

SB

171

Testimony of Edward S. Itta
Mayor, North Slope Borough

on SB 171 – Amending NPR-A Grant Program

House Community and Regional Affairs Committee
March 30, 2006

Thank you, Mr. Chairman.

Now that you've had a chance to hear the sponsor and the Administration talk about SB 171's proposed changes to the NPR-A Impact Aid Grant Program, I appreciate this opportunity for people from the NPR-A communities to tell you what it's like in the places that are directly affected by industry activity.

As you know, the NPR-A grant program was born 25 years ago after these petroleum reserve lands were transferred from the Navy to the Department of the Interior with the intent of pursuing commercial development. Senator Stevens was aware that activity in NPR-A had already caused a lot of impacts in the local communities, and he wanted them to receive a healthy share of the non-federal revenues from development. It wasn't Senator Stevens' desire to wrap these villages up in complex arguments about what constitutes a direct impact or an indirect impact. That is a recent invention by this bill's sponsor.

Senator Stevens' intention – as it was expressed in the federal law that created the program – was pretty simple. He recognized that community impacts had occurred in the past and would occur in the future. He knew that these lands were the most important subsistence territory for the majority of North Slope residents. And he wanted the impacted communities to receive benefits at a level that corresponds to development.

The obvious and simple way to do that – as it was established in the federal law – is to let impact aid rise and fall with revenues. The revenue levels would give a general indication of current and future activity, and a general indication of impacts. The impact aid program would give communities a way to respond and to prepare for the increasing level of impacts that were likely to occur.

And that is exactly what is happening. From 1987-1995, there was some revenue generated from existing leases, then it went quiet for a few years before the big sales in 1999, 2002 and 2004 took place. Suddenly, more than 2.8 million acres are leased, and with the price of oil up so high, the industry is really eager. There will also be a lease sale later this year that offers the area north of Teshekpuk Lake for the first time.

If you want to talk about impacts to the communities, Teshekpuk Lake is a good place to start. That area is a tremendous magnet for waterfowl of all kinds, as a nesting and molting area. Birds come from thousands of miles away in the spring. The Teshekpuk

caribou herd is also based there, migrating in and out through a narrow neck of land between the eastern edge of the lake and the ocean.

In terms of subsistence, the Teshekpuk area is the focal point of the whole region, and all four of our NPR-A communities harvest from these wildlife populations while they are in the Teshekpuk region or during their migratory travels. If you want to make people nervous on the North Slope, just tell them that the industry is gearing up to move into the Teshekpuk area, especially the most sensitive area north of the lake, where the greatest concentrations of wildlife are found.

Well, that is exactly what we were told by BLM when they released their Record of Decision on Northeast NPR-A last month.

I bring this up because it is a good illustration of the way that impacts can take effect. When you are a subsistence hunter, you don't need an oil rig next to your campsite before there's an impact. You don't need a rig or a road or a seismic crew. For some of the most serious impacts, all you need is a threat.

The area around Teshekpuk Lake – especially on the north side of it – is a subsistence breadbasket. When I talk to people in the villages and Barrow, the idea that those lands are about to be leased isn't just a piece of worrisome news. It hits them in the stomach. It is a threat to their culture, because it is a threat to activities at the core of their culture. I think you understand that this is not just about hunting. It's about preserving the activities that make our culture possible. For the Native people up north, the new threat around Teshekpuk Lake is one more threat to the continuation of their culture.

So people in all of the NPR-A communities are experiencing a new impact – before the ground has even been leased. That is the nature of impacts in a cross-cultural situation. They are not always easy to understand or even identify, because they are created in the context of one culture and received in the context of another culture. The more you try to tie specific actions to specific effects, the more you will miss some of the most profound impacts. These are the ones that come from a feeling deep inside our people that their traditional hunting grounds are gradually being taken away for another use, a use that will disrupt the wildlife we depend on. Disrupting the wildlife disrupts the people. And while it takes time to figure out how much the wildlife are affected, it doesn't take any time for people to feel worried and threatened and stressed.

That's why the villages apply for youth programs and recreation facilities. They are trying to create alternative activities for kids in a culture that is under stress. They apply for school counselors and anti-drug programs, because they're trying to head off some of the social problems that arise when a culture feels it is under siege. NPR-A is clearly not the only source of stress on our kids and communities. But it is one source, and with BLM's decision to open up the Teshekpuk lands that have always been protected, it is a lot bigger source of stress than it used to be.

I think this kind of widespread social impact that is hard to get your arms around – and hard to quantify – was anticipated by the federal law. It is the kind of impact that stays under the radar, but it is real and very disturbing. It's the undercurrent that affects everyone, while the more obvious impacts affect one village more than another. Nuiqsut is in the eye of the storm now, but it was a quiet village ten years ago. Wainwright is still a pretty quiet village, but they feel this undercurrent, this fundamental shift in land use priorities. They go to the BLM meetings and see maps of the 2.8 million acres that have been leased for exploration in the hunting grounds. Development starts on the drawing board, not on the drill rig, and so do impacts.

The people of Wainwright and Atqasuk and Barrow and Nuiqsut see what's coming across the Colville River. What's coming is a seismic shock to their subsistence view of the world. They've heard that there might be ten billion barrels under there. For someone who depends on a very different use of that land, it creates a real impact, and that impact is directly tied to development. And like any social or cultural impact, it's very hard to show a direct cause-and-effect link.

I believe that is why the federal law leaves a lot of latitude in its approach to impact aid. Sure, there have to be guidelines and a demonstration of impact. Maybe we haven't always done the best possible job of communicating these impacts. But we are making progress on that. The DCED staff congratulated our grants people in this last round of applications; they said our impact justifications were much stronger than in the past.

It's very hard to prove a direct link between a seismic crew marching across the tundra and a change in the behavior of animals or humans in the area. We can't do it, and the Legislature can't do it. And yet that is the kind of hard-wired relationship between activities and impacts that the sponsor of this bill wants to require. If that's what he wants, then his argument is not with us, and it is not with the program as it operates now. His argument is with the federal law that provides this money in the first place. His argument is with Senator Stevens, who saw the need for impact assistance at the local level and created the program.

So I believe that some of the most profound impacts are these very subtle changes in the minds and hearts of our people as they see the industry march to the west across the breadbasket of their traditional lands. There are plenty of smaller, everyday impacts too. They happen so often that we don't even think about them. They might be incidents where we are called on to help the industry. We respond without thinking about it, because that's what you do when someone is in trouble in the Arctic. Our Search and Rescue department has flown 200 miles out to sea to medevac someone from a seismic ship. We fly medevacs to remote industry campsites to pick up sick or injured workers. It's happened several times in the past few months. In fact, just last week our emergency response team saved the life of an oil worker who had both legs trapped in an auger at a remote drilling site. He didn't come out of it so good, but he's still alive, and it's because we are the first responder on the Slope. Not the state or the feds or the industry. In fact, some of the lifesaving equipment that was used in this rescue was paid for by an NPR-A

grant. You won't hear about grants like that when you're listening to the bill's sponsor. That's because they are part of the success of the NPR-A grant program.

One of the most dramatic images of an NPR-A impact that you'll ever see is in one of the packets you have on your desk. It's the booklet of photos called "North Slope Borough Impacts from Oil and Gas Development." There should be a flagged page, and if you look at that page and the one after it, you'll see a photo taken in NPR-A last fall. It shows a massive amount of equipment and moveable facilities in a staging area at Cape Simpson. Next to that city of equipment is what looks like a tiny shack. And that's what it is - it's a subsistence cabin that marks a hunting area used by a Barrow family for generations. Hundreds of cabins like this dot the tundra in NPR-A. Many are on Native allotments that belong to families from every NPR-A community. So the next time somebody tries to tell you how far away some of these communities are from Alpine, remember this picture. It's quite a way from Alpine too, but it's very close to where lots of our families go every summer to spend time on the tundra and hunt and fish and camp.

From the sponsor's presentation on SB 171, you aren't getting a true picture of what's happening in NPR-A. You're not hearing what the real impacts are, and you're not learning about the vast majority of successful grants that have made this program a success. You're being led to believe that hundreds of thousands of dollars have been sent to communities, where they are pocketed without living up to the grant conditions. I didn't hear the sponsor mention one very important thing about all NPR-A grants. And that is that these grants are not funded up front. They are reimbursable, so it's not State dollars at risk if there is poor performance. It's local dollars. If the communities can't show the Department legitimate expenses, they don't get the grant money. That sounds like pretty good accountability to me.

So what is this bill really about? It's about fixing the program...fixing the program so that very little aid ends up going to the communities. The real intent of this bill is to make a political football out of the impact aid program. It's a two-step process. First, you take decision-making away from the administrative branch - where decision-making for every other state grant program exists. You move the grant reviewing, scoring and awarding process away from the professionals who do this work every day and into the political realm of the Legislature.

Second, you ratchet down hard on this slippery concept of impacts. What you end up with is a really tough task for a revolving group of people who are appropriately focused on politics and finances, and have plenty of ideas for other ways to use that money. It's a setup for decisions based on politics, not on the subtleties of impacts or federal intent.

The bill creates a timetable for dealing with these grant applications that adds to the problem. This timetable forces you to review and score and award a bunch of grants in the midst of the legislative session. Does the Legislature really want to be dealing with village grant applications during the session when you've got things like PPT on your plate? And do you really think this will yield better, more thoughtful decisions? I think

your best bet is to work with the department and with us to make the program stronger, not to gut it.

I'm sure there are ways to improve the program. Some of them are already being put in place. But the approach outlined in Senate Bill 171 is overkill. All we're asking of the Legislature is to preserve a fair, non-political process, and you don't get that by taking the grant professionals out of the picture, the same kind of professionals that you trust with every other state grant program. It just doesn't make sense.

It is important to note that SB 171 does not provide any new definitions or guidelines for judging impacts. It only changes who is reviewing the grant applications. I think you can see how this would add to our concerns that this bill doesn't make anything more fair or more open. If the Legislature wants to set up a special subcommittee to review these impact aid grants, it doesn't take a legislative change. A subcommittee was formed in Senate Finance last year.

If legislators are just worried that these communities might be getting too much money, the situation may resolve itself without any legislative action. The federal energy bill passed last year gives the Secretary of the Interior the authority to reduce or eliminate any and all bonus or lease payments on development in NPR-A. That would deprive the State as well as the local communities, so maybe what we should be doing here is working together to protect revenues.

We have plenty of reasons to work together on all kinds of resource development issues. The North Slope Borough has been a major supporter of onshore oil and gas for years. We have sent some of the most effective foot soldiers to work the halls of Congress on opening ANWR. At times, we have cooperated with industry wishes on the North Slope, even when our heart told us not to. If you look at the record, you'll see that we have tried to be strong partners for responsible development.

What do we get in return? In recent years, it seems like we've been faced with a flurry of bills like this – bills that are nothing more than a thinly-veiled attempt to punish us for living on the North Slope, and for receiving benefits at the same time as we absorb all the impacts from oil and gas activity... activity that sends billions of dollars of wealth to the rest of the state.

We believe in the partnership, but sometimes it feels less like a partnership and more like a target range, and we're the target. I have met some of you on this committee, and I don't think that is your attitude. But it is the attitude behind this legislation, and I hope you won't buy into the attitude or the bill. It would be a loss for all of us as we try to create a better future for Alaska.

A number of people from the NPR-A communities are here today, and they have a lot of experience with some of the things I've mentioned. I want you to know that they are not here on our dime. They paid their own way so they could tell you how important the program is to their communities. The mayor of Atkasuk was on the way down here when

she had a death in the family and had to turn around. But her written testimony should be in your file.

I want to thank you again, Mister Chairman, for allowing us to have this time with the committee today. It means a lot to us, and we really appreciate your interest in getting some local input on the bill.

Quyanaqpak.

Comments By Dora Nukapigak
Senate Bill 171

My name is Dora Nukapigak resident of Nuiqsut. I am a mother of three boys who have great interest of being a hunter like mom and dad in the future. Already my 9 year old son is anxious to follow mom and dad out hunting. Whaling, caribou hunting, fishing, and geese hunting are just some of what we hunt, and it brings food to our table, as well as others that depend on us to harvest for them. Elders that no longer can go out to hunt depend on residents of Nuiqsut to harvest for them, as well as North Slope residents that depend on us to send them fish, caribou, and other resources we have to share. Sharing has been a big part of our culture for centuries. With industry in my back yard, I am afraid that someday my son will have more difficulty in harvesting food for the table, and sharing will be hard because maybe he might only catch what he can put on the table for his family.

With the Alpine Satellites in the construction phase and the nearest drill rig being only 4.5 miles away from the village of Nuiqsut, we see impacts in our everyday life.

Impacts to our community did not start with Alpine development, it started with Prudhoe Bay and our elders lost their land to development. Impacts that occur back in the 1940's when NPRA was under the Naval Petroleum Reserve. Abandoned drums and abandoned well sites that we see surface are impacts from 80 years ago. These are impacts that are visible today and yet the government has not really taken into consideration to go back and clean these old well sites.

There were times when I drove my mother to Prudhoe Bay to buy cheaper gas, because the average gas prices were between 4.50 a gallon. My mother often talks of where she "use to hunt". Let me say that again, where she "use to" hunt. She talked of where all the games were all the way from Oliktok Point to Prudhoe Bay and how much fishing she did at Kukparuk River and the Sag River. Sadder to say that land is lost... Native Allotments that are in the heart of industry in Prudhoe Bay are no longer accessible by allotment owners. That is one of the impacts that is felt, because of land we are losing to development. I do not wish to tell my son, "this is where I use to" hunt or this is where I "use to" fish. It scares me to think that is what I will tell my son somewhere down the line in the future around NPRA development, especially if the protections were taken out by BLM... 79 stipulations that were taken out were assurance to our people of the protections we felt we need to place in the NE NPRA. But because industry did not want to have to pay the cost of impacts and mitigations to our people the protections were taken out that were amended in 1998 in the ROD. I see this as our people are losing trust to the government and the state, and it scares me to think that after all the oil is pumped out, our resources will have been diverted, displaced or gone forever!

With this it scares me to see that money that rightfully belongs to the impacted community is being threatened to be taken away will hurt our people on the North Slope, who in the past have shared with government and state their livelihood and their land. When is the government going to share the wealth of our land and resources? When is the government going to see us for who we really are? When are we going to feel at rest and assured that our land while being developed will not be harmed, and the resource will be theirs and available to us after industry is gone and all the oil is gone?

There are impacts to our community that are felt by our elders, our children and our leaders. Social Impacts have been significant since development came in our back yard, but yet no one chooses to address these problems that are brought to us by development.

Our subsistence hunters are being impacted by industry, and yet they are not being considered by other agencies. Subsistence is a big part of our cultural values and it brings food to our table. Before Alpine was developed, the industry said that we will hardly notice they are there. I see Alpine as a door opening to NPRA. They said that there are only winter activities, but yet industry has summer studies and it is broad and happens when we are trying to harvest, and gather food for the winter months when the caribou are fat and healthy. Not only do we harvest caribou, we hunt seals, moose, and do a lot of fishing in the summer months. Alpine has been a significant impact to our community and I can only address a few.

There is no real definition of impacts, but I encourage you as representative to come and see first hand what my people are going through in our everyday life. Then you will see what impact are and what they bring our people. This legacy of impacts fall from our elders, and to us that are parents and will pass onto our children. It scares me to think of this.

With this I leave with you a quote by Joe Ukpiksaun who fought for our land in the early day with other leaders in our communities, and I find to be very true.

"Oil does not have to live with us, but that we as Inupiat have to live with oil"

Thank you for giving us time to comment.

CITY OF NUIQSUT
CITY ADMINISTRATOR
DAVID C. SMITH

I have been the City Administrator in Nuiqsut for about 8 months. I am a 31 year Alaskan resident and have worked as the City Administrator for 7 different Alaskan villages for over 20 years. I am 75 years old and have 11 years of formal full-time college training.

The City of Nuiqsut is very supportive of the current NPR-A program and does not want to see an additional bureaucratic layer of over site placed upon the current system.

Nuiqsut is often listed as the most impacted community in Alaska that is being literally overwhelmed by the oil and gas industry. We are located in the NE corner of the NPR-A area, about 60 miles west of Prudhoe Bay, 100 miles east of Barrow and 35 miles from the ocean. Our estimated population of 411 has 5-6 permanent jobs in the North Slope oil field area and 10-20 seasonal jobs primarily occurring during the construction of winter ice-roads. To the east of us we are told that there are over 2,400 functioning wells and in our immediate Alpine area there are over 950 workers. Four or more well sites containing 20+ wells each are being developed within 30 miles of Nuiqsut in the NE-NPR-A.

Our village has a work-camp hotel that houses from 50 to 75 oil industry workers during the December through April winter construction season. This hotel is currently being expanded with a projected 150 beds for transient oil field workers for next years winters construction season. This large influx of outside transient workers is contributing to many of the social and cultural impacts now facing the community.

Over the years the North Slope Borough has had over \$10,000,000 of NPRA funding awarded for the construction of a gas pipeline and the processing facilities needed to provide gas to Nuiqsut for heat and the generation of electricity. The NSB has put an additional 10 million of their funds into the gas-line project. Homes are expected to pay \$125 per month as a maintenance and service fee starting next fall.

Our governance O & M grant is for about \$450,000. We additionally have a \$150,000 NPRA grant providing for the operation and maintenance of a teen-center that is very heavily used by our youth. All of the "governance" type of grants are extremely important to the community as well as the other NSB communities as we have no tax base and rely upon the NSB for many of our essential services.

With the rapid expansion of the oil industry into and around Nuiqsut we are inundated with hundreds of oil and gas related documents and literally dozens of community EIS hearings, industry workshops and federal scoping meetings.

Nuiqsut contacted 20 rural communities of comparable size and found that none, absolutely none have the huge governance paper workload that currently exists in our community. We estimate that well over half of our administrative tasks are directly related to oil and gas activities; and possibly 80% of our "governance" duties are not directly related to Title 29.

As a second-class city within the North Slope Borough we have powers in recreation, harbors and cemetery in addition to local governance. Not specified in Title 29 are the many task of industry

oversight, protection of our way of life and impact mitigation negotiations dealing with the various industrial organizations working in our immediate area.

We are currently working with 5 ConocoPhillips Community Relations Personnel on a continuing basis. These representative of ConocoPhillips average 5 years of professional training and about 10-years of Alaskan work experience; this forces the impacted community such as Nuiqsut to scramble to maintain a “**professional**” relationship with our identified counterparts.

In coordination with the NSB we are additionally undertaking several comprehensive planning tasks and are literally overwhelmed by paperwork generated by our oversight and impact monitoring.

If you take a quick look at the provided maps you can confirm that the North Slope oil and gas industry has literally overwhelmed and taken from the community of Nuiqsut from 1/3 to 1/2 of our traditional subsistence hunting and gathering areas. This is devastating to the community ...both young and old; and we are creating additional recreational activities to offset the many new stresses.

One of our primary concerns has always been the spending of federal funds on the study of impacts upon our wildlife populations with literally nothing being spent on the evaluating of the multitude of oil and gas impacts upon homo sapiens, the “hunter”.

I would like to briefly talk about “**IMPACTS**”. Impact as discussed in most EIS documents and the NPRA Program in general is the effect and/or effects created by “disturbance”. Disturbance of air, water and soil plus lifestyle and cultural beliefs and practices are all important issues.

The NPRA Program lists over ten (10) different Impacts plus “Other things of importance”. The Impacts are:

POPULATION
EMPLOYMENT
FINANCES
SOCIAL VALUES
CULTURAL VALUES
AIR and WATER QUALITY
FISH and WILDLIFE HABITATS
PUBLIC SERVICES
OTHER THINGS OF DEMONSTRATABLE IMPORTANCE
CUMULATIVE IMPACTS

While the NSB and the four (4) identified communities within the NSB are all facing these impacts to some degree, I would like to address how they are affecting Nuiqsut in particular as by far the most impacted oil and gas related community within the NPR-A region of Alaska.

Nuiqsut has no tax base and we are completely surrounded by federal NPR-A lands. Interestingly; gasoline costs \$4.80 at the pump in Nuiqsut.

POPULATION Population of Nuiqsut is estimated to be between 411 and 430. The community was formed in 1973 by former residents and hunters who had moved to Barrow to provide mandatory schooling to their young. The initial settlers of Nuiqsut spent over 2 years in tents and primarily lived a subsistence lifestyle that was totally dependent upon the availability of the abundance of wildlife, primarily caribou and whale. Our population reached 354 by 1990. It has

grown to over 420 in the past 15 years. In the winter we have an additional 75-100 transient oil industry workers and this is projected to increase substantially as industry enters the NPR-A.

EMPLOYMENT Employment in Nuiqsut is primarily seasonable and temporary. We have 4-6 permanently employed at Alpine and 10-20 that are seasonally hired to build and maintain the "ice-road" between Nuiqsut and Deadhorse. Some of our former residents that have obtained North Slope employment have since moved to Fairbanks and Anchorage.

The City of Nuiqsut now has 4 fulltime employees and 4-6 part-time employees in recreation and maintenance. While we were incorporated in 1975; prior to NPRA funding in the mid 1990's the community did not effectively provide any organized form of governance as described in Title 29. The Kuukpik Corp. has 34 employees, the NSB has about 27 and the school employees 28.

Under the current NPRA grants program we all utilize several temporary workers in general office and maintenance. These positions are funded by the NSB Mayors Job Program, part of the NPRA grants program.

FINANCES Finances for the community of Nuiqsut are absolutely dependant upon NPRA grants for our basic Governance O & M cost.

As a Second-Class city; much or most of our capital and service needs are supplied by the NSB and they are having a continuing decline of available funding as the original oil fields are depreciated. We anticipate that the completion of our water and sewer systems will be the high priority CIP projects for NPRA funding in the next few years. About 20 out of an estimated 118 local dwellings in Nuiqsut are currently not hooked up to the NSB funded water and sewer system.

SOCIAL VALUES Social and Cultural Values are by far the most impacted areas of the community and they appear to be the **least studied of all impacts**. We are currently researching both NIH and NSF for additional research efforts to start the process of documenting the "Social" stress issues and concerns. We are also very concerned by what are often described as cumulative effects.

As predicted in all earlier EIS documents crime, drug and alcohol use, domestic violence, suicide and school absenteeism are all significant social impacts within the community of Nuiqsut.

CULTURAL VALUES Cultural values in the Inupiaq culture are based upon a subsistence lifestyle that fosters the sharing of essential food-stuff. Here in Nuiqsut the loss of possibly 1/3 to 1/2 of our traditional subsistence hunting ground has been devastating to the community. Most of what we often refer to as the "oil-patch" was a prime subsistence hunting ground prior to 1980. Now the wildlife is still there but for various reasons our local Nuiqsut hunters avoid this "developed" area. This has had a devastating effect upon our local population as they feel overwhelmed by events that they can not fully understand or control.

AIR QUALITY Air quality is an issue which comes up often in village discussions as we have an extremely high rate of breathing and/or bronchial type of sicknesses in our older residents. Nuiqsut does have an air monitoring device that is managed by ConocoPhillips. There is a general feeling that the current equipment does not adequately identify the smaller particles in the air. With the increase in road construction and gravel mining we do have occasional dust storms. One of our major concerns is the yellow haze that often appears over developing well-sites and possible contaminants from the flaring of gas at new well-sites.

WATER QUALITY Water quality is an issue which comes up often in the community in regards to our surrounding lakes. There is a published map that identifies fresh water lakes both as **fish bearing and non-fish bearing**. Every winter to construct the approximately 80 miles of ice-roads water is removed from various permitted lakes in pre-regulated quantities. Many of our local residents feel that an excess amount of water is being taken from fish bearing waters.

FISH and WILDLIFE HABITAT Wildlife habitat is the most studied impact on North Slope and there are thousands of pages of accumulated data. There are several published reports listing the disturbance from miles of gravel roads servicing the oil industry, acres of pads and roadways utilizing gravel fill, identification of potential new gravel sources, identification of critical wildlife habitat with migratory routes, areas designated for limited development to reduce the area of disturbance and areas widely used by various subsistence users.

PUBLIC SERVICES Public services in the various NSB communities has changed dramatically over the past 20 years. One of the primary concerns is the lessening of the ability of the NSB to provide the level of service that was available to the communities prior to about year 2000. With the decreased tax base available to the NSB we are seeing a lessening of police protection during a period of increasing crime and major reductions in basic P/W functions in water and sewer plus road maintenance.

At the second-class city level all communities are being asked to perform a much higher level of governance than existed prior to year 2000.

In the case of Nuiqsut we are dealing with over 20 public hearings and/or workshops with several federal agencies and four(4) major oil companies annually and our workload of oil and gas correspondence on permits and concerns was over 65 pieces of correspondence in both December and January.....over 300 documents per year.

In the area of Comprehensive Planning we are seeing a much more coordinated effort with the NSB reaching out to get more input from the effected NPRA communities.

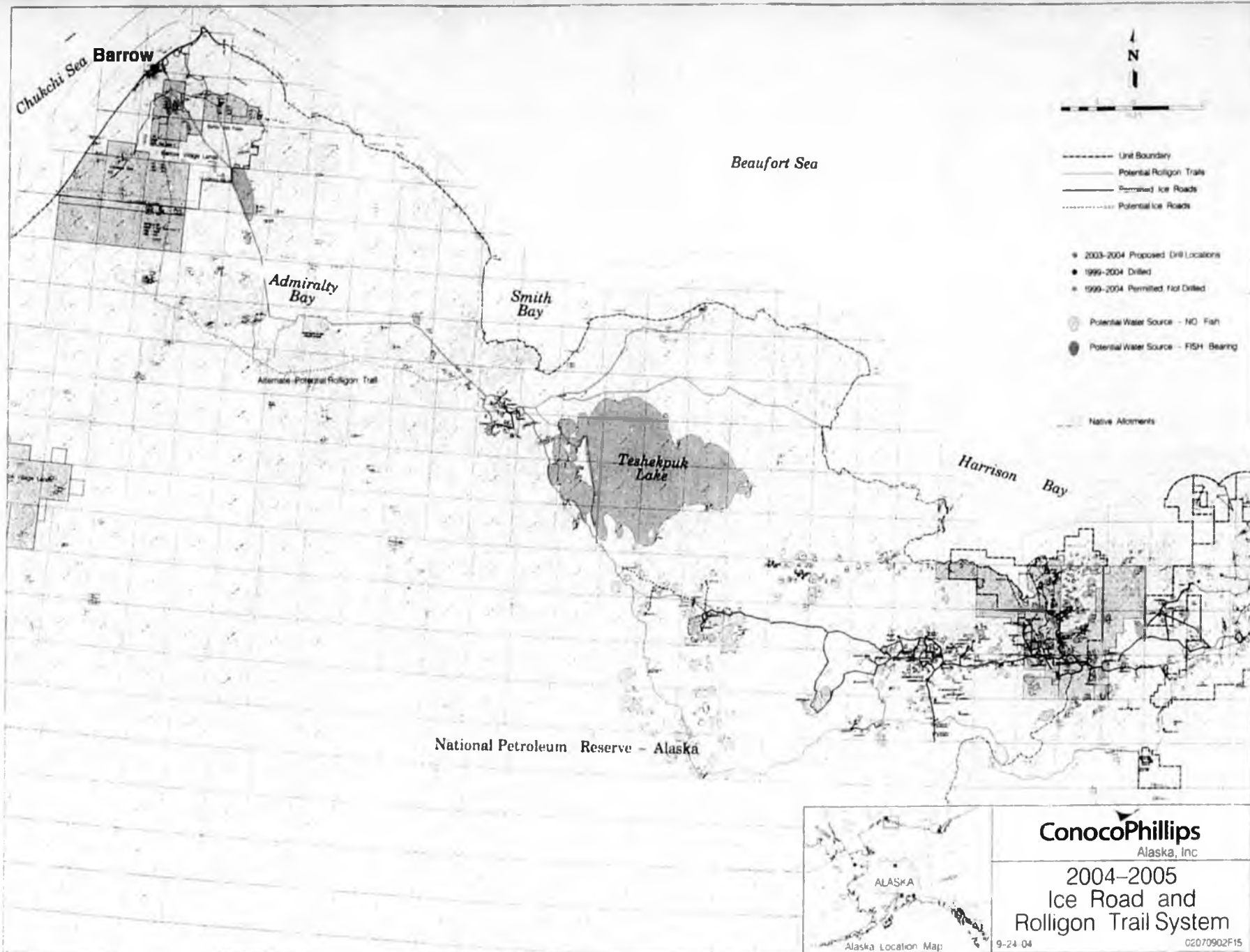
OTHER THINGS OF DEMONSTRATABLE IMPORTANCE

In Nuiqsut's case we want to strengthen the "Paisangich" as a method of preserving our cultural values. In evaluating impacts we feel that "Environmental Justice" and the consideration of "cumulative impacts" are absolutely essential to properly identify the massive impacts facing the community as the oil and gas industry crosses the Nigliq Channel into the NPRA. We are currently assessing cumulative impacts as part of opposing the CD-5 & Bridge permits that are now up for final review.

CUMULATIVE IMPACTS

This represents the accumulation of thousands of very small impacts created by the "**disturbances**" from the 2,400 wells in the big Prudhoe Bay fields that spills over into NPRA. This includes the **7,300 acres of gravel pads, 1,200 miles of pipelines** and over **380 miles of gravel roads**.

We oppose any change to the existing regulations which adds an additional level of administrative bureaucracy to the existing system.



Chukchi Sea

Barrow

Beaufort Sea

Admiralty Bay

Smith Bay

Teahkepuik Lake

Harrison Bay

National Petroleum Reserve - Alaska



- Unit Boundary
- Potential Rolligon Trails
- Potential Ice Roads
- Potential Ice Roads
- 2003-2004 Proposed Drill Locations
- 1999-2004 Drilled
- 1999-2004 Permitted, Not Drilled
- Potential Water Source - NO Fish
- Potential Water Source - FISH Bearing
- Native Allotments



Alaska Location Map

ConocoPhillips
Alaska, Inc

2004-2005
Ice Road and
Rolligon Trail System

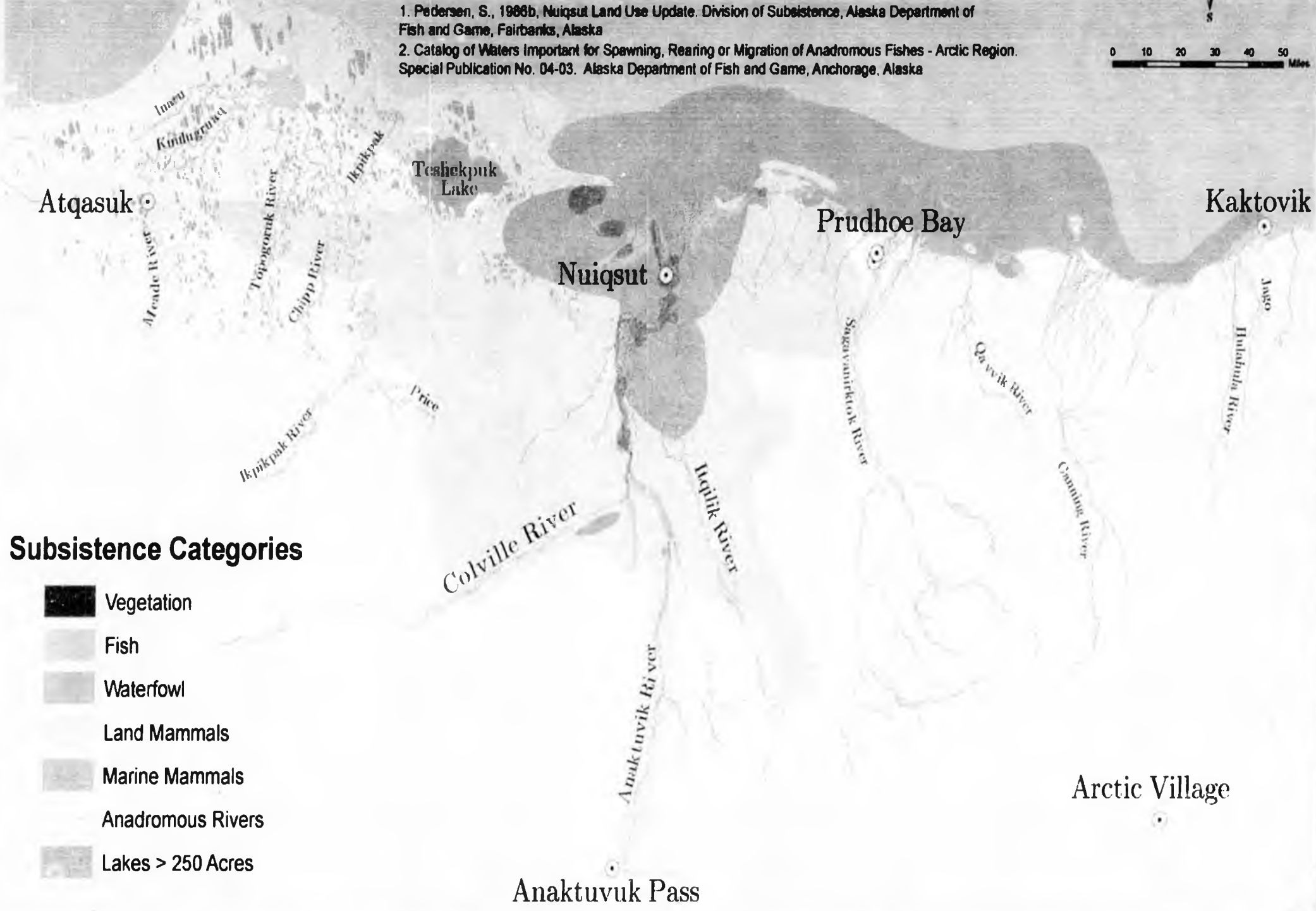
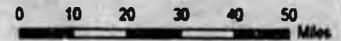
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Regional Subsistence Use: Nuiqsut, Alaska

Sources:

1. Pedersen, S., 1988b, Nuiqsut Land Use Update. Division of Subsistence, Alaska Department of Fish and Game, Fairbanks, Alaska
2. Catalog of Waters Important for Spawning, Rearing or Migration of Anadromous Fishes - Arctic Region. Special Publication No. 04-03. Alaska Department of Fish and Game, Anchorage, Alaska



Subsistence Categories

-  Vegetation
-  Fish
-  Waterfowl
-  Land Mammals
-  Marine Mammals
-  Anadromous Rivers
-  Lakes > 250 Acres

STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$61,903.30	678.30	\$705,239.70	\$767,143.00	\$82,234.59	\$849,377.59	\$155,499.04	\$1,004,876.64	\$67,887.84	\$773,419.19	\$163,569.60
Wrangell	10.51	\$30,176.42	488.35	\$507,745.55	\$537,921.98	\$57,663.03	\$595,585.01	\$109,036.19	\$704,621.20	\$33,093.75	\$557,921.17	\$114,695.28
First Class												
Craig	9.35	\$26,845.82	516.30	\$536,805.63	\$563,651.45	\$60,421.13	\$624,072.58	\$114,251.53	\$738,324.10	\$29,441.16	\$588,701.65	\$120,181.30
Hoonah	9.10	\$26,128.02	226.90	\$235,911.67	\$262,039.69	\$28,089.58	\$290,129.27	\$53,115.16	\$343,244.43	\$28,652.96	\$258,718.58	\$55,871.89
Hydaburg	6.20	\$17,801.51	102.85	\$106,934.84	\$124,736.35	\$13,371.23	\$138,107.57	\$25,283.92	\$163,391.49	\$19,522.48	\$117,272.83	\$26,596.18
Kake	14.02	\$40,254.37	165.00	\$171,553.22	\$211,807.60	\$22,704.91	\$234,512.50	\$42,933.17	\$277,445.67	\$44,145.99	\$188,153.24	\$45,161.44
Klawock	10.30	\$29,573.47	207.90	\$216,157.06	\$245,730.53	\$26,341.31	\$272,071.84	\$49,809.31	\$321,881.15	\$32,432.50	\$237,054.18	\$52,394.46
Pelican	1.10	\$3,158.33	23.00	\$23,913.48	\$27,071.81	\$2,901.99	\$29,973.80	\$5,487.43	\$35,461.22	\$4,137.08	\$31,324.14	\$0.00
Skagway	17.05	\$34,598.09	136.75	\$142,181.23	\$176,779.32	\$18,950.02	\$195,729.34	\$35,832.97	\$231,562.31	\$37,942.88	\$155,926.69	\$37,692.74
Second Class												
Angoon	7.69	\$22,079.61	N/A	N/A	\$22,079.61	\$2,366.84	\$24,446.45	\$4,475.51	\$28,921.97	\$28,921.97	N/A	\$0.00
Coffman Cove	15.54	\$44,618.61	N/A	N/A	\$44,618.61	\$4,782.93	\$49,401.55	\$9,044.14	\$58,445.69	\$58,445.69	N/A	\$0.00
Kasaan	8.47	\$24,319.15	N/A	N/A	\$24,319.15	\$2,606.91	\$26,926.07	\$4,929.47	\$31,855.53	\$31,855.53	N/A	\$0.00
Port Alexander	0.88	\$2,526.67	N/A	N/A	\$2,526.67	\$270.85	\$2,797.51	\$512.15	\$3,309.67	\$3,309.67	N/A	\$0.00
Tenakee Springs	2.50	\$7,178.03	N/A	N/A	\$7,178.03	\$769.46	\$7,947.48	\$1,454.98	\$9,402.46	\$9,402.46	N/A	\$0.00
Thorne Bay	34.00	\$97,621.16	N/A	N/A	\$97,621.16	\$10,464.59	\$108,085.75	\$19,787.70	\$127,873.45	\$107,058.75	N/A	\$20,814.70
Federal Law												
Metlakatla	34.70	\$99,631.01	N/A	N/A	\$99,631.01	\$10,680.04	\$110,311.05	\$20,195.10	\$130,506.14	\$109,262.90	N/A	\$21,243.24
REAA'S												
Annette Island	N/A	N/A	325.75	\$338,687.65	\$338,687.65	\$36,305.93	\$374,993.58	\$68,651.61	\$443,645.19	N/A	\$371,430.49	\$72,214.70
Chatham	N/A	N/A	247.50	\$257,329.83	\$257,329.83	\$27,584.71	\$284,914.54	\$52,170.47	\$337,075.01	N/A	\$282,207.36	\$54,867.66
Southeast Island	N/A	N/A	281.15	\$292,316.29	\$292,316.29	\$31,335.11	\$323,651.40	\$59,252.19	\$382,903.59	N/A	\$320,576.15	\$62,327.44
TOTAL LOCAL	197.97	\$568,413.58	3,399.75	\$3,534,776.17	\$4,103,189.75	\$439,845.15	\$4,543,034.90	\$831,712.04	\$5,374,746.94	\$645,514.61	\$3,881,601.69	\$847,630.64
STATE	212.40	\$609,845.15	N/A	N/A	\$609,845.15	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	\$0.00	\$0.00
GRAND TOTAL	410.37	\$1,178,258.73	3,399.75	\$3,534,776.17	\$4,713,034.90	\$609,845.15	\$4,713,034.90	\$831,712.04	\$5,544,746.94	\$815,514.61	\$3,881,601.69	\$847,630.64

STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,776.56	475.95	\$21,318.82	\$23,095.38	\$5,022.60	\$28,117.98	\$4,962.00	\$33,079.98	\$2,544.61	\$30,535.37	\$0.00
Valdez	25.25	\$3,477.38	864.75	\$38,734.00	\$42,211.38	\$9,179.80	\$51,391.18	\$9,069.03	\$60,460.22	\$4,980.73	\$55,479.49	\$0.00
Second Class												
Whittier	8.60	\$1,184.38	N/A	N/A	\$1,184.38	\$257.57	\$1,441.95	\$254.46	\$1,696.41	\$1,696.41	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	169.70	\$7,601.23	\$7,601.23	\$1,653.05	\$9,254.28	\$1,633.11	\$10,887.39	N/A	\$10,887.39	\$0.00
TOTAL LOCAL	46.75	\$6,438.32	1,510.40	\$67,654.04	\$74,092.36	\$16,113.03	\$90,205.39	\$15,918.60	\$106,123.99	\$9,221.74	\$96,902.25	\$0.00
STATE	117.00	\$16,113.03	N/A	N/A	\$16,113.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	163.75	\$22,551.35	1,510.40	\$67,654.04	\$90,205.39	\$16,113.03	\$90,205.39	\$15,918.60	\$106,123.99	\$9,221.74	\$96,902.25	\$0.00

