

SCR

3



Official Business

ALASKA STATE LEGISLATURE

SENATE RESOURCES COMMITTEE

State Capitol
Juneau, AK 99801

Chairman: Senator Rick Halford
Vice Chair: Senator Lyda Green
Senator Loren Lemman
Senator Bert Sharp
Senator Robin Taylor
Senator John Torgerson
Senator Georgianna Lincoln

AGENDA

3:30 TO 5:00 p.m.

Wednesday, March 5, 1997

SCR 3: Northstar agreement litigation
Senator Donley, sponsor

Expected Witnesses:

Senator Donley to present the resolution

SJR 16: Reform the Endangered Species Act
Senator Lemman, sponsor

Expected Witnesses:

Senator Lemman to present the bill

NEXT MEETING

Friday, March 7

SCR 2 - Management of wildlife resources

- Bills previously scheduled

ADJOURN



SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

Sponsor Statement for Senate Concurrent Resolution 3

On February 13th British Petroleum (Alaska) Inc. announced they have suspended work on the Northstar oil field development project. British Petroleum is concerned with a lawsuit (Baxley, The Republican Moderate Party vs. State of Alaska & John Shively) challenging the revisions to the lease terms of Northstar field ratified by the legislature and signed by the Governor last year.

SCR 3 urges the Attorney General of the State of Alaska to use every appropriate resource and due diligence to defend the state's interests in this case. SCR 3 also respectfully requests the Superior Court to expedite consideration of the pending legislation so that work on the project can resume as quickly as possible.

In 1996 the legislature authorized the Commissioner of Natural Resources to revise the Northstar unit oil and gas leases. The legislature emphasized to British Petroleum (Alaska) Inc. the importance of a strong commitment to Alaska-hire, Alaska-build, and Alaska-buy in the development of the Northstar field. British Petroleum (Alaska) Inc. has honored its commitment to these important Alaskan issues.

Following the revised lease agreement, construction of modules for the Northstar project began in Anchorage. Several Alaskan construction and oil services companies made preparations for the increased work load. People were hired. Plans were put into place.

The lawsuit has directly resulted in many Alaskans losing their jobs. In the interest of all Alaskans, this case must be resolved quickly.

SCR 3 simply asks the Courts to act as expeditiously as possible on this hearing in order to put Alaskan families back to work.

DD/jja

January-May: STATE CAPITOL • JUNEAU, AK • 99801-1182 • (907) 465-3892 • FAX: (907) 465-6595
June-December: 716 W. 4TH AVE. • STE. 430 • ANCHORAGE, AK • 99501 • (907) 258-8181 • FAX: (907) 258-1648

MEMBER: Senate Finance Committee • Legislative Budget & Audit Committee
• Senate Community & Regional Affairs Committee

Produced in House

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/19/97

FURTHER:

Date of 5-Day Notice: 2/27/97
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 3/5/97

Resources Committee considered

SENATE CONCURRENT RESOLUTION NO. 3

NORTHSTAR AGREEMENT LITIGATION

and recommends:

- be replaced with _____ CS SCR 3 (RES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
 same title
 new title
- House Bill:**
 same title
 technical title
 new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Chris DeLeon</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>					
<i>[Signature]</i>					
CHAIR: <i>Rick Halford</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>Resources</i>	<i>3/4</i>	<i>X</i>	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

MEMORANDUM

TO: Senator Halford

FROM: Brett Huber

DATE: March 7, 1997

SUBJECT: SCR 3

=====

SCR 3 is on the floor today. Following is a synopsis of the changes made to the original resolution with the Resource Committee substitute:

- 1) Page 2, line 11 - added "voluntary" before commitments
- 2) Page 2, line 16 - changed "would ask" to "has asked"
- 3) Page 2, line 26 - deleted "so that the in-state construction activities associated with the Northstar project and development of the leases may begin as early as possible"

0-LS0606\B
Chenoweth
3/4/97

CS FOR SENATE CONCURRENT RESOLUTION NO. 3()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): SENATOR DONLEY

A RESOLUTION

1 **Urging the Attorney General of the State of Alaska to use every appropriate**
2 **resource and due diligence to defend the state's interests in the civil action filed**
3 **against the state challenging the 1996 revisions of the Northstar unit leases, and**
4 **respectfully requesting the Superior Court of the State of Alaska to give**
5 **expeditious consideration to the matter.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS a majority of Alaskans support safe and responsible oil development in**
8 **the state and the jobs it creates for Alaskans; and**

9 **WHEREAS development of other oil fields in Alaska has resulted in thousands of jobs**
10 **throughout this state and the United States; and**

11 **WHEREAS Prudhoe Bay production is declining by approximately 10 percent a year;**
12 **and**

13 **WHEREAS Alaskans recognize that oil production from the North Slope is declining**
14 **and new development is needed to create new jobs in the state and to bring additional revenue**
15 **to the state; and**

1 **WHEREAS**, the commissioner of natural resources negotiated revisions to existing
2 Northstar unit leases between the state and BP Exploration (Alaska), Inc.; the lease revisions
3 have the effect of expediting the development of the Northstar field and ensure oil production
4 under a new payment system; and

5 **WHEREAS**, last year, the legislature overwhelmingly approved legislation, ch. 139,
6 SLA 1996, authorizing the commissioner of natural resources to revise the Northstar unit oil
7 and gas leases; and

8 **WHEREAS** the legislature and British Petroleum, the lessee's parent company, have
9 acknowledged the importance of a strong commitment to Alaska-hire, Alaska-build, and
10 Alaska-buy in the development of the Northstar field; and

11 **WHEREAS** British Petroleum, honoring its voluntary commitments, has already hired
12 many residents and companies holding state business licenses; and

13 **WHEREAS** a civil action was recently filed in the superior court challenging the 1996
14 revisions of the Northstar unit leases; and

15 **WHEREAS**, in response to dislocations arising from the filing of the court challenge,
16 the Attorney General has publicly commented that the state has asked the court to expedite
17 consideration and resolution of the litigation; and

18 **WHEREAS** the legislature recognizes the grave effects this challenge to the revisions
19 of the Northstar leases are having on the development of the Northstar field;

20 **BE IT RESOLVED** that the Alaska State Legislature urges the Attorney General of
21 the State of Alaska to use every appropriate resource and due diligence to defend the state's
22 interests in this civil action challenging the 1996 amendment of the Northstar unit leases; and
23 be it

24 **FURTHER RESOLVED** that the legislature respectfully requests the Superior Court
25 in which this litigation is filed and scheduled for hearing to expedite consideration of the
26 pending litigation.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SCR 3

Revision Date 2/19/97 Dept. Affected _____
 Title Northstar agreement litigation BRU _____
 Component _____
 Sponsor Donley _____
 Requester _____ Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES []						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: 0.0

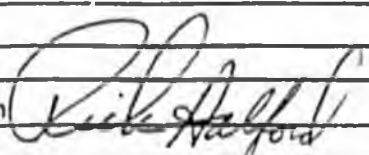
POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution has no fiscal impact on state departments.

Prepared by Senate Resources Committee
 Division _____
 Approved by Senator Rick Halford, Chairman
 Agency _____



Phone 465-4907
 Date _____
 Date 3/4/97

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office