, Alaska

99801-1182

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Senate District 0

HCS CS Senate Bill 93 (Res) Disposal of Land Along the Dalton Highway

by Senator Mike Miller

Last session the Legislature passed Senate Bill 210 which provided for the reauthorization of existing leases in three development nodes along the Dalton Highway including Deadhorse, Yukon River Crossing and Coldfoot. It also allowed for future non-residential land disposals at Deadhorse.

With the recent opening of the highway to public traffic, the need for additional services is anticipated. Senate Bill 93 will allow the state to proceed with future non-residential disposals in each of the remaining four nodes along the route for development of various public facilities. It is structured to allow disposals *only* within the identified nodes which have existing pads so that orderly development is maintained at regular intervals along the highway. The development areas affected are Yukon River Crossing, Coldfoot, Happy Valley, and Franklin Bluffs. The legislation also clarifies that land within the development nodes that has been selected by a municipality would not be available for state disposal (sale or lease).

As with any state land disposal, all proposed sales or leases will require a Land Use Plan, subject to procedures set forth in law which provide for thorough public review.

SB 93 is supported by the Department of Natural Resources, the Department of Transportation, and the North Slope Borough.

I appreciate your consideration of Senate Bill 93.

Dalton Highway and North Slope Lease Tracts



NORTHERN REGION

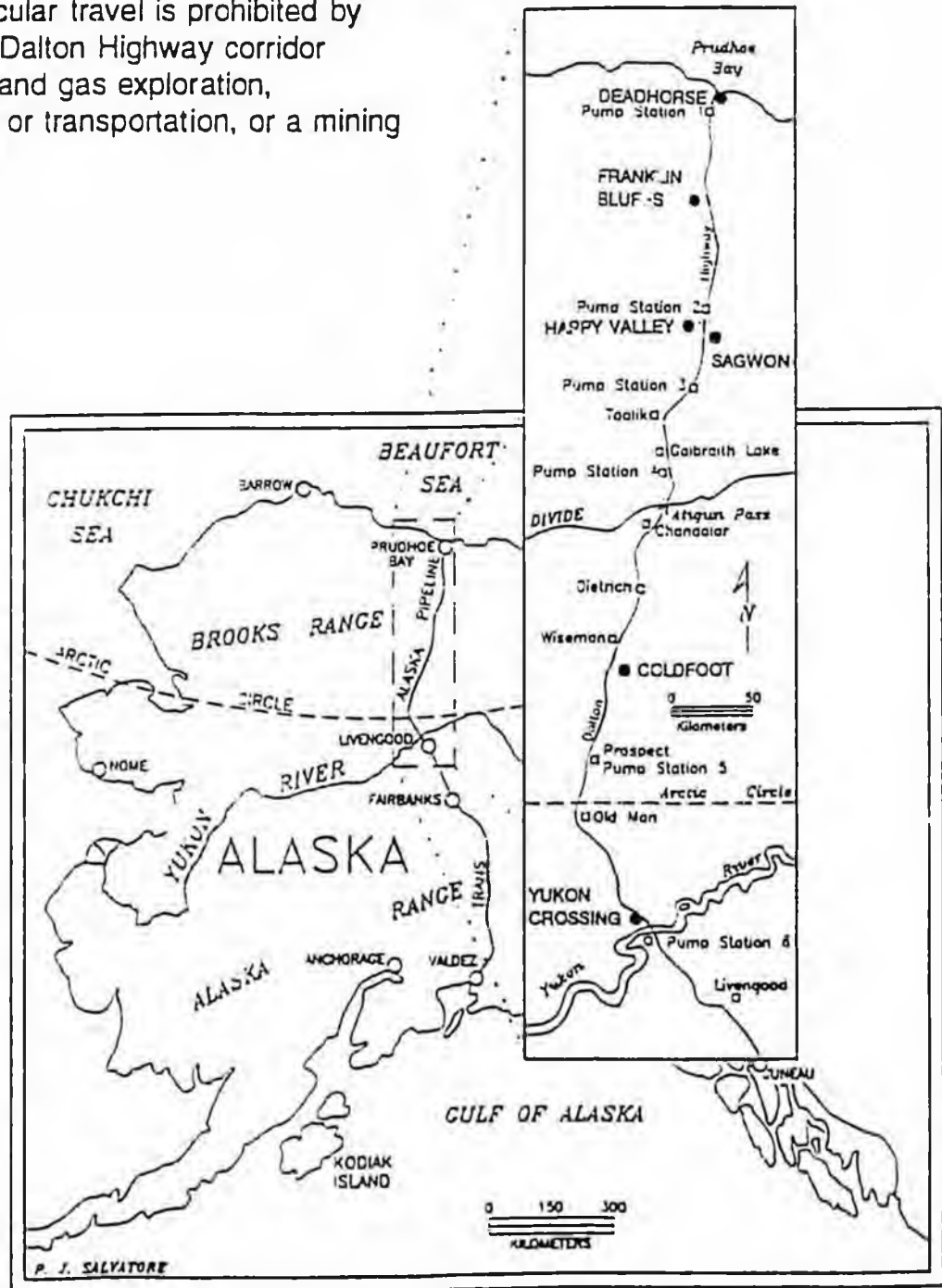
More than 650,000 acres of land at selected sites along the Trans-Alaska Pipeline corridor have been transferred from BLM to the state since August 1992. The land was transferred to the state under provisions of the Statehood Act.