**STATE OF ALASKA
 FY 03 NATIONAL FOREST RECEIPTS
 BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,669	\$427,051.55	\$75,362.04	\$502,413.59
City & Borough of Juneau	1,710,896	\$797,060.65	\$140,657.76	\$937,718.41
Ketchikan Gateway Borough	740,014	\$344,752.71	\$60,838.71	\$405,591.43
City & Borough of Sitka	1,796,993	\$837,170.94	\$147,736.05	\$984,906.99
City & Borough of Yakutat	1,226,567	\$571,424.73	\$100,839.66	\$672,264.39
Unorganized Borough	10,197,288	\$4,750,643.53	\$838,348.86	\$5,588,992.38
TOTALS	16,588,427	\$7,728,104.11	\$1,363,783.08	\$9,091,887.19
TOTAL TONGASS PAYMENT				\$9,091,887.19

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,385.37	\$0.00	\$7,385.37
Kenai Peninsula Borough	1,094,630	\$29,404.42	\$0.00	\$29,404.42
Kodiak Island Borough	2,495	\$67.02	\$0.00	\$67.02
Matanuska-Susitna Borough	43,386	\$1,165.45	\$0.00	\$1,165.45
City & Borough of Yakutat	420	\$9.51	\$1.68	\$11.28
Unorganized Borough	3,982,733	\$90,938.01	\$16,047.88	\$106,985.89
TOTALS	5,398,597	\$128,969.78	\$16,049.56	\$145,019.44
TOTAL CHUGACH PAYMENT				\$145,019.44

TOTAL STATE OF ALASKA PAYMENT **\$9,236,906.63**

STATE OF ALASKA
 FY 03 NATIONAL FOREST RECEIPTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$59,363.77	61.83	\$686,020.75	\$745,384.52	\$85,649.40	\$831,033.93	\$152,095.74	\$983,129.66	\$65,582.76	\$757,888.75	\$159,658.15
Wrangell	10.51	\$28,938.46	46.95	\$489,639.52	\$518,577.98	\$59,587.90	\$578,165.88	\$105,815.85	\$683,981.73	\$31,970.07	\$540,934.49	\$111,077.17
First Class												
Craig	9.35	\$25,744.49	693.95	\$729,231.35	\$754,975.84	\$86,751.51	\$841,727.35	\$154,052.84	\$995,780.19	\$28,441.50	\$805,626.12	\$161,712.57
Hoonah	9.10	\$25,056.14	211.30	\$222,042.78	\$247,098.91	\$28,393.23	\$275,492.14	\$50,420.54	\$325,912.68	\$27,681.03	\$245,304.13	\$52,927.52
Hydaburg	6.20	\$17,071.21	100.10	\$105,189.22	\$122,260.43	\$14,048.50	\$136,308.93	\$24,947.25	\$161,256.18	\$18,859.61	\$116,208.91	\$26,187.66
Kake	14.02	\$38,602.97	171.62	\$180,345.39	\$218,948.36	\$25,158.55	\$244,106.92	\$44,676.42	\$288,783.34	\$42,647.04	\$199,238.50	\$46,897.80
Klawock	10.30	\$28,360.24	174.00	\$182,846.39	\$211,206.64	\$24,268.98	\$235,475.62	\$43,096.72	\$278,572.34	\$31,331.28	\$202,001.51	\$45,239.55
Pelican	1.10	\$3,028.76	18.65	\$19,598.19	\$22,626.95	\$2,599.98	\$25,226.94	\$4,617.03	\$29,843.97	\$3,994.81	\$25,849.16	\$0.00
Skagway	12.05	\$33,178.73	120.20	\$126,311.13	\$159,489.86	\$18,326.40	\$177,816.25	\$32,543.91	\$210,360.17	\$36,654.56	\$139,543.57	\$34,162.04
Second Class												
Angoon	7.69	\$21,173.81	N/A	N/A	\$21,173.81	\$2,433.01	\$23,606.82	\$4,320.52	\$27,927.33	\$27,927.33	N/A	\$0.00
Coffman Cove	15.54	\$42,788.17	N/A	N/A	\$42,788.17	\$4,916.63	\$47,704.80	\$8,730.93	\$56,435.73	\$56,435.73	N/A	\$0.00
Kasaan	8.47	\$23,321.48	N/A	N/A	\$23,321.48	\$2,679.79	\$26,001.27	\$4,758.75	\$30,760.02	\$30,760.02	N/A	\$0.00
Port Alexander	1.05	\$2,891.09	N/A	N/A	\$2,891.09	\$332.20	\$3,223.30	\$589.93	\$3,813.23	\$3,813.23	N/A	\$0.00
Tenakee Springs	2.50	\$6,883.55	N/A	N/A	\$6,883.55	\$790.96	\$7,674.52	\$1,404.59	\$9,079.11	\$9,079.11	N/A	\$0.00
Thome Bay	34.00	\$93,616.33	N/A	N/A	\$93,616.33	\$10,757.11	\$104,373.44	\$19,102.42	\$123,475.86	\$103,423.65	N/A	\$20,052.22
Federal Law												
Mettlakatla	34.70	\$95,543.73	N/A	N/A	\$95,543.73	\$10,978.58	\$106,522.31	\$19,495.70	\$126,018.01	\$105,552.96	N/A	\$20,465.06
REAA'S												
Annette Island	N/A	N/A	311.05	\$326,864.20	\$326,864.20	\$37,558.77	\$364,422.97	\$66,696.65	\$431,119.62	N/A	\$361,106.71	\$70,012.90
Chatham	N/A	N/A	227.35	\$238,908.78	\$238,908.78	\$27,452.13	\$266,360.91	\$48,749.34	\$315,110.25	N/A	\$263,937.02	\$51,173.23
Southeast Island	N/A	N/A	243.60	\$255,984.95	\$255,984.95	\$29,414.29	\$285,399.24	\$52,233.74	\$337,632.98	N/A	\$282,802.11	\$54,830.87
TOTAL LOCAL	198.14	\$545,562.96	3,390.60	\$3,562,982.65	\$4,108,545.61	\$472,097.92	\$4,580,643.53	\$838,348.86	\$5,418,992.39	\$624,154.68	\$3,940,440.97	\$854,396.74
STATE	233.20	\$642,097.92	N/A	N/A	\$642,097.92	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	431.34	\$1,187,660.88	3,390.60	\$3,562,982.65	\$4,750,643.53	\$642,097.92	\$4,750,643.53	\$838,348.86	\$5,588,992.39	\$794,154.68	\$3,940,440.97	\$854,396.74

STATE OF ALASKA
 FY 03 NATIONAL FOREST RECEIPTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile\$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,783.04	461.45	\$20,220.05	\$22,003.09	\$4,759.23	\$26,762.32	\$4,722.76	\$31,485.08	\$2,551.43	\$28,933.66	\$0.00
Valdez	25.98	\$3,590.97	887.60	\$38,893.30	\$42,484.27	\$9,189.27	\$51,673.54	\$9,118.86	\$60,792.40	\$5,138.46	\$55,653.94	\$0.00
Second Class												
Whittier	8.60	\$1,188.70	N/A	N/A	\$1,188.70	\$257.11	\$1,445.81	\$255.14	\$1,700.95	\$1,700.95	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	207.45	\$9,090.15	\$9,090.15	\$1,966.18	\$11,056.33	\$1,951.12	\$13,007.45	N/A	\$13,007.45	\$0.00
TOTAL LOCAL	47.48	\$6,562.71	1,556.50	\$68,203.50	\$74,766.21	\$16,171.79	\$90,938.00	\$16,047.88	\$106,985.88	\$9,390.83	\$97,595.05	\$0.00
STATE	117.00	\$16,171.79	N/A	N/A	\$16,171.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	164.48	\$22,734.50	1,556.50	\$68,203.50	\$90,938.00	\$16,171.79	\$90,938.00	\$16,047.88	\$106,985.88	\$9,390.83	\$97,595.05	\$0.00

**STATE OF ALASKA
 FY 04 NATIONAL FOREST RECEIPTS
 BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,353	\$432,122.60	\$76,256.93	\$508,379.53
City & Borough of Juneau	1,710,896	\$806,803.53	\$142,377.09	\$949,180.62
Ketchikan Gateway Borough	740,014	\$348,966.80	\$61,582.38	\$410,549.18
City & Borough of Sitka	1,796,304	\$847,079.20	\$149,484.56	\$996,563.76
City & Borough of Yakutat	1,226,567	\$578,409.55	\$102,072.27	\$680,481.82
Unorganized Borough	10,194,630	\$4,807,459.64	\$848,375.23	\$5,655,834.87
TOTALS	16,584,764	\$7,820,841.32	\$1,380,148.47	\$9,200,989.79
TOTAL TONGASS PAYMENT				\$9,200,989.79

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,475.76	\$0.00	\$7,475.76
Kenai Peninsula Borough	1,094,630	\$29,764.32	\$0.00	\$29,764.32
Kodiak Island Borough	2,495	\$67.84	\$0.00	\$67.84
Matanuska-Susitna Borough	43,386	\$1,179.72	\$0.00	\$1,179.72
City & Borough of Yakutat	420	\$9.71	\$1.71	\$11.42
Unorganized Borough	3,981,456	\$92,021.52	\$16,239.09	\$108,260.61
TOTALS	5,397,320	\$130,518.87	\$16,240.80	\$146,759.67
TOTAL CHUGACH PAYMENT				\$146,759.67

TOTAL STATE OF ALASKA PAYMENT

\$9,347,749.46

STATE OF ALASKA
 FY 04 NATIONAL FOREST RECEIPTS PAYMENTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%

PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$63,325.61	625.85	\$669,747.89	\$733,073.50	\$78,103.55	\$811,177.05	\$148,396.44	\$959,573.50	\$69,421.58	\$734,220.36	\$155,931.56
Wrangell	11.61	\$34,100.67	435.45	\$465,993.00	\$500,093.66	\$53,281.28	\$553,374.94	\$101,234.22	\$654,609.16	\$37,383.33	\$510,851.25	\$106,374.58
First Class												
Craig	9.35	\$27,462.64	855.40	\$915,398.81	\$942,861.44	\$100,454.90	\$1,043,316.35	\$190,863.92	\$1,234,180.27	\$30,106.30	\$1,003,518.57	\$203,555.41
Hoonah	9.10	\$26,728.34	188.40	\$201,614.61	\$228,342.95	\$24,328.25	\$252,671.20	\$46,223.58	\$298,894.78	\$29,301.31	\$221,022.79	\$48,570.67
Hydaburg	6.20	\$18,210.52	92.20	\$98,667.02	\$116,877.54	\$12,452.44	\$129,329.98	\$23,659.58	\$152,989.56	\$19,963.53	\$108,165.08	\$24,860.94
Kake	14.02	\$41,179.27	151.85	\$162,500.95	\$203,680.22	\$21,700.62	\$225,380.84	\$41,231.09	\$266,611.93	\$45,143.34	\$178,143.90	\$43,324.68
Klawock	10.30	\$30,252.96	158.90	\$170,045.44	\$200,298.40	\$21,346.31	\$221,638.71	\$40,546.51	\$262,185.22	\$33,165.22	\$186,414.66	\$42,605.33
Pelican	1.10	\$3,230.90	18.00	\$19,262.54	\$22,493.44	\$2,396.51	\$24,889.95	\$4,553.36	\$29,443.31	\$4,229.16	\$25,214.15	\$0.00
Skagway	12.05	\$35,393.03	109.67	\$117,362.39	\$152,755.41	\$16,274.96	\$169,030.37	\$30,922.36	\$199,952.73	\$38,800.09	\$128,660.14	\$32,492.50
Second Class												
Angoon	7.69	\$22,586.92	N/A	N/A	\$22,586.92	\$2,406.47	\$24,993.39	\$4,572.28	\$29,565.67	\$29,565.67	N/A	\$0.00
Coffman Cove	15.54	\$45,643.79	N/A	N/A	\$45,643.79	\$4,863.01	\$50,506.79	\$9,239.69	\$59,746.49	\$59,746.49	N/A	\$0.00
Kasaan	8.47	\$24,877.92	N/A	N/A	\$24,877.92	\$2,650.56	\$27,528.48	\$5,036.05	\$32,564.53	\$32,564.53	N/A	\$0.00
Port Alexander	1.10	\$3,230.90	N/A	N/A	\$3,230.90	\$344.23	\$3,575.13	\$654.03	\$4,229.16	\$4,229.16	N/A	\$0.00
Tenakee Springs	2.50	\$7,342.95	N/A	N/A	\$7,342.95	\$782.34	\$8,125.29	\$1,486.44	\$9,611.73	\$9,611.73	N/A	\$0.00
Thome Bay	34.00	\$99,864.14	N/A	N/A	\$99,864.14	\$10,639.78	\$110,503.92	\$20,215.55	\$130,719.47	\$109,477.44	N/A	\$21,242.03
Federal Law												
Metlakatla	34.70	\$101,920.17	N/A	N/A	\$101,920.17	\$10,858.84	\$112,779.00	\$20,631.75	\$133,410.76	\$111,731.39	N/A	\$21,679.37
REAA'S												
Annette Island	N/A	N/A	290.65	\$311,036.55	\$311,036.55	\$33,138.64	\$344,175.19	\$62,963.29	\$407,138.48	N/A	\$340,978.11	\$66,160.37
Chatham	N/A	N/A	219.90	\$235,324.06	\$235,324.06	\$25,072.04	\$260,396.09	\$47,636.77	\$308,032.86	N/A	\$257,977.24	\$50,055.62
Southeast Island	N/A	N/A	223.00	\$238,641.49	\$238,641.49	\$25,425.48	\$264,066.98	\$48,308.32	\$312,375.30	N/A	\$261,614.03	\$50,761.27
TOTAL LOCAL	199.29	\$585,350.71	3,369.27	\$3,605,594.73	\$4,190,945.44	\$446,514.20	\$4,637,459.64	\$848,375.23	\$5,485,834.87	\$664,440.26	\$3,956,780.29	\$864,614.31
STATE	209.90	\$616,514.20	N/A	N/A	\$616,514.20	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	409.19	\$1,201,864.91	3,369.27	\$3,605,594.73	\$4,807,459.64	\$616,514.20	\$4,807,459.64	\$848,375.23	\$5,655,834.87	\$834,440.26	\$3,956,780.29	\$864,614.31

STATE OF ALASKA
FY 04 NATIONAL FOREST RECEIPTS PAYMENTS
CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
****ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES****

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,801.22	464.10	\$20,917.12	\$22,718.35	\$4,903.78	\$27,622.13	\$4,874.49	\$32,496.62	\$2,576.49	\$29,920.13	\$0.00
Valdez	26.26	\$3,666.67	866.70	\$39,062.42	\$42,729.10	\$9,223.13	\$51,952.23	\$9,168.04	\$61,120.26	\$5,244.86	\$55,875.41	\$0.00
Second Class												
Whittier	8.60	\$1,200.81	N/A	N/A	\$1,200.81	\$259.20	\$1,460.01	\$257.65	\$1,717.66	\$1,717.66	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	200.50	\$9,036.59	\$9,036.59	\$1,950.56	\$10,987.15	\$1,938.91	\$12,926.06	N/A	\$12,926.06	\$0.00
TOTAL LOCAL	47.76	\$6,668.71	1,531.30	\$69,016.14	\$75,684.85	\$16,336.67	\$92,021.52	\$16,239.09	\$108,260.61	\$9,539.01	\$98,721.60	\$0.00
STATE	117.00	\$16,336.67	N/A	N/A	\$16,336.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	164.76	\$23,005.38	1,531.30	\$69,016.14	\$92,021.52	\$16,336.67	\$92,021.52	\$16,239.09	\$108,260.61	\$9,539.01	\$98,721.60	\$0.00

**STATE OF ALASKA
 FY 05 NATIONAL FOREST RECEIPTS
 FINAL BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,193	\$437,725.60	\$77,245.69	\$514,971.30
City & Borough of Juneau	1,710,896	\$817,407.45	\$144,248.37	\$961,655.82
Ketchikan Gateway Borough	739,515	\$353,314.91	\$62,349.69	\$415,664.60
City & Borough of Sitka	1,796,557	\$858,333.34	\$151,470.59	\$1,009,803.93
City & Borough of Yakutat	1,226,567	\$586,011.66	\$103,413.82	\$689,425.48
Unorganized Borough	10,192,691	\$4,869,718.30	\$859,362.05	\$5,729,080.35
TOTALS	16,582,419	\$7,922,511.26	\$1,398,090.22	\$9,320,601.48
TOTAL TONGASS PAYMENT				\$9,320,601.48

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,571.31	\$0.00	\$7,571.31
Kenai Peninsula Borough	1,094,570	\$30,143.08	\$0.00	\$30,143.08
Kodiak Island Borough	2,495	\$68.71	\$0.00	\$68.71
Matanuska-Susitna Borough	43,386	\$1,194.80	\$0.00	\$1,194.80
City & Borough of Yakutat	420	\$9.83	\$1.73	\$11.57
Unorganized Borough	3,982,682	\$93,226.35	\$16,451.71	\$109,678.06
TOTALS	5,398,486	\$132,214.08	\$16,453.44	\$148,667.52
TOTAL CHUGACH PAYMENT				\$148,667.52

TOTAL STATE OF ALASKA PAYMENT **\$9,469,269.00**

STATE OF ALASKA
 FY 05 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	22.09	\$61,996.91	657.45	\$702,745.55	\$764,742.46	\$74,872.59	\$839,615.05	\$153,526.93	\$993,141.98	\$67,253.74	\$762,332.63	\$163,555.62
Wrangell	11.67	\$32,752.55	391.78	\$418,772.00	\$451,524.56	\$44,206.80	\$495,731.35	\$90,646.44	\$586,377.79	\$35,529.70	\$454,280.44	\$96,567.64
First Class												
Craig	9.35	\$26,241.34	955.44	\$1,021,265.82	\$1,047,507.15	\$102,556.85	\$1,150,064.00	\$210,293.74	\$1,360,357.74	\$28,466.39	\$1,107,860.80	\$224,030.55
Hoonah	9.10	\$25,539.70	179.40	\$191,759.91	\$217,299.60	\$21,274.85	\$238,574.46	\$43,624.28	\$282,198.74	\$27,705.25	\$208,019.58	\$46,473.91
Hydaburg	6.20	\$17,400.67	86.85	\$92,833.60	\$110,234.27	\$10,792.56	\$121,026.83	\$22,130.23	\$143,157.06	\$18,876.11	\$100,705.13	\$23,575.82
Kake	14.02	\$39,347.97	155.15	\$165,839.19	\$205,187.16	\$20,088.98	\$225,276.13	\$41,192.63	\$266,468.76	\$42,684.36	\$179,900.99	\$43,883.42
Klawock	10.30	\$28,907.57	147.68	\$157,854.53	\$186,762.10	\$18,285.06	\$205,047.16	\$37,493.68	\$242,540.85	\$31,358.69	\$171,239.31	\$39,942.85
Pelican	1.10	\$3,087.22	15.00	\$16,033.44	\$19,120.65	\$1,872.02	\$20,992.67	\$3,838.59	\$24,831.27	\$4,009.25	\$20,822.02	\$0.00
Skagway	12.05	\$33,819.05	105.83	\$113,121.24	\$146,940.29	\$14,386.28	\$161,326.57	\$29,499.20	\$190,825.77	\$36,686.63	\$122,713.00	\$31,426.15
Second Class												
Angoon	7.69	\$21,582.45	N/A	N/A	\$21,582.45	\$2,113.04	\$23,695.49	\$4,332.81	\$28,028.30	\$28,028.30	N/A	\$0.00
Coffman Cove	15.54	\$43,613.94	N/A	N/A	\$43,613.94	\$4,270.05	\$47,883.99	\$8,755.78	\$56,639.77	\$56,639.77	N/A	\$0.00
Gustavus	24.00	\$67,357.44	N/A	N/A	\$67,357.44	\$6,594.67	\$73,952.11	\$13,522.44	\$87,474.55	\$87,474.55	N/A	\$0.00
Kasaan	8.47	\$23,771.56	N/A	N/A	\$23,771.56	\$2,327.37	\$26,098.93	\$4,772.29	\$30,871.23	\$30,871.23	N/A	\$0.00
Port Alexander	1.10	\$3,087.22	N/A	N/A	\$3,087.22	\$302.26	\$3,389.47	\$619.78	\$4,009.25	\$4,009.25	N/A	\$0.00
Tenakee Springs	2.50	\$7,016.40	N/A	N/A	\$7,016.40	\$686.95	\$7,703.34	\$1,408.59	\$9,111.93	\$9,111.93	N/A	\$0.00
Thorne Bay	34.00	\$95,423.04	N/A	N/A	\$95,423.04	\$9,342.45	\$104,765.49	\$19,156.78	\$123,922.27	\$103,514.13	N/A	\$20,408.14
Federal Law												
Metlakatla	34.70	\$97,387.63	N/A	N/A	\$97,387.63	\$9,534.80	\$106,922.43	\$19,551.19	\$126,473.62	\$105,645.30	N/A	\$20,828.31
REAA'S												
Annette Island	N/A	N/A	287.50	\$307,307.55	\$307,307.55	\$30,087.14	\$337,394.69	\$61,693.95	\$399,088.64	N/A	\$333,364.71	\$65,723.92
Chatham	N/A	N/A	215.00	\$229,812.60	\$229,812.60	\$22,499.95	\$252,312.55	\$46,136.35	\$298,448.89	N/A	\$249,298.83	\$49,150.06
Southeast Island	N/A	N/A	21.00	\$234,943.30	\$234,943.30	\$23,002.27	\$257,945.57	\$47,166.37	\$305,111.94	N/A	\$254,864.57	\$50,247.37
TOTAL LOCAL	223.88	\$628,332.64	3,416.88	\$3,652,288.73	\$4,280,621.37	\$419,096.93	\$4,699,718.30	\$859,362.05	\$5,559,080.35	\$717,864.57	\$3,965,402.01	\$875,813.76
STATE	209.90	\$589,096.93	N/A	N/A	\$589,096.93	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	433.78	\$1,217,429.57	3,416.88	\$3,652,288.73	\$4,869,718.30	\$589,096.93	\$4,869,718.30	\$859,362.05	\$5,729,080.35	\$887,864.57	\$3,965,402.01	\$875,813.76

STATE OF ALASKA
 FY 05 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT S DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	14.60	\$2,040.76	471.40	\$21,574.32	\$23,615.08	\$5,023.94	\$28,639.02	\$5,053.95	\$33,692.97	\$2,911.67	\$30,781.30	\$0.00
Valdez	26.54	\$3,709.71	865.25	\$39,599.46	\$43,309.17	\$9,213.71	\$52,522.88	\$9,268.74	\$61,791.62	\$5,292.85	\$56,498.77	\$0.00
Second Class												
Whittier	8.60	\$1,202.09	N/A	N/A	\$1,202.09	\$255.74	\$1,457.83	\$257.26	\$1,715.09	\$1,715.09	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	191.10	\$8,745.98	\$8,745.98	\$1,860.64	\$10,606.62	\$1,871.76	\$12,478.38	N/A	\$12,478.38	\$0.00
TOTAL LOCAL	49.74	\$6,952.56	1,527.75	\$69,919.76	\$76,872.32	\$16,354.03	\$93,226.35	\$16,451.71	\$109,678.06	\$9,919.61	\$99,758.45	\$0.00
STATE	117.00	\$16,354.03	N/A	N/A	\$16,354.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	166.74	\$23,306.59	1,527.75	\$69,919.76	\$93,226.35	\$16,354.03	\$93,226.35	\$16,451.71	\$109,678.06	\$9,919.61	\$99,758.45	\$0.00

**STATE OF ALASKA
 FY 06 NATIONAL FOREST RECEIPTS
 FINAL BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,193	\$447,936.15	\$79,047.56	\$526,983.70
City & Borough of Juneau	1,710,847	\$836,450.63	\$147,608.94	\$984,059.57
Ketchikan Gateway Borough	739,515	\$361,556.46	\$63,804.08	\$425,360.54
City & Borough of Sitka	1,796,494	\$878,324.33	\$154,998.41	\$1,033,322.74
City & Borough of Yakutat	1,226,416	\$599,607.35	\$105,813.06	\$705,420.41
Unorganized Borough	10,187,668	\$4,980,855.30	\$878,974.46	\$5,859,829.76
TOTALS	16,577,133	\$8,104,730.22	\$1,430,246.51	\$9,534,976.73
TOTAL TONGASS PAYMENT				\$9,534,976.73

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,748.26	\$0.00	\$7,748.26
Kenai Peninsula Borough	1,094,570	\$30,847.56	\$0.00	\$30,847.56
Kodiak Island Borough	2,495	\$70.31	\$0.00	\$70.31
Matanuska-Susitna Borough	43,386	\$1,222.72	\$0.00	\$1,222.72
City & Borough of Yakutat	420	\$10.06	\$1.78	\$11.84
Unorganized Borough	3,980,725	\$95,358.28	\$16,827.93	\$112,186.21
TOTALS	5,396,529	\$135,257.19	\$16,829.71	\$152,086.90
TOTAL CHUGACH PAYMENT				\$152,086.90

TOTAL STATE OF ALASKA PAYMENT **\$9,687,063.63**

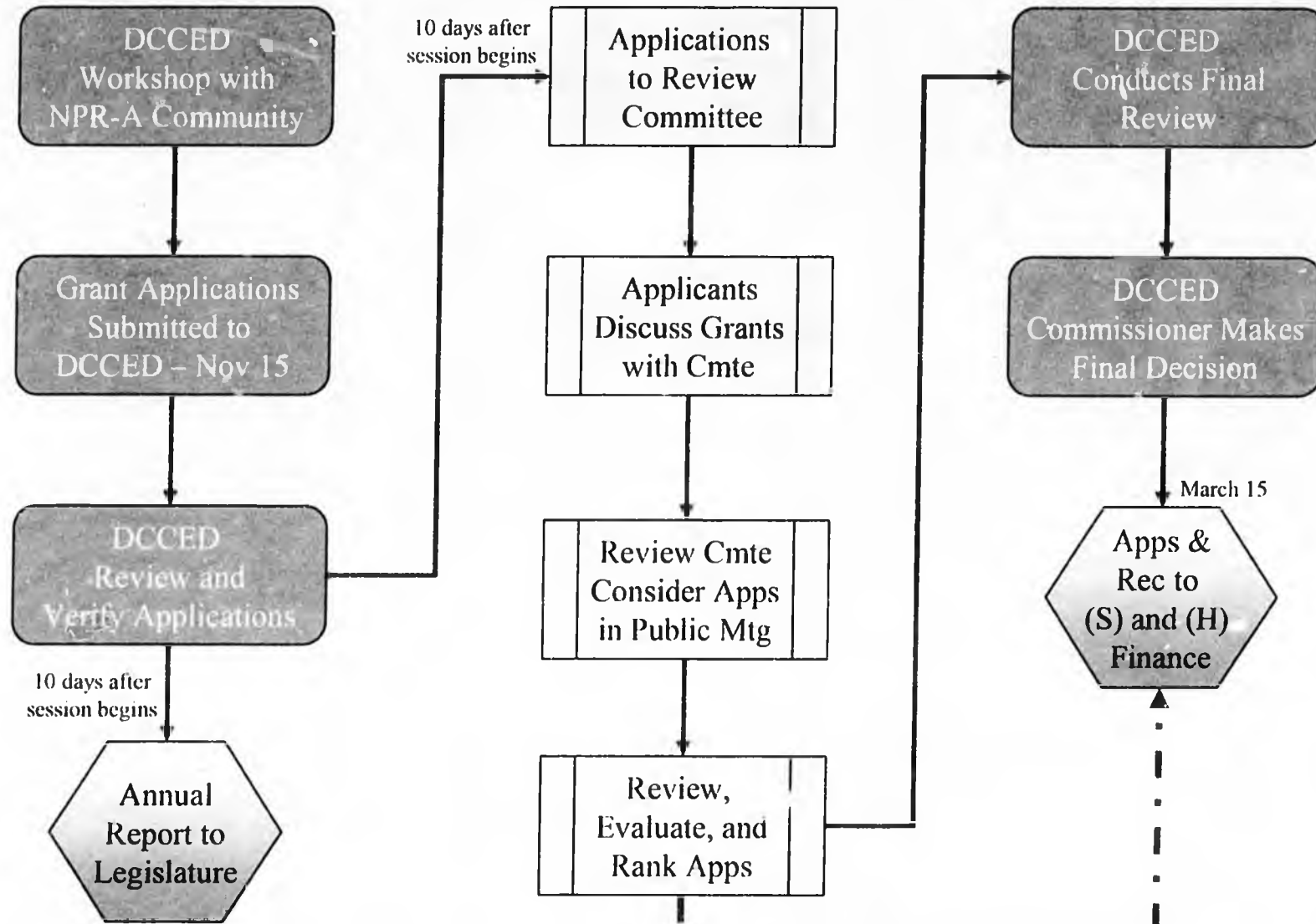
STATE OF ALASKA
 FY 06 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	14.60	\$2,084.30	451.60	\$23,724.00	\$25,808.30	\$5,480.56	\$31,288.86	\$5,521.56	\$36,810.43	\$2,972.84	\$33,837.58	\$0.00
Valdez	26.79	\$3,824.55	827.60	\$43,476.48	\$47,301.04	\$10,044.69	\$57,345.72	\$10,119.83	\$67,465.56	\$5,454.97	\$62,010.59	\$0.00
Second Class												
Whittier	8.60	\$1,227.74	N/A	N/A	\$1,227.74	\$260.72	\$1,488.46	\$262.67	\$1,751.13	\$1,751.13	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	82.20	\$4,318.23	\$4,318.23	\$917.00	\$5,235.23	\$923.86	\$6,159.10	N/A	\$6,159.10	\$0.00
TOTAL LOCAL	49.99	\$7,136.60	1,361.40	\$71,518.71	\$78,655.31	\$16,702.97	\$95,358.28	\$16,827.93	\$112,186.21	\$10,178.94	\$102,007.27	\$0.00
STATE	117.00	\$16,702.97	N/A	N/A	\$16,702.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	166.99	\$23,839.57	1,361.40	\$71,518.71	\$95,358.28	\$16,702.97	\$95,358.28	\$16,827.93	\$112,186.21	\$10,178.94	\$102,007.27	\$0.00

STATE OF ALASKA
 FY 06 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	22.33	\$62,897.27	629.60	\$860,373.45	\$923,270.71	\$88,597.08	\$1,011,867.80	\$184,874.81	\$1,196,742.61	\$68,336.41	\$934,775.57	\$193,630.62
Wrangell	11.67	\$32,871.08	375.30	\$512,862.38	\$545,733.46	\$52,368.60	\$598,102.05	\$109,277.12	\$707,379.18	\$35,713.65	\$557,212.95	\$114,452.57
First Class												
Craig	9.35	\$26,336.29	355.80	\$486,214.85	\$512,551.15	\$49,184.42	\$561,735.57	\$102,632.73	\$664,368.30	\$28,613.77	\$528,261.04	\$107,493.50
Hoonah	9.10	\$25,632.12	171.70	\$234,634.88	\$260,267.00	\$24,975.23	\$285,242.22	\$52,115.60	\$337,357.83	\$27,848.69	\$254,925.30	\$54,583.84
Hydaburg	6.20	\$17,463.64	74.50	\$101,807.21	\$119,270.85	\$11,445.23	\$130,716.09	\$23,882.68	\$154,598.76	\$18,973.83	\$110,611.15	\$25,013.78
Kake	14.02	\$39,490.36	141.75	\$193,707.01	\$233,197.37	\$22,377.63	\$255,575.00	\$46,695.21	\$302,270.21	\$42,905.35	\$210,458.13	\$48,906.73
Klawock	10.30	\$29,012.16	159.60	\$218,099.75	\$247,111.92	\$23,712.87	\$270,824.79	\$49,481.45	\$320,306.24	\$31,521.05	\$236,960.26	\$51,824.93
Pelican	1.10	\$3,093.39	11.20	\$15,305.25	\$18,403.63	\$1,766.01	\$20,169.65	\$3,685.13	\$23,854.77	\$4,016.13	\$19,838.64	\$0.00
Skagway	12.05	\$33,941.43	108.75	\$148,611.20	\$182,552.63	\$17,517.76	\$200,070.38	\$36,554.16	\$236,624.54	\$36,876.57	\$161,462.59	\$38,285.39
Second Class												
Angoon	7.69	\$21,660.55	N/A	N/A	\$21,660.55	\$2,078.55	\$23,739.09	\$4,337.29	\$28,076.38	\$28,076.38	N/A	\$0.00
Coffman Cove	15.54	\$43,771.77	N/A	N/A	\$43,771.77	\$4,200.34	\$47,972.11	\$8,764.82	\$56,736.92	\$56,736.92	N/A	\$0.00
Gustavus	31.91	\$89,881.41	N/A	N/A	\$89,881.41	\$8,625.02	\$98,506.43	\$17,997.76	\$116,504.19	\$97,654.04	N/A	\$18,850.15
Kasaan	8.47	\$23,857.58	N/A	N/A	\$23,857.58	\$2,289.37	\$26,146.96	\$4,777.22	\$30,924.18	\$30,924.18	N/A	\$0.00
Port Alexander	1.25	\$3,520.90	N/A	N/A	\$3,520.90	\$337.87	\$3,858.76	\$705.02	\$4,563.78	\$4,563.78	N/A	\$0.00
Tenakee Springs	2.50	\$7,041.79	N/A	N/A	\$7,041.79	\$675.73	\$7,717.52	\$1,410.04	\$9,127.56	\$9,127.56	N/A	\$0.00
Thorne Bay	34.00	\$95,768.34	N/A	N/A	\$95,768.34	\$9,189.93	\$104,958.28	\$19,176.56	\$124,134.84	\$104,050.06	N/A	\$20,084.77
Federal Law												
Metlakatla	34.70	\$97,740.05	N/A	N/A	\$97,740.05	\$9,379.14	\$107,119.18	\$19,571.37	\$126,690.55	\$106,192.27	N/A	\$20,498.28
REAA'S												
Annette Island	N/A	N/A	298.35	\$407,707.14	\$407,707.14	\$39,123.59	\$446,830.73	\$81,638.87	\$528,469.60	N/A	\$412,964.25	\$85,505.35
Chatham	N/A	N/A	195.10	\$266,611.91	\$266,611.91	\$25,584.09	\$292,196.00	\$53,386.10	\$345,582.10	N/A	\$289,667.59	\$55,914.51
Southeast Island	N/A	N/A	212.00	\$289,706.43	\$289,706.43	\$27,800.24	\$317,506.67	\$58,010.53	\$375,517.20	N/A	\$314,759.25	\$60,757.95
TOTAL LOCAL	232.18	\$653,985.13	2,733.65	\$3,735,641.47	\$4,389,626.60	\$421,228.69	\$4,810,855.29	\$878,974.46	\$5,689,829.75	\$732,130.64	\$4,061,896.72	\$895,802.39
STATE	209.90	\$591,228.69	N/A	N/A	\$591,228.69	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	442.08	\$1,245,213.82	2,733.65	\$3,735,641.47	\$4,980,855.29	\$591,228.69	\$4,980,855.29	\$878,974.46	\$5,859,829.75	\$902,130.64	\$4,061,896.72	\$895,802.39

Proposal for a Committee Substitute



Review Committee = 4 state employees;
2 representatives and 2 senators, ex-officio

Legislators are ex-officio members

GARY WILKEN
SENATOR
Fairbanks

Alaska State Legislature

Senate

State Capitol Building
Juneau, Alaska 99801-1182
Tel: 451-5501 (from Fbks)
Tel: (907) 465-3709 (outside Fbks)
Fax: (907) 465-4714
www.akrepublicans.org/wilken
E-Mail: Senator.Gary.Wilken@legis.state.ak.us

SPONSOR STATEMENT

Committee Substitute for Senate Bill 171 (FIN)(efd fld) NPR-A Community Grant Program

Senate Bill 171 examines the National Petroleum Reserve – Alaska (NPR-A) Mitigation Grant Program administered by the Department of Commerce, Community, and Economic Development (DCCED) and modifies the selection process to provide for active oversight by the legislature.

The bounty of NPR-A is thought by many to match or exceed the oil and gas deposits found at Prudhoe Bay or Kuparuk. As was mentioned in the *Anchorage Daily News*, February 15, 2005, “(The) Bureau of Land Management estimates NPR-A northeast corner could hold more than 2 billion barrels of crude oil and 3.5 trillion cubic feet of natural gas.” All Alaskans look forward to the time when they can enjoy the benefits of reasonable and responsible development of these natural resources.

When members of the United State Congress authorized competitive leases in NPR-A in 1980, they recognized that development in the petroleum reserve might severely impact communities in or near the area. The federal legislation directed that the revenue generated through NPR-A development be used first to mitigate direct impacts, if any, to municipalities, and then by the rest of the State of Alaska. This federal directive in 1980 created two troubling issues that today pose significant problems.

First, the federal legislation is in direct conflict with the Alaska State Constitution. The State of Alaska receives from the federal government 50 percent of royalties and lease payments from the oil and gas development in

NPR-A. As required by federal law, these funds are available, before consideration of any other public purpose, to communities that demonstrate impact from resource development in NPR-A. This directive is at odds with Article IX, Section 15 of our constitution.

"At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund."

Senate Bill 171 recognizes this unsettling conflict, but does not overtly address or remedy the conflict between our State Constitution and federal law. This issue, while bothersome, is set aside for another day. Instead, this legislation speaks to the second troublesome issue of how the federal NPR-A payments are distributed to Alaska communities that may be severely impacted by oil and gas development within the National Petroleum Reserve. With the sizeable increase in NPR-A lease payments since 2000 and with the clear expectation of future and profitable growth, now is the time to revisit how the NPR-A payments are distributed and why. It is the charge of the legislature to devise a method to fairly allocate the financial benefits of NPR-A to all citizens of Alaska while, at the same time, recognize and mitigate the direct impact of development on certain communities as required by federal law.

In response to a 1986 Alaska Superior Court decision, Senate Bill 171 sets in place a system to grant impact assistance to municipalities most directly or severely impacted by oil and gas activity within the National Petroleum Reserve – Alaska. First, the Department of Commerce, Community, and Economic Development will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose as defined in federal law. Within 10 days after the convening of each regular session of the legislature, the department will submit a list of all requested projects to the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (Special Legislative Committee).

Second, the Special Legislative Committee, composed of three Senate finance members and three House of Representative finance members, will review the submitted applications and within 45 days forward the committee's recommendation to the respective finance committees for possible funding. A majority of the members appointed from each legislative body is necessary to forward a funding request.

Third, the funds received by the State of Alaska from the oil and gas development within the National Petroleum Reserve – Alaska will be used first to alleviate the impact of the development. Then, twenty-five percent of the total NPR-A dollars received by the State will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully compensate these two funds, the deposits will be allocated pro rata. After these two dedicated funds are paid in full, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Senate Bill 171 addresses the needs of communities impacted by development in NPR-A through a new legislative committee structure that ensures active legislative involvement. In addition, this legislation makes certain that the Alaska Permanent Fund receives, to the extent allowed under federal law, 25 percent of all oil and gas lease rentals and royalties as dictated by the Alaska State Constitution.

I respectfully request your support.

24-LS0785V
Chenoweth
4/26/06

HOUSE CS FOR CS FOR SENATE BILL NO. 171()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR WILKEN

A BILL
FOR AN ACT ENTITLED

1 "An Act amending the National Petroleum Reserve - Alaska special revenue fund to
2 require allocation and deposit to the Alaska permanent fund and the public school fund
3 of amounts in the percentages that are prescribed by law of the money obtained by the
4 state as semiannual payments of a share of National Petroleum Reserve - Alaska sales,
5 rentals, bonuses, and royalties received by the federal government that have not been
6 appropriated from the state's special revenue fund for grants to municipalities, to
7 authorize pro rata reductions in those fund allocations and deposits if amounts are
8 insufficient to make those deposits in full, and, as to amounts received by the state in
9 excess of amounts appropriated for grants to municipalities, to identify a priority of
10 authorization for appropriations to offset past deficiencies in allocations and deposits of
11 those funds before appropriations to other state funds or for other purposes for which
12 the state may use its share of these payments; and directing that appropriations from

1 the fund made as grants for activities, services, and facilities shall be identified as capital
2 appropriation items and that the amounts of each item shall be specified."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 37.05.530(g) is amended to read:

5 (g) The provisions of this subsection apply to amounts [AMOUNTS]
6 received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

7 (1) amounts received and not appropriated for grants to municipalities
8 under (d) of this section shall be deposited at the end of each fiscal year as follows:

9 (A) [(1)] 25 percent of amounts received by the state during
10 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
11 principal of the Alaska permanent fund; and

12 (B) [(2)] .5 percent of amounts received by the state during
13 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
14 public school trust fund (AS 37.14.110);

15 (2) if, after making the grants under (d) of this section, the
16 amounts remaining are insufficient to make payment in full of the deposits
17 required by (1)(A) and (B) of this subsection, the deposits shall be allocated pro
18 rata between the fund deposits;

19 (3) the [. THE] amounts remaining after the making of the payment
20 of the deposits in full to the Alaska permanent fund and the public school trust fund
21 under (2) of this subsection may be appropriated

22 (A) first, to each of the funds described in (1)(A) and (B) of
23 this subsection to recover amounts not paid to those funds on or after the
24 effective date of this Act because of deficiencies in making the payments
25 required by (2) of this subsection; and

26 (B) after appropriations authorized by (A) of this
27 paragraph, to the power cost equalization and rural electric capitalization fund
28 (AS 42.45.100);

29 (4) the [. THE] amounts remaining after any appropriation to the
30 power cost equalization and rural electric capitalization fund shall lapse into the

1 general fund for use by the state for the following facilities and services: planning;
2 construction, maintenance, and operation of essential public facilities; and other
3 necessary public services.

4 * Sec. 2. AS 37.05.530(h) is amended to read:

5 (h) In making appropriations from the National Petroleum Reserve -
6 Alaska special revenue fund, the legislature shall identify the grants for activities,
7 services, and facilities as capital appropriation items and shall specify the
8 amounts for each item. Notwithstanding other provisions of law and unless expressly
9 provided by the legislature in the appropriation item making the appropriation, an
10 appropriation from the National Petroleum Reserve - Alaska special revenue fund
11 shall, for the purposes of determining the funding sources for the appropriation, be
12 treated as though the appropriation takes effect in the fiscal year in which the
13 appropriation passes the legislature. The authorization to expend funds appropriated
14 from the fund shall take effect as otherwise provided by law.

Changes Highlighted

24-LS0785\W
Chenoweth
3/18/06

**HOUSE CS FOR CS FOR SENATE BILL NO. 171()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred**

Sponsor(s): SENATOR WILLEN

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the National Petroleum Reserve - Alaska special revenue fund; and**
2 **establishing the Special Legislative Oil and Gas NPR-A Development Impact Review**
3 **Committee and defining its powers and duties."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **LEGISLATIVE INTENT.** It is the intent of the legislature to provide financial
8 assistance to municipalities for the purpose of meeting certain operating and capital
9 improvement expenditures arising out of oil and gas development under 42 U.S.C. 6506a,
10 formerly 42 U.S.C. 6508.

11 *** Sec. 2.** AS 24.20 is amended by adding a new section to read:

12 **Article 4A. Special Legislative Oil and Gas NPR-A Development Impact Review**
13 **Committee.**

14 **Sec. 24.20.580. Special Legislative Oil and Gas NPR-A Development**

1 **Impact Review Committee.** (a) There is established the Special Legislative Oil and
2 Gas NPR-A Development Impact Review Committee. The committee is composed of
3 three members of the senate appointed by the president of the senate and three
4 members of the house of representatives appointed by the speaker of the house of
5 representatives. The committee membership from each house shall include at least one
6 member from the minority caucus of that house. The committee members must
7 include one member of the house of representatives or senate from an election district
8 that includes part or all of the National Petroleum Reserve - Alaska. Except when it
9 may be necessary to appoint a member of the legislature under (2) of this subsection to
10 serve on the committee and the member is not also a member of a finance committee,
11 the committee members may be appointed only from the finance committee of each
12 house. If a member of the house of representatives or senate from an election district
13 that includes part or all of the National Petroleum Reserve - Alaska

14 (1) is appointed to serve on the appropriate finance committee, the
15 member serving on the finance committee also serves on the committee established in
16 this subsection; however, under this paragraph, not more than one member
17 representing an election district that includes part or all of the National Petroleum
18 Reserve - Alaska may serve on the committee and, if designation of the one member is
19 necessary, the speaker of the house of representatives and the president of the senate
20 shall jointly designate the one member to serve;

21 (2) is not serving on the committee under (1) of this subsection, the
22 speaker of the house of representatives and the president of the senate shall jointly
23 appoint one member of the legislature who represents an election district that includes
24 part or all of the National Petroleum Reserve - Alaska to serve on the committee.

25 (b) The committee shall be organized within 15 days after the organization of
26 each legislature. The committee shall select its own chair. Members serve for the
27 duration of the legislature during which they are appointed. If a committee member is
28 reelected or the member's term of office extends into the next succeeding legislature,
29 the member continues to serve until reappointed or until the member's successor is
30 appointed.

31 (c) The committee may meet during sessions of the legislature and during the

1 interim between sessions at times and places in the state as the committee chair may
2 determine.

3 (d) Members of the committee may receive, for the minimum time required to
4 get to and from meetings and for the period while attending meetings, the same travel
5 and per diem allowances provided by law for members of the legislature when
6 attending sessions. However, members of the committee do not receive per diem for
7 committee meetings during legislative sessions other than the per diem paid to
8 members of the legislature.

9 (e) A majority of the members of the committee appointed from each house

10 (1) constitutes a quorum for the purpose of carrying out the
11 committee's duties under this section; and

12 (2) is necessary to approve and forward to the respective finance
13 committees in each house the committee's recommendations for grants.

14 (f) Each member of the committee shall visit each community within the
15 National Petroleum Reserve - Alaska

16 (1) within one year after the member's appointment to the committee;
17 and

18 (2) at least once every three years during the member's term of service
19 if the member continues to serve on the committee during succeeding legislatures.

20 (g) The committee may consult with the Department of Commerce,
21 Community, and Economic Development about applications submitted under
22 AS 37.05.530.

23 * Sec. 3. AS 37.05.530(a) is amended to read:

24 (a) The National Petroleum Reserve - Alaska special revenue fund is
25 established. The fund consists of all money disbursed to the state by the federal
26 government under 42 U.S.C. 6506a(l) and former 42 U.S.C. 6508 (P.L. 96-514) since
27 December 12, 1980, less the amount deposited in the general fund and expended by
28 the state by general fund appropriations before June 9, 1984.

29 * Sec. 4. AS 37.05.530(c) is repealed and reenacted to read to read:

30 (c) The Department of Commerce, Community, and Economic Development
31 shall adopt regulations under which municipalities that are most directly and severely

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impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6506a, formerly 42 U.S.C. 6508, may apply for and be eligible to receive grants from the fund established in this section to alleviate the impact. A grant under this section may be made only on application by the municipality to the Department of Commerce, Community, and Economic Development. Each application must state the intended use for which the grant will be expended. When a municipality applies under this subsection, the municipality shall also submit to the department evidence that the municipality is current on submission of reports concerning the expenditure of any grant previously received under this section. The department

~~deleted "or a certificate"~~

(1) shall receive the applications and related materials and verify that the municipality is current on submission of reports concerning the expenditure of any grant previously received under this section;

(2) shall conduct a preliminary evaluation of each application; in conducting the preliminary evaluation, the department shall determine if the application is for an activity, facility, or service that involves planning; construction, maintenance, and operation of essential public facilities by the municipality; and necessary public services provided by the municipality;

(3) within 10 days after the convening of each regular session of the legislature, shall submit to the committee a list of

(A) all qualifying activities, facilities, or services based on the department's preliminary evaluation made under (2) of this subsection; and

(B) all municipalities that have already received grants and written justification for each previous grant; and

(4) when advised of the committee's recommendations for grants, shall notify municipalities of that action.

* Sec. 5. AS 37.05.530(d) is repealed and reenacted to read:

(d) In its review of applications submitted under (c) of this section, the committee shall, within 45 days after receipt of the information submitted by the department under (c)(3) of this section,

(1) examine applications and related and supporting materials to verify the needs claimed for each facility or service for which an application was submitted;

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- (2) evaluate the needs claimed;
- (3) rank the needs that the committee believes comply with the standards set out in 42 U.S.C. 6506a(l), formerly 42 U.S.C. 6508, and (c)(2) of this section; and
- (4) forward to the respective finance committees in each house the committee's recommendations for grants for facilities and services under this section; the committee shall list its recommendations by project.

* Sec. 6. AS 37.05.530(e) is repealed and reenacted to read:

(e) A municipality that receives a grant under this section shall

deleted requirement for an independent audit > 300,000 + unaudited review < 300,000

- (1) account separately for each grant received; and
- (2) expend the funds only for the use or purpose for which the grant was made to alleviate the impact of oil and gas development within National Petroleum Reserve - Alaska; unless a proposed modification is approved by the legislature, the Department of Commerce, Community, and Economic Development may not modify the terms of a grant to change the purpose or objective of the grant or the terms and conditions under which the grant may be expended.

added

* Sec. 7. AS 37.05.530(f) is amended to read:

(f) Funds appropriated under [(d) OF] this section may not be used for the retirement of municipal debt.

* Sec. 8. AS 37.05.530(g) is amended to read:

(g) The provisions of this subsection apply to amounts [AMOUNTS] received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

(1) amounts received and not appropriated for grants to municipalities under (c) - (e) [(d)] of this section shall be deposited at the end of each fiscal year as follows:

(A) [(1)] 25 percent of amounts received by the state during that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the principal of the Alaska permanent fund; and

(B) [(2)] .5 percent of amounts received by the state during that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the public school trust fund (AS 37.14.110);

1 **(2) if, after making the grants under (c) - (e) of this section, the**
2 **amounts remaining are insufficient to make payment in full of the deposits**
3 **required by (1)(A) and (B) of this subsection, the deposits shall be allocated pro**
4 **rata between the fund deposits;**

5 **(3) the [. THE] amounts remaining after the making of the payment**
6 **of the deposits in full to the Alaska permanent fund and the public school trust fund**
7 **under (2) of this subsection** may be appropriated

8 **(A) first, to each of the funds described in (1)(A) and (P) of**
9 **this subsection to recover amounts not paid to those funds on or after the**
10 **effective date of this Act because of deficiencies in making the payments**
11 **required by (2) of this subsection; and**

12 **(B) after appropriations authorized by (A) of this**
13 **paragraph,** to the power cost equalization and rural electric capitalization fund
14 (AS 42.45.100);

15 **(4) the [. THE] amounts remaining after any appropriation to the**
16 power cost equalization and rural electric capitalization fund shall lapse into the
17 general fund for use by the state for the following facilities and services: planning;
18 construction, maintenance, and operation of essential public facilities; and other
19 necessary public services.

20 * Sec. 9. AS 37.05.530(h) is amended to read:

21 (b) **In making appropriations from the National Petroleum Reserve -**
22 **Alaska special revenue fund, the legislature shall identify the grants for services**
23 **and facilities as appropriation items and shall specify the amounts for each.**

24 Notwithstanding other provisions of law and unless expressly provided by the
25 legislature in the appropriation item making the appropriation, an appropriation from
26 the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes
27 of determining the funding sources for the appropriation, be treated as though the
28 appropriation takes effect in the fiscal year in which the appropriation passes the
29 legislature. The authorization to expend funds appropriated from the fund shall take
30 effect as otherwise provided by law.

31 * Sec. 10. AS 37.05.530 is amended by adding new subsections to read:

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(i) The Department of Commerce, Community, and Economic Development

(1) may

(A) suspend award of a new grant made under this section to a municipality if, in the department's judgment, the municipality has not made adequate progress in complying in the expenditure or use of a previously awarded grant;

(B) extend the period during which the municipality may expend a grant for unusual circumstances beyond the control of the municipality;

(2) shall, as part of any annual report prepared by the department under this chapter or AS 44.33 or, if an annual report of the department is not prepared, in a separate report, submit to the committee the following information:

(A) summary financial status of active grants;

(B) a progress report on the status of projects;

(C) identification of which grants were audited during the last fiscal year; and

(D) the results of audits, including actions taken by the department for any concerns identified in an audit.

(j) Amounts that are unexpended at the end of the period authorized by law or, if extended under (i)(1) of this section, by the department and that lapse shall revert to the general fund. However, if, at any time, there is a cumulative deficiency in amounts due and payable to the principal of the Alaska permanent fund and the public school trust fund because of allocation pro rata among those funds as authorized by (g)(2) of this section, the commissioner of administration shall first apply the lapsing amounts to restore previously prorated allocations to the Alaska permanent fund and the public school trust fund to the amounts due each of those funds.

(k) In this section, "committee" means the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (AS 24.20.580).

added

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS SB171(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
 Title: NPR-A COMMUNITY GRANT PROGRAM RDU: AK Permanent Fund Corporation
 Component: AK Permanent Fund Corporation
 Sponsor: Senator Wilken
 Requester: Senate Finance Component No: 109

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 171 would not affect the operating costs of the Permanent Fund

SB 171 would change the share of annual National Petroleum Reserve - Alaska income that the Fund receives from 25% of the net amount after payment of other obligations to 25% of the gross amount received by the State. APFC staff believe that income to the Fund would increase under the provisions in SB 171, but are not able to quantify the increase.

Prepared by: Michael J. Burns, Executive Director/CEO
 Division: Alaska Permanent Fund Corporation
 Approved by: _____
 Agency: _____

Phone: 907-465-2047
 Date/Time: 2/24/06 12:00 AM
 Date: _____

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSSB 171(FIN)
 (S) Publish Date: 2/01/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
 Title: "An Act amending the National Petroleum BRU Legislative Council
Reserve - Alaska special revenue fund; and establishing..." Component: Council and Subcommittees
 Sponsor: Senator Wilken
 Requestor: Senate Finance Component No. 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
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	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

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	20.0	20.0	20.0	20.0	20.0	20.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSSB171(FIN) establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (NPR-A). The NPR-A Committee shall be organized within 15 days after the organization of each Legislature. Members may be appointed only from the Finance Committee of each house. Finance committee aides of Legislators appointed to the NPR-A Committee will staff the NPR-A Committee. The NPR-A Committee may meet during sessions and during the interim at times and places in the state as the Committee Chair may determine. The main purpose of the NPR-A Committee is to review grant application information submitted by the Department of Community and Regional Affairs and submit the NPR-A Committee's recommendations to the Finance Committees of the Senate and House. Each member of the NPR-A Committee is required to visit each community within the National Petroleum Reserve within one year of appointment to the NPR-A Committee.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626
 Division: Administrative Services Date/Time 2/1/06 12:03 PM
 Approved by: Pamela Varni, Executive Director Date 2/1/2006
 Agency: Legislative Affairs Agency

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 171(FIN)
 (S) Publish Date: 2/1/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: NPR-A Community Grant Program RDU: Comm Assist & Ec Dev (405)
 Component: Community Advocacy
 Sponsor: Wilken
 Requester: Senate Community & Regional Affairs Component No.: 2703

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the National Petroleum Reserve-Alaska Special Revenue Fund, establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee, and defines its powers and duties. It also repeals and amends sections of Alaska Statute 37.05.530.

New funds are not required to implement the provisions of this legislation.

Prepared by: Mike Black, Director
 Division: Community Advocacy
 Approved by: William C. Noll, Commissioner
 Agency: Commerce, Community and Economic Development

Phone: 907.269.4535
 Date/Time: 1/25/06 5:29 PM
 Date: 1/25/2006

House CS for CS for Senate Bill 171 ()
NPR-A Community Grant Program

Sectional Analysis

Section 1. States the intent of the legislature to provide financial assistance to municipalities impacted by oil and gas development within the National Petroleum Reserve - Alaska (NPR-A).

Section 2. Establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- The committee membership includes three members from the Senate Finance Committee and three members from the House Finance Committee, including at least one member from the minority in each body.
- The Impact Review Committee membership must include one member of the House or Senate from an election district that includes NPR-A. If necessary, the Speaker of the House and the President of Senate will jointly appoint the one member to serve.
- A majority of the members appointed from each house constitutes a quorum and is necessary to approve a grant request.
- Each member of the committee shall visit each community in NPR-A within one year after the member's appointment and at least once every three years during the term of service.

Section 3. Makes conforming change to reflect a change made in the U.S. Energy Policy Act of 2005.

- Congress altered the numbering of the NPR-A authorizing language so that 42 U.S.C. 6508 is now designated as 42 U.S.C. 6506a.

Section 4. Authorizes the Department of Commerce, Community, and Economic Development (DCCED) to adopt regulations under which municipalities that are most directly and severely impacted by NPR-A oil and

House CS for CS for Senate Bill 171 ()
Sectional Analysis

gas development may receive grants from the NPR-A Special Revenue Fund to alleviate the impact.

- DCCED will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose.
- Within 10 days after the convening of each regular session of the legislature, DCCED will submit a list of all the requested projects.
- The annual report prepared by DCCED will include written justification for each of the previous grants.

Section 5. Outlines the duties of the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- Within 45 days, the Special Legislative Committee will examine the applications to verify the needs claimed, evaluate the needs, and rank the applications that the committee believes comply with the federal standards.
- The committee's recommendations for appropriations will be forwarded to the respective finance committees for consideration.

Section 6. Summarizes the responsibility of the municipality that receives an appropriation from the NPR-A Special Revenue Fund.

- The funds appropriated under this section may only be expended for the purpose for which the appropriation was made to alleviate the impact of oil and gas development within NPR-A.
- DCCED may not modify the terms or change the purpose of the appropriation unless the modification is approved by the legislature.

Section 7. Makes a technical change.

Section 8. Prioritizes the use of the NPR-A Special Revenue Fund dollars.

Sectional Analysis

- Funds received by the State of Alaska from the oil and gas development within NPR-A will be used first to alleviate the impact of the development within the petroleum reserve.
- Secondly, 25 percent of the total NPR-A dollars received by the State of Alaska will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
- Thirdly, the amounts remaining after the two previous funds are paid in full may be appropriated to the Alaska Permanent Fund and the Public School Trust Fund to cover any previous shortfalls that occurred on or after the effective date of this legislation.
- Lastly, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Section 9. Addresses the appropriations from the NPR-A Special Revenue Fund

- The legislature will list in the appropriation bill the title and the amount for each grant awarded under Sections 4 - 6.

Section 10. Adds three new subsections to AS 37.05.530.

- DCCED may suspend the award of a new grant if a municipality has not made adequate progress in complying with a previously awarded grant.
- DCCED may extend the period in which a municipality can spend the funds for unusual circumstances that are beyond the control of the municipality.
- As part of its annual report to the legislature, DCCED shall provide a status report on previously awarded grants.
- The Department of Administration shall apply any lapse funds to previously pro-rated allocations to the Alaska Permanent Fund and the Public School Trust Fund.

**Committee Substitute for Senate Bill 171 (FIN)(efd fld)
NPR-A Community Grant Program**

Sectional Analysis

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- A majority of the members appointed from each house constitutes a quorum and is necessary to approve a grant request.
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Sectional Analysis

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- Within 10 days after the convening of each regular session of the legislature, DCCED will submit a list of all the requested projects.
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- Within 45 days, the Special Legislative Committee will examine the applications to verify the needs claimed, evaluate the needs, and rank the applications that the committee believes comply with the federal standards.
- The committee's recommendations for appropriations will be forwarded to the respective finance committees for consideration.

Section 6. Summarizes the responsibility of the municipality that receives an appropriation from the NPR-A Special Revenue Fund.

- The municipality will provide for an independent unaudited review for appropriation less than \$300,000 and an independent audit for an appropriation greater than \$300,000.
- The funds appropriated under this section may only be expended for the purpose for which the appropriation was made and DCCED may not modify the terms or change the purpose of the appropriation.

Section 7. Makes a technical change.

Section 8. Prioritizes the use of the NPR-A Special Revenue Fund dollars.

Committee Substitute for Senate Bill 171 (FIN)(efd fld)
Sectional Analysis

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- Secondly, 25 percent of the total NPR-A dollars received by the State of Alaska will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
- Thirdly, the amounts remaining after the two previous funds are paid in full may be appropriated to the Alaska Permanent Fund and the Public School Trust Fund to cover any previous shortfalls that occurred on or after the effective date of this legislation.
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- The Department of Commerce may extend the period in which a municipality can spend the funds for unusual circumstances that are beyond the control of the municipality.

The Department of Administration shall apply any lapse funds to previously pro-rated allocations to the Alaska Permanent Fund and the Public School Trust Fund.

Senate Bill 171 – NPR-A Grants Proposal for a Committee Substitute

1. Communities impacted by oil and gas development within NPR-A shall submit grant applications to DCCED by November 15.
2. DCCED shall review the applications and verify the eligibility of the request.
3. DCCED shall submit its annual report to the legislature ten days after the beginning of the legislative session.
4. DCCED also shall submit the applications to the NPR-A Community Impact Mitigation Review Committee (Review Committee) ten days after the beginning of legislative session.
 - The Review Committee membership consists of four state agency employees selected by DCCED and four legislators who serve as ex-officio members, two representative and two senators selected by the House Speaker and Senate President.
 - Each legislator shall be a member of the finance committee.
5. The Review Committee shall meet in a public meeting to consider the eligible applications.
6. The Review Committee may ask applicants to appear before the committee – either in person or by teleconference – to discuss the grant request.
7. The Review Committee may consult with other state agencies to help determine the impact of oil and gas development within NPR-A (i.e. Dept. of Fish and Game, Dept. of Natural Resources, Dept. of Labor)
8. The Review Committee shall review, evaluate, and rank the Impact Mitigation Grants. The committee's discussions shall be made in a public meeting.
9. The Review Committee shall report its deliberations to the Commissioner of the Department of Commerce, Community and Economic Development.

10. The DCCED Commissioner shall submit the department's final recommendations to the Senate and House Finance Committees by March 15, or 28 days before the end of session, whichever is earlier.

Criteria for Review

NPR-A Community Impact Mitigation Grant Program

STEP ONE:

Impact is the first criteria. To meet this threshold, the grant applicant must first demonstrate impact due to oil and gas development within NPR-A, per federal law.

Impact is defined:

"A direct, clearly demonstrable adverse effect that proximately contributes to a material change or alteration to the environmental, social, cultural, recreational, or subsistence resources of the community." (Please see footnote.)

STEP TWO:

Once the Review Committee determines that an impact due to oil and gas development within NPR-A has been identified in the grant application, the Review Committee shall rate the application on the following criteria:

- Description
- Mitigation of the Impact
- Readiness (Administrative Capability)
- Budget Proposal
- Sustainability
- Other?
- Other?

Footnote: The definition is based on the following sources: (1) AS 46.40.210 (11) – Alaska Coastal Management Program, "proximately contributes to a material change or alteration" and "net adverse effect;" (2) Legislative Research Report, March 29, 2006 – "clearly demonstrable adverse effects;" (3) Section 12 in legislation under consideration by Congress relating to ANWR, *environmental, social, cultural, recreational, or subsistence resources of the community*

**Responses to Questions
by
House Community & Regional Affairs Committee
Alaska House of Representatives
To
Alaska Department of Commerce, Community, and Economic Development
Regarding the Hearing of
SB171 NPR-A Grants
30 March 2006**

1. What is the amount of total Tongass Forest Receipts?

The following table outlines Tongass National Forest Receipts to the State of Alaska between FY01 and FY2006.

FY01	\$2,303,713.60
FY02	\$9,163,597.00
FY03	\$9,236,906.63
FY04	\$9,347,749.46
FY05	\$9,469,269.00
FY06	\$9,687,063.63

2. Which communities received forest impact aid and how much?

See *Attachment A* provides an overview of the National Forest Receipts program, along with a detailed distribution of funds to cities and boroughs in Tongass and Chugach National Forests between FY2001 and 2006.

3. Why were funds not taken out of National Forest Receipts and deposited into the Permanent Fund?

Funds were not deposited into the Permanent Fund because the federal law required the funds to be made as direct grants and direct payments to the boroughs and cities in the Tongass, not deposited into the general fund.

4. What is the amount of total capital funds and general funds that the North Slope Borough (NSB) has gotten for six years between 2000-2006?

Anaktuvuk Pass	\$	273,831
Atkasuk	\$	343,938
Barrow	\$	2,977,450
Kaktovik	\$	220,000
North Slope Borough	\$	84,339
Nuiqsut	\$	328,000
Point Hope	\$	1,785,877
Prudhoe Bay	\$	685,629
Wainwright	\$	100,007
Grand Total	\$	6,799,071

This information comes from the Division of Community Advocacy Capital Projects Database. Note: The community of Point Lay did not have any State capital grants listed.

5. Can the Department address issues with NPRA in-house instead of the Legislature having to pass this bill and does the department have any recommendations?

We believe that the department has in the past few years strengthened the review process to be more accountable than it was in the last decade. While 3 AAC 150.050 c defines "impact" to mean an effect reasonably attributable to NPR-A activities on eight criteria, the department welcomes any legislative clarification and/or assistance to define impact in each of these areas.

Overview of the National Forest Receipts Program

BACKGROUND

Historically, the distribution of funds under the National Forest Receipts Program was made under 16 U.S.C. 500, commonly known as the 25 Percent Fund. The 1908 federal law provides that 25% of the annual income earned from activities within a national forest be paid to the state in which the national forest is situated "Provided, That when any national forest is in more than one State or county the distributive share to each from the proceeds of such forest shall be proportional to its area therein." The payment received must be used for the benefit of public schools and public roads.

State law, AS 41.15.180, also provides that the distribution of national forest income be paid to each borough, organized and unorganized, "proportional to the area of national forest located within its boundaries". For the organized boroughs, the state law provides that each shall determine locally what percentage of its payment is spent on schools and/or roads. For the unorganized borough share, the state law provides that 75% of the payment be allocated to home rule and first class cities and regional educational attendance areas for public schools based on annual school enrollment. The remaining 25% is allocated to all cities (including Metlakatla) that exercise road powers, based on the number of road miles maintained. The State of Alaska also receives an allocation based on the number of state roads maintained.

SECURE RURAL SCHOOLS AND SELF-DETERMINATION ACT OF 2000

In 2000, Congress passed Public Law 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000 (the Act). The Act made substantial changes to how the payments to states are calculated and how the payments may be spent. The Act will be in effect for State fiscal years 2002 - 2007.

1) Each eligible borough had the option of continuing to receive its annual payment based on the 25% payment or the borough's share of the State's "full payment amount". The "full payment amount" was determined based on upon the average of the three highest payments made to the State during the 14-year eligibility period of 1986 - 1999. For the State of Alaska, the three highest payment years were 1990, 1991, and 1994 and resulted in a full payment amount over \$9 million. All organized boroughs elected to receive a share of the full payment amount. For the unorganized borough, the State also elected to receive a share of the full payment amount. Per the federal law, these elections remain in effect through the length of the Act (2007).

National Forest Receipts Overview
Page Two

2) The Act provides that each State distribute payment among eligible boroughs in accordance with 16 U.S.C. 500. The USFS has stated that legislative history associated with the Act indicated that historical payments made during the 14-year eligibility period (1986-1999) generally were to be used in calculating each borough's share of the payments to the State. However, because AS 41.15.180 requires DCED to pay each borough based on current national forest acreage, we annually determine each borough's share based on current acreage rather than the historical payment method as promoted by the USFS. The State's distribution method has been approved by the USFS.

3) The Act also provides that each borough expend at least 15% but no more than 20% of its annual share of the full payment amount on projects under Titles II or III of the Act. The election by boroughs of their Title II and/or Title III projects percentages is made annually to the DCED. Funds for the Title II projects (known as public lands projects) are withheld by the USFS and are administered through a 15 member Resource Advisory Committee. Title III projects (known as borough projects), are paid to each borough by the DCED along with their school/road payment. Title III projects must be spent on certain services including search, rescue and emergency services; fire fighting; and after school forest related programs.

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM
BOROUGH PAYMENTS**

TONGASS NATIONAL FOREST

Borough	Acres	Total Payment
Haines Borough	915,669	\$124,619.44
City & Borough of Juneau	1,710,896	\$232,593.12
Ketchikan Gateway Borough	740,014	\$100,603.52
City & Borough of Sitka	1,796,993	\$244,297.85
City & Borough of Yakutat	1,226,567	\$166,749.50
Unorganized Borough	10,197,822	\$1,386,374.93
TOTAL ACRES	16,588,961	
TOTAL TONGASS PAYMENT		\$2,255,238.36

CHUGACH NATIONAL FOREST

Borough	Acres	Total Payment
Municipality of Anchorage	274,983	\$2,468.12
Kenai Peninsula Borough	1,094,670	\$9,825.25
Kodiak Island Borough	3,455	\$31.01
Matanuska-Susitna Borough	43,386	\$389.41
City & Borough of Yakutat	420	\$3.77
Unorganized Borough	3,983,906	\$35,757.68
TOTAL ACRES	5,400,820	
TOTAL CHUGACH PAYMENT		\$48,475.24
TOTAL STATE OF ALASKA PAYMENT		\$2,303,713.60

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM
TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH PAYMENTS**

Municipality	Road Miles	Road Mile \$	ADM	School \$	Total Payment
Home Rule					
Petersburg	21.56	\$18,209.33	678.30	\$207,451.60	\$225,660.93
Wrangell	10.51	\$8,876.62	488.35	\$149,357.20	\$158,233.83
First Class					
Craig	9.35	\$7,896.90	516.30	\$157,905.44	\$165,802.35
Hoonah	9.10	\$7,685.75	226.90	\$69,395.21	\$77,080.96
Hydaburg	6.20	\$5,236.45	102.85	\$31,455.69	\$36,692.14
Kake	14.02	\$11,841.13	165.00	\$50,463.68	\$62,304.81
Klawock	10.30	\$8,699.26	207.90	\$63,584.24	\$72,293.70
Pelican	1.10	\$929.05	23.00	\$7,034.33	\$7,963.38
Skagway	12.05	\$10,177.29	136.75	\$41,823.69	\$52,000.98
Second Class					
Angoon	7.69	\$6,494.88	N/A	N/A	\$6,494.88
Coffman Cove	15.54	\$13,124.90	N/A	N/A	\$13,124.90
Kasaan	8.47	\$7,153.66	N/A	N/A	\$7,153.66
Port Alexander	0.88	\$743.24	N/A	N/A	\$743.24
Tenakee Springs	2.50	\$2,111.47	N/A	N/A	\$2,111.47
Thorne Bay	34.00	\$28,716.00	N/A	N/A	\$28,716.00
Federal Law					
Metlakatla	34.70	\$29,307.22	N/A	N/A	\$29,307.22
REAA'S					
Annette Island	N/A	N/A	325.75	\$99,627.54	\$99,627.54
Chatham	N/A	N/A	247.50	\$75,695.52	\$75,695.52
Southeast Island	N/A	N/A	281.15	\$85,987.05	\$85,987.05
TOTAL LOCAL	197.97	\$167,203.16	3,399.75	\$1,039,781.20	\$1,206,984.36
STATE	212.40	\$179,390.57	N/A	N/A	\$179,390.57
GRAND TOTAL	410.37	\$346,593.73	3,399.75	\$1,039,781.20	\$1,386,374.93

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM
CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH PAYMENTS**

Municipality	Road Miles	Road Mile \$	ADM	School \$	Total Payment
Home Rule					
Cordova	12.90	\$704.24	475.95	\$8,450.84	\$9,155.08
Valdez	25.25	\$1,378.44	864.75	\$15,354.27	\$16,732.72
Second Class					
Whittier	8.60	\$469.49	N/A	N/A	\$469.49
REAA'S					
Chugach	N/A	N/A	169.70	\$3,013.15	\$3,013.15
TOTAL LOCAL	46.75	\$2,552.17	1,510.40	\$26,818.26	\$29,370.43
STATE	117.00	\$6,387.25	N/A	N/A	\$6,387.25
GRAND TOTAL	163.75	\$8,939.42	1,510.40	\$26,818.26	\$35,757.68

**STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,669	\$423,648.60	\$74,761.52	\$498,410.12
City & Borough of Juneau	1,710,896	\$790,709.29	\$139,536.93	\$930,246.22
Ketchikan Gateway Borough	740,014	\$342,005.56	\$60,353.92	\$402,359.48
City & Borough of Sitka	1,796,993	\$830,499.96	\$146,558.82	\$977,058.77
City & Borough of Yakutat	1,226,567	\$566,871.35	\$100,036.12	\$666,907.47
Unorganized Borough	10,197,822	\$4,713,034.90	\$831,712.04	\$5,544,746.95
TOTALS	16,588,961	\$7,666,769.65	\$1,352,959.35	\$9,019,729.00
TOTAL TONGASS PAYMENT				\$9,019,729.00

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,983	\$7,325.05	\$0.00	\$7,325.05
Kenai Peninsula Borough	1,094,570	\$29,160.01	\$0.00	\$29,160.01
Kodiak Island Borough	3,155	\$92.03	\$0.00	\$92.03
Matanuska-Susitna Borough	43,386	\$1,155.72	\$0.00	\$1,155.72
City & Borough of Yakutat	420	\$9.51	\$1.68	\$11.19
Unorganized Borough	3,983,906	\$90,205.39	\$15,918.60	\$106,123.99
TOTALS	5,400,820	\$127,947.72	\$15,920.28	\$143,868.00
TOTAL CHUGACH PAYMENT				\$143,868.00

TOTAL STATE OF ALASKA PAYMENT **\$9,163,597.00**

Testimony of Edward S. Itta
Mayor, North Slope Borough

on SB 171 – Amending NPR-A Grant Program

House Community and Regional Affairs Committee
March 30, 2006

Thank you, Mr. Chairman.

Now that you've had a chance to hear the sponsor and the Administration talk about SB 171's proposed changes to the NPR-A Impact Aid Grant Program, I appreciate this opportunity for people from the NPR-A communities to tell you what it's like in the places that are directly affected by industry activity.

As you know, the NPR-A grant program was born 25 years ago after these petroleum reserve lands were transferred from the Navy to the Department of the Interior with the intent of pursuing commercial development. Senator Stevens was aware that activity in NPR-A had already caused a lot of impacts in the local communities, and he wanted them to receive a healthy share of the non-federal revenues from development. It wasn't Senator Stevens' desire to wrap these villages up in complex arguments about what constitutes a direct impact or an indirect impact. That is a recent invention by this bill's sponsor.

Senator Stevens' intention – as it was expressed in the federal law that created the program – was pretty simple. He recognized that community impacts had occurred in the past and would occur in the future. He knew that these lands were the most important subsistence territory for the majority of North Slope residents. And he wanted the impacted communities to receive benefits at a level that corresponds to development.

The obvious and simple way to do that – as it was established in the federal law – is to let impact aid rise and fall with revenues. The revenue levels would give a general indication of current and future activity, and a general indication of impacts. The impact aid program would give communities a way to respond and to prepare for the increasing level of impacts that were likely to occur.

And that is exactly what is happening. From 1987-1995, there was some revenue generated from existing leases, then it went quiet for a few years before the big sales in 1999, 2002 and 2004 took place. Suddenly, more than 2.8 million acres are leased, and with the price of oil up so high, the industry is really eager. There will also be a lease sale later this year that offers the area north of Teshekpuk Lake for the first time.

If you want to talk about impacts to the communities, Teshekpuk Lake is a good place to start. That area is a tremendous magnet for waterfowl of all kinds, as a nesting and molting area. Birds come from thousands of miles away in the spring. The Teshekpuk

caribou herd is also based there, migrating in and out through a narrow neck of land between the eastern edge of the lake and the ocean.

In terms of subsistence, the Teshekpuk area is the focal point of the whole region, and all four of our NPR-A communities harvest from these wildlife populations while they are in the Teshekpuk region or during their migratory travels. If you want to make people nervous on the North Slope, just tell them that the industry is gearing up to move into the Teshekpuk area, especially the most sensitive area north of the lake, where the greatest concentrations of wildlife are found.

Well, that is exactly what we were told by BLM when they released their Record of Decision on Northeast NPR-A last month.

I bring this up because it is a good illustration of the way that impacts can take effect. When you are a subsistence hunter, you don't need an oil rig next to your campsite before there's an impact. You don't need a rig or a road or a seismic crew. For some of the most serious impacts, all you need is a threat.

The area around Teshekpuk Lake – especially on the north side of it – is a subsistence breadbasket. When I talk to people in the villages and Barrow, the idea that those lands are about to be leased isn't just a piece of worrisome news. It hits them in the stomach. It is a threat to their culture, because it is a threat to activities at the core of their culture. I think you understand that this is not just about hunting. It's about preserving the activities that make our culture possible. For the Native people up north, the new threat around Teshekpuk Lake is one more threat to the continuation of their culture.

So people in all of the NPR-A communities are experiencing a new impact – before the ground has even been leased. That is the nature of impacts in a cross-cultural situation. They are not always easy to understand or even identify, because they are created in the context of one culture and received in the context of another culture. The more you try to tie specific actions to specific effects, the more you will miss some of the most profound impacts. These are the ones that come from a feeling deep inside our people that their traditional hunting grounds are gradually being taken away for another use, a use that will disrupt the wildlife we depend on. Disrupting the wildlife disrupts the people. And while it takes time to figure out how much the wildlife are affected, it doesn't take any time for people to feel worried and threatened and stressed.

That's why the villages apply for youth programs and recreation facilities. They are trying to create alternative activities for kids in a culture that is under stress. They apply for school counselors and anti-drug programs, because they're trying to head off some of the social problems that arise when a culture feels it is under siege. NPR-A is clearly not the only source of stress on our kids and communities. But it is one source, and with BLM's decision to open up the Teshekpuk lands that have always been protected, it is a lot bigger source of stress than it used to be.

I think this kind of widespread social impact that is hard to get your arms around – and hard to quantify – was anticipated by the federal law. It is the kind of impact that stays under the radar, but it is real and very disturbing. It's the undercurrent that affects everyone, while the more obvious impacts affect one village more than another. Nuiqsut is in the eye of the storm now, but it was a quiet village ten years ago. Wainwright is still a pretty quiet village, but they feel this undercurrent, this fundamental shift in land use priorities. They go to the BLM meetings and see maps of the 2.8 million acres that have been leased for exploration in the hunting grounds. Development starts on the drawing board, not on the drill rig, and so do impacts.

The people of Wainwright and Atkasuk and Barrow and Nuiqsut see what's coming across the Colville River. What's coming is a seismic shock to their subsistence view of the world. They've heard that there might be ten billion barrels under there. For someone who depends on a very different use of that land, it creates a real impact, and that impact is directly tied to development. And like any social or cultural impact, it's very hard to show a direct cause-and-effect link.

I believe that is why the federal law leaves a lot of latitude in its approach to impact aid. Sure, there have to be guidelines and a demonstration of impact. Maybe we haven't always done the best possible job of communicating these impacts. But we are making progress on that. The DCED staff congratulated our grants people in this last round of applications; they said our impact justifications were much stronger than in the past.

It's very hard to prove a direct link between a seismic crew marching across the tundra and a change in the behavior of animals or humans in the area. We can't do it, and the Legislature can't do it. And yet that is the kind of hard-wired relationship between activities and impacts that the sponsor of this bill wants to require. If that's what he wants, then his argument is not with us, and it is not with the program as it operates now. His argument is with the federal law that provides this money in the first place. His argument is with Senator Stevens, who saw the need for impact assistance at the local level and created the program.

So I believe that some of the most profound impacts are these very subtle changes in the minds and hearts of our people as they see the industry march to the west across the breadbasket of their traditional lands. There are plenty of smaller, everyday impacts too. They happen so often that we don't even think about them. They might be incidents where we are called on to help the industry. We respond without thinking about it, because that's what you do when someone is in trouble in the Arctic. Our Search and Rescue department has flown 200 miles out to sea to medevac someone from a seismic ship. We fly medevacs to remote industry campsites to pick up sick or injured workers. It's happened several times in the past few months. In fact, just last week our emergency response team saved the life of an oil worker who had both legs trapped in an auger at a remote drilling site. He didn't come out of it so good, but he's still alive, and it's because we are the first responder on the Slope. Not the state or the feds or the industry. In fact, some of the lifesaving equipment that was used in this rescue was paid for by an NPR-A

grant. You won't hear about grants like that when you're listening to the bill's sponsor. That's because they are part of the success of the NPR-A grant program.