At the present time, AS 19.40.200 prohibits the state from disposing of state land (leases and material sales) lying within 5 miles of the Dalton Highway, under AS 38. The statute does allow for a few exceptions: 1) oil and gas leasing, 2) exploration, development, production or transportation of oil and gas, and 3) a state lease or materials sale for activities listed in 1 and 2 and maintenance of the highway. In addition, off-road vehicular travel is prohibited by AS 19.40.210 within the Dalton Highway corridor unless it is related to oil and gas exploration, development, production or transportation, or a mining activity.

DALTON HIGHWAY

DEVELOPMENT NODES
Proposed in HB309:

- Coltfoot
- Deachorse
- Franklin Bluffs
- Happy Valley
- Yukon Crossing



COLDFOOT

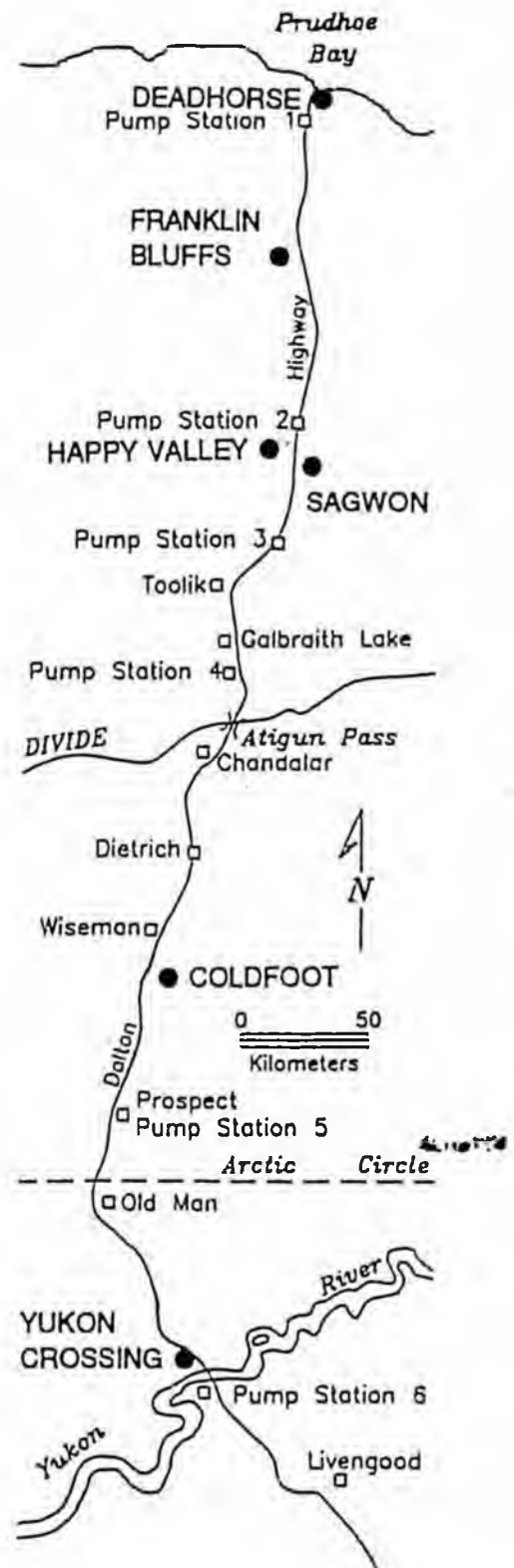
Coldfoot Services Lease This 33 acre lease is located on the Dalton Highway approximately midway between Fairbanks and Prudhoe Bay. This site is used as a truck stop, motel, cafe, and garage. According to the lease agreement, the lessee, Petro Star Inc., must provide the following services: fuel, emergency road service, emergency lodging, and food. This lease was originally issued by the Bureau of Land Management before the land was transferred to the state. This site cannot be expanded and other leases cannot be issued due to the prohibition in AS 19.40.200.