One of the most dramatic images of an NPR-A impact that you'll ever see is in one of the packets you have on your desk. It's the booklet of photos called "North Slope Borough Impacts from Oil and Gas Development." There should be a flagged page, and if you look at that page and the one after it, you'll see a photo taken in NPR-A last fall. It shows a massive amount of equipment and moveable facilities in a staging area at Cape Simpson. Next to that city of equipment is what looks like a tiny shack. And that's what it is - it's a subsistence cabin that marks a hunting area used by a Barrow family for generations. Hundreds of cabins like this dot the tundra in NPR-A. Many are on Native allotments that belong to families from every NPR-A community. So the next time somebody tries to tell you how far away some of these communities are from Alpine, remember this picture. It's quite a way from Alpine too, but it's very close to where lots of our families go every summer to spend time on the tundra and hunt and fish and camp.

From the sponsor's presentation on SB 171, you aren't getting a true picture of what's happening in NPR-A. You're not hearing what the real impacts are, and you're not learning about the vast majority of successful grants that have made this program a success. You're being led to believe that hundreds of thousands of dollars have been sent to communities, where they are pocketed without living up to the grant conditions. I didn't hear the sponsor mention one very important thing about all NPR-A grants. And that is that these grants are not funded up front. They are reimbursable, so it's not State dollars at risk if there is poor performance. It's local dollars. If the communities can't show the Department legitimate expenses, they don't get the grant money. That sounds like pretty good accountability to me.

So what is this bill really about? It's about fixing the program...fixing the program so that very little aid ends up going to the communities. The real intent of this bill is to make a political football out of the impact aid program. It's a two-step process. First, you take decision-making away from the administrative branch - where decision-making for every other state grant program exists. You move the grant reviewing, scoring and awarding process away from the professionals who do this work every day and into the political realm of the Legislature.

Second, you ratchet down hard on this slippery concept of impacts. What you end up with is a really tough task for a revolving group of people who are appropriately focused on politics and finances, and have plenty of ideas for other ways to use that money. It's a setup for decisions based on politics, not on the subtleties of impacts or federal intent.

The bill creates a timetable for dealing with these grant applications that adds to the problem. This timetable forces you to review and score and award a bunch of grants in the midst of the legislative session. Does the Legislature really want to be dealing with village grant applications during the session when you've got things like PPT on your plate? And do you really think this will yield better, more thoughtful decisions? I think

your best bet is to work with the department and with us to make the program stronger, not to gut it.

I'm sure there are ways to improve the program. Some of them are already being put in place. But the approach outlined in Senate Bill 171 is overkill. All we're asking of the Legislature is to preserve a fair, non-political process, and you don't get that by taking the grant professionals out of the picture, the same kind of professionals that you trust with every other state grant program. It just doesn't make sense.

It is important to note that SB 171 does not provide any new definitions or guidelines for judging impacts. It only changes who is reviewing the grant applications. I think you can see how this would add to our concerns that this bill doesn't make anything more fair or more open. If the Legislature wants to set up a special subcommittee to review these impact aid grants, it doesn't take a legislative change. A subcommittee was formed in Senate Finance last year.

If legislators are just worried that these communities might be getting too much money, the situation may resolve itself without any legislative action. The federal energy bill passed last year gives the Secretary of the Interior the authority to reduce or eliminate any and all bonus or lease payments on development in NPR-A. That would deprive the State as well as the local communities, so maybe what we should be doing here is working together to protect revenues.

We have plenty of reasons to work together on all kinds of resource development issues. The North Slope Borough has been a major supporter of onshore oil and gas for years. We have sent some of the most effective foot soldiers to work the halls of Congress on opening ANWR. At times, we have cooperated with industry wishes on the North Slope, even when our heart told us not to. If you look at the record, you'll see that we have tried to be strong partners for responsible development.

What do we get in return? In recent years, it seems like we've been faced with a flurry of bills like this - bills that are nothing more than a thinly-veiled attempt to punish us for living on the North Slope, and for receiving benefits at the same time as we absorb all the impacts from oil and gas activity... activity that sends billions of dollars of wealth to the rest of the state.

We believe in the partnership, but sometimes it feels less like a partnership and more like a target range, and we're the target. I have met some of you on this committee, and I don't think that is your attitude. But it is the attitude behind this legislation, and I hope you won't buy into the attitude of the bill. It would be a loss for all of us as we try to create a better future for Alaska.

A number of people from the NPR-A communities are here today, and they have a lot of experience with some of the things I've mentioned. I want you to know that they are not here on our dime. They paid their own way so they could tell you how important the program is to their communities. The mayor of Atkasuk was on the way down here when

she had a death in the family and had to turn around. But her written testimony should be in your file.

I want to thank you again, Mister Chairman, for allowing us to have this time with the committee today. It means a lot to us, and we really appreciate your interest in getting some local input on the bill.

Quyanaqpak.

If you intend to pass this out the motion should be

I move to adopt CS for SB 171, version V, as the working document.

I move to pass House CS for SB 171, version V (as amended?) with accompanying fiscal notes and individual recommendations.

North Slope Borough

(Population - 6,894 residents)

Local Property and Oil & Gas Property Tax Revenue

(As Reported in the *Alaska Taxable* Annual Report)

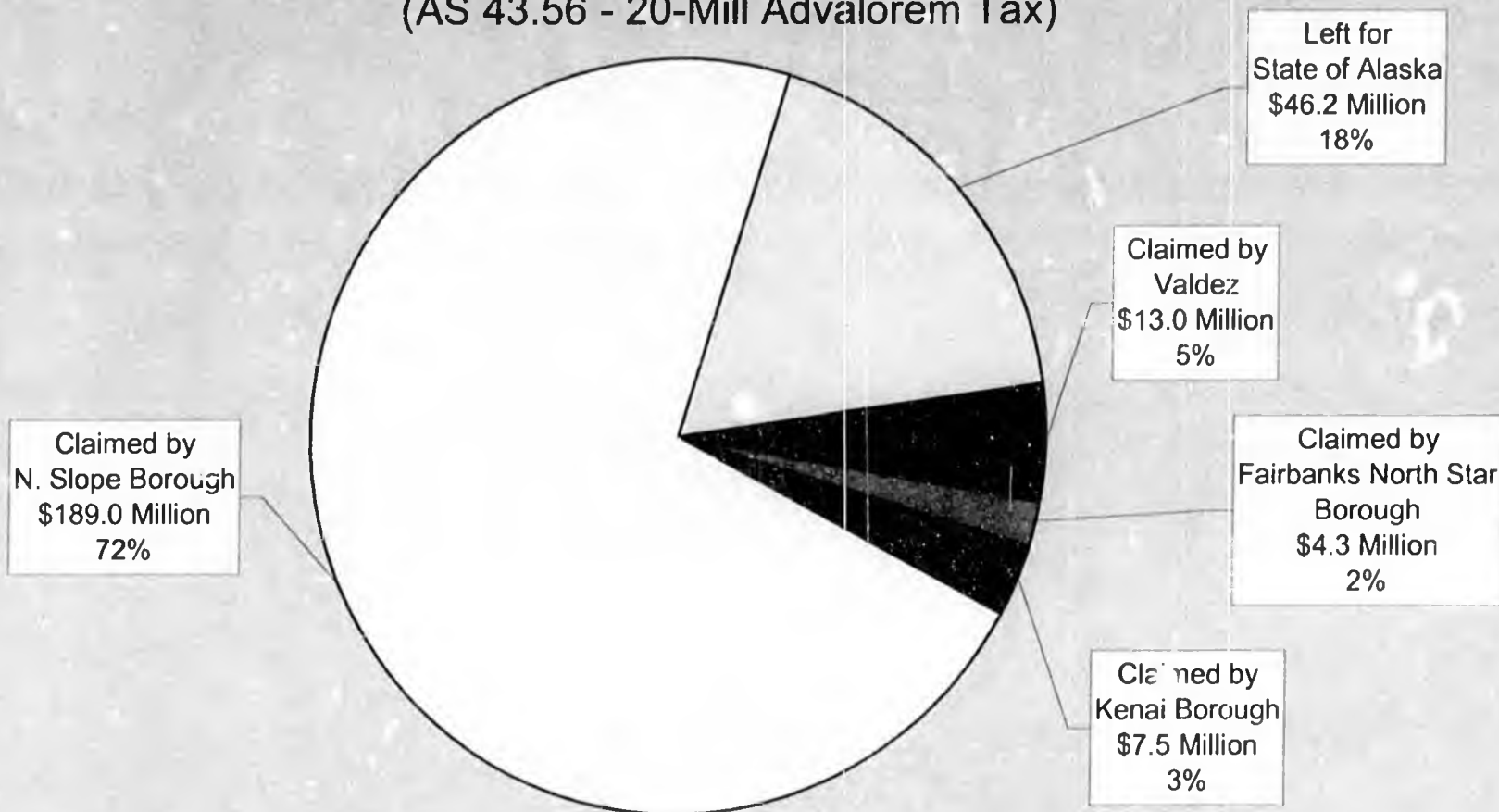
Alaska Taxable	Property Tax Revenues	O&G Property Tax Revenues	Total Property Tax Revenues
2000	\$16,416,808	\$195,095,348	\$211,512,156
2001	12,008,846	189,954,310	201,963,156
2002	6,239,417	193,019,738	199,259,155
2003	4,961,057	194,692,108	199,653,165
2004	5,595,083	194,209,446	199,804,529
2005	2,317,232	188,969,166	191,286,398
TOTAL	\$47,538,443	\$1,155,940,116	\$1,203,478,559

Projected Budget for Operating and Debt Service

(As Reported in the *Alaska Taxable* Annual Report)

Alaska Taxable	Operating Budget	Debt Service
2000	\$59,197,210	\$141,928,000
2001	62,778,127	134,122,000
2002	69,960,600	129,951,000
2003	78,360,331	120,347,000
2004	79,505,000	116,410,000
2005	82,807,927	111,974,000
TOTAL	\$432,609,195	\$754,732,000

2005 State 20-Mill Levy Oil & Gas Property Tax GF Revenue (AS 43.56 - 20-Mill Advalorem Tax)

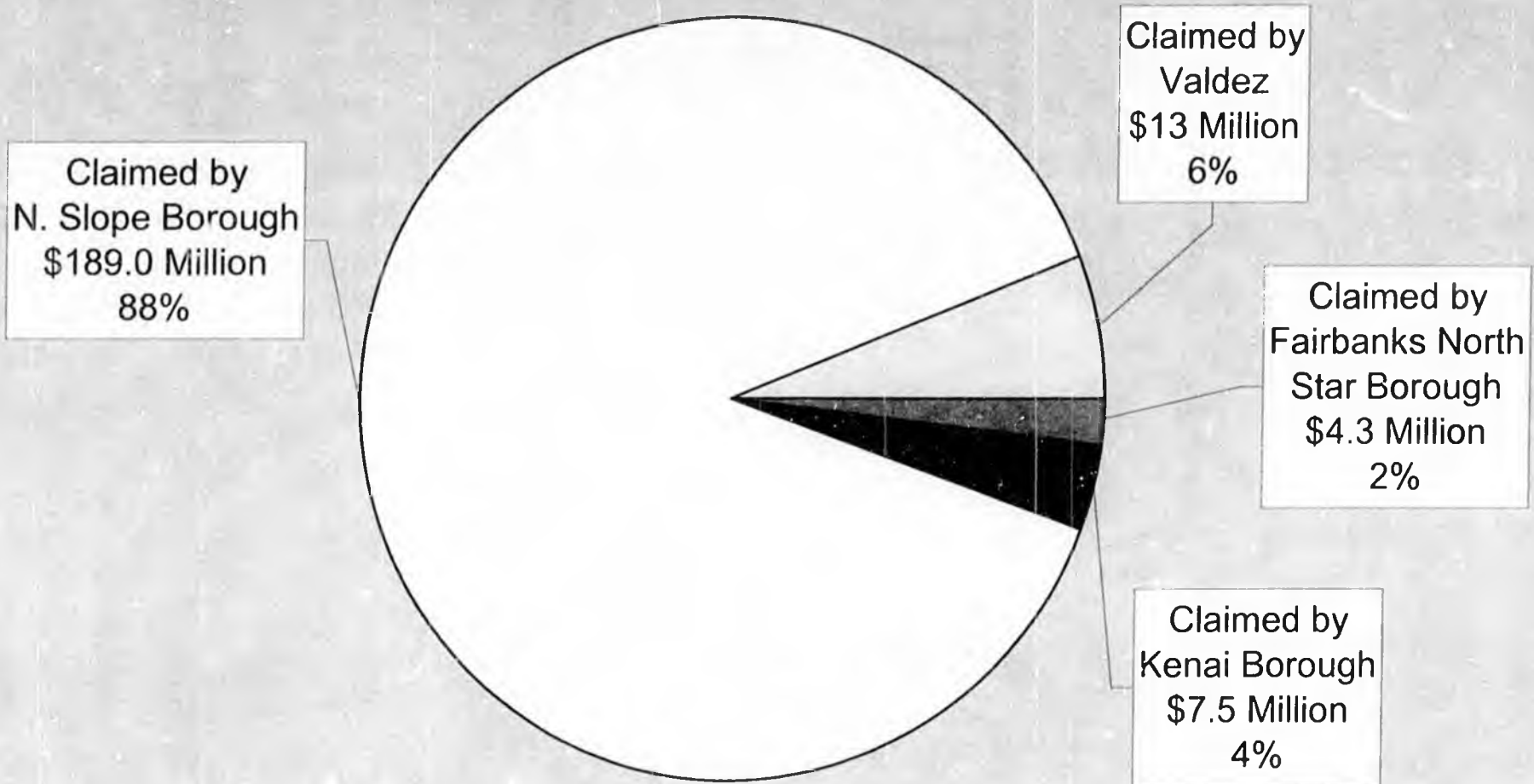


Five municipalities
claimed less than 1%

Total - \$260.9 Million

The state levies a 20-mill tax against oil and gas property. A municipality that has O and G property located within its borders may also levy a tax on those properties. This local tax amount is subtracted from the total of the state's 20-mill tax.

2005 Municipality Take
Oil & Gas Property Tax GF Revenue
(AS 43.56 - 20-Mill Advalorem Tax)



Five municipalities
claimed less than 1%

Total - \$214.7 Million



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Community Advocacy

Frank H. Murkowski, Governor
William C. Noll, Commissioner
Michael Black, Director

January 16, 2006

The Honorable Ben Stevens
Senate President
Twenty-Fourth Alaska State Legislature
Second Session
State Capitol, Room 111
Juneau, Alaska 99801-1182

The Honorable John Harris
Speaker of the House
Twenty-Fourth Alaska State Legislature
Second Session
State Capitol, Room 208
Juneau, Alaska 99801-1182

Dear President Stevens and Speaker Harris:

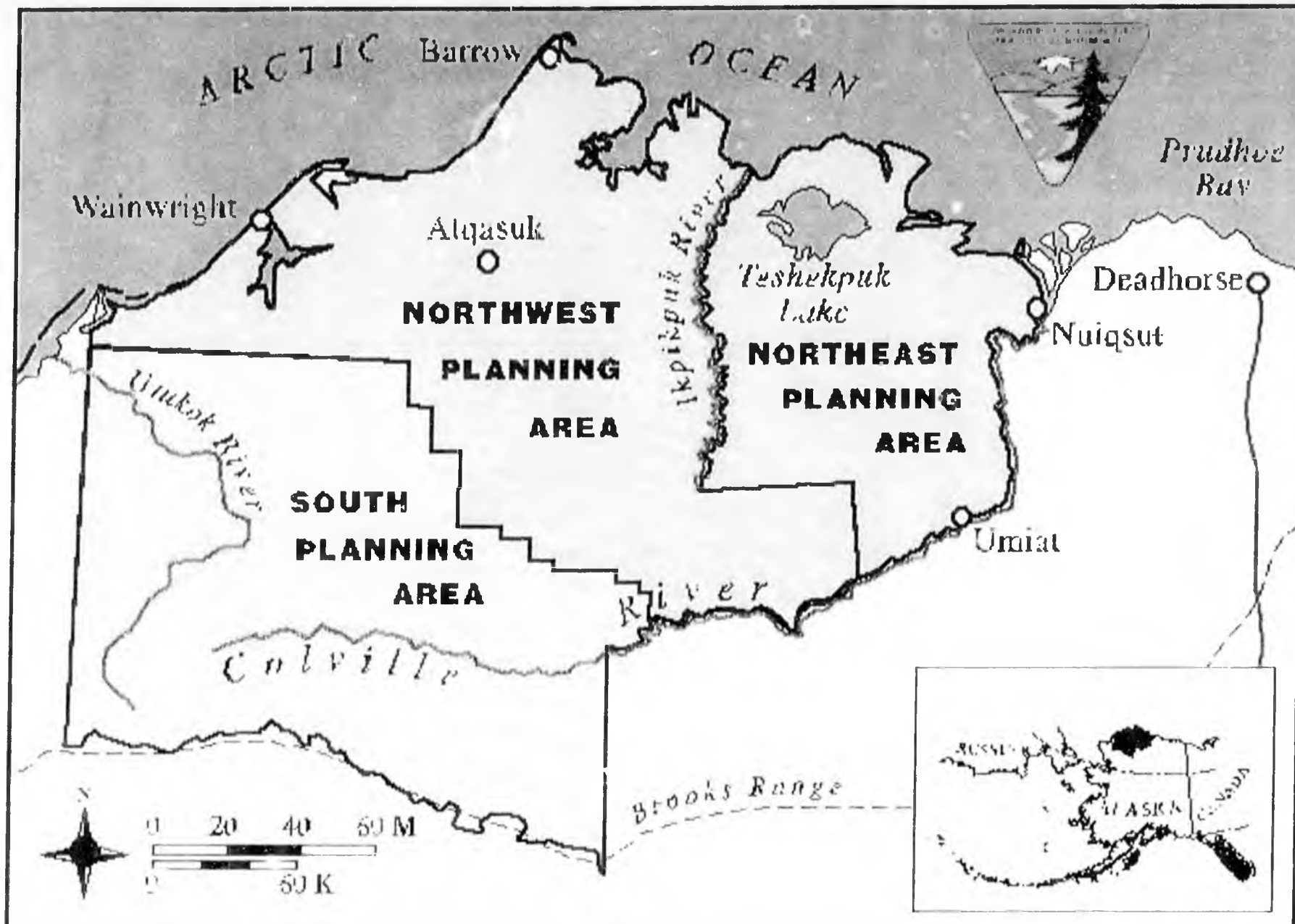
This document is the Division of Community Advocacy's report on the status of the National Petroleum Reserve-Alaska (NPR-A) Impact Mitigation Grant Program.

The State of Alaska receives 50% of the federal revenues from oil and gas lease sales located in the NPR-A. Those revenues are deposited into the NPR-A Special Revenue Fund to provide grants to communities impacted by oil and gas development. This report provides information on the program and the status of the grants previously approved.

Please contact me if you have any questions about the NPR-A Program or this report.

Cordially,

Michael Black, Director
Division of Community Advocacy



NPR-A Impact Mitigation Program History and Overview

As authorized December 12, 1980 by 42 U.S.C. Chapter 78, Sections 6501-6508, the Federal Government, through the Department of Interior, Bureau of Land Management, allows for the exploration and development of oil and gas within the National Petroleum Reserve-Alaska (NPR-A).

Although the federal government manages the NPR-A, Section 6508 of the federal statute requires that fifty-percent of the money received by the federal government from the "sales, rentals, bonuses, and royalties on leases issued..." be paid to the State of Alaska. Leases awarded by the federal government are usually for ten years and require that each company holding a lease pay a decreasing annual amount.

In accordance with Section 6508, the monies are to be used by "the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section."

The State of Alaska began receiving payments in State fiscal year (FY) 1983. To segregate these monies, in SLA 1984, Chapter 94 the Alaska Legislature enacted AS 37.05.530 (a) and (b). This statute established the National Petroleum Reserve Alaska Special Revenue Fund. Henceforth, NPR-A payments were to be deposited within the NPR-A Fund and used to support:

1. NPR-A Impact Mitigation grants to communities in accordance with AS 37.05.530 (c) through (e) which established the NPR-A Impact Mitigation Program. Under this program, communities may apply for assistance, i.e. grants, to fund projects that fall within federal and state guidelines. As required, priority is given to those communities most directly or severely impacted by oil and gas development.
2. Of the remaining lease payments, not needed to fund NPR-A Impact Mitigation grants, twenty-five percent is transferred to the Alaska Permanent Fund per AS 37.05.530(g).
3. Of the remaining payments, not needed to fund NPR-A Impact Mitigation grants, one-half percent is transferred to the Public School Trust Fund per AS 37.05.530(g).
4. Up to the entire amount of the remaining payments may be appropriated by the Legislature to the Power Cost Equalization and Rural Electric Capitalization Fund per AS 37.05.530(g).
5. Any remaining payments are then transferred to the State's General Fund per AS 37.05.530(g).

Prior to 1984, half of the total NPR-A funds received by the State were deposited in the Alaska Permanent Fund, one-half percent in the Public School Trust Fund and the remainder was deposited in the General Fund and used to fund various Legislative appropriations. In 1985 the North Slope Borough, Wainwright and Barrow filed suit alleging that the State's method of allocating the NPR-A payments was in conflict with federal law. The decision in *Barrow v. State*, No. 1JU-85-2634, established that: (1) the State's distribution of NPR-A revenue had been incorrect and it did conflict with federal requirements; (2) the State needed to "reconstitute" the NPR-A Fund in part; and (3) henceforth, the State would allow first priority to the municipalities and/or communities most directly impacted by the NPR-A development.

As a result of the litigation, the NPR-A Fund was reconciled and reconstituted as of October 1987. It was also reconciled and reconstituted again as of September 1990 and again as of June 1992. Multiple reconciliations between actual NPR-A payments received and cash available in the NPR-A Fund were necessary because:

- (1) The NPR-A payments (deposited in the NPR-A Fund) were being used to fund *two* programs. In addition to funding the NPR-A Impact Mitigation Program the payments were also funding grants awarded by the Department of Administration under the Municipal Grants Program; and
- (2) In FY 92 AS 37.05.530 was amended and required a recalculation of available cash in the NPR-A Fund annually back to FY 87.

SLA 1985, Chapter 96; SLA 1986, Chapter 128; SLA 1988, Chapter 173; and SLA 1990, Chapter 208 appropriated, repealed, and reappropriated the grants funded from NPR-A payments but administered under the Municipal Grants Program by the Department of Administration. These projects and their grants are not reflected in this report. This report addresses only the grants that were/are funded from NPR-A payments *and* awarded under the NPR-A Impact Mitigation Program.

FY 87 was the first year of the actual NPR-A Impact Mitigation Program. The general procedure remains the same today as in 1987. Periodically, the Department is notified by the U.S. Department of Interior, Bureau of Land Management (BLM) that the federal government will be offering tracts of land for lease in the National Petroleum Reserve-Alaska. The Department then provides public notice that funding may become available for NPR-A Impact Mitigation grants and requests that communities submit project proposals (grant applications). The Department establishes a review committee, makes award recommendations, and if both NPR-A lease revenue and a Legislative appropriation is received, the Department awards NPR-A Impact Mitigation grants to specific communities for specific projects.

The Bureau of Land Management (BLM) receives payments from the NPR-A leases in two installments each year. The first installment includes payments received between April 1 and September 30; the second installment includes payments received between October 1 and March 31. BLM forwards fifty-percent of the amount received to the State of Alaska in two installments, usually received by December 31st and May 31st.

Each year, the Department requests a Legislative capital appropriation for that year's anticipated fifty-percent. The appropriation and subsequent revenue are then used to fund NPR-A grants according to AS 37.05.530.

Aggregate information for the initial years of the NPR-A Impact Mitigation Program is reflected below. Project specific information is provided beginning on page 7 of this report.

<u>State Fiscal Year</u>	<u># of Projects and Communities</u>	<u>\$ Awarded</u>
FY 87	12 Projects 5 Communities	7,240,237
FY 88	0	0
FY 89	1 Project 1 Community	937,000
FY 90	8 Projects 4 Communities	836,745
FY 91	7 Projects 5 Communities	590,000
FY 92	7 Projects 4 Communities	367,378
FY 93	4 Projects 4 Communities	447,126
FY 94	4 Projects 4 Communities	18,941
FY 95	4 Projects 4 Communities	25,538
FY 96 through FY 99	0	0
Total		\$10,462,965

By FY 96 all existing NPR-A leases had been terminated, relinquished, or had expired. The Bureau of Land Management (BLM) notified the Department that additional NPR-A payments would not be forthcoming. Therefore, the NPR-A Impact Mitigation Program was inactive from FY 96 through FY 99.

The NPR-A Impact Mitigation Program remained inactive until the early part of calendar year 1999. At that time the Department was notified that BLM would be entering into new ten-year (approximate) leases in May 1999 on tracts of land in the NE planning area of the National Petroleum Reserve-Alaska.

BLM estimated that upon issuance of the leases, the federal government would receive approximately \$80,000,000 in fees. Alaska would receive fifty-percent, approximately \$40,000,000, about six months after the leases were awarded.

In anticipation of the forthcoming \$40,000,000 in payments, the Alaska State Legislature appropriated funding for NPR-A Impact Mitigation grants in FSSLA93 Chapter 2, Section 63. Additionally, the Department provided public notice and requested impacted communities to submit grant applications for potential projects. The Department established a review committee, evaluated the grant applications and in April 2000 recommended award of 24 grants totaling \$28,000,000 to four communities.

In January 2000 the State received \$40,298,622 in payments. The State retained \$28,000,000 of the cash within the NPR-A Fund for the NPR-A Impact Mitigation grants. As required by AS 37.05.530(g) the remaining cash was distributed to the Alaska Permanent Fund, Public School Trust Fund, and the Power Cost Equalization and Rural Electric Capitalization Fund.

In the two years following the May 1999 leases, BLM received slightly over \$3.3 Million annually. Alaska continued to receive fifty-percent, or approximately \$1,683,850 in FY 02 and \$1,686,105 in FY 03. Companies will continue to pay a declining annual lease amount to the federal government through 2009 or 2010. The State will continue to receive fifty-percent of the fees (approximately \$1,700,000).

In May 2002 the State was notified by BLM that new ten-year leases would be awarded June 3, 2002. BLM awarded leases on 60 tracts in the NPR-A NE planning area, totaling approximately 579,269 acres. BLM estimated the initial lease fees at \$63,811,496. The State's fifty-percent was estimated at approximately \$31,905,748. The total received in April 2003 was actually \$34,556,469.

In anticipation of the continuing payments from the May 1999 leases and the initial payments from the June 2002 leases, the Department requested a \$35,300,000 capital appropriation for FY 04, to be funded with the NPR-A payments. The Department requested and received grant applications from impacted communities and awarded 30 projects totaling \$25,011,457 to three communities in March 2003. The actual amount received in April 2003 was \$34,556,469. As required by AS 37.05.530(g) the remaining cash was distributed to the Alaska Permanent Fund, Public School Trust Fund, and the Power Cost Equalization and Rural Electric Capitalization Fund.

The State will continue to receive fifty-percent of the fees (approximately \$830,000) on the 2002 leases through 2012 or 2013.

Effective October 16, 2003 the NPR-A program regulations were amended to change the date by which grant applications must be postmarked (for receipt by the Department) from September 15th annually to November 15th annually. This was the only change made to the regulations.

For FY 05, the State originally anticipated receiving approximately \$3,190,170 for the NPR-A Impact Mitigation Grants. Applications were received in November 2003. The Department established a review committee, evaluated the grant applications and in December 2003 recommended award of 10 grants totaling \$3,030,000 to three communities. However, in May 2004 when it became apparent that the funds available had been reduced from initial estimates, the tentative awards were reduced to the actual amount received (\$2,530,586). Nine grants were awarded to three communities.

In June 2004, BLM awarded new leases on approximately 165 tracts of land in the NPR-A NW planning area. BLM estimated the initial lease fees at \$53,904,491. On 11/15/04 the State received \$1,738,829.50 as the first installment from BLM for rent and bonuses received between 4/1/04 and 9/30/04 on the leases awarded in May 1999 and June 2002. The second installment received by the State in May 2005 was \$29,855,765 for bonus bids received between 10/1/04 and 3/31/05, bringing the total receipts to \$31,594,594.50.

The Department provided public notice and requested impacted communities to submit FY06 grant applications for potential projects in September 2004. Department staff also traveled to Barrow in September 2004 to provide NPR-A assistance and grant training to eligible communities. A total of 53 applications requesting approximately \$52,000,000 in grant funding were received by the deadline. In January 2005, 30 grants totaling \$24,706,539 were recommended for award leaving \$6,888,055.50 for distribution according to AS 37.05.530 (g).

The Department provided public notice and requested impacted communities to submit FY07 grant applications for potential projects in September 2005. Department staff also traveled to Barrow in September 2005 to provide NPR-A assistance and grant training to eligible communities. A total of 18 applications requesting approximately \$5,281,209 in grant funding were received by the deadline. As of January 2006, no awards have been made. Attached is a list of the 18 applications received by the November 15, 2005 deadline.

Aggregate information is reflected beginning on page 6 of this report. Project specific information is provided immediately thereafter.

**SLA and
State Fiscal Year (FY)**

**# of Projects
and Communities**

\$ Awarded

FSSLA 1999 Chapter 2 Section 63 - FY 00	24 Projects 4 Communities	28,000,000
SLA 2000 - FY 01	0	0
SLA 2001 Chapter 61 Section 85 - FY 02	10 Projects 3 Communities	1,683,849.50
SSSLA 2002 Chapter 1 Section 29 - FY 03	8 Projects 3 Communities	1,686,104.50
SLA 2003, Chapter 82 Section 11 - FY 04	30 Projects 3 Communities	25,011,457
SLA 2004, Chapter 159 Section 6 - FY 05	9 Projects 3 Communities	2,530,586
FSSLA 2005, Chapter 3 Section 10 - FY 06	30 Projects 4 Communities	24,706,539
TOTAL		\$83,618,536

FY 87 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Community Center Operations & Maintenance	99,000	Fund 50% of operating costs; only partly related to NPR-A development.	Closed 3/90
Atkasuk	Community Center Expansion	500,000	Project provides space for additional cultural programs; related to mitigation of cultural impacts.	Closed 1/88
Atkasuk	Basic Local Government Operations	90,000	Fund administrator position and miscellaneous office equipment/supplies. Administrator to develop strategies and plan for dealing with future NPR-A impacts and other grants.	Closed 9/90
Barrow	Boat Ramps	825,000	Related to subsistence impacts.	Closed 9/92
North Slope Borough	Barrow - Residential Care	539,637	Partly related to NPR-A impacts; fund a portion of operating costs. Serves regional needs.	Closed 9/90
North Slope Borough	Barrow - Juvenile Detention	3,000,000	Related to incremental impacts of NPR-A development. Serves regional needs.	Closed 6/93
North Slope Borough	Comprehensive Subsistence Management Plan	232,500	Related to overall subsistence impacts of NPR-A development.	Closed 9/91
Nuiqsut	Dry Boat Storage	551,395	Related to subsistence impacts. Fund construction of storage facility but not entrepreneurial activity unrelated to NPR-A impacts. Maintenance and operation costs partly related; funded at 50%.	Closed 9/90
Nuiqsut	Basic Local Government Operations	109,250	Large expansion of municipal government. Fund full-time administrator 1-1/2 years and miscellaneous office equipment/supplies. Administrator to develop strategies and plan for future impacts and administer other grants. Fund 50% (\$19,250) of request for computer/recreation equipment, only partly related to impacts.	Closed 10/89
Nuiqsut	Expansion of Community Center	682,075	Related to cultural impacts; fund construction (\$625,000). Maintenance and operation costs partly related; fund at 50%.	Closed 10/89
Wainwright	Boat Ramp Construction	550,000	Related to mitigation of subsistence impacts. One boat ramp on sea and one on river.	Closed 11/88
Wainwright	Boat Ramp Planning	61,380	Planning Boat Ramp project (see above).	Closed 5/88
Total		\$7,240,237		

FY 89 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough	Alcohol and Drug Abuse Facility	937,000	Residential and emergency respite care, alcohol and drug abuse treatment center located in Barrow. Serves regional needs.	Closed 10/91
Total		\$937,000		

FY 90 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Basic Local Government Operations	79,130	Continuation funding of FY 87 award. Related to mitigation of NPR-A impacts.	Closed 7/91
Atkasuk	Community Center Planning and Operations	96,982	Maintenance of facility related to expected long-term impacts of NPR-A exploration and development.	
Barrow	Cultural Center Planning	48,250	Related to mitigation of cultural impacts of NPR-A exploration and development. Fund planning/design of facility.	Closed 8/91
Barrow	Basic Local Government Assistance	74,788	Fund each position by half; City to make up difference.	Closed 10/90
Barrow	City's Public Facilities Operations & Maintenance	238,843	Maintenance of public facilities related to expected long-term impacts of NPR-A exploration and development.	Closed 11/90
Nuiqsut	Community Center/City Hall Operations & Maintenance	57,900	Previous NPR-A grant funded expansion of center. Operations & Maintenance of facilities related to counteracting long-term cultural impacts from NPR-A exploration and development.	Closed 1/91
Wainwright	Basic Local Government Operations	82,961	Goal: properly process and disseminate information and have adequate management in order for City to properly function. Related to mitigation of NPR-A impacts.	Closed 5/91
Wainwright	Community Center Operations & Maintenance	157,891	Maintenance and operation of center related to expected long-term impacts of NPR-A activities.	Closed 7/91
Total		\$836,745		

FY 91 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Community Center Operations & Maintenance	21,181	On-going maintenance and operation of facility related to impacts of NPR-A activities.	Closed 7/91
Barrow	Volunteer Fire Department Operations	133,980	Project pertains to life/health/safety.	Closed 11/91
Barrow	Search and Rescue Operations	104,000	Project pertains to life/health/safety.	Closed 11/91
Barrow	City Facilities Operations & Maintenance	49,319	On-going maintenance and operation of facility related to impacts of NPR-A activities.	Closed 4/91
North Slope Borough	Arctic Women in Crisis	200,000	Facility and program serves regional needs; pertains to life/health/safety.	Closed 9/91
Nuiqsut	Boat Storage Operations & Maintenance	30,500	On-going maintenance related to NPR-A impacts.	Closed 8/91
Wainwright	Community Center Operations & Maintenance	51,020	On-going maintenance and operation of facility related to impacts of NPR-A activities.	Closed 7/91
Total		\$590,000		

FY 92 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Basic Local Government Assistance	69,802	Equipment/Office Supplies; Freight; Salaries/Benefits; Administrative/Audit Costs; Phone; Office Utilities.	Closed 8/92
Atkasuk	Community Center Operations & Maintenance	14,328	Maintenance and operation of center related to expected long term impacts of NPR-A activities.	Closed 1/92
Barrow	Public Facilities Operations & Maintenance	146,951	Operation of public facilities related to long-term impacts of NPR-A activities.	Closed 10/92
Nuiqsut	Basic Local Government Assistance	49,963	Salary/Benefits; Equipment/Office Supplies.	Closed 4/92
Nuiqsut	Utilities Operations & Maintenance	5,878	City facility utility costs.	Closed 4/92
Wainwright	Basic Local Government Assistance	66,128	Equipment/Freight; Administrative Costs; Office Utilities; Salaries/Benefits; Maintenance of city vehicle.	Closed 9/92
Wainwright	Community Center Operations & Maintenance	14,328	On-going maintenance and operation of facility related to long-term impacts of NPR-A activities.	Closed 9/92
Total		\$367,378		

FY 93 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Initial</u>	<u>Increase</u>	<u>Total</u>	<u>Comments</u>	<u>Grant Status</u>
Atqasuk	Basic Local Government Assistance	21,280	28,720	50,000	Equipment/Office Supplies; Freight; Salaries/Benefits; Administrative/Audit Costs; Phone; Office Utilities.	Closed 4/93
Barrow	Public Facilities Maintenance and Operations	61,286	138,714	200,000	Operation of public facilities related to long-term impacts of NPR-A activity.	Closed 6/93
Nuiqsut	Basic Local Government Assistance	21,280	68,720	90,000	Office Benefits; Equipment/ Office Supplies.	Closed 6/93
Wainwright	Basic Local Government Assistance	21,280	85,846	107,126	Equipment/Freight; Administrative Costs; Office Utilities; Salaries/Benefits; Maintenance of city vehicle.	Closed 6/93
Total		\$125,126	\$322,000	\$447,126		

NPR-A Impact Mitigation Grants Awarded - Based on April 2000 Recommendations
FY 00 Appropriation (page 1 of 2)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk 00- NPR-A-4-16	Community Center Maintenance & Operations	90,000	Maintenance and operation of center related to expected long-term impacts of NPR-A.	Closed 10/01
Atkasuk 00- NPR-A-4-15	Basic Local Government Operations	109,000	Fund salaries for new positions and increase of hours on current positions from part-time to full-time.	Closed 4/02
Barrow 00- NPR-A-4-11	Public Facilities - Maintenance & Operations	650,000	Fund staff and other expenses to operate city recreation facilities.	Closed 8/02
Barrow 00- NPR-A-4-12	Renovation/Upgrade of Barrow Teen Center and Community Center	1,000,000	The facilities are needed due to increase in NPR-A activities. The City's ability to absorb this impact through existing facilities and services is limited.	Active
Barrow 00- NPR-A-4-13	Design, Construct & Purchase Retractable Boat Ramp	1,000,000	NPR-A uplands development will displace subsistence users from some areas. A boat ramp will provide subsistence hunters better access to the ocean.	Active
Barrow 00- NPR-A-4-14	Maintenance Building Construction	630,000	Need for warm storage can be linked to mitigation of foreseeable NPR-A impacts.	Active
North Slope Borough 00- NPR-A-4-01	Village Power Plant/ Electrical Distribution & Waste Heat Conversion	10,069,367	NPR-A development will impact power generation & distribution. Upgraded power production and distribution mitigates population growth impacts and increasing 'westernization' of local lifestyles.	Active
North Slope Borough 00- NPR-A-4-02	All Infrastructures Services Study	1,500,000	Studies will identify additional and continuing effects of NPR-A development on public facilities and the provision of public services. Impacts known or anticipated can be supplemented with new data and forecasts.	Active
North Slope Borough 00- NPR-A-4-03	Nuiqsut Above Ground Service Connections	2,100,000	A total of 124 residential, commercial, and public facilities were connected to water and sewer service.	Closed 3/03
North Slope Borough 00- NPR-A-4-04	Nuiqsut Police Officer for 3 years	100,000	The community is presently impacted by NPR-A development. An additional officer will help the city address NPR-A related impacts.	Closed 9/01
North Slope Borough 00- NPR-A-4-05	Wainwright Community Center Renovations	191,283	Provides improved facilities for locals who have family members working away from home in NPR-A related employment. Improved opportunity for social and community support.	Closed 6/03
North Slope Borough 00- NPR-A-4-06	Fire Department Equipment & Training	1,114,150	Provides an essential public service. Current firefighting equipment is old and outdated; existing fire trucks are not equipped to handle the new city water system. Need is linked to anticipated growth in service demand caused by NPR-A development.	Closed 6/03
North Slope Borough 00- NPR-A-4-07	Harvest Monitoring: Subsistence Documentation	100,000	Subsistence hunting is a culturally important activity. The need for harvest monitoring is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil/gas impacts on wildlife.	Closed 4/02
North Slope Borough 00- NPR-A-4-08	Survey & Inventory Fish Resources in Lakes & Streams of Eastern NPR-A	150,000	The need for the inventory is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil/gas impacts on wildlife.	Closed 1/04
Sub-Total (page 1)		\$18,803,800		

NPR-A Impact Mitigation Grants Awarded - Based on April 2000 Recommendations
FY 00 Appropriation (page 2 of 2)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough 00-NPRA-4-09	Tracking & Analysis of Teshekpuk Lake Caribou Herd Movement and Distribution	150,000	The need for the analysis is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil and gas impacts on wildlife.	Closed 12/02
North Slope Borough 00-NPRA-4-10	Waterfowl Surveys	150,000	The need for the survey is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of impact on wildlife.	Closed 11/01
North Slope Borough 00-NPRA-4-25	Nuiqsut Natural Gas Piping Distribution	3,800,000	This grant and 00-NPRA-4-26 were originally awarded to Nuiqsut who chose in 10/01 to have the NSB administer both projects on their behalf. NPRA development will create a higher demand for fuel use. Impacts include larger volumes and more frequent shipping, handling, air pollution, fuel spills and leaks, and expanded fuel storage needs.	Active
North Slope Borough 00-NPRA-4-26	Nuiqsut Natural Gas Home/Building Conversion	2,200,000	Same as above.	Active
North Slope Borough 00-NPRA-27	Nuiqsut Natural Gas Pipeline	1,580,000	Provides funds for the final installation and start up of the natural gas system from the processing module at the Alpine oil facility pad to the in-village gas distribution system in Nuiqsut.	Active
North Slope Borough 00-NPRA-28	Nuiqsut City Hall/Kisik Center Renovation	1,280,548	Project originally awarded to City of Nuiqsut but was re-negotiated with the NSB. Renovations include mechanical and electrical upgrades to correct code deficiencies and construction of an addition. The addition is planned to include a multi-purpose room of approximately 1,500 SF, restrooms, mechanical room and a combined custodial closet and storage area. In 12/05 grant increased by \$336,795 with funds from two pending grants appropriated in FY 02. \$288,000 from 01-NPRA-07 (Nuiqsut Cultural Center O & M); and \$48,795 from 01-NPRA-10 (Nuiqsut Emergency Hunting Shelters). These two grants, previously identified in the FY 02 list as pending, are now closed with no expenditures and the funds added to the FY 00 grant.	Active
Nuiqsut 00-NPRA-4-17	Basic Government Operation/Maintenance	200,000	Funds used to supplement staff salaries for a full-time mayor/administrator, grants administrator, clerk & bookkeeper.	Closed 8/01
Nuiqsut 00-NPRA-4-18, 19, 20, 23*	See * Below	61,078	In 10/03, the City passed a resolution to transfer the unexpended funds from four grants (\$2,479,121.42) to the NSB to administer two priority projects on their behalf (see * below). Project expenditures on the four grants prior to closure totaled \$61,078.	Closed *
Nuiqsut 00-NPRA-4-24	Install Graveyard Fencing	111,369	Provides mitigation for foreseeable NPR-A impacts through the protection of cultural resources.	Closed 3/04
Sub-Total (page 1)		\$ 18,803,800		
Sub-Total (page 2)		\$ 9,196,200	This subtotal does not include the \$336,795 moved from FY 02.	
Total		\$ 28,000,000	This total does not include the \$336,795 moved from FY 02.	

*Grants previously awarded to the City of Nuiqsut for City Hall/Kisik Center Renovation (00-NPRA-4-18 @ \$340,000); Construct Cultural Center (00-NPRA-4-19 @ \$939,800); Day Care Construct/O&M (00-NPRA-4-20 @ \$495,400); and Design/Construct Retractable Boat Ramp (00-NPRA-4-23 @ \$765,000) were closed effective Oct/Nov 2001. Unexpended funds from these grants were transferred to the NSB to administer two priority projects in Nuiqsut: 00-NPRA-27 and 00-NPRA-28. The total FY00 funding for these two grants (\$2,523,752.62) also includes the unexpended balance (\$44,631.20) remaining on 00-NPRA-4-24 (original award \$156,000).

**NPR-A Impact Mitigation Grants Awarded - Based on January 2001 Recommendations
FY 02 Appropriation**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Barrow 01- NPR-A-05	Public Facilities - Maintenance and Operation	334,540	Project will maintain safe and improved recreational facilities. This alleviates adverse social and cultural impacts from oil and gas development.	Closed 2/04
North Slope Borough 01- NPR-A 01	Harvest Monitoring, Subsistence Documentation	100,000	This is Phase II of the FY00 study	Closed 3/04
North Slope Borough 01- NPR-A-02	Waterfowl Surveys	150,000	This is Phase II of the FY00 surveys.	Closed 3/04
North Slope Borough 01- NPR-A-03	Tracking & Analysis of the Teshekpuk Lake Caribou Herd	150,000	This is Phase II of the FY00 study.	Closed 6/04
North Slope Borough 01- NPR-A-04	Wainwright Basic Operations	250,000	Project provides operations assistance including partial salary costs, expenses and staff training necessary to successfully operate the local government.	Closed 5/03
North Slope Borough 01- NPR-A-07	Nuiqsut Cultural Center Operations	-288,000	Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 the City of Nuiqsut and the NSB agreed to move the funding to 00-NPR-A-28 (Kisik Center Renovation) in part due to need for additional funds to complete that project. Cultural Center is within Kisik Center facility.	Closed 12/05; \$288,000 in funds moved to 00- NPR-A-28 in the FY 00 list
North Slope Borough 01- NPR-A-08	Nuiqsut Teen Center Operation & Maintenance	121,310	Project originally awarded to City of Nuiqsut but was re-negotiated with the Borough. Funds staff salaries including adult supervisors and recreation aides, training, travel, utilities and supplies.	Active
North Slope Borough 01- NPR-A-09	Nuiqsut Wooden Deck Ball Court Construction	-30,000	Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 the City of Nuiqsut and NSB agreed to put funds into 06-NPR-A-13 (Nuiqsut Teen Center Operations and Maintenance in part due to not having enough money to properly construct the ball courts and need for funds to maintain and operate teen	Closed 12/05; \$30,000 in funds moved to 06- NPR-A-13 in the FY 06 list
North Slope Borough 01- NPR-A-10	Nuiqsut Emergency Hunting Shelters Construction	-60,000	Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 City of Nuiqsut and NSB agreed to put funds into 00-NPR-A-28 (Kisik Center Renovations) and 06-NPR-A-13 (Nuiqsut Teen Center Operations and Maintenance) and abandon Emergency Hunting Shelter project due in part to issues obtaining site control.	Closed 12/05; \$48,795 moved to 00-NPR-A-28 and \$11,205 moved to 06-NPR-A-13 in the FY 00 and FY 06 lists
Nuiqsut 01- NPR-A-06	Basic Government Operations and Maintenance	200,000	Grant funds used for staff salaries and expenses.	Closed 8/04
Total		\$1,683,850	Note: This total does include the \$336,795 moved to the FY 00 grants and \$41,205 moved to FY 06 grants.	

**NPR-A Impact Mitigation Grants Awarded - Based on December 2001 Recommendations
FY 03 Appropriation**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk 02- NPRA-01	City Operations	249,057	Project supplements operations with partial salaries for the mayor, janitor, recreational aides and city clerk.	Closed 6/04
Atkasuk 02- NPRA-02	Renovate Recreation Center	49,000	This phase includes installation of an efficient waste heating system.	Closed 9/04
Barrow 02- NPRA-03	Public Facilities Operations	350,000	Project will maintain safe and improved recreational facilities and supplement funding for the Summer Youth Program.	Closed 11/04
Barrow 02- NPRA-04	Summer Youth Program	50,000	Project includes the annual Summer Clean-up Program which employs up to 60 youth as a service to the community.	Closed 6/04
North Slope Borough 02- NPRA-05	Capacity Building	100,000	This involves each community within the Borough, encouraging consolidation of resources between city & tribal governments to result in the formation of partnerships to generate revenue necessary for a common goal: economic viability of the NPR-A communities. As of 9/30/05 less than \$25,000 remains in grant. Expect it to be closed by 6/30/06.	Active
North Slope Borough 02- NPRA-06	Mayor's Workforce Job Training Program	188,048	Project mitigates impacts by supplying entry-level employment in village positions that have been vacated due to oil and gas development	Closed 11/03
North Slope Borough 02- NPRA-07	Nuiqsut Natural Gas Project	450,000	Project provides an alternative to high energy costs and increased demand created by the oil and gas activity. As of 9/30/05 approximately \$53,000 remains in grant. Expect it to be closed by 6/30/06.	Active
North Slope Borough 02- NPRA-08	Wainwright Basic Operations	250,000	Project provides operational assistance such as salaries, equipment and training to city staff with the goal of increased efficiency and an improved level of service to residents. As of 11/05 \$119 remains in grant. Will be closed by 6/30/06.	Active
Total		\$1,686,105		

NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations
FY 04 Appropriation (page 1 of 3)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk 04- NPR-A-21	Local Government & Community Center Operations & Maintenance	368,621	Project supplements operations with partial salaries for the mayor, janitor, recreational aides and city clerk as well as costs to operate and maintain community center.	Closed 10/05
Barrow 04- NPR-A-01	Recreation Building Addition Feasibility	40,000	Project will complete a feasibility study for the renovation and construction of the recreation building.	Active
Barrow 04- NPR-A-02	Renovate Multi-Purpose Facility	53,719	Project will upgrade and expand existing public services currently provided at the Roller Rink and purchase necessary equipment and supplies.	Active
Barrow 04- NPR-A-22	Basic Local Government Operations and Maintenance	1,309,806	Project will fund in part the operation and maintenance of the city council, administration and recreation departments.	Closed 12/04
Barrow 04 NPR-A-23	Public Facilities Operations and Maintenance	420,705	Project will maintain safe and improved recreational facilities and supplement funding for the Summer Youth Program.	Closed 9/05
Barrow 04- NPR-A-24	Quest Mentorship Program with KBRW	265,000	Project will fund the Quest Mentorship Program through KBRW AM/FM radio station. Grant funds will be used to purchase necessary equipment for training interns and contractual services for implementation of the program. As of 12/05 balance remaining is less than \$23,000. Expect project to be closed 06/30/06.	Active
Barrow 04- NPR-A-25	Addition to Cemetery Road	44,230	Project will construct a one-quarter mile road, drainage culverts, and shoulder work to gain access to cemetery. Funds for design, purchase of road materials, freight, supplies, labor. As of 12/05 approximately \$11,000 remains in grant.	Active
North Slope Borough 04- NPR-A-03	Nuiqsut Natural Gas Upstream Conditioner	2,000,000	Project provides an alternative to high energy costs and increased demand created by the oil and gas activity.	Active
North Slope Borough 04- NPR-A-04	Waterfowl in NPR-A Continuation	443,619	This is Phase III of the FY00 surveys. The need for tracking and analysis is clearly related to the foreseeable impacts of oil and gas development.	Active
North Slope Borough 04- NPR-A-05	Arctic Fox Satellite Project	316,582	Project will outfit 20 arctic fox with radio transmitters and collection and analysis of data gathered. Establishment of baseline data will permit more accurate monitoring of impact on wildlife.	Active
North Slope Borough 04- NPR-A-06	Caribou Movements & Distribution	359,245	This is Phase III of the FY00 surveys. The need for tracking and analysis is clearly related to the foreseeable impacts of oil and gas development.	Active
Sub-Total (page 1)		\$5,621,527		

NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations
FY 04 Appropriation (page 2 of 3)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough 04-NPRA-07	Survey and Inventory of Fish Resources	362,931	Project will include tagging and radio tracking of subsistence fish. The need for the inventory is clearly related to the foreseeable impacts of oil and gas development. Establishment of baseline data will permit more accurate monitoring of oil and gas impacts on wildlife.	Active
North Slope Borough 04-NPRA-08	Fish Petroleum Hydrocarbon Study	405,659	Project will establish baseline data on the current status of petroleum hydrocarbons in four species of subsistence fish in the NPR-A.	Active
North Slope Borough 04-NPRA-09	Subsistence Harvest Monitoring	188,030	This is Phase III of the FY00 survey. Project will continue documentation of yearly wildlife harvest; identify specific areas important to subsistence hunting and any adverse impacts caused by oil/gas development.	Active
North Slope Borough 04-NPRA-10	Electric Thermal Oxidation/Waste Heat	1,500,000	Project will remodel the thermal oxidation system, expand the thermal oxidation system facility, and prepare a feasibility study on development of an electrical co-generation system at the facility.	Active
North Slope Borough 04-NPRA-11	Grant Oversight and Supervision	213,418	Project will allow NSB staff to work with borough communities to provide capacity building as well as send staff to professional development training.	Active
North Slope Borough 04-NPRA-12	Volunteer Search and Rescue Equipment	565,425	Project will provide search and rescue equipment, parts and supplies, and training for borough communities.	Active
North Slope Borough 04-NPRA-13	Fire Department Equipment Upgrades	250,276	Project will provide emergency medical equipment for five borough communities.	Closed 12/04
North Slope Borough 04-NPRA-14	Barrow Sewage Treatment Facility	10,000,000	Project will provide funds for construction of a new sewage treatment facility which will safely store and treat raw sewage and runoff for the next 20 years.	Active
North Slope Borough 04-NPRA-15	Emergency Radio Communications	1,550,570	Project will provide funds for purchase and maintenance of equipment/materials/supplies needed for the 800 MHz radio system for NSB emergency response teams.	Active
North Slope Borough 04-NPRA-16	Police Department Facilities and Training	728,999	Project will upgrade police department facilities in NSB communities including purchase of updated equipment and vehicles and professional development training.	Active
North Slope Borough 04-NPRA-17	Telecommunications System Update	156,145	Project will purchase equipment necessary for upgrading the current information technology system and to provide training for NSB staff in installation, operation and maintenance. As of 9/30/05 \$7500 remains in grant. Expect to close by 6/30/06.	Active
Sub-Total (page 2)		\$15,921,453		

NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations
FY 04 Appropriation (page 3 of 3)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough 04- NPR.A-18	Research Equipment for NPR-A Activities	250,000	Project will purchase equipment for collecting and analyzing data on subsistence activities and fish and wildlife resources.	Active
North Slope Borough 04- NPR.A-19	Barrow School Resource Officers	237,240	Project will fund School Resource Officers in three Barrow schools, provide training and purchase educational materials and supplies.	Active
North Slope Borough 04- NPR.A-20	NPR-A Village School Counselors	435,736	Project will fund salary/benefits for a School Counselor in four NPR-A communities and provide training for each position.	Active
North Slope Borough 04- NPR.A-26	Project Compliance and Fiscal Coordinator	198,250	Project will fund salary/benefits for a new Project Compliance and Fiscal Coordinator for all research related projects within the NSB's Dept of Wildlife Management for two years.	Active
North Slope Borough 04- NPR.A-27	Childcare/Learning Center/Training	56,123	Funds will be used to purchase surveillance equipment and for purchase and installation of fencing around the Barrow Child Care Learning Center playground. Two Center employees will attend professional development training.	Active
North Slope Borough 04- NPR.A-28	Village Summer Recreation Program	121,374	Project will fund salary/benefits for a Recreation Coordinator and a Recreation Aide for a summer recreation program in the five NPR-A communities. Professional development training also to be provided.	Active
North Slope Borough 04- NPR.A-29	Mayor's Job Program	653,929	This is a continuation of the FY03 NPR-A grant project, which mitigates impacts by supplying entry-level employment in village positions that have been vacated due to oil and gas development.	Closed 9/05
North Slope Borough 04- NPR.A-30	Workforce Development Program	1,515,825	Project will develop a One-Stop Job Center where NPR-A village members can obtain skills, certifications, and the expertise necessary to become employed by the infrastructure created by NPR-A development.	Active
	Sub-Total (page 1)	\$5,621,527		
	Sub-Total (page 2)	\$15,921,453		
	Sub-Total (page 3)	\$3,468,477		
	Total	\$25,011,457		

NPR-A Impact Mitigation Grants Awarded - Based on December 2003 Recommendations
FY 05 Appropriation

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Barrow 05- NPRA-01	Tuzzy Library	180,000	Project will fund salary/benefits for a full-time Library Technician to provide general library services with a focus on children.	Active
North Slope Borough 05- NPRA-02	Wainwright Local Government Operations	250,000	Project will fund salary/benefits for City positions and increase of hours on some current positions.	Active
North Slope Borough 05- NPRA-03	Barrow Allied Health Care Training Program	320,000	The need for the survey is clearly related to the foreseeable impacts of oil and gas development. The North Slope Allied Health Training Program will provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope.	Active
North Slope Borough 05- NPRA-04	Social and Cultural Impacts Study	300,586	Purpose of project is to document observations and perceptions of North Slope residents regarding historical, current and potential effects of oil industry activities on hunting and to determine how oil/gas development has affected hunters.	Active
North Slope Borough 05- NPRA-05	Oil/Gas Development Comprehensive Plan	400,000	This project will develop a comprehensive borough-wide oil and gas land-use plan to guide industrial development.	Active
North Slope Borough 05- NPRA-06	School Counselors Extended Program	205,000	This is a continuation of the program initially funded in FY 04 and will hire two additional school counselors in Barrow. As of 9/30/05 balance in grant is \$61. Expect it to close effective 12/05.	Active
North Slope Borough 05- NPRA-07	School Resource Officers	125,000	This is a continuation of the program initially funded in FY 04 and will be used to retain and train a School Resource Officer in Barrow.	Active
North Slope Borough 05- NPRA-08	School Based Programs	500,000	The NSB will partner with the NSB School District to provide open gyms and structured activities in Atqasak, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright.	Active
Nuiqsut 05- NPRA-10	Local Government Operations	250,000	Project will fund salary/benefits for City positions and increase of hours on some current positions.	Closed 7/05
Total		\$2,530,586		

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations

FY 06 Appropriation (page 1 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
Atqasuk 06- NPRA-01	Local Government Operations	336,468	The purpose of this project is to supplement the maintenance and operations costs necessary to successfully operate the local government of Atqasuk and provide continued services to residents including an expanded youth program. The project will provide funding for one year for the following city staff: mayor, city clerk, assistant clerk, janitor, two recreation aides. Grant funds are also requested for insurance, audit/accountant, utilities, equipment, communications, materials/supplies, freight and travel.	Active
Atqasuk 06- NPRA-02	Youth Center Addition to Community Center	680,000	The purpose of this project is to construct a 1600 square foot (SF) one-story addition to the Community Center to create a Youth Center. This will provide Atqasuk youth (ages 10-18) with a safe, drug-free, warm, supervised environment to socialize, play games, study and take part in other youth activities. There are currently 43 children in Atqasuk who are between the ages of 10 and 18. Grant funds are requested for the design and construction contract.	Active
Barrow 06- NPRA-03	Basic Local Government Operations	1,385,843	The purpose of this project is to provide operations for the City of Barrow for a one-year period. Grant funds are requested for labor/benefits for the following full-time positions (37.5 hr/wk): mayor, city clerk, assistant clerk, property manager, finance director, bookkeeper, permitting clerk, special projects/polar bear watchman, administrative assistant, webmaster, recreation director, recreation supervisor and two recreation aides. Grant funds are requested for labor/benefits for the following part-time positions: grants administrator (30 hr/wk), DMV representative (19 hr/wk), and 13 recreation aides (15-24 hr/wk). Grant funds are also requested for contractual (legal, audit, computer support), equipment, materials, freight and training. Administration will be provided as an in-kind contribution (2 hr/wk for the Grant Administrator).	Active
Barrow 06- NPRA-04	City Hall Building Addition Feasibility Study	69,413	The purpose of this project is to complete a feasibility study to identify the costs and materials needed to construct an addition for City Hall so it will continue to function efficiently and adequately. Grant funds are requested for contractual consultant costs.	Active
Barrow 06- NPRA-05	City Impound and Disposal Site	174,389	The purpose of this project is to construct a 120' x 200' gravel pad to provide a safe area for junk vehicles. The pad will be lined to keep vehicle fluids from seeping into the earth. Grant funds are requested for labor/benefits (four laborers), contractual (tractor operator/ rental costs), materials and freight.	Active
Barrow 06- NPRA-06	Roller Rink Renovation Feasibility Study	63,556	The purpose of this project is to complete a feasibility study to identify the costs and materials needed to renovate the Barrow Roller Rink, which is utilized as a multi-purpose facility. Grant funds are requested for contractual consultant costs.	Active
Sub-Total (page 1)		\$2,709,669		

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations
 FY 06 Appropriation (page 2 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
Nuiqsut 06- NPR-07	Local Government Operations	468,000	The purpose of this project is to provide continued funding for local government operations for one year. Grant funds are requested for labor/benefits (full-time city clerk, maintenance, cultural coordinator, and bookkeeper; full-time night watch during summer months), contractual (City Administrator labor/benefits), equipment purchase (copier, fax/printer, computer), office supplies, freight (for equipment/supplies), travel (City Council/staff training), other (CPA professional services) and administration (utilities, insurance, council honorarium, vehicle maintenance and repairs). Also includes some equipment purchases for cultural coordinator.	Active
North Slope Borough 06- NPR-08	Barrow Allied Health Care Training Program	3,400,000	The North Slope Allied Health Training Program (NSAHTP) was established to provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope. Providers and participants include the Borough, NSB Health Department, Arctic Slope Native Association, Samuel Simmonds Memorial Hospital, and Ilisagvik College. The purpose of this project is to provide funding for the North Slope Allied Health Training Center which will coordinate training that has been identified to address and assuage the impacts of NPR-08 oil and gas development. Grant funds are requested for labor/benefits, contractual, equipment, supplies, travel, other and administration.	Active
North Slope Borough 06- NPR-09	Continue Studies to Investigate Wildlife	2,461,368	The purpose of this project is to supplement existing research within the NSB Department of Wildlife Management, which is critical to responding to Inupiat hunter's concerns about oil and gas exploration and development. This project would cover a three-year period to continue the following research: (1) Subsistence Harvest Documentation; (2) Waterfowl Surveys; (3) Key Subsistence Fish Species; (4) Hydrocarbons in Fish; and (5) Satellite Tracking of the Teshekpuk Caribou Herd. Grant funds are requested for labor/benefits, contractual, equipment, materials/supplies, travel and administration.	Active
North Slope Borough 06- NPR-10	Health, Survival & Sustainability of Key Subsistence Resources	654,426	The purpose of this project is to conduct new studies over a 3-year period that address and document independent aspects of wildlife population biology. Each study has been designed to complement each other so the NSB Department of Wildlife Management may better understand the influences of weather and habitat on natural winter survival of caribou; project future population estimates of TCH caribou under different conditions; and assess and document the health of subsistence animal and fish populations. Grant funds are requested for labor/benefits, contractual, equipment, supplies, travel and indirect.	Active
Sub-Total (page 2)		<u>\$6,983,794</u>		

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations
FY 06 Appropriation (page 3 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06- NPR-11	Mayor's Job Program	2,527,961	The purpose of this project is to continue the existing Mayor's Job Program, which provides short-term employment for NSB residents at the Borough offices and other employers such as the Arctic Slope Native Association, Native Village of Barrow and the City of Barrow. The program provides training for individuals to assist them with acquiring necessary job skills to advance to full-time employment. Grant funds are requested to fund these positions, as well as a part-time coordinator to oversee the participants throughout the affected areas. Funding is also requested for supplies and administration.	Active
North Slope Borough 06- NPR-12	Nuiqsut Design Retractable Boat Ramp	200,000	The purpose of this project is to design and install a retractable boat ramp. Grant funds are requested for contractual and administration.	Active
North Slope Borough 06- NPR-13	Nuiqsut Youth Center Operation and Maintenance	191,205	The purpose of this project is to provide funding for the operation and maintenance of the Nuiqsut Youth Center. Grant funds are requested for labor/benefits (three full-time Coordinator positions), equipment purchase (TV & DVD), material/supplies (cleaning/janitorial, computer software, games, craft supplies), freight, training (academic/computer), utilities (fuel, electricity, water/sewer, phone/internet) and administration. In December 2005 the City of Nuiqsut and NSB agreed to move funds (total \$41,205) to this grant from two grants appropriated in FY02: 01-NPR-09 (Nuiqsut Wooden Deck Ball Court @ \$11,205) and 01-NPR-10 (Nuiqsut Emergency Hunting Shelters @ \$30,000).	Active
North Slope Borough 06- NPR-14	Village Capacity Building	968,182	The purpose of this project is to provide capacity-building assistance over a 3-year period to NSB villages so they may effectively serve the needs of their communities as they deal with the effects of oil and gas development. This project is planned for three years in order to assist those communities that are affected today by NPR-14 oil and gas activity as well as to prepare those communities that will be impacted as NPR-14 activity expands. Grant funds are requested for labor/benefits, contractual, travel, materials/supplies and administration.	Active
North Slope Borough 06- NPR-15	Wainwright City Office Revonocations	38,114	The purpose of this project is to repair the City Office building to provide a safe, warm environment for city business. This includes replacement of damaged floor substrate, floor tiles, ceiling lighting, furnace, hot water heater, fire door and addition of o/s air intake. Grant funds are requested for contractual services and administration.	Active
Sub-Total (page 3)		<u>\$3,884,257</u>		

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations
FY 06 Appropriation (page 4 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06-NPRA-16	Wainwright Lagoon Boat Launch	525,000	The purpose of this project is to replace or renovate the Wainwright Lagoon Boat Ramp to provide a safe launch site for subsistence and rescue activities. Grant funds are requested for contractual services and administration.	Active
North Slope Borough 06-NPRA-17	Wainwright Local Government Operations	311,500	The purpose of this project is to provide continued funding for a City Administrator, Program Assistant and City Clerk to build the capacity of the City of Wainwright to successfully manage its financial affairs and grant programs, to implement new sources of revenue, and to continue staff training. Grant funds are requested for labor/benefits, contractual services, maintenance/repairs, insurance, utilities, materials/supplies, training/travel, audit/ accountant fees and administration.	Active
North Slope Borough 06-NPRA-18	Wainwright Softball Field	35,000	The purpose of this project is to purchase and install a backstop, bleachers and other equipment required to provide a summer softball program for Wainwright youth which will be conducted on the Municipal Reserve recreational area owned by the city. Grant funds are requested for contractual services, materials/supplies and administration.	Active
North Slope Borough 06-NPRA-19	Wainwright Youth Program	229,500	The purpose of this project is to provide funding for the Wainwright Youth Program at the Robert James Community Center which offers an adult-supervised, safe, drug-free environment for Wainwright youth ages 10-18. Grant funds are requested for labor/benefits, contractual, utilities, maintenance/ repairs, materials/supplies and administration.	Active
North Slope Borough 06-NPRA-20	Workforce Development Program	3,729,451	The purpose of this project is to continue the existing Workforce Development Program, which is designed to provide entry level training for unemployed residents, apprenticeship training for residents with more advanced job skills and training to enhance the job skills of current NSB employees. Grant funds are requested for labor/benefits for four full-time positions at the Savaat Center: Workforce Development Coordinator, NSB Employer Liaison; NSB Training Facilitator; Savaat Center Program Assistant. Grant funds are also requested for equipment, training, travel and administration.	Active
North Slope Borough 06-NPRA-21	Atqasuk Energy Assessment	100,042	The purpose of this project is to identify the most cost-effective, cleanest and safest alternative to energy (power, light and heat) in the community of Atqasuk. Fuel costs in Atqasuk are currently the highest on the Slope and they have need to purchased 500,000 gallons for FY05. Grant funds are requested for contractual engineering/cost analysis and administration.	Active
Sub-Total (page 4)		\$4,930,493		

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations
FY 06 Appropriation (page 5 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06- NPR-A-22	Fire Equipment and Training	250,000	The purpose of this project is to allow the NSB Fire Department to acquire a quint fire fighting apparatus in Barrow, acquire other training and operational equipment, and provide fire and emergency medical training to fire department employees and volunteer fire fighters in Atkasuk, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright. Grant funds are requested for equipment, supplies, freight, training, travel and administration.	Active
North Slope Borough 06- NPR-A-23	Misdemeanor Probation Officer	346,071	The purpose of this project is to create one full-time Misdemeanor Probation Officer position for three years, which will be tasked with collecting information on misdemeanor offenders and their compliance with court-ordered conditions of probation/release. Grant funds are requested for labor/benefits, contractual, travel, materials/supplies and administration.	Active
North Slope Borough 06- NPR-A-24	North Slope Borough Science Initiatives	425,578	The purpose of this project is to support the Borough's involvement in the North Slope Science Initiative (NSSI). The NSSI was established to develop a science-based program that integrates inventory, monitoring and research activities to support resource management decisions on the North Slope of Alaska. Its mission is to enhance the quality and quantity of the scientific information available for aquatic, terrestrial and marine environments on the North Slope and to make this information available to decision-makers, governmental agencies, industry and the public. Grant funds are requested for labor/benefits, contractual, supplies, travel and administration.	Active
North Slope Borough 06- NPR-A-25	NPR-A Technical Review Team	1,468,508	The purpose of this project is to provide additional staff to assist the NSB departments responsible for reviewing and commenting on resource development issues, including environmental analyses and permit applications. Grant funds are requested for services from a biologist, permit specialist and an attorney, including travel and support costs related to attending and holding public hearings and other meetings. Funds are also requested for contractual services, materials and administration.	Active
North Slope Borough 06- NPR-A-26	Oil Response Team	737,867	The purpose of this project is to develop a dedicated spill response team with squads located in Atkasuk, Barrow, Nuiqsut and Wainwright. Each team would have primary responsibility for handling spills in and near their respective communities, but would also be able to rapidly respond to neighboring communities to assist in large-scale spills. Grant funds are requested for labor/benefits (Fuel Spill Response Team Coordinator – full-time in Year One; part-time in Year Two), materials/supplies, protective equipment/response gear, travel/training and administration.	Active
Sub-Total (page 5)		<u>\$3,228,024</u>		

NPR-A 1 Mitigation Grants Awarded - Based on January 2005 Recommendations
 FY 06 Appropriation (page 6 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06- NPRA-27	Police Importation Combat Program	1,101,512	The purpose of this project is to implement an investigative unit comprised of three new full-time Police Officer positions for a 3-year period, dedicated to combating the illegal importation, manufacture and distribution of drugs and alcohol occurring in each of the NPRA impacted communities. Grant funds are requested for labor/benefits and administration.	Active
North Slope Borough 06- NPRA-28	Police Officers for NPRA Villages	1,486,689	The purpose of this project is to employ a full-time Police Officer for a three-year period in Atkasuk, Barrow, Nuiqsut and Wainwright. Grant funds are requested for labor/benefits and administration.	Active
North Slope Borough 06- NPRA-29	Social and Culutral Impact Study Phase 2	275,880	The purpose of this project is to prepare a comprehensive scientific study to identify the key socio-economic impacts of oil and gas development in Atkasuk, Barrow, Nuiqsut and Wainwright. Phase I of the study started in July 2004 and consists of designing the survey instrument and data collection. Phase 2 will analyze data collected in phase 1, focusing on the observations and perceptions of NSB residents regarding historical, current and potential effects of oil industry activities on onshore and offshore hunting. Grant funds are requested for contractual and administration.	Active
North Slope Borough 06- NPRA-30	Utility Master Plan/Emergency Plan	106,221	The purpose of this project is to prepare a Borough-wide Utility Master Plan and Emergency Utility Plan to assess the future requirements of power, water, sewer, waste collection and landfill functions across the North Slope and develop a tool for the Borough to use to prepare communities for the changes ahead. Grant funds are requested for contractual engineering and administration.	Active
Sub-Total (page 1)		\$2,709,669		
Sub-Total (page 2)		\$6,983,794		
Sub-Total (page 3)		\$3,884,257		
Sub-Total (page 4)		\$4,930,493		
Sub-Total (page 5)		\$3,228,024		
Sub-Total (page 6)		\$2,970,302		
Total		\$24,706,539	Note: This total does not include the \$41,205 moved from FY 02 grants.	

FY 07 NPR-A Applications Received by 11/15/05 Deadline

APPLICANT	PROJECT TITLE	COMMUNITY(IES) TO BENEFIT	AMOUNT REQUESTED
City of Atqasuk	Local Government Operations & Youth Program	Atqasuk	345,867.00
	Total Requested (1)		\$345,867.00
City of Barrow	Public Facilities Operations & Maintenance	Barrow	744,073.05
	Total Requested (1)		\$744,073.05
North Slope Borough	Wainwright Local Government Operations	Wainwright	325,000.00
	Wainwright Youth Center Program	Wainwright	243,000.00
	Training & Mentoring Program for NPRA Residents Entering Oil Industry	All NPRA	315,707.00
	Nuiqsut & Hopson Middle School Counselors	Nuiqsut & Barrow	253,115.00
	Bowhead Workshop	Barrow, Nuiqsut & Wainwright	60,095.00
	Vegetation Monitoring in NPRA	All NPRA	147,688.00
	Understanding Predators (Gulls)	All NPRA	341,812.00
	Health Assessment/Contaminants	All NPRA	24,200.00
	Cabin & Campsite Locations Mapping	All NPRA	61,710.00
	NSB Assembly Chambers Expansion/Renovation	Borough-wide	525,000.00
	Barrow E911 System	Borough-wide	511,878.00
	Barrow Digital Repeater Upgrades	Borough-wide	507,064.00
	School Resource Officer	Barrow	125,000.00
	Total Requested (13)		\$3,441,269.00
City of Nuiqsut	Local Government Operations & Maintenance	Nuiqsut	500,000.00
	Paisangich Cultural Plan	Nuiqsut	100,000.00
	Youth Center Operations & Maintenance	Nuiqsut	150,000.00
	Total Requested (3)		\$750,000.00
	GRAND TOTAL - 18 Applications		\$5,281,209.05

ATTACHMENTS

Federal Statutes (42 USC Chapter 78)

Alaska Statutes (AS 37.05.530)

Alaska Regulations (03 AAC 150)

UNITED STATES CODE
Title 42 - The Public Health And Welfare
Chapter 78 - National Petroleum Reserve In Alaska

Sec. 6501. - "Petroleum" defined

As used in this chapter, the term "petroleum" includes crude oil, gases (including natural gas), natural gasoline, and other related hydrocarbons, oil shale, and the products of any of such resources

Sec. 6502. - Designation of National Petroleum Reserve in Alaska; reservation of lands; disposition and conveyance of mineral materials, lands, etc., preexisting property rights

The area known as Naval Petroleum Reserve Numbered 4, Alaska, established by Executive order of the President, dated February 27, 1923, except for tract Numbered 1 as described in Public Land Order 2344, dated April 24, 1961, shall be transferred to and administered by the Secretary of the Interior in accordance with the provisions of this Act. Effective on the date of transfer all lands within such area shall be redesignated as the "National Petroleum Reserve in Alaska" (hereinafter in this chapter referred to as the "reserve"). Subject to valid existing rights, all lands within the exterior boundaries of such reserve are hereby reserved and withdrawn from all forms of entry and disposition under the public land laws, including the mining and mineral leasing laws, and all other Acts; but the Secretary is authorized to

(1) make dispositions of mineral materials pursuant to the Act of July 31, 1947 (61 Stat. 681), as amended (30 U.S.C. 601 et seq.), for appropriate use by Alaska Natives and the North Slope Borough,

(2) make such dispositions of mineral materials and grant such rights-of-way, licenses, and permits as may be necessary to carry out his responsibilities under this Act,

(3) convey the surface of lands properly selected on or before December 18, 1975, by Native village corporations pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), and

(4) grant such rights-of-way to the North Slope Borough, under the provisions of title V of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761 et seq.) or section 28 of the Mineral Leasing Act, as amended (30 U.S.C. 185), as may be necessary to permit the North Slope Borough to provide energy supplies to villages on the North Slope. All other provisions of law heretofore enacted and actions heretofore taken reserving such lands as a Naval Petroleum Reserve shall remain in full force and effect to the extent not inconsistent with this Act

Sec. 6503. - Transfer of jurisdiction, duties, property, etc., to Secretary of the Interior from Secretary of Navy

(a) Transfer of jurisdiction over reserve; date of transfer

Jurisdiction over the reserve shall be transferred by the Secretary of the Navy to the Secretary of the Interior on June 1, 1977.

(b) Protection of environmental, fish and wildlife, and historical or scenic values; promulgation of rules and regulations

With respect to any activities related to the protection of environmental, fish and wildlife, and historical or scenic values, the Secretary of the Interior shall assume all responsibilities as of April 5, 1976. As soon as possible, but not later than the effective date of transfer, the Secretary of the Interior may promulgate such rules and regulations as he deems necessary and appropriate for the protection of such values within the reserve.

(c) Contract responsibilities and functions

The Secretary of the Interior shall, upon the effective date of the transfer of the reserve, assume the responsibilities and functions of the Secretary of the Navy under any contracts which may be in effect with respect to activities within the reserve.

(d) Equipment, facilities, and other properties used in connection with operation of reserve; transfer without reimbursement

On the date of transfer of jurisdiction of the reserve, all equipment, facilities, and other property of the Department of the Navy used in connection with the operation of the reserve, including all records, maps, exhibits, and other informational data held by the Secretary of the Navy in connection with the reserve, shall be transferred without reimbursement from the Secretary of the Navy to the Secretary of the Interior who shall thereafter be authorized to use them to carry out the provisions of this chapter.

(e) Unexpended funds previously appropriated for use in connection with reserve and civilian personnel ceilings assigned to management and operation of reserve

On the date of transfer of jurisdiction of the reserve, the Secretary of the Navy shall transfer to the Secretary of the Interior all unexpended funds previously appropriated for use in connection with the reserve and all civilian personnel ceilings assigned by the Secretary of the Navy to the management and operation of the reserve as of January 1, 1976

Sec. 6504. - Administration of reserve

(a) Congressional authorization as precondition for production and development of petroleum

Except as provided in subsection (e) of this section, production of petroleum from the reserve is prohibited and no development leading to production of petroleum from the reserve shall be undertaken until authorized by an Act of Congress.

(b) Conduct of exploration within designated areas to protect surface values

Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve.

(c) Continuation of ongoing petroleum exploration program by Secretary of Navy prior to date of transfer of jurisdiction; duties of Secretary of Navy prior to transfer date

The Secretary of the Navy shall continue the ongoing petroleum exploration program within the reserve until the date of the transfer of jurisdiction specified in section 6503(a) of this title. Prior to the date of such transfer of jurisdiction the Secretary of the Navy shall -

(1) cooperate fully with the Secretary of the Interior providing him access to such facilities and such information as he may request to facilitate the transfer of jurisdiction;

(2) provide to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives copies of any reports, plans, or contracts pertaining to the reserve that are required to be submitted to the Committees on Armed Services of the Senate and the House of Representatives; and

(3) cooperate and consult with the Secretary of the Interior before executing any new contract or amendment to any existing contract pertaining to the reserve and allow him a reasonable opportunity to comment on such contract or amendment, as the case may be.

(d) Commencement of petroleum exploration by Secretary of the Interior as of date of transfer of jurisdiction; powers and duties of Secretary of the Interior in conduct of exploration

The Secretary of the Interior shall commence further petroleum exploration of the reserve as of the date of transfer of jurisdiction specified in section 6503(a) of this title. In conducting this exploration effort, the Secretary of the Interior -

(1) is authorized to enter into contracts for the exploration of the reserve, except that no such contract may be entered into until at least thirty days after the Secretary of the Interior has provided the Attorney General with a copy of the proposed contract and such other information as may be appropriate to determine legal sufficiency and possible violations under, or inconsistencies with, the antitrust laws. If, within such thirty day period, the Attorney General advises the Secretary of the Interior that any such contract would unduly restrict competition or be inconsistent with the antitrust laws, then the Secretary of the Interior may not execute that contract;

(2) shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives any new plans or substantial amendments to ongoing plans for the exploration of the reserve. All such plans or amendments submitted to such committees pursuant to this section shall contain a report by the Attorney General of the United States with respect to the anticipated effects of such plans or amendments on competition. Such plans or amendments shall not be implemented until sixty days after they have been submitted to such committees; and

(3) shall report annually to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives on the progress of, and future plans for, exploration of the reserve

Sec. 6505. - Executive department responsibility for studies to determine procedures used in development, production, transportation, and distribution of petroleum resources in reserve; reports to Congress by President; establishment of task force by Secretary of the Interior; purposes; membership; report and recommendations to Congress by Secretary; contents

(a) Omitted

(b)

(1) The President shall direct such Executive departments and/or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska, to determine the best overall procedures to be used in the development, production, transportation, and distribution of petroleum resources in the reserve. Such study shall include, but shall not be limited to, a consideration of -

(A) the alternative procedures for accomplishing the development, production, transportation, and distribution of the petroleum resources from the reserve, and

(B) the economic and environmental consequences of such alternative procedures.