HAPPY VALLEY

The Happy Valley pad was created by Alyeska during the construction of the Trans-Alaska Pipeline for a construction camp and airstrip. Prior to state receiving title, as many as 15 permits plus a BLM administrative cabin were located on this site. Ten active BLM authorizations were transferred to the state. Eight of these were associated with big game guide operations and the remaining two sites were staging areas for the Departments of Fish & Game and Public Safety (Fish & Wildlife Protection). All but two of the guide authorizations expired on December 31, 1993. These and other operators are interested in future authorizations for use of the site. The guides have expressed concern that if the municipal entitlement selection is granted to the borough, no permits would be allowed for big game guides. Until the municipal entitlement application is adjudicated, the division will issue one-year permits to authorize guide sites at Happy Valley.

FRANKLIN BLUFFS

Western Geophysical Company has been issued a 10 year negotiated lease effective August 1, 1987. This lease supports oil and gas activities on the North Slope.



Additionally, the Northern Region issues one-year land use permits to oil field service companies to use the Franklin Bluffs pad for equipment staging. For instance, Unocal was issued a permit on November 30, 1993 to use a portion of the pad to support the Amethyst exploration project.

DEADHORSE

North Slope Borough Landfill The current Oxbow Landfill is near capacity. The NSB has identified another landfill location south of Deadhorse near the airport. The NSB has been operating the existing Oxbow Landfill since the early 1980's. This landfill may contain many toxic and hazardous materials used at Prudhoe Bay. The NSB originally applied to lease this site; however, a lease was not issued. Since this site was included in the NSB Municipal Entitlement applications, the entitlement was adjudicated and a patent presented to the borough. This patent was rejected by the NSB, presumably due to the liability of owning a landfill with hazardous materials. The Department believes the NSB is still liable for any hazardous materials that may have been placed in the landfill. While the Department is supportive of the proposed landfill, it will require the borough to have ownership of the site prior to operating the new landfill to limit the state's liability. The Department of Environmental Conservation is presently reviewing the close-out plan for the Oxbow Landfill and is also reviewing the operations plan for the proposed landfill. The new landfill may not be authorized due to the prohibition in AS 19.40.200 unless the borough selects the site as part of its municipal entitlement.

Deadhorse Airport Improvements An application for a 500,000 cubic yard material sale under AS 38.05.810 was received on February 9, 1993 from the Department of Transportation and Public Facilities. The purpose of the material sale was to repair and make improvements to the airport at Deadhorse. The proposed material site is located two miles south of the airport on the west side of the Dalton Highway. During an interagency meeting with the North Slope Borough, the option was discussed to co-locate the material site with the new landfill. At the present time, this material sale can not be issued because of the prohibition in AS 19.40.200. The Division of Land, in consultation with the Department of Transportation and its Assistant Attorney General, have concluded that further action regarding the material sale must be suspended until the statute is amended to allow this activity to occur.