(2) The President shall make semiannual progress reports on the implementation of this subsection to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives beginning not later than six months after April 5, 1976, and shall, not later than one year after the transfer of jurisdiction of the reserve, and annually thereafter, report any findings or conclusions developed as a result of such study together with appropriate supporting data and such recommendations as he deems desirable. The study shall be completed and submitted to such committees, together with recommended procedures and any proposed legislation necessary to implement such procedures not later than January 1, 1980.

(c)

(1) The Secretary of the Interior shall establish a task force to conduct a study to determine the values of, and best uses for, the lands contained in the reserve, taking into consideration

- (A) the natives who live or depend upon such lands,
- (B) the scenic, historical, recreational, fish and wildlife, and wilderness values,
- (C) mineral potential, and
- (D) other values of such lands.

(2) Such task force shall be composed of representatives from the government of Alaska, the Arctic slope native community, and such offices and bureaus of the Department of the Interior as the Secretary of the Interior deems appropriate, including, but not limited to, the Bureau of Land Management, the United States Fish and Wildlife Service, the United States Geological Survey, and the United States Bureau of Mines.

(3) The Secretary of the Interior shall submit a report, together with the concurring or dissenting views, if any, of any non-Federal representatives of the task force, of the results of such study to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives within three years after April 5, 1976, and shall include in such report his recommendations with respect to the value, best use, and appropriate designation of the lands referred to in paragraph (1)

Sec. 6506. - Applicability of antitrust provisions; plans and proposals submitted to Congress to contain report by Attorney General on impact of plans and proposals on competition

Unless otherwise provided by Act of Congress, whenever development leading to production of petroleum is authorized, the provisions of subsections (g), (h), and (i) of section 7430 of title 10 shall be deemed applicable to the Secretary of the

Interior with respect to rules and regulations, plans of development and amendments thereto, and contracts and operating agreements. All plans and proposals submitted to the Congress under this chapter or pursuant to legislation authorizing development leading to production shall contain a report by the Attorney General of the United States on the anticipated effects upon competition of such plans and proposals

Sec. 6507. - Authorization of appropriations; Federal financial assistance for increased municipal services and facilities in communities located on or near reserve resulting from authorized exploration and study activities

(a) There are authorized to be appropriated to the Department of the Interior such sums as may be necessary to carry out the provisions of this chapter.

(b) If the Secretary of the Interior determines that there is an immediate and substantial increase in the need for municipal services and facilities in communities located on or near the reserve as a direct result of the exploration and study activities authorized by this chapter and that an unfair and excessive financial burden will be incurred by such communities as a result of the increased need for such services and facilities, then he is authorized to assist such communities in meeting the costs of providing increased municipal services and facilities. The Secretary of the Interior shall carry out the provisions of this section through existing Federal programs and he shall consult with the heads of the departments or agencies of the Federal Government concerned with the type of services and facilities for which financial assistance is being made available

Sec. 6508. - Competitive leasing of oil and gas

There shall be conducted, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska: Provided, That

(1) activities undertaken pursuant to this section shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve);

(2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) (43 U.S.C. 1712, 1782) shall not be applicable to the Reserve;

(3) the first lease sale shall be conducted within twenty months of December 12, 1980: Provided, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332);

(4) the withdrawals established by section 102 of Public Law 94-258 (42 U.S.C. 6502) are rescinded for the purposes of the oil and gas leasing program authorized herein;

(5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1)(A) through (H) [1] of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629) (43 U.S.C. 1337(a)(1)(A)-(H));

(6) lease tracts may encompass identified geological structures;

(7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary;

(8) each lease shall be issued for an initial period of ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon;

(9) for purposes of conservation of the natural resources of any oil or gas pool, field, or like area, or any part thereof, lessees thereof and their representatives are authorized to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit agreement for such pool, field, or like area, or any part thereof (whether or not any other part of said oil or gas pool, field, or like area is already subject to any cooperative or unit plan of development or operation), whenever determined by the Secretary to be necessary or advisable in the public interest. Drilling, production, and well reworking operations performed in accordance with a unit agreement shall be deemed to be performed for the benefit of all leases that are subject in whole or in part to such unit agreement. When separate tracts cannot be independently developed and operated in conformity with an established well spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by the United States, under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Secretary of the Interior to be in the public interest, and operations or production pursuant to such an agreement shall be deemed to be operations or production as to each such lease committed thereto;

(10) to encourage the greatest ultimate recovery of oil or gas or in the interest of conservation the Secretary is authorized to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, including on any lease operated pursuant to a unit agreement, whenever in his judgment the leases cannot be successfully operated under the terms provided therein. The Secretary is authorized to direct or assent to the suspension of operations and production on any lease or unit. In the event the Secretary, in the interest of conservation, shall direct or assent to the suspension of operations and production on any lease or unit, any payment of acreage rental or minimum royalty

prescribed by such lease or unit likewise shall be suspended during the period of suspension of operations and production, and the term of such lease shall be extended by adding any such suspension period thereto; and

(11) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this section shall be paid into the Treasury of the United States: Provided, That 50 percent thereof shall be paid by the Secretary of the Treasury semiannually, as soon thereafter as practicable after March 30 and September 30 each year, to the State of Alaska for:

(A) planning;

(B) construction, maintenance, and operation of essential public facilities;
and

(C) other necessary provisions of public service: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105(b) and (c) of Public Law 94-258 (42 U.S.C. 6505(b), (c)) shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190) (42 U.S.C. 4332(2)(C)), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: Provided, That not more than a total of 2,000,000 acres may be leased in these two sales: Provided further, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)

ALASKA STATUTES
Title 37. Public Finance
Chapter 5. Fiscal Procedures Act

Section 530. National Petroleum Reserve - Alaska Special Revenue Fund

(a) The National Petroleum Reserve - Alaska special revenue fund is established. The fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6508 (P.L. 96-514) since December 12, 1980, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984.

(b) The commissioner of revenue shall manage the National Petroleum Reserve - Alaska special revenue fund.

(c) The Department of Community and Economic Development shall adopt regulations under which municipalities impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact. The department shall give priority in the allocation of grants to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska. The department shall fund all meritorious grant applications out of the money appropriated to it each year. Within 10 days after the convening of each regular session of the legislature, the department shall submit to the legislature a list of all municipalities that have received grants, a list of all municipalities determined by the department to be eligible for further grants, a recommendation of the amount of money to be granted for those additional applications, and written justification of each past and potential grant.

(d) It is the intent of the legislature that each year all of the money in the National Petroleum Reserve - Alaska special revenue fund be made available for appropriation by the legislature to municipalities that demonstrate under (c) of this section present impact, or the need to determine or plan for future impact, from oil and gas development under 42 U.S.C. 6508. It is the intent of the legislature that an initial appropriation be made to the Department of Community and Economic Development to cover anticipated impact grants, and that additional funds be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

(e) A municipality may use the funds received under (d) of this section only for the following activities and services to alleviate the impact of the oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska:

- (1) planning;

(2) construction, maintenance, and operation of essential public facilities by the municipality, and

(3) other necessary public services provided by the municipality.

(f) Funds appropriated under (d) of this section may not be used for the retirement of municipal debt.

(g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated for grants to municipalities under (d) of this section shall be deposited at the end of each fiscal year as follows: (1) 25 percent to the principal of the Alaska permanent fund; and (2) .5 percent to the public school trust fund (AS 37.14.110). The amounts remaining after the deposits to the Alaska permanent fund and the public school trust fund may be appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100). The amounts remaining after any appropriation to the power cost equalization and rural electric capitalization fund shall lapse into the general fund for use by the state for the following facilities and services: planning; construction, maintenance, and operation of essential public facilities; and other necessary public services.

(h) Notwithstanding other provisions of law and unless expressly provided by the legislature in the appropriation item making the appropriation, an appropriation from the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes of determining the funding sources for the appropriation be treated as though the appropriation takes effect in the fiscal year in which the appropriation passes the legislature. The authorization to expend funds appropriated from the fund shall take effect as otherwise provided by law.

ALASKA ADMINISTRATIVE CODE
Title 3. Community and Economic Development
Chapter 150. National Petroleum Reserve - Alaska Impact Program

3 AAC 150.010. General Objectives

The primary objective of the National Petroleum Reserve-Alaska (NPR-A) Impact Program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil or gas leasing within the NPR-A, including exploration, production, and oil or gas transportation activities, conducted under the authority of 42 U.S.C. 6508. Financial assistance may be available for

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; and
- (3) other necessary public services.

3 AAC 150.020. Administration of NPR-A Impact Program

Under sec. 2, ch. 53, SLA 1986, the legislature will appropriate each year the balance remaining in the National Petroleum Reserve-Alaska special revenue fund to the Department of Community and Economic Development. The department will, in accordance with this chapter, receive, review, and evaluate applications from eligible municipalities each year, and will fund qualified grant requests up to the amount of the appropriation. Money not allocated to eligible municipalities each year lapses in accordance with sec. 3, ch. 53, SLA 1986. If the total amount of money requested by eligible municipalities in a year exceeds the appropriation for that year, the department will allocate the available grant money in accordance with the criteria for priority set out in 3 AAC 150.060 - 3 AAC 150.080. Additional money might be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

3 AAC 150.030. Eligibility in General

Eligibility for NPR-A impact assistance has two main components: applicant eligibility and project eligibility.

3 AAC 150.040. Applicant Eligibility

To be eligible to receive assistance under the NPR-A Impact program, the applicant

- (1) must be a municipality under state law; and
- (2) must demonstrate present impact, regardless of date of initial occurrence, or foreseeable future impact, on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

3 AAC 150.050. Project Eligibility

(a) To be eligible for funding under the NPR-A impact program, a project must be related to present, continuing, or reasonably foreseeable impact on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

(b) To be eligible for funding, a project also must be for the purpose of

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; or
- (3) other necessary public services.

(c) In this section, "impact" means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508 on

- (1) population;
- (2) employment;
- (3) finances;
- (4) social and cultural values;
- (5) air and water quality;
- (6) fish and wildlife habitats;
- (7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and
- (8) other things of demonstrable importance to the applicant or the applicant's residents.

(d) Examples of needs that eligible projects may address include the following:

- (1) resource protection to ensure the continued viability of fish, wildlife, and other natural resources on which the applicant's residents rely for subsistence needs;
- (2) alleviation or mitigation of adverse social or cultural impacts;
- (3) health needs, including hospitals, clinics, emergency medical facilities, alcohol and drug abuse facilities, mental health facilities, waste disposal systems, and water quality improvement systems;
- (4) public safety needs, including police protection, search and rescue, and fire protection;
- (5) utility needs, including electric generating plants and distribution systems, water supply systems, telephone systems, and other fuel distribution systems;
- (6) housing needs;
- (7) recreational needs.

3 AAC 150.060. Project Criteria

(a) If the total amount of money requested by eligible applicants for eligible projects in meritorious applications exceeds the amount appropriated for grants that year, the department will rank applications for the purpose of establishing priority for funding.

(b) In determining the merit of an application, the department will consider

- (1) the degree to which the project proposed in the grant application alleviates the impact caused by development in the NPR-A under 42 U.S.C. 6508;
- (2) the ability of the applicant to accommodate or absorb the impacts through existing facilities or programs; and
- (3) other criteria the department identifies as critical to determination of the merit of the application.

(c) In ranking the applications, the department will consider

- (1) the severity of the impact caused by the development in the NPR-A under 42 U.S.C. 6508 on the municipality; and
- (2) the degree to which the impact on the municipality is directly caused by development in the NPR-A under 42 U.S.C. 6508.

3 AAC 150.070. Submission of Applications

(a) Application must be made on forms provided by the department. The forms will be such that they may be easily filled out by small communities without technical staff. The department will, upon request, provide assistance to applicants to the extent possible based upon the availability of financial and human resources.

(b) A municipality that believes it is eligible to receive NPR-A impact assistance under 3 AAC 150.010 – 3 AAC 150.060 may file an application with the department as provided for in (a) of this section. An application must be postmarked no later than November 15 of each year in which NPR-A assistance money is available for appropriation by the legislature under AS 37.05.530. If November 15 is a Saturday, Sunday, or legal holiday, the deadline for postmark is the department's next regular business day.

3 AAC 150.080. Review of Applications and Award of Grants

(a) The department will review applications for eligibility for NPR-A impact assistance and place applications in order of priority in accordance with 3 AAC 150.060.

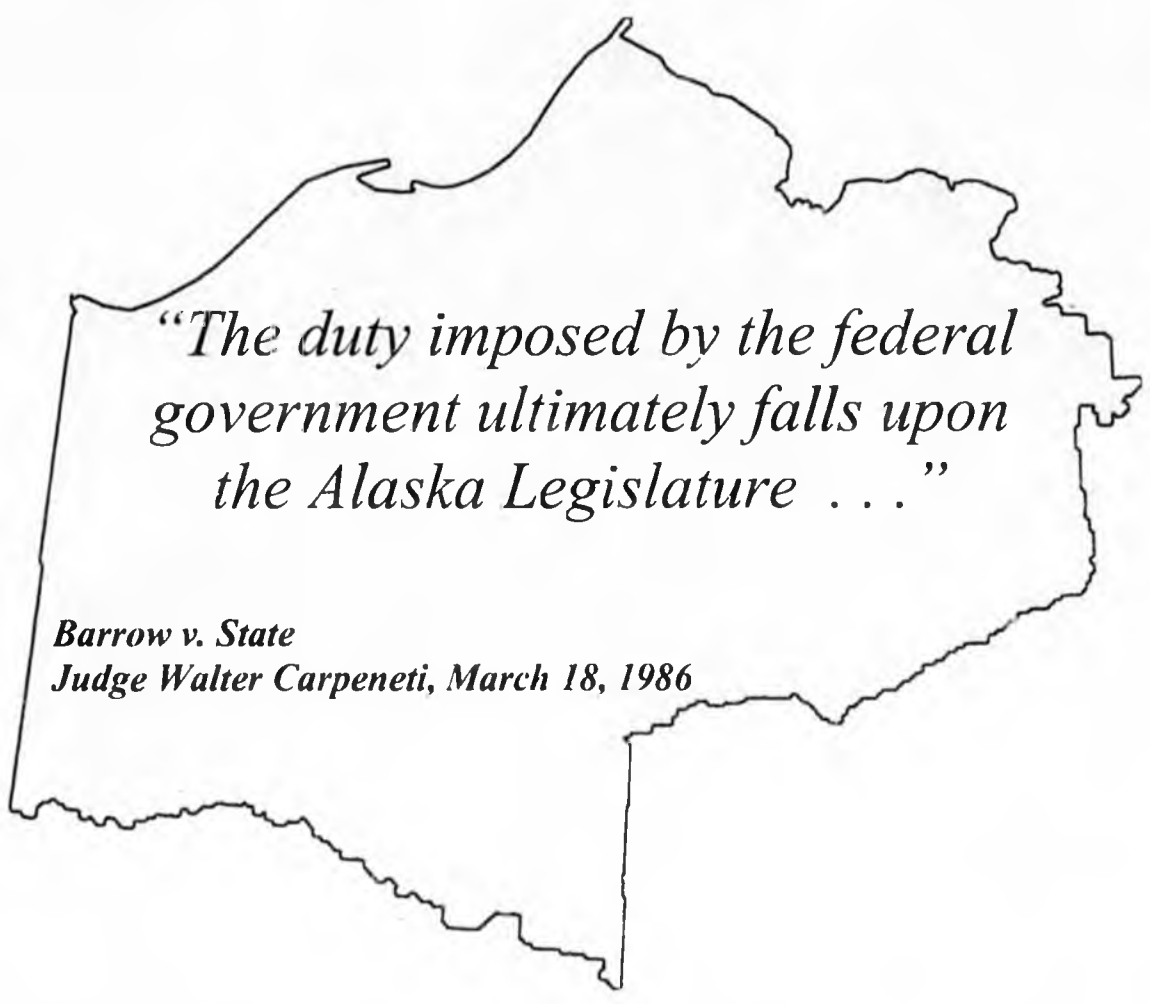
(b) The department will review each application determined to be eligible for NPR-A impact assistance to determine whether the amount requested for a project is reasonably necessary for the project to alleviate impacts from oil and gas development in the NPR-A under 42 U.S.C. 6508, the department will deduct from the amount requested any amounts that are not reasonably necessary for that purpose.

(c) If, after making necessary adjustments to grant requests under (b) of this section, the department determines that the total amount for eligible projects requested by all eligible applicants that year is equal to or less than the amount appropriated for that year, the department will fund all meritorious requests. If the total amounts requested are greater than the amount appropriated, the department will fund requests in accordance with the priorities established in 3 AAC 150.060 until the appropriation is spent. The department will, in its discretion, recommend to the legislature that additional money be made available through supplemental appropriations.

3 AAC 150.090. Reconsideration and Judicial Review

A municipality aggrieved by a decision made under this chapter may request reconsideration by the commissioner of community and regional affairs, and must seek such reconsideration before seeking judicial review. A final decision of the department is subject to judicial review in accordance with Rule 602 of the Alaska Rules of Appellate Procedure.

Senate Bill 171

An outline map of the state of Alaska, centered on the page. The map's border is a simple black line. Inside the map, there is a quote and a reference to a court case.

“The duty imposed by the federal government ultimately falls upon the Alaska Legislature”

*Barrow v. State
Judge Walter Carpeneti, March 18, 1986*

*Sponsored by
Gary Wilken*

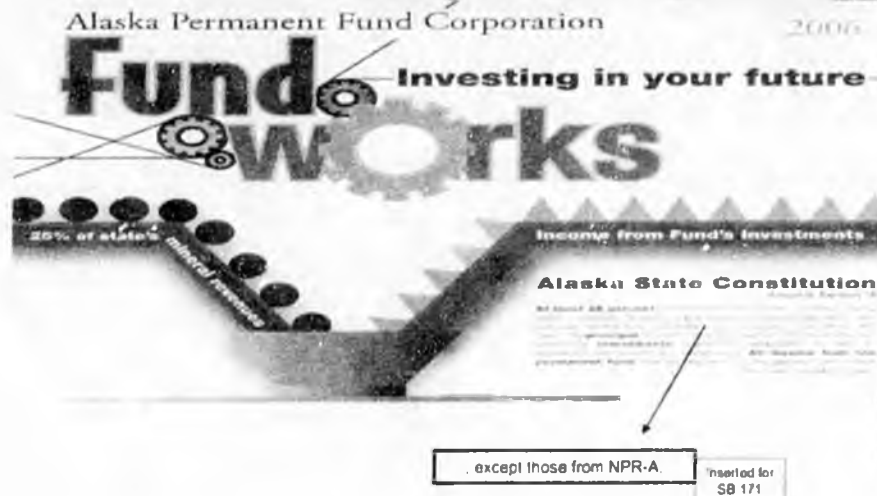
March 1, 2006

AkRepublicans.org/wilken

In Alaska, there's a little-known fact . . .

. . . an exception to our Constitution

Article IX, Section 15



There's an account in front of our AK Permanent Fund – an “Impact Fund”

- The “Impact Fund” was inserted there in 1980 by federal legislation.
- Alaska State Constitution (*Art. IX, Sec. 15*) requires 25% percent to be deposited into the Alaska Permanent Fund.
- Since 1980, Alaska has received \$167.6 M from oil and gas development in NPR-A.

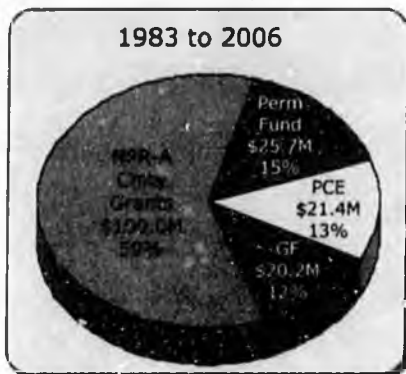
BUT

- To date, only 15% has been deposited into our Permanent Fund.

... where did the money go?

A Look at the Total Program

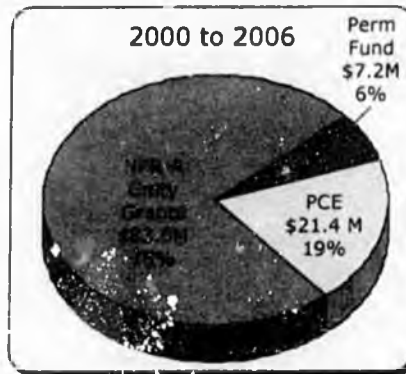
Distribution of \$167.6 M



Note: Public School Trust received .2% (\$328,927)

2000 to 2006

Distribution of \$112.4 M



Note: Public School Trust received .1% (\$143,665)
General Fund received 0%

Source: Department of Commerce, Community, and Economic Development

A Perspective in Statewide Terms

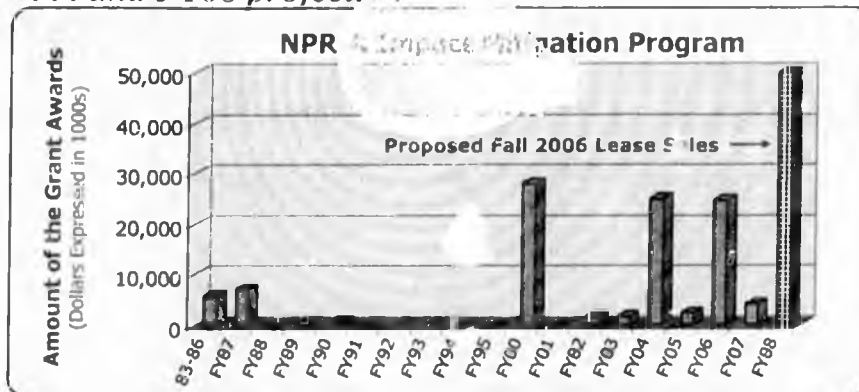
What if ... the FY06 awarded grant amount was computed on a per person basis, what would that mean, for example, for other AK communities?



The FY06 requested amount, \$24,706,539, is divided by the total population of NPR-A grant recipients, 5,530, for a per person amount, \$4,468.

Alaska's NPR-A Receipts

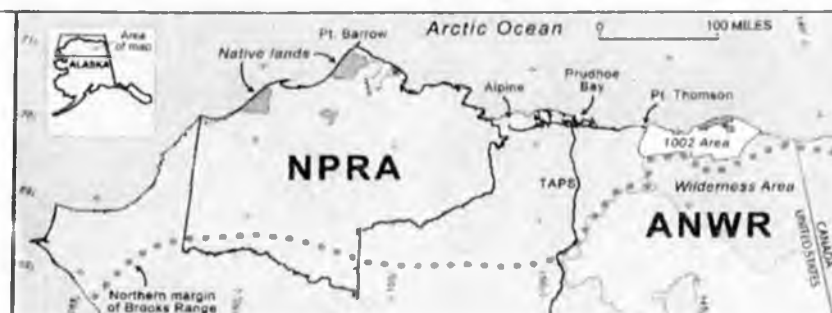
... and FY08 projection



FY07 is the requested amount. FY08 is the projected amount from the proposed NPR-A fall lease sales.

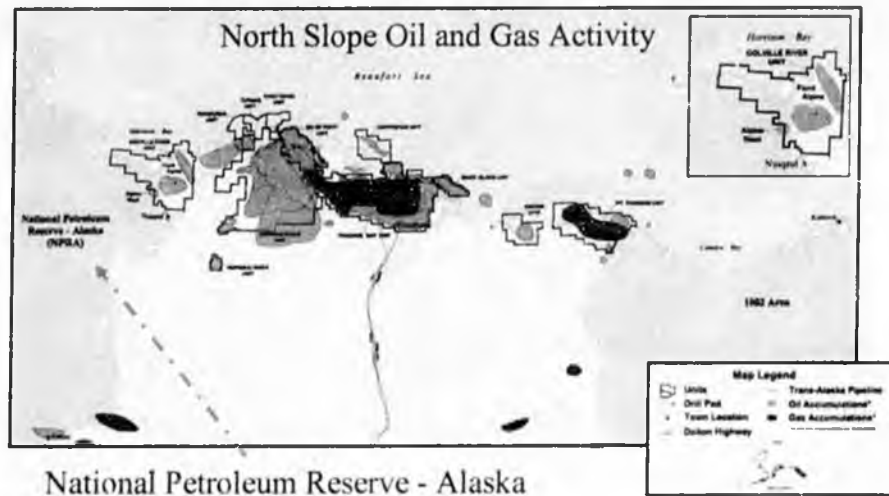
Since 1983, a total of **\$104,213,726** has been awarded to 4 communities. (Total includes the FY07 requested amount of \$4,278,502) (FY87 and FY91 include 5 communities)

What's NPR-A???

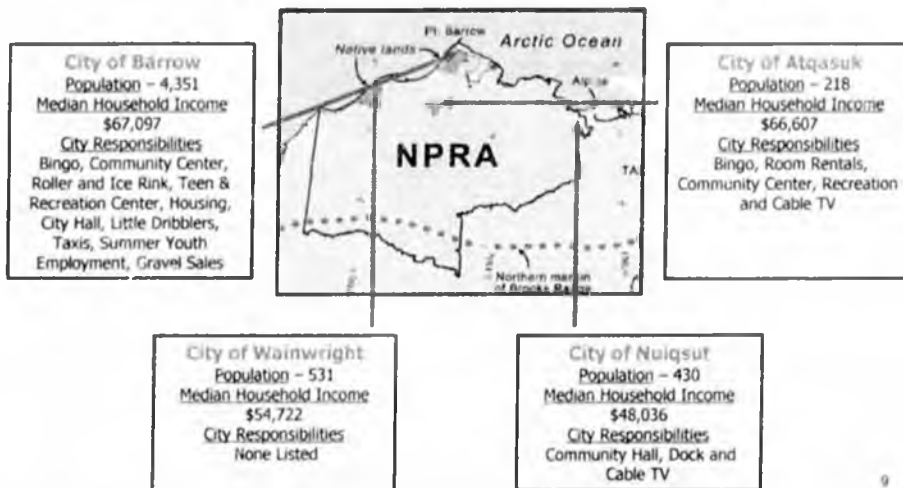


- 23.5 million-acre petroleum reserve (~ Indiana)
- NW third of Alaska's arctic between the Brooks Range and the Arctic Ocean
- New oil lease sale proposed for Fall 2006

North Slope main O&G activity

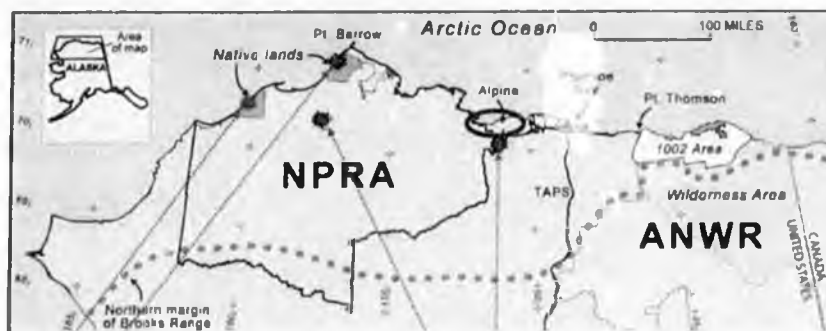


Communities within NPR-A



Source: DCCED and Alaska Municipal League - 2005 Alaska Municipal Officials Directory

Where is NPR-A O&G activity?



Proximity to Current NPR-A Oil and Gas Activity

- Wainwright ~ 220 miles
- Barrow ~ 160 miles
- Nuiqsut ~ 8 miles
- Atkasuk ~ 160 miles

The history of NPR-A

- 1923 President Warren Harding established the Naval Petroleum Reserve (renamed National Petroleum Reserve - Alaska in 1976)
- 1980 Congress authorized competitive leases in NPR-A (42 U.S.C., Sec. 6508)
- 1980 State of Alaska to receive 50% of the total revenue from NPR-A leases and impacted communities were given a priority to the revenue.

Conflicting Laws

Under Federal Law

- Priority use of NPR-A funds by communities *most directly or severely impacted by development* of oil and gas within NPR-A

Without a state law on the books (early 1980s)

- Legislature deposited half of the State's share into the Permanent Fund and .5% to the School Trust
- Legislature deposited the remainder of the funds in the General Fund

12

... but a court suit followed

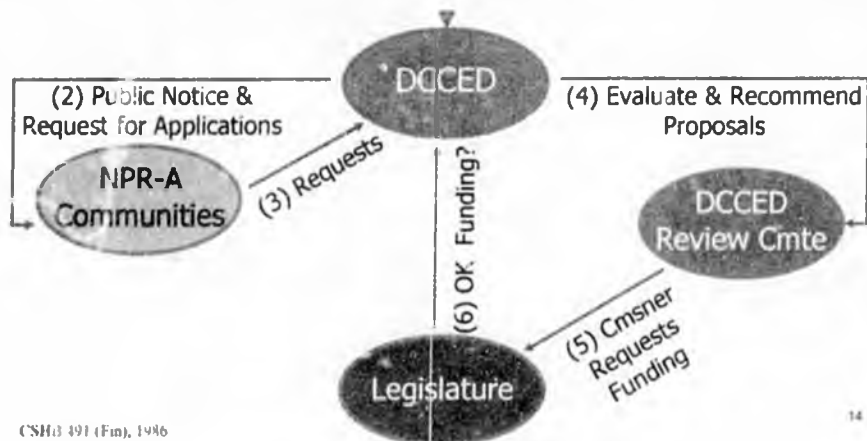
- In 1985, the North Slope Borough and NPR-A communities sued the state
- Superior Court Judge Carpeneti ruled in 1986
 - ① Automatic deposits into the Permanent Fund violate the federal law.
 - ② The State of Alaska has a mandatory duty to address NPR-A development-related impact needs.
 - ③ The duty imposed by the federal government ultimately falls upon the Alaska Legislature.

13

So in 1986, the Legislature set up . . .

The Current Mitigation Program

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



CSH0 491 (Fin), 1986

14

What does the law say?

- Federal Law – 42 U.S.C. 6508
 - *In allocation of the NPR-A funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by the development of oil and gas leased in NPR-A.*
- Alaska State Law – AS 37.05.530
 - *A municipality may use the NPR-A funds only for services to alleviate the impact of oil and gas development within NPR-A.*
- Alaska Regulations – 3 AAC 150.050
 - *Impact means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508.*

(Emphasis Added)

15

Over the years – “IMPACT” was rated as a minimum consideration

The criteria changed four times in six years.

2000 CRITERIA	Description – 15 points Impact – 50 points Budget – 15 points Sustain – 15 points Capability – 5 points	2002 CRITERIA	Description – 30 points Impact – 30 points Budget – 20 points Sustain – 15 points Capability – 5 points
2004 CRITERIA	Description – 25 points Impact – 25 points Budget – 20 points Sustain – 20 points Capability – 10 points	2006 CRITERIA	Description – 20 points Impact – 45 points Budget – 15 points Sustain – 5 points Capability – 15 points

As administered by the Department of Commerce, Community and Economic Development 16

A FY06 example for review

Wainwright Lagoon Boat Launch - \$525,000 – *To replace or renovate the Wainwright Lagoon Boat Ramp*

“Impact” on	Grant Application	But . . .
Population	“Construction of the oil production infrastructure and pipeline has driven up the growth of population.”	The population of Wainwright has only increased from 492 to 546 (11%) in 1990 – 2000.
Social and Cultural Values	“The social disruption prompted by oil and gas development affects many traditional activities.”	Wainwright is 220 miles from NPR-A development.

Question: Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05 530)

17

And another FY06 proposal . . .

Roller Rink Renovation Feasibility Study - \$63,556 – *To identify the costs to renovate the Barrow Roller Rink*

"Impact" on	Grant Application	But . . .
Social and Cultural Values	"The decline in subsistence resources due to NPR-A O&G development negatively impacts the Inupiat culture."	Studies are currently undertaken to determine the impact to wildlife, if any, to Barrow residents 160 miles from Alpine.
Unemployment	"As the economic benefits of O&G development begin to decline, it leaves members less able to survive . . ."	The decline in O&G development is not in NPR-A; this petroleum reserve is just beginning to be explored.

Question: Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05.530)

18

. . . and there are other concerns

Grants have been funded as capital projects with no lapse date.	BUT	The majority of the grants are for operating expenses.
New grants awarded before previous grants for the same purpose are done.	BUT	Two pending grants (\$439,015) for city operations; but FY07 awarded.
Awards are not based on successful completion of previous grants.	BUT	Cultural center operating grant ('02) approved; but center never built ('00).
Positive impacts as the result of oil and gas activities are not considered.	BUT	Residents enjoy free natural gas, job opportunities, tax base, low fuel costs.

19

Now is the time for a change

To listen to the Alaska Superior Court: (*Barrow v. State*, March 18, 1986)

“The duty imposed by the federal government ultimately falls upon the Alaska Legislature and it includes the duties to examine the claimed needs of the subdivisions arising from oil and gas development impacts, to evaluate them, and, if the claimed needs are found to exist, to rate them in order of priority, and to meet them out of NPR-A revenues.”

(Emphasis Added)

20

Senate Bill 171 establishes . . .

Special Legislative Impact Review Committee

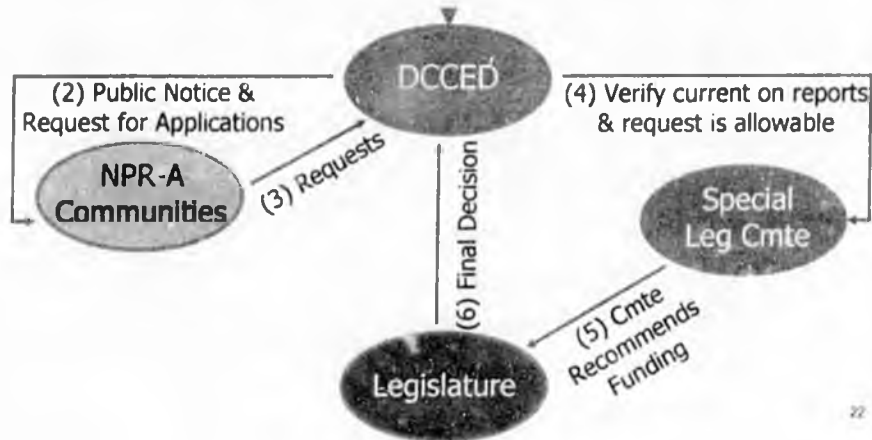
- Three members from Senate Finance and three from House Finance
- At least one member from the minority in each body and one member from an election district that includes NPR-A
- A majority from each body is necessary to approve a grant request

Note: The formal title of the committee is “Special Legislative Oil and Gas NPR-A Development Impact Review Committee.”

21

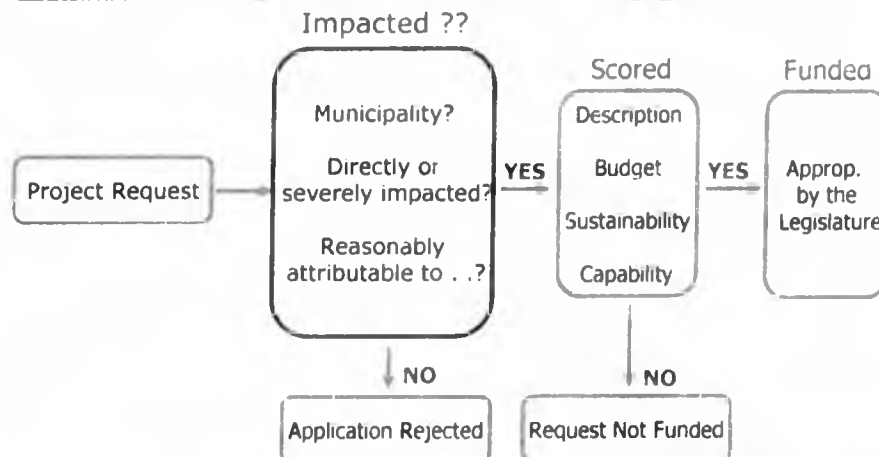
... and how will it work?

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



In Senate Bill 171

Impact is the First Criteria



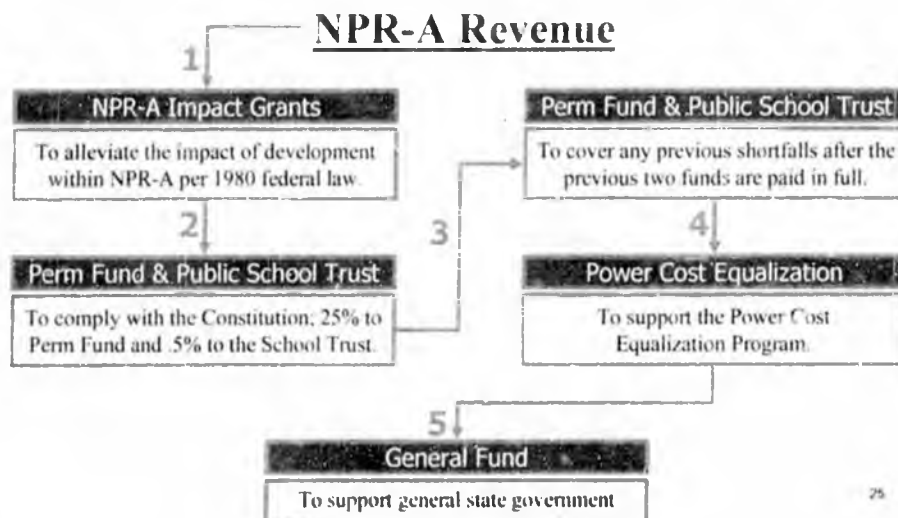
The State shall give priority to subdivisions of the State most directly or severely impacted (42 U.S.C. 6508)

What are the advantages?

Current Process	Special Leg Cmte <i>(Senate Bill 171)</i>
1. DCCED Employees	1. Elected Officials
2. Closed Process	2. Open Process
3. Private Decisions	3. Public Decisions
4. Accountable only to state supervisor	4. Accountable to the public

24

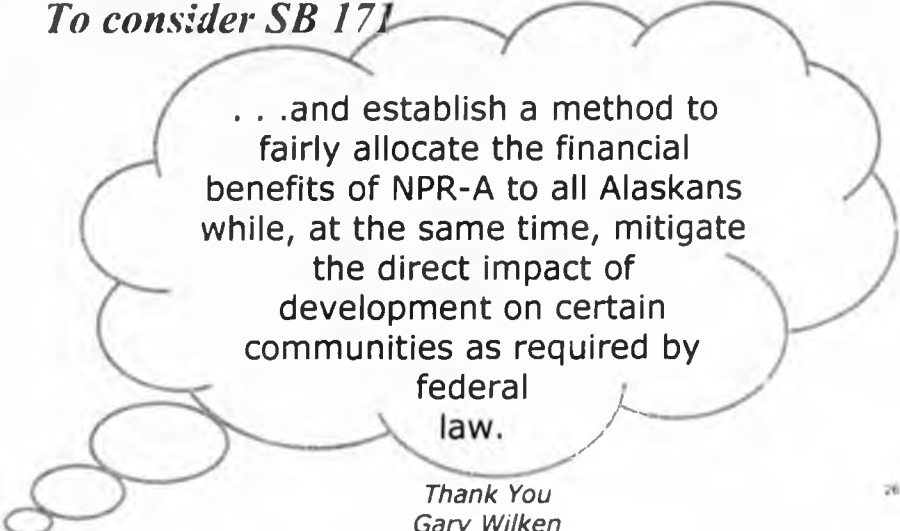
Where does the money go in SB 171?



25

Now is the time . . .

To consider SB 171

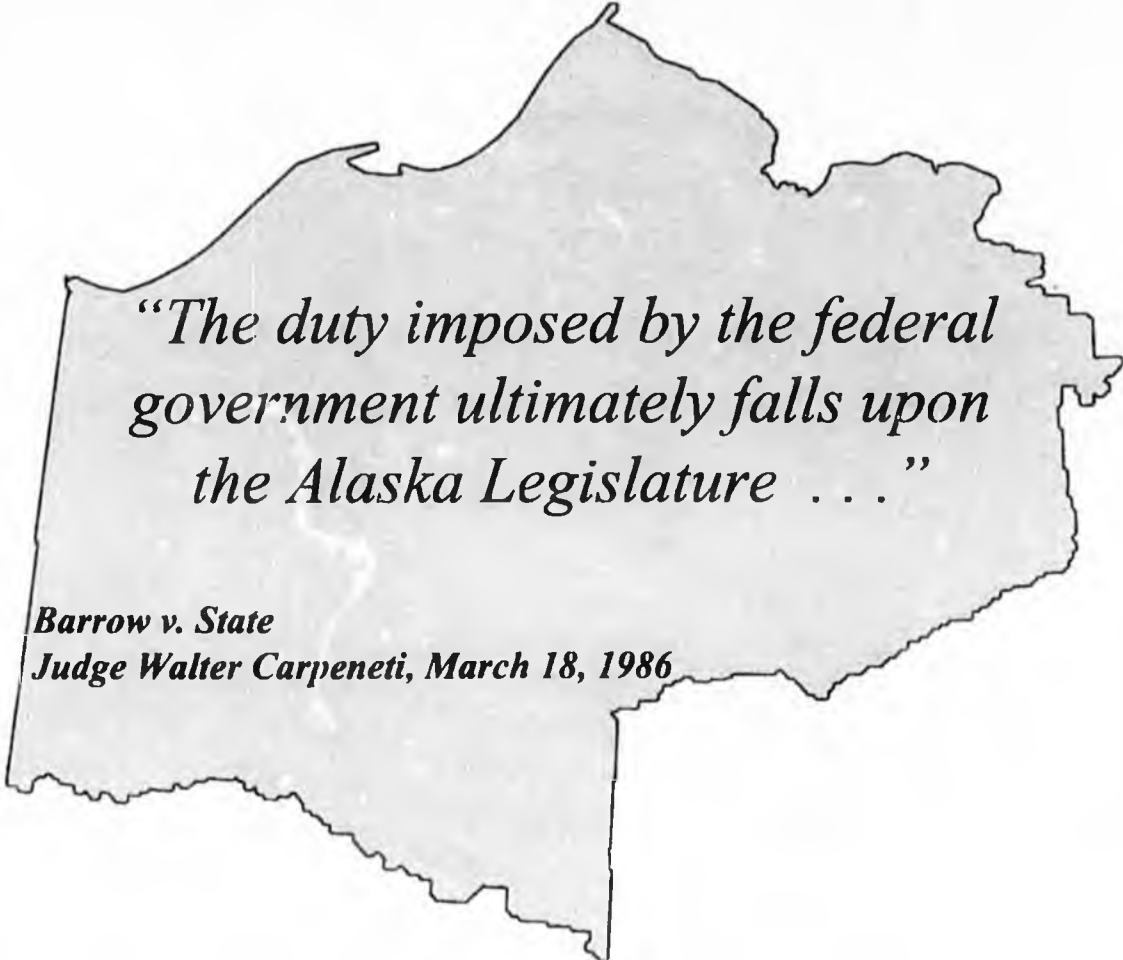


. . .and establish a method to
fairly allocate the financial
benefits of NPR-A to all Alaskans
while, at the same time, mitigate
the direct impact of
development on certain
communities as required by
federal
law.

*Thank You
Gary Wilken*

26

Senate Bill 171



“The duty imposed by the federal government ultimately falls upon the Alaska Legislature”

*Barrow v. State
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In Alaska, there's a little-known fact . . .

. . . an exception to our Constitution

Article IX, Section 15

Alaska Permanent Fund Corporation

2006

Fund  **Investing in your future**
works



, except those from NPR-A,

Inserted for
SB 171

There's an account in front of our AK Permanent Fund – an “Impact Fund”

- The “Impact Fund” was inserted there in 1980 by federal legislation.
- Alaska State Constitution (*Art. IX, Sec. 15*) requires 25% percent to be deposited into the Alaska Permanent Fund.
- Since 1980, Alaska has received \$167.6 M from oil and gas development in NPR-A.

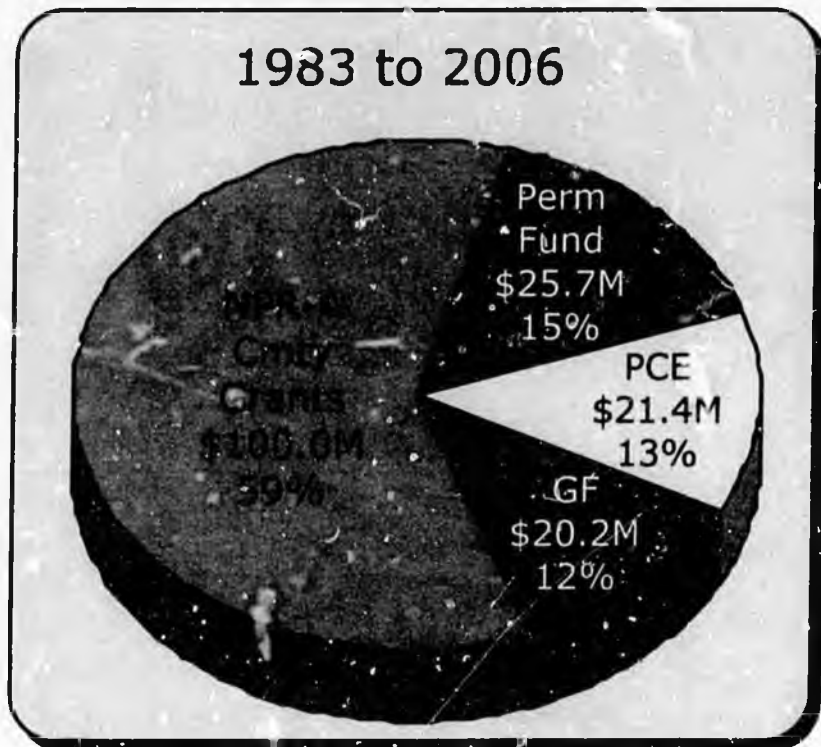
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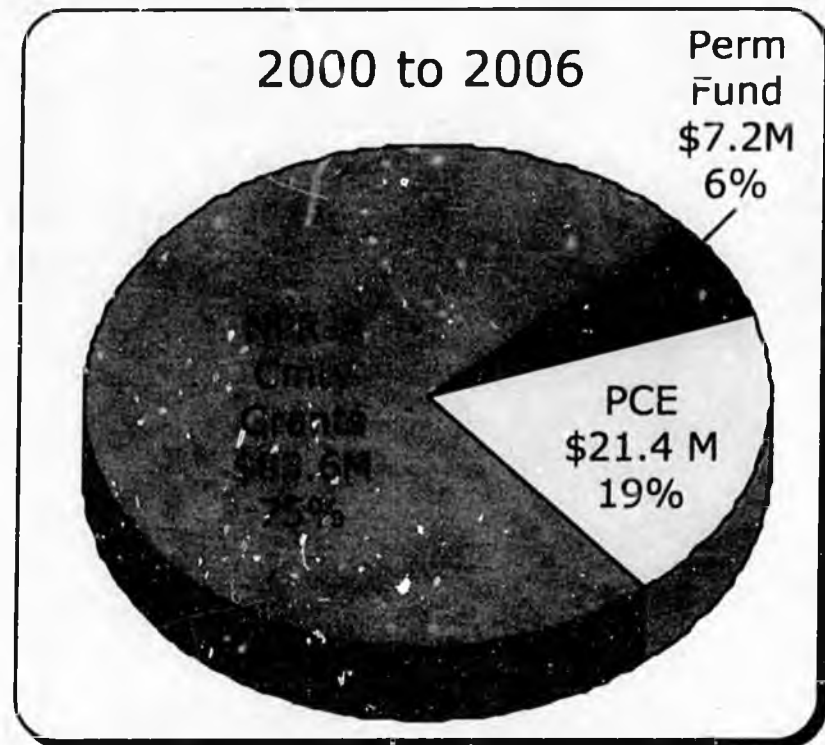
50/50 not
90/10

A Look at the Total Program
Distribution of \$167.6 M



Note: Public School Trust received .2% (\$328,927)

2000 to 2006
Distribution of \$112.4 M




Note: Public School Trust received .1% (\$143,665)
General Fund received 0%

A Perspective in Statewide Terms


What if . . . the FY06 awarded grant amount was computed on a per person basis, what would that mean, for example, for other AK communities?

Anchorage




Pop - 277,498
\$1.2 billion

Fairbanks




Pop - 84,979
\$379.7 million

NW Arctic Boro



Pop - 7,306
\$32.6 million

Bethel



Pop - 5,888
\$26.3 million

Sitka

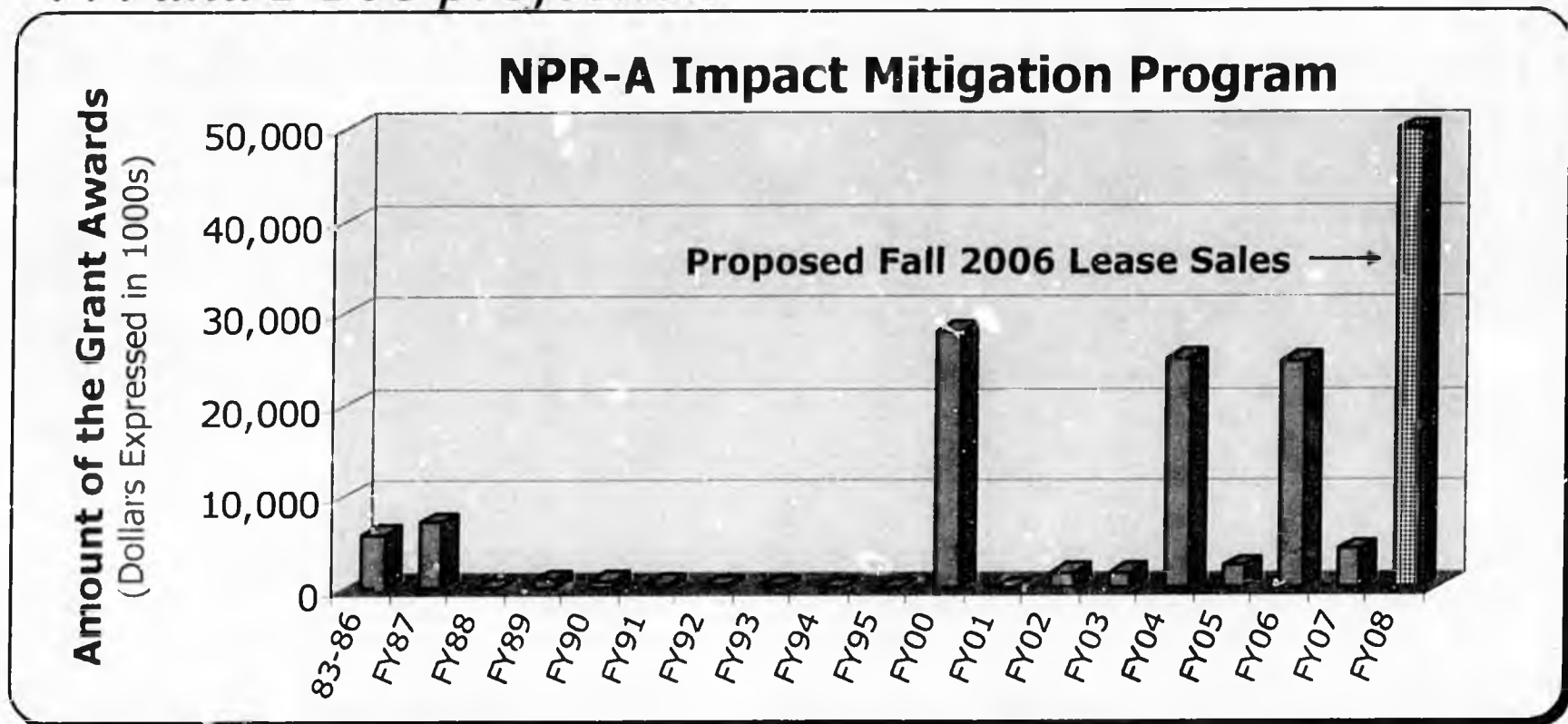


Pop - 8,805
\$39.4 million

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Alaska's NPR-A Receipts

... and FY08 projection



FY07 is the requested amount. FY08 is the projected amount from the proposed NPR-A fall lease sales.

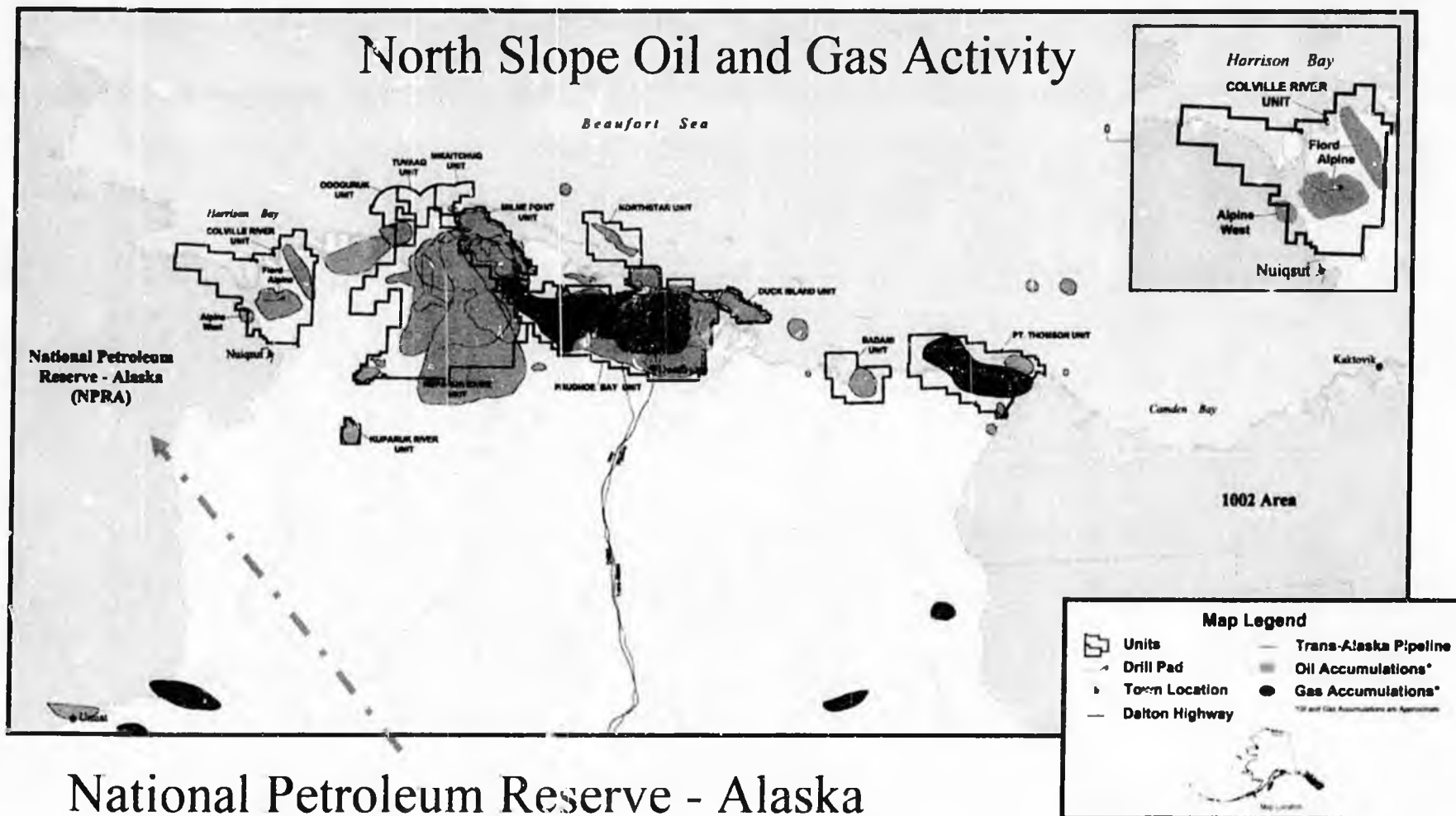
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- New oil lease sale proposed for Fall 2006

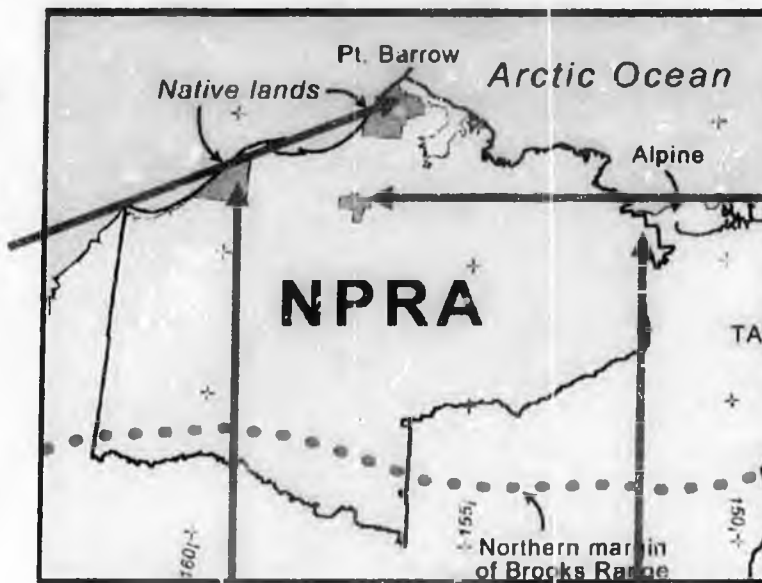
North Slope main O&G activity



National Petroleum Reserve - Alaska

Communities within NPR-A

City of Barrow
Population – 4,351
Median Household Income
 \$67,097
City Responsibilities
 Bingo, Community Center,
 Roller and Ice Rink, Teen &
 Recreation Center, Housing,
 City Hall, Little Dribblers,
 Taxis, Summer Youth
 Employment, Gravel Sales

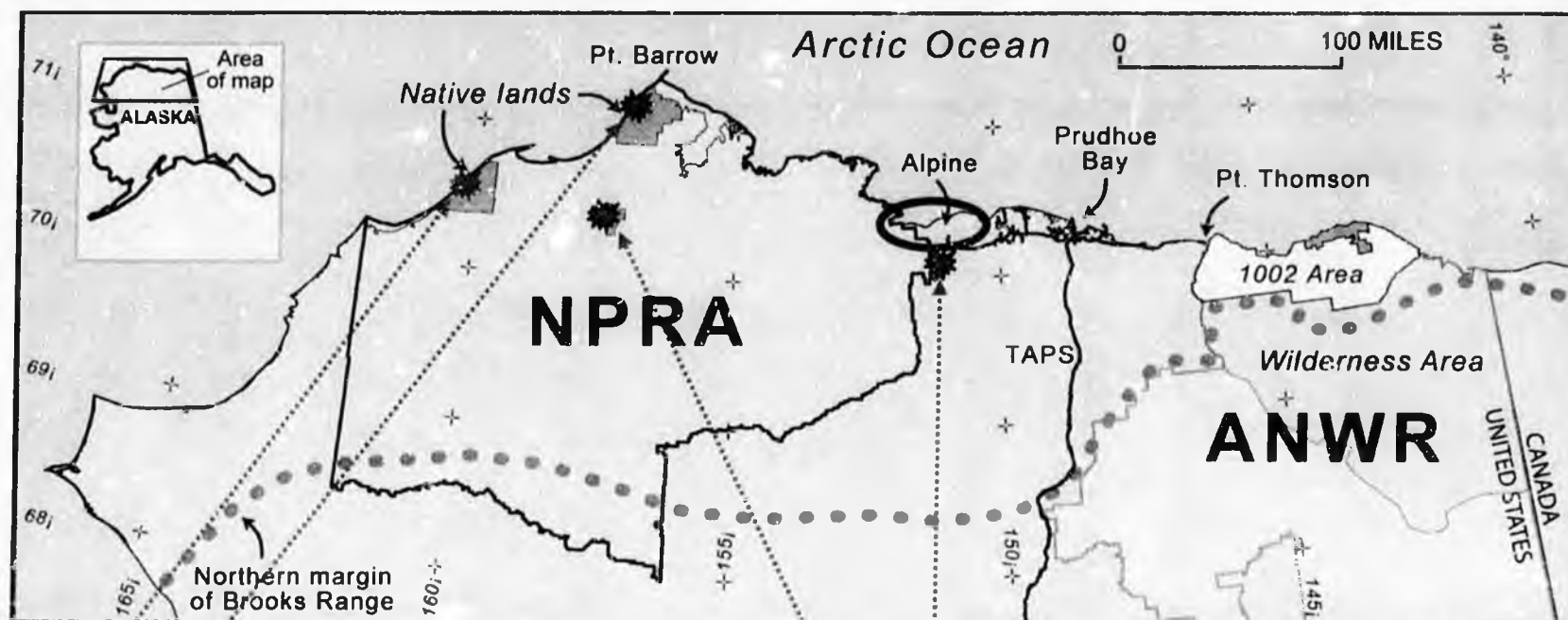


City of Atkasuk
Population – 218
Median Household Income
 \$66,607
City Responsibilities
 Bingo, Room Rentals,
 Community Center, Recreation
 and Cable TV

City of Wainwright
Population – 531
Median Household Income
 \$54,722
City Responsibilities
 None Listed

City of Nuiqsut
Population – 430
Median Household Income
 \$48,036
City Responsibilities
 Community Hall, Dock and
 Cable TV

Where is NPR-A O&G activity?



Proximity to Current NPR-A Oil and Gas Activity

- Wainwright ~ 220 miles
- Barrow ~ 160 miles
- Nuiqsut ~ 8 miles
- Atkasuk ~ 160 miles

The history of NPR-A

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- 1980 Congress authorized competitive leases in NPR-A (42 U.S.C., Sec. 6508)
- 1980
↓ State of Alaska to receive 50% of the total revenue from NPR-A leases and impacted communities were given a priority to the revenue.

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Under Federal Law

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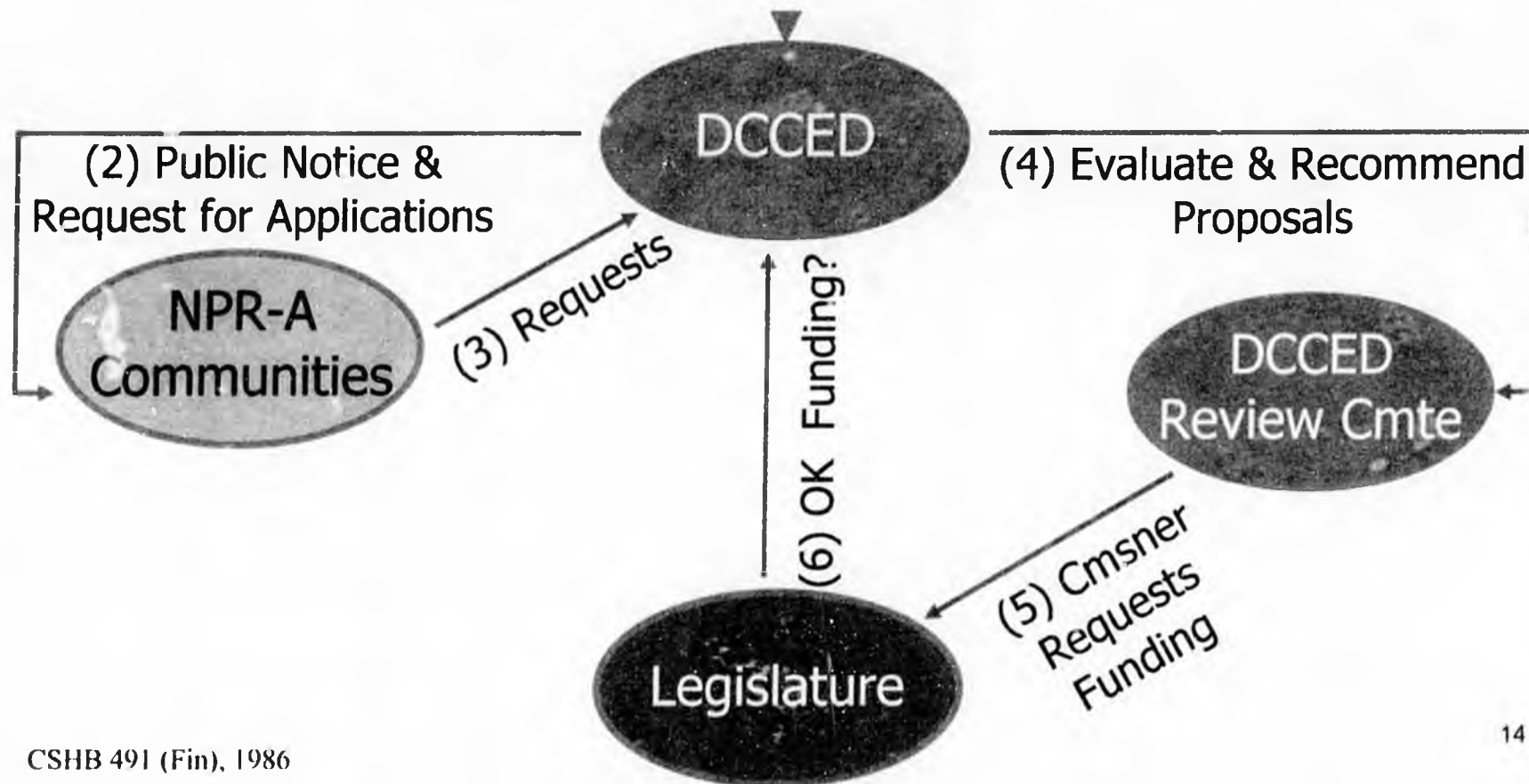
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The Current Mitigation Program

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



What does the law say?

- Federal Law – 42 U.S.C. 6508
 - *In allocation of the NPR-A funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by the development of oil and gas leased in NPR-A.*

- Alaska State Law – AS 37.05.530
 - *A municipality may use the NPR-A funds only for services to alleviate the impact of oil and gas development within NPR-A.*

- Alaska Regulations – 3 AAC 150.050
 - *Impact means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508.*

(Emphasis Added)

Over the years – “IMPACT” was rated as a minimum consideration

The criteria changed four times in six years.

2000 CRITERIA	Description – 15 points Impact – 50 points Budget – 15 points Sustain – 15 points Capability – 5 points
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2002 CRITERIA	Description – 30 points Impact – 30 points Budget – 20 points Sustain – 15 points Capability – 5 points
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2004 CRITERIA	Description – 25 points Impact – 25 points Budget – 20 points Sustain – 20 points Capability – 10 points
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2005 CRITERIA	Description – 20 points Impact – 45 points Budget – 15 points Sustain – 5 points Capability – 15 points
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A FY06 example for review

Wainwright Lagoon Boat Launch - \$525,000 – *To replace or renovate the Wainwright Lagoon Boat Ramp*

“Impact” on	Grant Application	But . . .
Population	“Construction of the oil production infrastructure and pipeline has driven up the growth of population.”	The population of Wainwright has only increased from 492 to 546 (11%) in 1990 – 2000.
Social and Cultural Values	“The social disruption prompted by oil and gas development affects many traditional activities.”	Wainwright is 220 miles from NPR-A development.

Question: Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05.530)

And another FY06 proposal . . .

Roller Rink Renovation Feasibility Study - \$63,556 – *To identify the costs to renovate the Barrow Roller Rink*

“Impact” on	Grant Application	But . . .
Social and Cultural Values	“The decline in subsistence resources due to NPR-A O&G development negatively impacts the Inupiat culture.”	Studies are currently undertaken to determine the impact to wildlife, if any, to Barrow residents 160 miles from Alpine.
Unemployment	“As the economic benefits of O&G development begin to decline, it leaves members less able to survive . . .”	The decline in O&G development is not in NPR-A; this petroleum reserve is just beginning to be explored.

Question: Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05.530)

... and there are other concerns

Grants have been funded as capital projects with no lapse date.

BUT

The majority of the grants are for operating expenses.

New grants awarded before previous grants for the same purpose are done.

BUT

Two pending grants (\$439,015) for city operations; but FY07 awarded.

Awards are not based on successful completion of previous grants.

BUT

Cultural center operating grant ('02) approved; but center never built ('00).

Positive impacts as the result of oil and gas activities are not considered.

BUT

Residents enjoy free natural gas, job opportunities, tax base, low fuel costs.

Now is the time for a change

To listen to the Alaska Superior Court: (*Barrow v. State*, March 18, 1986)

“The duty imposed by the federal government ultimately falls upon the Alaska Legislature and it includes the duties to examine the claimed needs of the subdivisions arising from oil and gas development impacts, to evaluate them and, if the claimed needs are found to exist, to rate them in order of priority, and to meet them out of NPR-A revenues.”

(Emphasis Added)

Senate Bill 171 establishes . . .

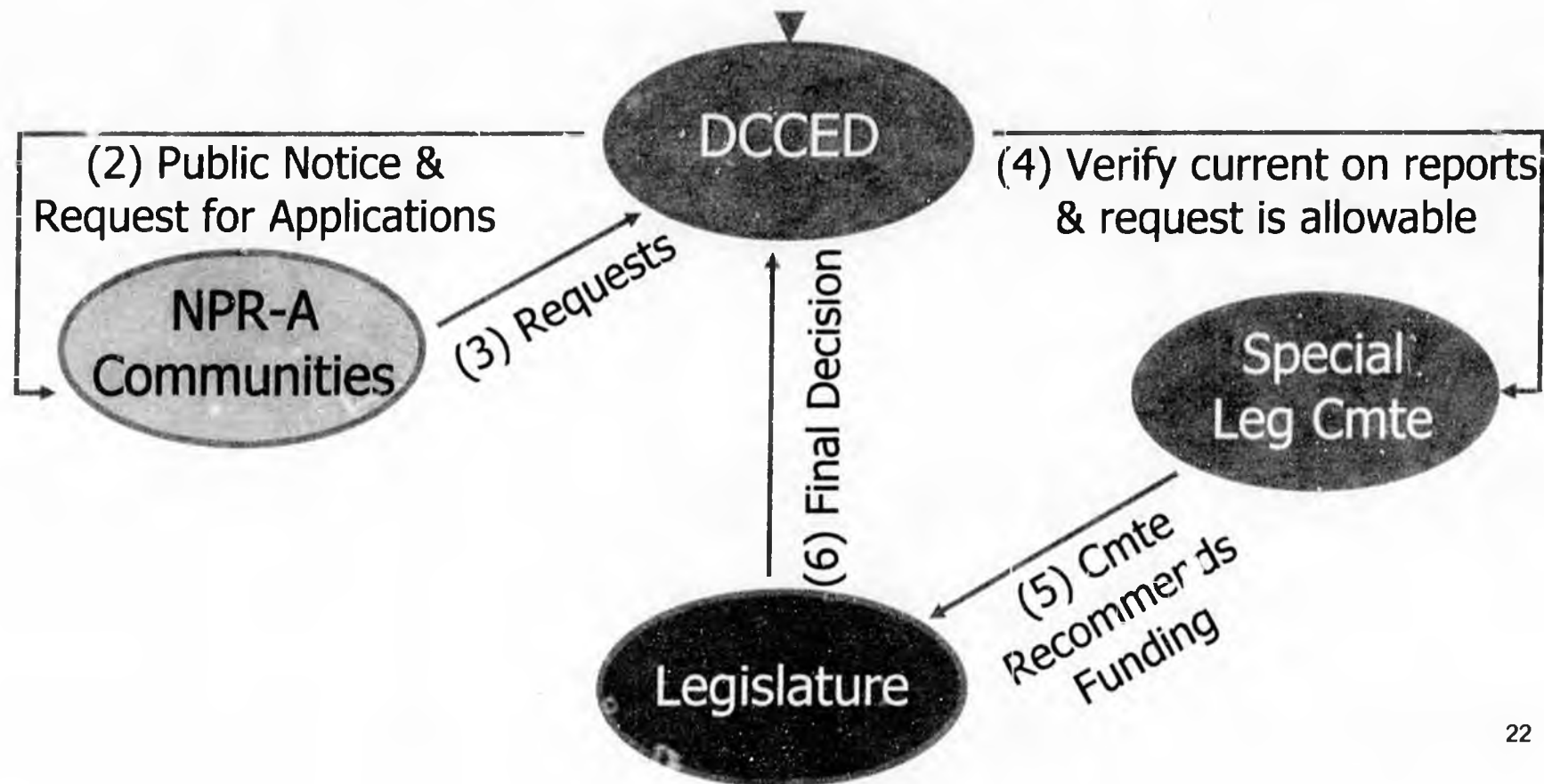
Special Legislative Impact Review Committee

- Three members from Senate Finance and three from House Finance
- At least one member from the minority in each body and one member from an election district that includes NPR-A
- A majority from each body is necessary to approve a grant request

Note: The formal title of the committee is "*Special Legislative Oil and Gas NPR-A Development Impact Review Committee.*"

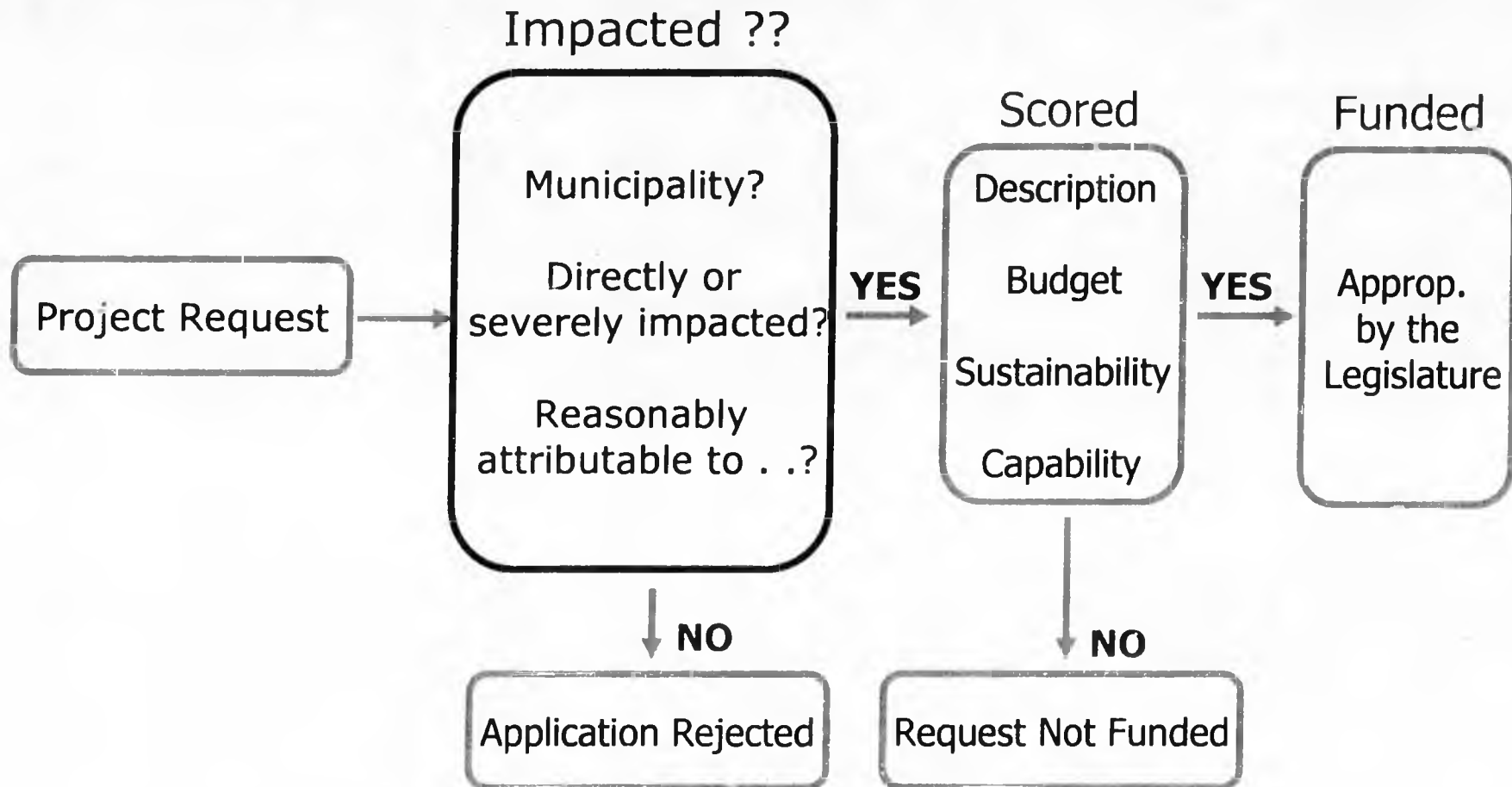
... and how will it work?

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



In Senate Bill 171

Impact is the First Criteria



*The State shall give priority to subdivisions of the State
most directly or severely impacted (42 U.S.C. 6508)*

What are the advantages?

Current Process

1. DCCED Employees
2. Closed Process
3. Private Decisions
4. Accountable only to state supervisor

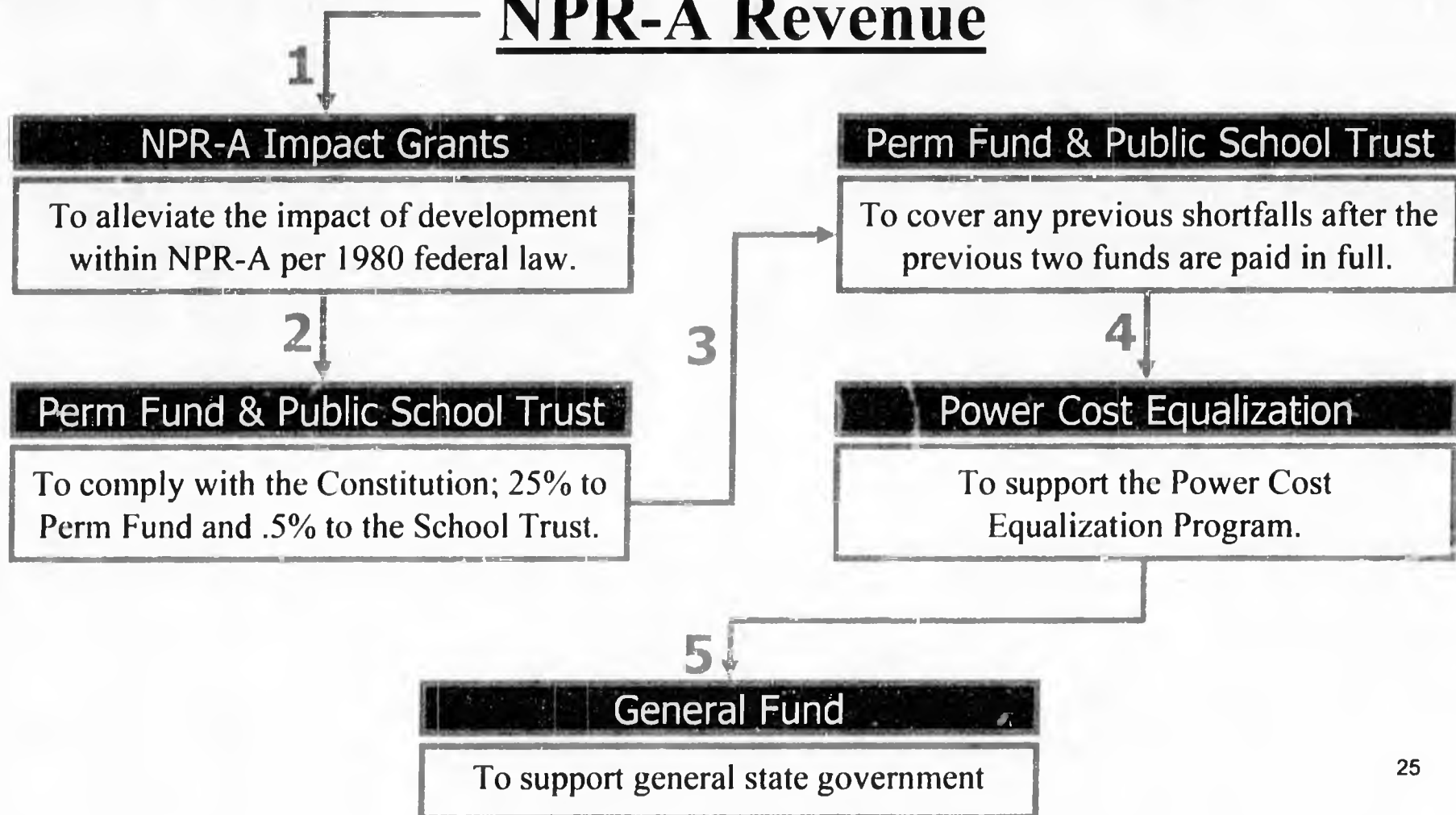
Special Leg Cmte

(Senate Bill 171)

1. Elected Officials
2. Open Process
3. Public Decisions
4. Accountable to the public

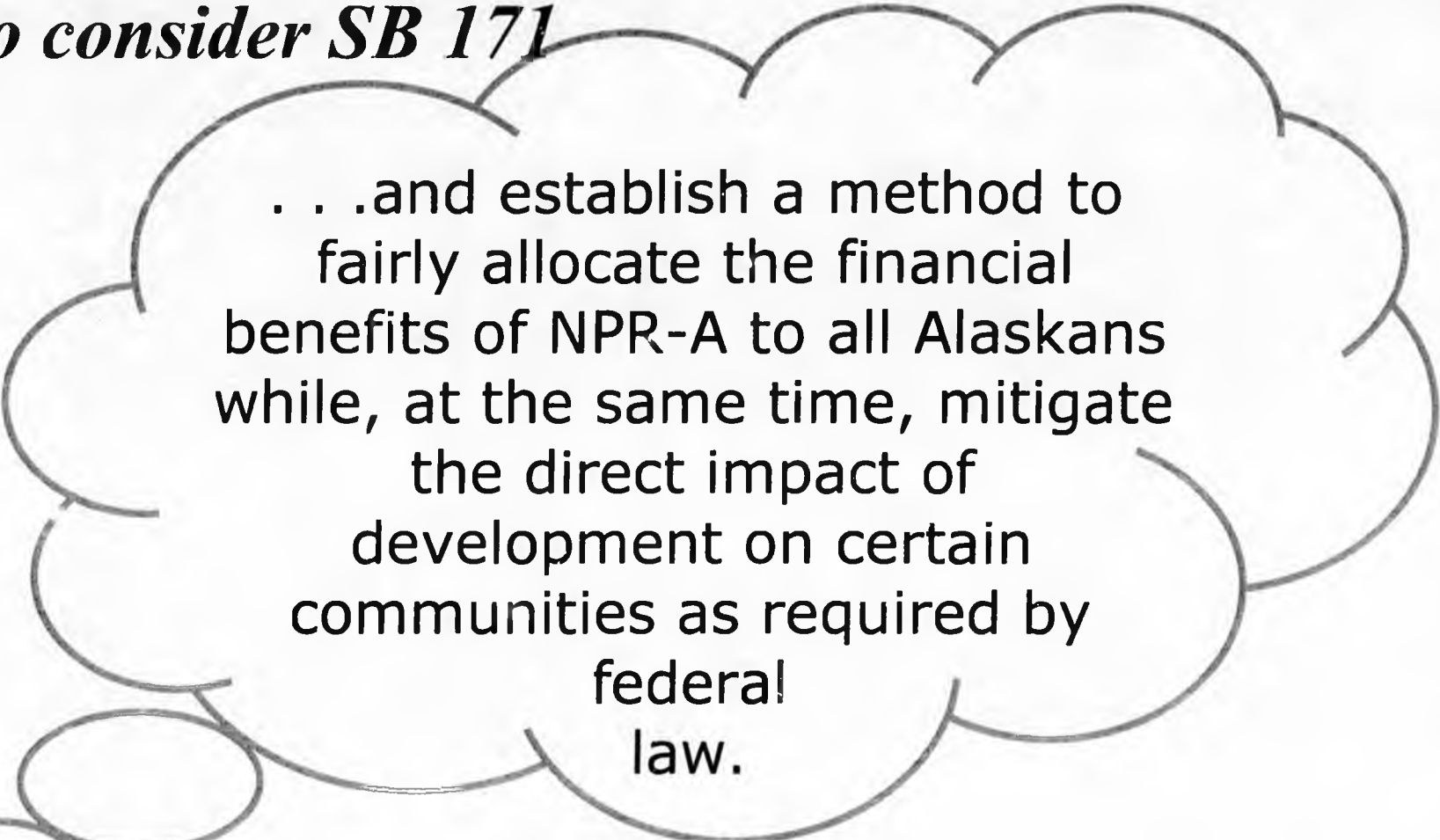
Where does the money go in SB 171?