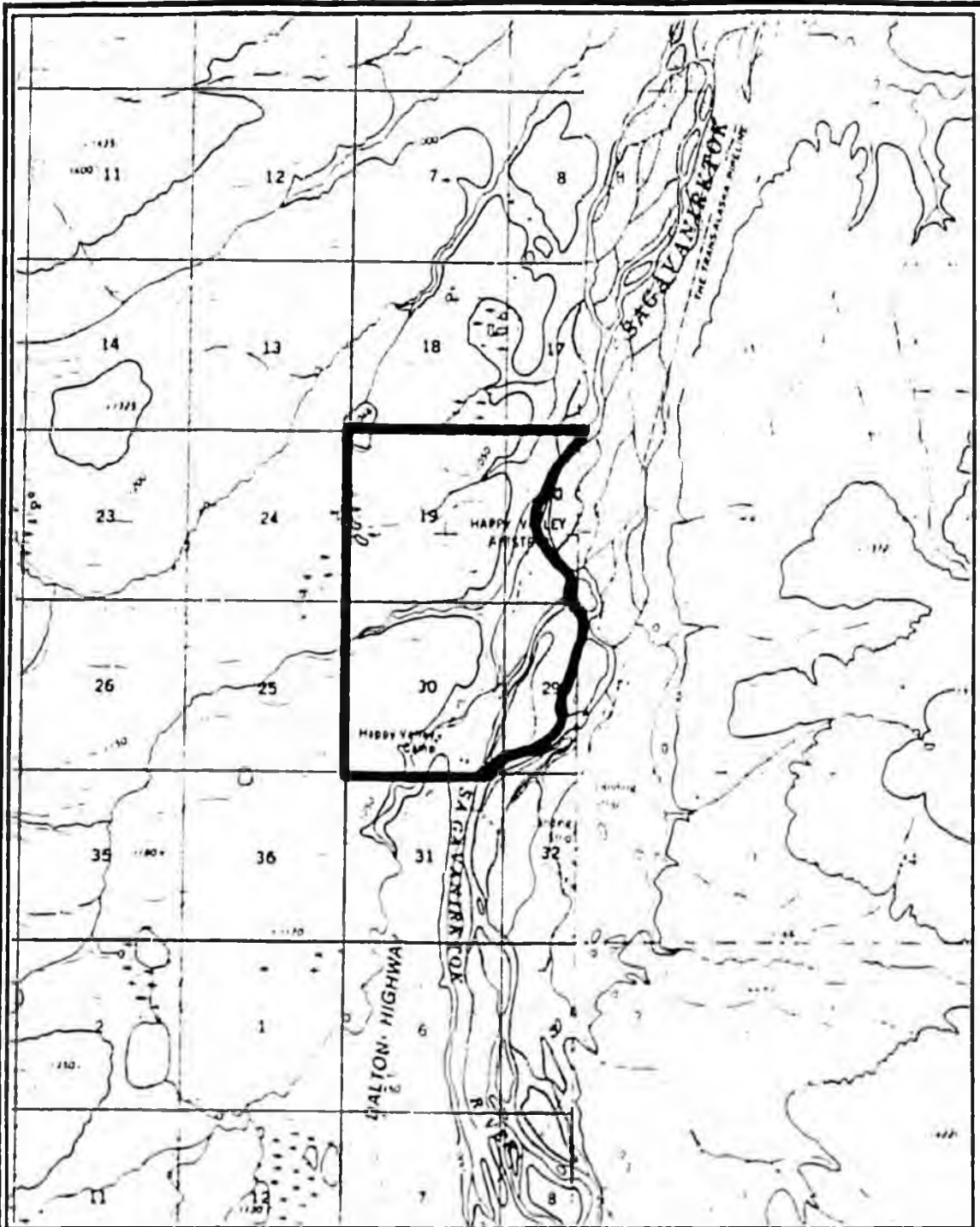
Service Company (North Slope) Leases The Northern Region has 62 service company lessees occupying 70 lease tracts at Deadhorse. These 62 lessees pay lease rentals that total \$227,515 per year. Thirty four of these leases have a history of chronic pollution and contamination. The Northern Region staff are working with these lessees, oil and gas production companies, the Prudhoe Bay Environmental Alliance (PBEA), and the Department of Environmental Conservation to remediate these tracts.

- **34 leases are voluntarily complying with clean up requirements:**
18 completed cleanups within the last four years, and
16 are in the process of cleanup.
- 8 leases have been **terminated for failure to comply** with the lease terms and conditions.
- **16,800 tons of scrap metal have been removed** from these leases over the past three years and backhauled to the lower 48. **7,000 additional tons**, including two old drill rigs, were removed in 1993. This is equivalent to 300 large truck loads. This backhaul was coordinated by the oil and gas industry and the PBEA.
- **41,250 gallons of toxic or hazardous wastes have been removed** to date from these leases and transported to hazardous waste disposal sites in the Lower 48.

Lease Administration The Northern Region has recently augmented its role in the management of north slope lease tracts by assuming the contract administration duties associated with the leases. This function was previously administered in Anchorage. In addition to field compliance work, the resource officers staff issue, (re)assign and terminate the leases. While these additional duties will consume a substantial portion of the staff's time, it is believed that it will increase efficiency and add continuity to the administration of the lease tracts and better serve the public and lessees.

Clean-up Methods The North Slope has been the proving grounds for a variety of new site remediation technology for contaminated land in Alaska.

- In-situ bioremediation, using applications of fertilizer and tilling to aerate
- In-situ bioremediation, using air sparging
- Ex-situ bioremediation (Soil and gravel are placed on a liner to allow soil temperatures to increase more rapidly. Otherwise, soil and gravel are managed in similar fashion as in-situ bioremediation.)
- Thermal remediation
- Soil washing with steam



BOUNDARY MAP
 Map sheets Sagavanirktok A-3
 and A-4

Scale in Miles

Within T. 3 S., R. 14 E.
 Umiat Meridian

HAPPY VALLEY DEVELOPMENT NODE

Map 2.6



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: SB 93

APPROVED:
DATE:

Hubins

TITLE: " An Act relating to the disposal of state land along the Dalton Highway and providing for an effective date."

The Department is supportive of the Bill. However, we would like to stress the importance of working with the local government entities to come up with a long-range corridor development plan.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

The Alaska Environmental Lobby Opposes SB 93: Disposal of Land Along the Dalton Highway

The original intent of the "Dalton Highway", the Haul Road, was to serve as an access corridor and supply line for the Trans-Alaska Pipeline. This is still the only reasonable economic function for this expensive, albeit important road.

The expensive is derived from many factors: If we have private land we are under an obligation to protect it - Fish and Wildlife agents and Alaska State Troopers are already overburdened. They will need more resources if they will be expected to encompass the Haul Road into their jurisdiction. Also, in this era of frugal state attitudes and lower economic resources we need to consider every cost incurred in every decision.

Preserving the original intent and expanding it to include the upcoming Trans-Alaska Gas Pipeline demands that the state concentrate its efforts to responsibly manage all aspects of this valuable transportation corridor. This means that opening the Haul Road for any peripheral development, actions which are unrelated to and most probably interfering with corridor usage, is irresponsible and expensive.

4/6/95





**YUKON
PACIFIC
CORPORATION**
TRANS-ALASKA GAS SYSTEM

JEFF B. LOWENFELD
PRESIDENT AND CHIEF EXECUTIVE OFFICER

March 24, 1995

The Honorable Gail Phillips
Speaker of the House
House of Representatives
Juneau, Alaska

Via Fax: 465-3472

Dear ~~Speaker~~ ^{Gail} Phillips;

I'm writing to ask that you consider the following points as you deliberate Senate Bill 93. Our concern, in short, is that a major land use planning decision may be made by the Legislature without proper consideration of how future demands on the Dalton Highway -- specifically the intensive, multi-year construction requirements of Yukon Pacific's massive \$14 billion Trans-Alaska Gas System (TAGS) pipeline -- will also be accommodated.

As you are aware, TAGS will involve the construction of a 42" diameter natural gas pipeline paralleling the existing TAPS oil pipeline from Prudhoe Bay to Valdez. In addition, 3 large compressor stations will be built along the route to move natural gas south. Over half of the 800-mile-long pipeline and 2 of the compressor stations will be constructed north of Fairbanks along the Dalton Highway. Obviously this effort will involve an enormous amount of traffic over several years to deliver the materials and personnel necessary to complete these facilities.

Although we understand and acknowledge that TAGS is not a "reality" yet, I think you will concur that its prospects have never been brighter. It is with this in mind that we respectfully urge the House of Representatives to delay any action on SB 93 until the Legislature has been provided with a detailed analysis of the combined impacts and compatibility of the land disposal action contemplated in SB 93 and the logistical demands inherent in the construction of TAGS.

Finally, I would encourage all Legislators to arrange for a thorough briefing on the TAGS project (we are always available to travel to Juneau on short notice) so that they are not only

informed about our progress and the potential TAGS represents to Alaska but also the need to consider legislation like SB 93 in the context of this major undertaking.

Sincerely,

A handwritten signature in black ink, appearing to be 'Gail Phillips', written over the word 'Sincerely,'.

SC024L02.JBL