NPR-A Revenue



Now is the time . . .

To consider SB 171



. . .and establish a method to fairly allocate the financial benefits of NPR-A to all Alaskans while, at the same time, mitigate the direct impact of development on certain communities as required by federal law.

*Thank You
Gary Wilken*

Testimony of John Hopson, Jr.
Olgoonik Corporation
Wainwright, AK 99782

My name is **John Hopson Jr.** I'm the President and CEO of Olgoonik Corporation, the village corporation of Wainwright, which is 80 air miles southwest of Barrow. I'm a hunter, fisherman, member of the Wainwright Whaling Captains Association, a former North Slope Borough Assemblyman and Wainwright city mayor and councilman. I'm active in local organizations, such as search and rescue and the volunteer fire department.

Wainwright is a second-class city with powers of recreation, boats and harbors, and cemetery sites. Other local government services are provided by the North Slope Borough.

I speak in opposition to Senate Bill 171, because it is designed to make us less eligible for NPR-A impact aid grants at a time when oil development is spreading across the North Slope faster than ever and challenging our subsistence way of life.

It is hard to separate the effects of NPR-A activities from other oil development, including offshore. It is also hard to separate the effects of current NPR-A activities from those of the past or the ones that we see coming our way in the near future. When we think about oil and gas development, we don't separate one kind from another. They are all part of the same thing – a big change in the way we live and a challenge to our traditional subsistence lifestyle.

There have been generations of seismic activity in the places where we hunt and fish. These hunting grounds extend far to the south and east, as well as west of the village. The elders tell us how the movements of some animals have been changed by seismic activity over the years. Sometimes when the migrations are disrupted, they do not return to their previous path after the noise stops, so the animals are harder for us to get to.

We get caribou from the Teshekpuk herd and we hunt for birds that overwinter in the eastern part of NPR-A. These animals don't come around so much like they used to, and we have to travel farther and farther to find them. That means it is more difficult and more expensive for us, in terms of travel and time away from jobs or families. There is a very real cost to us.

When the North Slope Borough does their census, they ask about subsistence activities, and they found that more than 80 percent of the people in Wainwright get at least half of their food from subsistence. So it is not something we do in our spare time for fun. We grew up with subsistence, and it is part of who we are. There's not much in our local store anyway, but we hunt and fish as a big part of our livelihood, and we depend on wildlife for our meals.

People in Wainwright also don't have many jobs for income, so we really need access to fishing and hunting and whaling. The borough's official unemployment rate for our community is 35 percent, but from what we can tell as residents, the real unemployment rate is more like 60 percent or higher, depending on the time of year. And that rate is rising, since the borough has had to cut back on jobs and services in the last five or six years. We may have more jobs than a lot of villages around Alaska, but almost 20 percent of our families live below the poverty line in terms of cash income, and they really feel it when it gets more expensive to go out after the caribou and other animals.

That's why NPR-A grant projects like our boat launch are so important to us. Access to many of our best hunting and fishing areas is by boat, and we really need a decent boat launch to get our boats in the water. It is not a recreational boat launch, but a health and safety issue and a matter of survival for us to harvest wildlife from the ocean and the inland areas.

I understand that politics has a lot to do with this legislation, and I can't give you much advice on that. But I hope you won't be fooled into believing that people in our villages are rich and the streets are paved with gold. The streets are paved with ice most of the year, and we live pretty simple lives.

Our life has already been changed by oil and gas development. Some of the changes are good - like better schools and pretty good basic services in our communities. Some of the changes have really hurt our culture and put our kids and our language and our traditions at risk. We don't completely understand how industry activities and village impacts all work together. Neither do you, and I hope you won't pretend that you can sit here and tell us what the impacts are in our village. It gets pretty complicated when you put two totally different cultures together. We're just trying to hold on to our culture for ourselves and our kids. I hope you won't make it harder by taking away a source of revenue that has made a big difference for our community.

Thank you.

Testimony of Elizabeth Hollingsworth
Mayor of Atqasuk
3/26/06

I'm sorry that I was unable to come to Juneau this week, due to a death in the family. My testimony on behalf of the people of Atqasuk follows:

My family has lived in Atqasuk since the late 1930s. My father was a coal miner who hauled coal from Meade River to Barrow until 1956 (Atqasuk was originally known as Meade River). With the availability of natural gas for Barrow residents, the market for coal disappeared. In 1956, my family moved to Barrow.

Every year for as long as I can remember, my family would go back to Meade River to fish and hunt as part of our subsistence harvest. In the mid 1970s, seismic tests were conducted near Atqasuk as part of the oil and gas exploration program throughout the NPR-A. Shortly after those tests, we noticed a severe decline in the number and size of whitefish in the Meade River. The whitefish virtually disappeared until they began a gradual increase in 2000. It took 23-25 years for the population to recover.

No matter where the oil and gas activity is going on, it affects the entire NPR-A. All subsistence species are being affected. Migratory routes for caribou and rivers and lakes for fish are interconnected.

We have been pushed into a cash economy. However, we cannot live without hunting for our food. Our subsistence way of life is very important, but it is more hurried for many of us -- a weekend here and there. Our youth will only learn about subsistence hunting by going out on the land and doing it.

If we have access restrictions to the land, it further restricts our ability to teach hunting skills to our children. Access restrictions happened in Nuiqsut, and they will happen here.

Proposed exploration wells in the Northwest NPR-A for 2005-2006 by Conoco Phillips are only 53 miles from Atqasuk. One well is only 1.39 miles from the nearest subsistence cabin.

Petro-Canada has leased land in NPR-A only 23 miles from Atqasuk.

Our people need to be diligent. We need to know what is happening near us. We need frequent meetings with the oil and gas companies.

The information about Atqasuk shown on the "Communities within NPR-A" slide of Senator Wilken's presentation to the Senate contains errors and is not a valid picture of Atqasuk's population.

- The population of Atqasuk is 248 today, not 218, an increase of 250% from 1970.
- The median household income shown is distorted by the inclusion of short-term, high-wage construction jobs. The NSB 2003 Economic Profile and Census Report showed the median household income as \$45,425, not \$66,607. It's important to note that this median income figure includes 12 teachers at local schools, which increases the median income level. Local residents' household incomes will be significantly lower.
- Today only 51 full-time Atqasuk residents have permanent jobs, many of which are part-time.
34 are employed by the North Slope Borough, 8 by the school, 6 by the city, 1 by the Native Village and 2 by the village corporation.
- 18 people are unemployed and looking for work
- 41% of the population of Atqasuk is children in school (ECE to High School).

Thank you.

TESTIMONY ON SENATE BILL 171

ROBERT SUYDAM
NORTH SLOPE BOROUGH
DEPARTMENT OF WILDLIFE MANAGEMENT
BOX 69
BARROW, AK 99723

30 MARCH 2006

Good morning. My name is Robert Suydam. I am a wildlife biologist with the North Slope Borough's Department of Wildlife Management. I would like to provide you with a little bit of background about myself before I address issues related to NPRA impacts. The North Slope has been my home and office for the past 16 years. I initially moved to Alaska to work on Master's degree through the University of Fairbanks. I studied seabirds and conducted my fieldwork on a small island adjacent to the NPRA. After completing my Master's I decided to also pursue a PhD concurrent with working for the NSB. I will complete my doctoral studies, on beluga whales, this year at the University of Washington. In my years of living and working in Barrow, I have spent a great deal of time within the NPRA studying fish and wildlife, hunting, fishing, and observing oil and gas activities.

Today I would like to address two primary issues:

- (1) Past, current, and future impacts from oil and gas activities within the NPRA, and
- (2) The need for scientific data to predict and mitigate impacts to fish and wildlife within NPRA.

On Tuesday, Sen. Wilken introduced SB 171 to you. In that presentation, he told you about NPRA impact funds being awarded to some communities that are many miles away from oil and gas development. He implied that those awards were inappropriate because the distant communities were not impacted. While it is true that some impact funded communities are a considerable distance from development, you have only heard a part of the story. Development is preceded by a great deal of other oil and gas activity. There is a tremendous amount of planning. Planning by industry is related to obtaining the appropriate permits to making decisions about where to look for oil and gas. Then there is seismic exploration followed by the drilling of exploratory wells. If there is a "find" then there is more planning. After all of these steps and more there may finally be development. With each step, there are impacts. There are impacts to people and in many cases, impacts to fish and wildlife.

You may ask how planning creates impacts. Simply put, planning means document reviews and meetings. Almost nightly in Nuiqsut there are meetings related to NPRA. The Bureau of Land Management holds meetings about their activities and plans. Industry holds meetings. There are also meetings to gather information from the communities. Residents of the North Slope attend countless numbers of meetings, mostly

related to oil and gas activities. Please don't misunderstand me though. Meetings are vitally important. My point is that meetings are impacts. Meetings take time away from other activities. For the few of us who live on the North Slope and study fish and wildlife, we have less time to conduct studies, less time to analyze data, and less time to come up with suitable mitigation measures. For subsistence users, meetings take time away from providing sustenance for their families. There is less time to hunt and fish, and there is less time for people to be with their families and neighbors. These impacts are substantial social and cultural ones and they are not confined to the village closest to development. Numerous NPRA meetings occur in each of the NPRA villages.

I would like to speak briefly about past activities that are currently impacting people and fish and wildlife. These industrial activities occurred, in some cases, decades ago. Here are a couple of examples. Numerous old, rusting 55 gallon drums are scattered across the tundra of the NPRA. These drums were left from previous exploratory work. Some of these drums, such as those at the old exploratory camp at Umiat on the Colville River, were buried. Some of the buried drums contain hazardous chemicals, such as PCBs. Erosion has exposed those drums and their contents are leaking into the river. Fish are being contaminated. In the past several years, residents of Umiat have become afraid to eat burbot, for good reason, because of this contamination. Another example of impacts is the cabling left on the tundra from past seismic operations. There are probably miles of cables still strewn across the landscape. Two summers ago I came across caribou antlers near Teshekpuk Lake. These antlers were wrapped in the old cables. I have heard many other such stories. Caribou are still being impacted and in some cases killed from past activities. Yet other examples of past impacts are the old exploratory wells that are leaking oil and gas or have not been cleaned up. Caribou have become mired in one such pit near Cape Simpson within NPRA. Further, the plants and animals are being exposed to contaminants. The people who eat these plants and animals are in turn being exposed. All of these are impacts from past oil and gas activities within NPRA.

I know today that you are mostly concerned about future oil and gas activities, but it is very important that you, as leaders of the State of Alaska, understand that there are many impacts that linger today from past oil and gas activities across the NPRA. These impacts have not been mitigated. With additional industrial activities, there will be many additional impacts.

We are already seeing impacts that are above and beyond the numerous meetings and the old oil and gas activities that I mentioned earlier. Recently, lease sales have been held in the Northeast and Northwest Planning areas of the NPRA. Companies purchased leases on three sides of Atkasuk. They purchased leases just miles south of Barrow. Also, there are leases purchased surrounding many camps and cabins of residents of the North Slope Borough. This is another example of how Senator Wilken's presentation was misleading. Yes, Barrow is a long ways from the development near the Colville River but the residents of Barrow spend large amounts of time at their camps and cabins, sometimes located many miles away. In many cases, seismic exploration is occurring literally on the doorsteps of cabins and camps.

North Slope residents have used these camps and cabins for generations. Fathers take their sons to these areas to hunt caribou or catch fish in order to feed families. People of the North Slope use these areas because they are also important for fish and wildlife. Companies have been exploring the NPRA and they will continue to do so. Right now, today, FEX is conducting seismic surveys and exploratory wells within 30 or 40 miles of Barrow, within areas are incredibly important for subsistence. This activity is expansive. Hunters are telling us that caribou are being pushed away from wintering areas making hunting more difficult and more dangerous. Areas that were previously inhabited by caribou and caribou hunters are now filled with small portable cities that move in support of seismic. When they leave an area, they leave deep dangerous ruts in the snow make traveling by snow machine very difficult and sometimes dangerous. So even if caribou remain in the area, it is very, very difficult to harvest them because the ruts make traveling very difficult.

There are many on-going impacts from oil and gas activities within NPRA. Many of the impacts we know about are on people. We know relatively little about the impacts on fish and wildlife because of limited information. BLM and other federal and state agencies have not done an adequate job collecting baseline information. The North Slope Borough has used NPRA impact funds to collect some of these baseline data. These data will be the foundation for determining the extent of impacts and more importantly, for mitigating impacts. We are collecting data on movements and biology of caribou from the Teshiekpuk Lake herd. We are monitoring the distribution, abundance and reproductive success of waterfowl. We are determining the movements and use of important fish species in the NPRA. We are collecting baseline data on hydrocarbon contaminants in various fish and wildlife. We are collecting information on where and how North Slope residents use NPRA for subsistence.

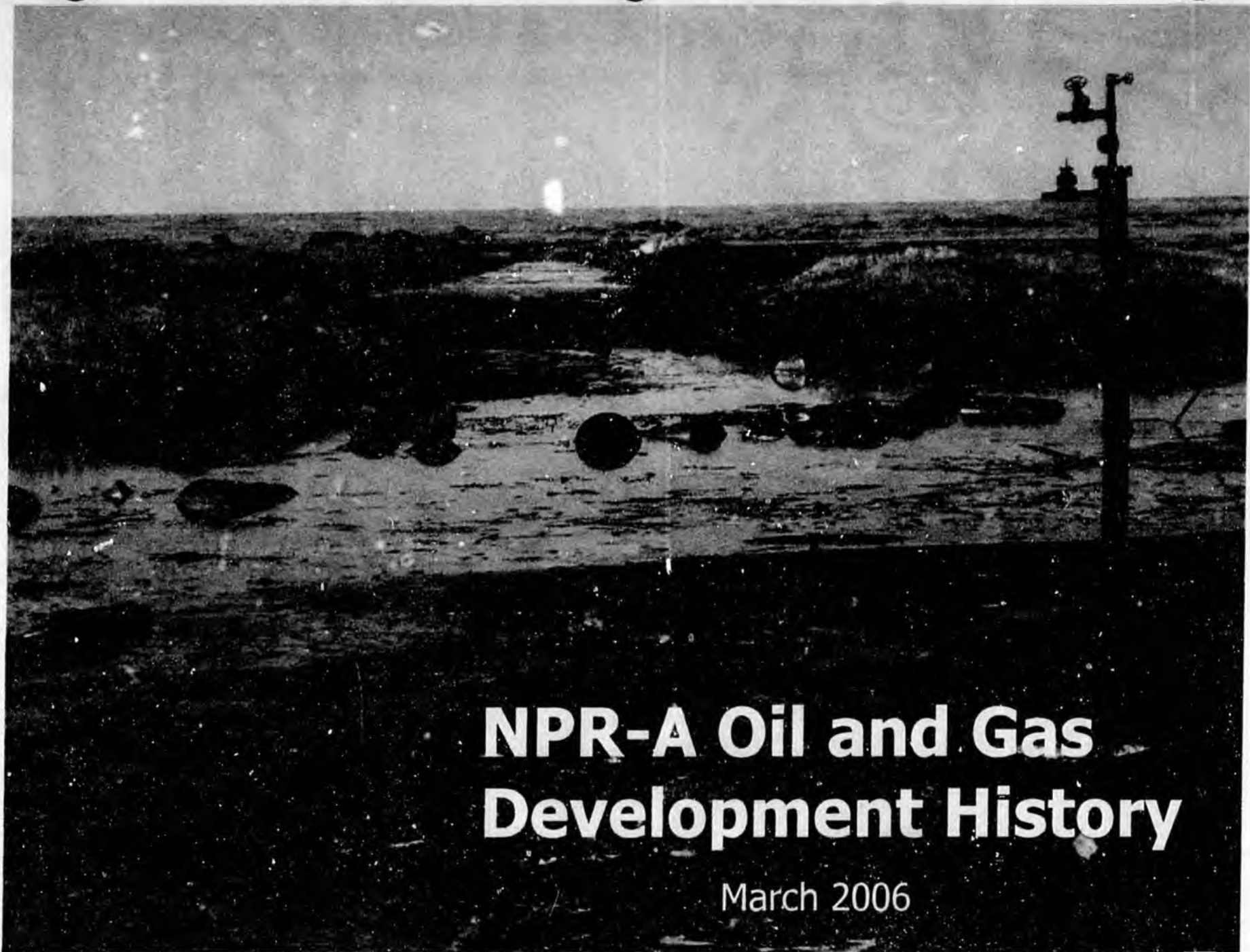
This important information would not be available if the North Slope Borough was not collecting it. The Alaska Department of Fish and Game only has one biologist that resides and works on the North Slope. He is able to only collect a small amount of data. The Department of the Interior, including BLM and the Fish and Wildlife Service, doesn't have any employees that live and work on the North Slope. Thus, there are many data gaps that exist.

Collecting baseline data is incredibly important. I can't emphasize that enough. Adequate information is needed to make informed decisions. Informed decisions means that impacts from oil and gas activities can be more appropriately mitigated. Collecting data over multiple years is absolutely necessary for several reasons. One, multiple years of data are necessary because the Arctic is amazingly variable. It can take years of study and monitoring to understand changes and impacts. Each year the Arctic can be different. For example, breakup may come earlier or later causing changes in the prime time for waterfowl to begin laying eggs. Snow may fall in the middle of the summer causing caribou calves to expend more energy on staying warm and less on growth. Or a cold July could mean there are fewer insects to harass caribou. Because the Arctic is so variable, it becomes very difficult to understand how the system works. The Arctic is so variable that it becomes exceedingly difficult to measure any impacts from oil and gas.

This doesn't mean there aren't impacts, it just becomes very difficult to measure them statistically.

Earlier this week there were discussions in this building about impacts from climate change and global warming. A second reason for needing multiple years of data is because the changes associated from global warming make it even more difficult to adequately measure impacts from oil and gas on fish and wildlife. Once impacts are determined, mitigating those impacts becomes possible.

Does oil and gas activity benefit people of the North Slope? Of course it does. But the point of today's hearing is to talk about the best way to mitigate impacts within the NPRA. There are old, new and future impacts across the NPRA. Funds from oil and gas activities need to be used for mitigation of those most directly impacted. Objective decisions and reviews of proposals for impact funds are needed. These decisions should not be politically motivated or influenced, as would happen with the passage of SB 171.



NPR-A Oil and Gas Development History

March 2006






Index map of oil and gas accumulations



NPR-A Planning Areas

North Slope of Alaska,
Wildlife Refuge, and 1002

EXPLANATION

-  Arctic coastal plain
-  Foreland basin rocks
-  Gas field
-  Oil field
-  Gas seep
-  Oil seep

NPR-A History

part 1a

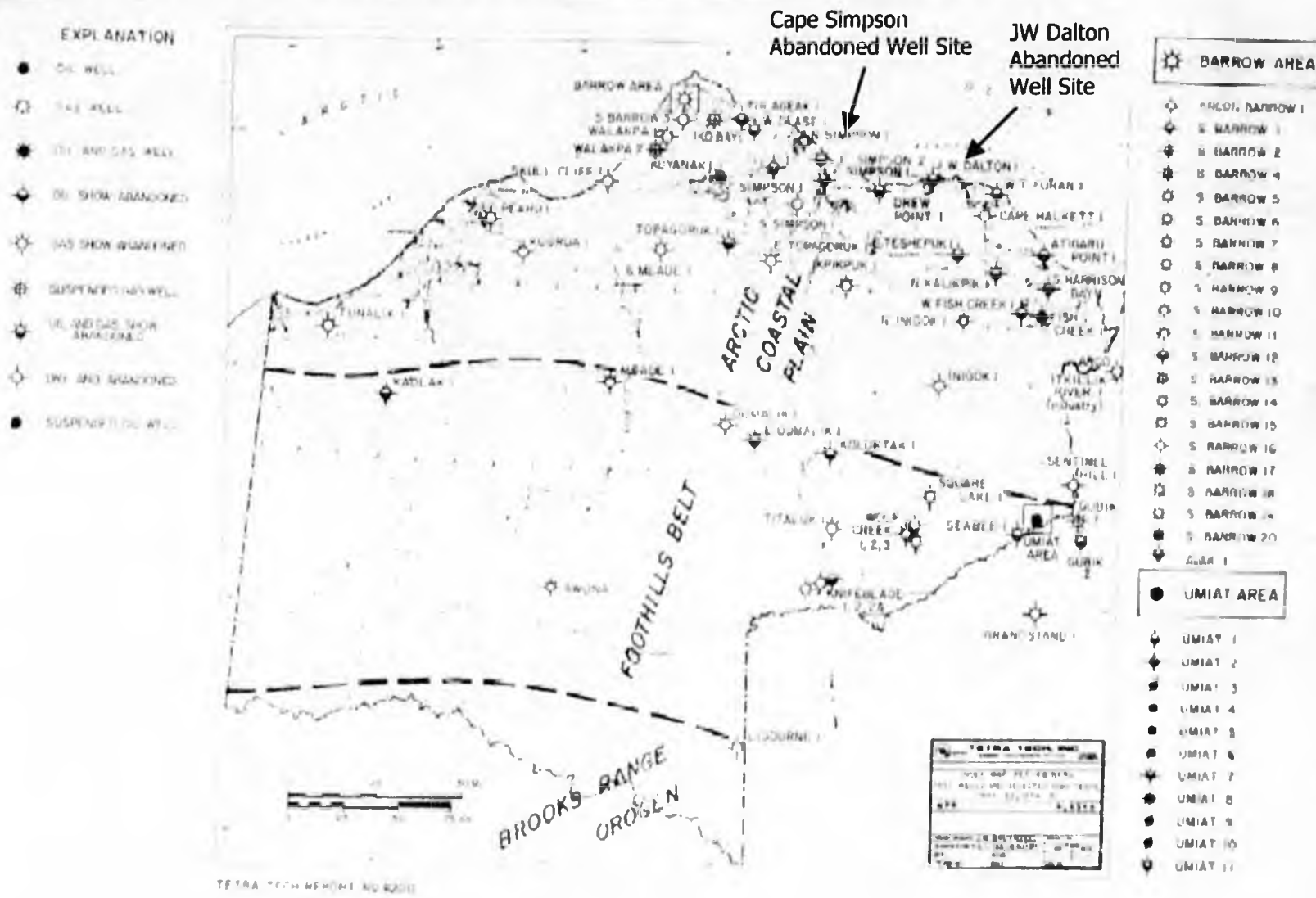
- 1909-1923 North Slope oil exploration begun by Standard Oil and other companies.
- 1923 Naval Petroleum Reserve No. 4 was established to acquire federal control over oil and gas deposits.
- Reserve covers 23.5 million acres from Colville River to Icy Cape, including communities of Nuiqsut, Barrow, Atqasuk and Wainwright.
- 1944-52 Department of Defense establishes base in Barrow solely for oil and gas exploration and begins an aggressive program involving test wells and seismic tests (Umiat, Wolf Creek, South Barrow, Meade).
- Offshore dredging used to build the pad for the Naval Arctic Research Laboratory (NARL) facilities has created serious erosion on the NPR-A shoreline, exposing abandoned landfills and drums containing petroleum products which are contaminating traditional use areas today.

NPR-A History

part 1b

- 1974-82 Second government exploration program results extensive seismic exploration and test wells throughout NPR-A.
- 1976 Reserve transferred from Navy to Department of the Interior with intent to lease for commercial development.

1974-81 Test Wells in the NPR-A



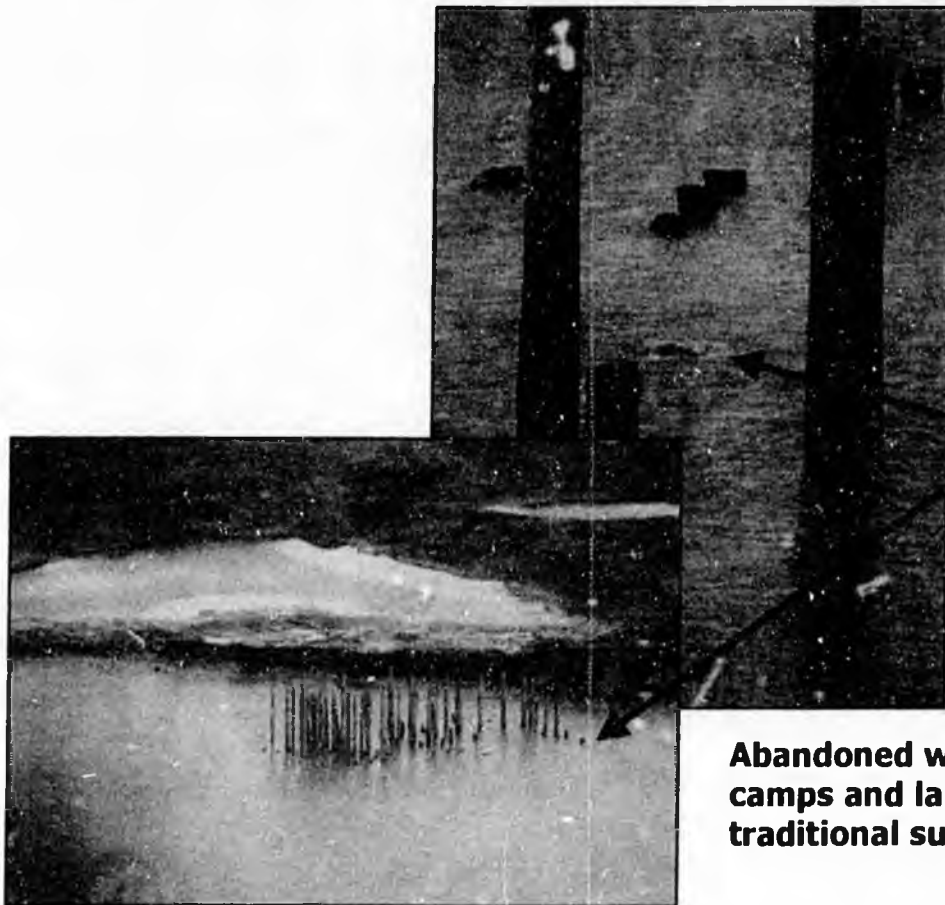
Abandoned Well Site August 2005



Abandoned seismic and exploration camps, landfills and well sites such as this one near Cape Simpson, dot the traditional subsistence use areas throughout the NPR-A.

JW Dalton Eroded Well Site September 2005

From 1944-1981 alone, BLM has identified 136 abandoned wells but has the funding to plug/repair only a few of them.



In September 2005 the JW Dalton well near Pitt Point was found to be bubbling below the surface of the water.

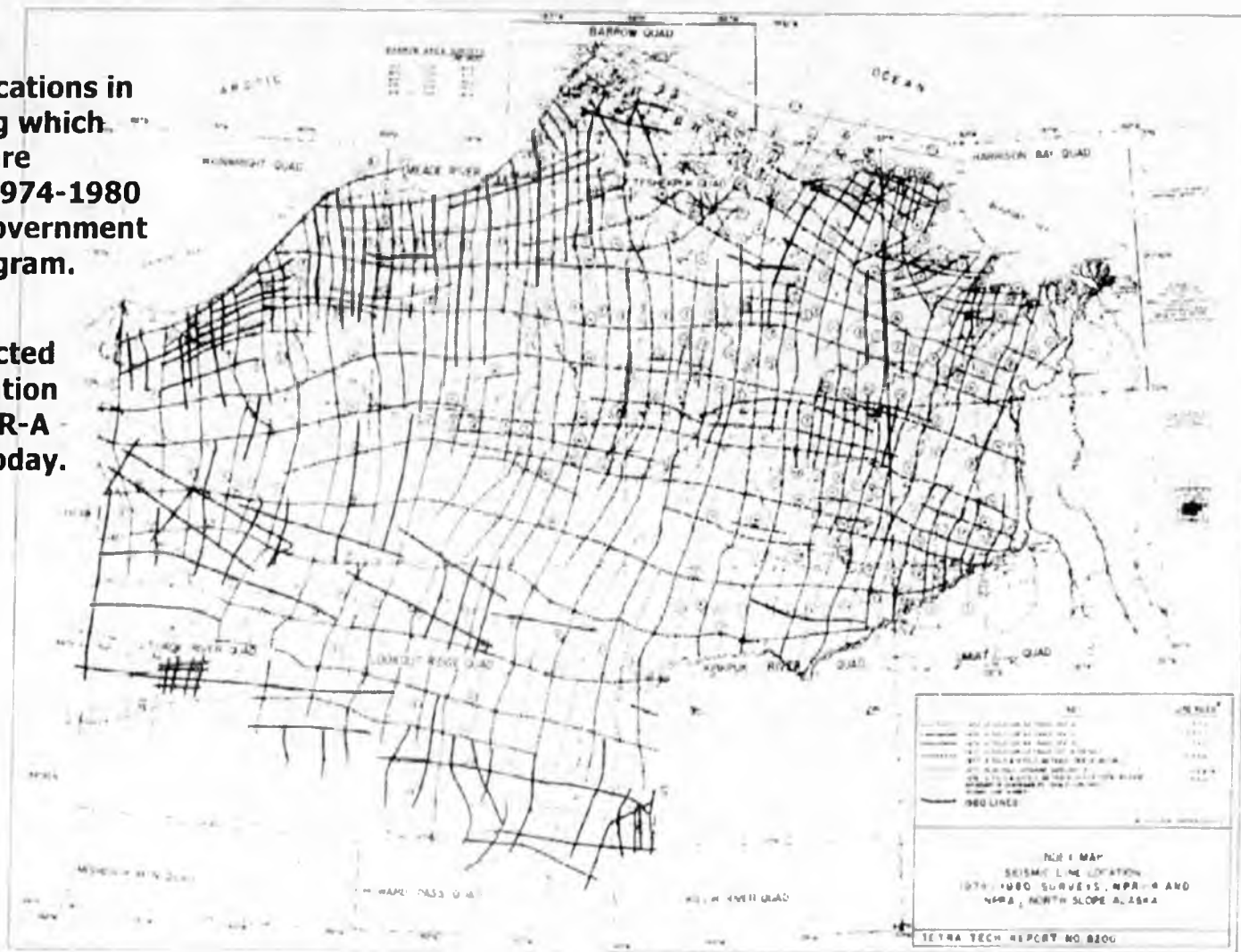
This well was originally on shore but erosion has caused the well to be submerged and has exposed buried debris.

Abandoned well sites such as this one, unidentified camps and landfills present hazards to wildlife and traditional subsistence use, both on land and off shore.

1974-80 Seismic Testing

Seismic Line Locations in the NPR-A along which seismic data were acquired from 1974-1980 as part of the government exploration program.

Seismic testing has been conducted since oil exploration began in the NPR-A and continues today.



TGZ-0170 FIGURE 3



Explosives near Nuiqsut July 2005

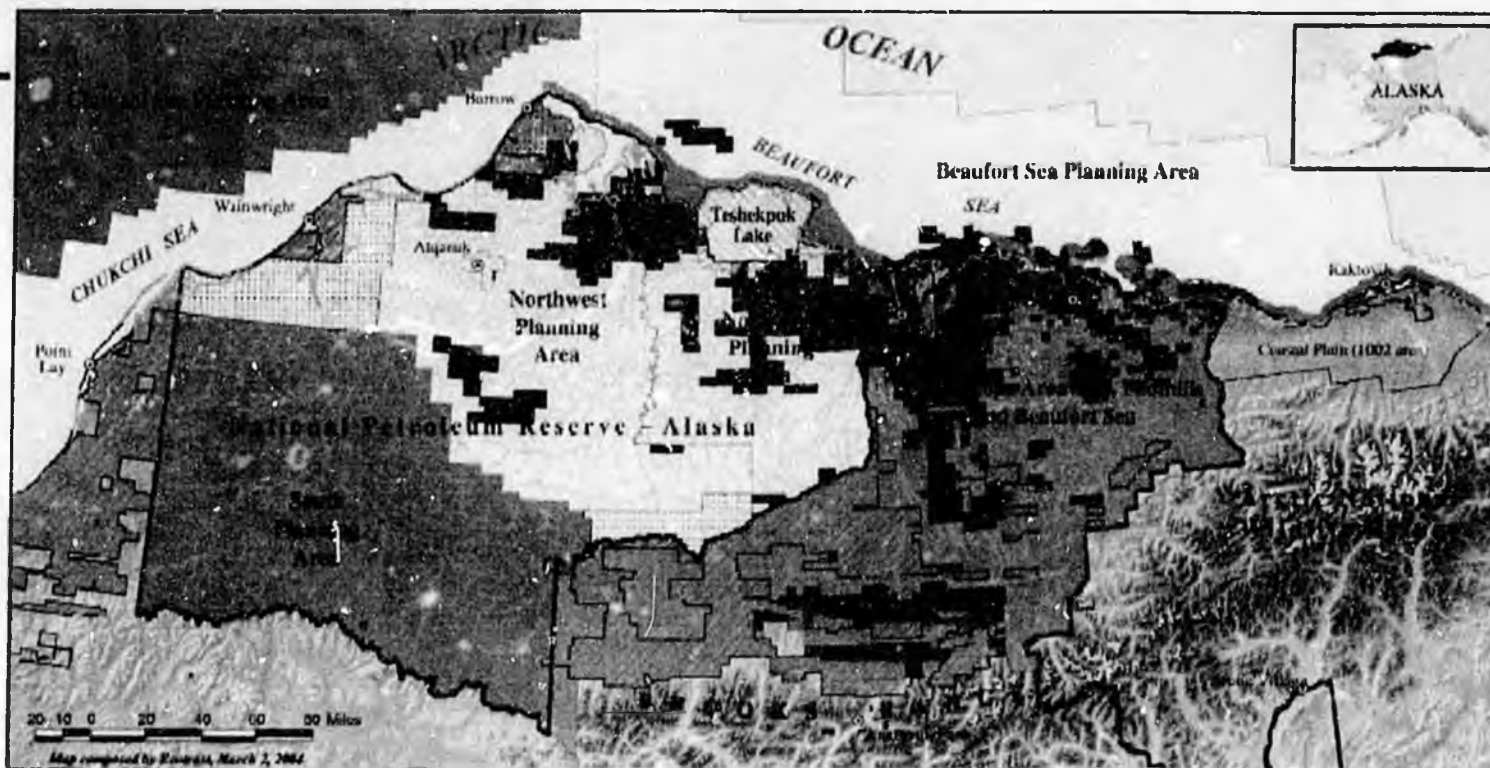
- On July 29, 2005, explosives from early seismic testing were discovered 8 miles outside of Nuiqsut. Because of the deteriorated condition of the explosives, they could not be removed and had to be exploded in place. The explosion was so large that it could be heard and felt in Nuiqsut.
- This is not an isolated incident.
- Abandoned seismic and exploration camps and well heads are found throughout the NPR-A in areas used for traditional subsistence activities.

NPR-A History

part 2

- 1982-84 Four industry lease sales covered 1,314,454 acres of the NPR-A.
- 1994 Major commercial discovery just northeast of the NPR-A (now known as Alpine)
- 1999 Lease sale covered 867,721 acres in the northeastern NPR-A
- 1999-2001 Multiple seismic surveys and wells drilled
- 2002 BLM awarded leases on 579,269 acres in the NE NPR-A Planning Area
- 2004 Lease sale covered 1,403,561 acres in the Northwest Planning Area of NPR-A

Current & Proposed Oil & Gas Leases on Alaska's North Slope



- Existing Federal and State leases
- Active Federal Lease Plan Area
- Proposed Federal Lease Plan Area
- 1999 Teshekpuk Lake Area deleted from leasing. June 2004 BLM releases a new plan to lease the area.
- Proposed State Leases
- ASRC Surface and/or subsurface lands
- Barrow Native Lands

National Petroleum Reserve - Alaska (Federal BLM)

- * *Northwest Planning Area*
4.6 million acres - 87% opened to lease 1998
Next lease sale June 2005
- * *Northwest Planning Area*
8.8 million acres - 100% opened to lease 2004
 Open to exploration but deferred from leasing until 2014
First lease sale June 2004
- * *South Planning Area*
10 million acres
Scoping starts Fall 2005

Arctic Ocean (Federal MMS)

- * *Beaufort Sea Planning Area*
9.4 million acres - 87% opened to lease 1998
Lease sale 136 offered 97% September 2003
Next lease sale March 2005
 - * *Chukchi Sea Planning Area*
3.8 million acres
Call for Industry Nominations April 2004
- State**
- * *Northslope Area-wide: Foothills and Beaufort Sea*
11 million acres in active lease plan areas
3.9 million acres in existing leases
Next lease sale October 2004

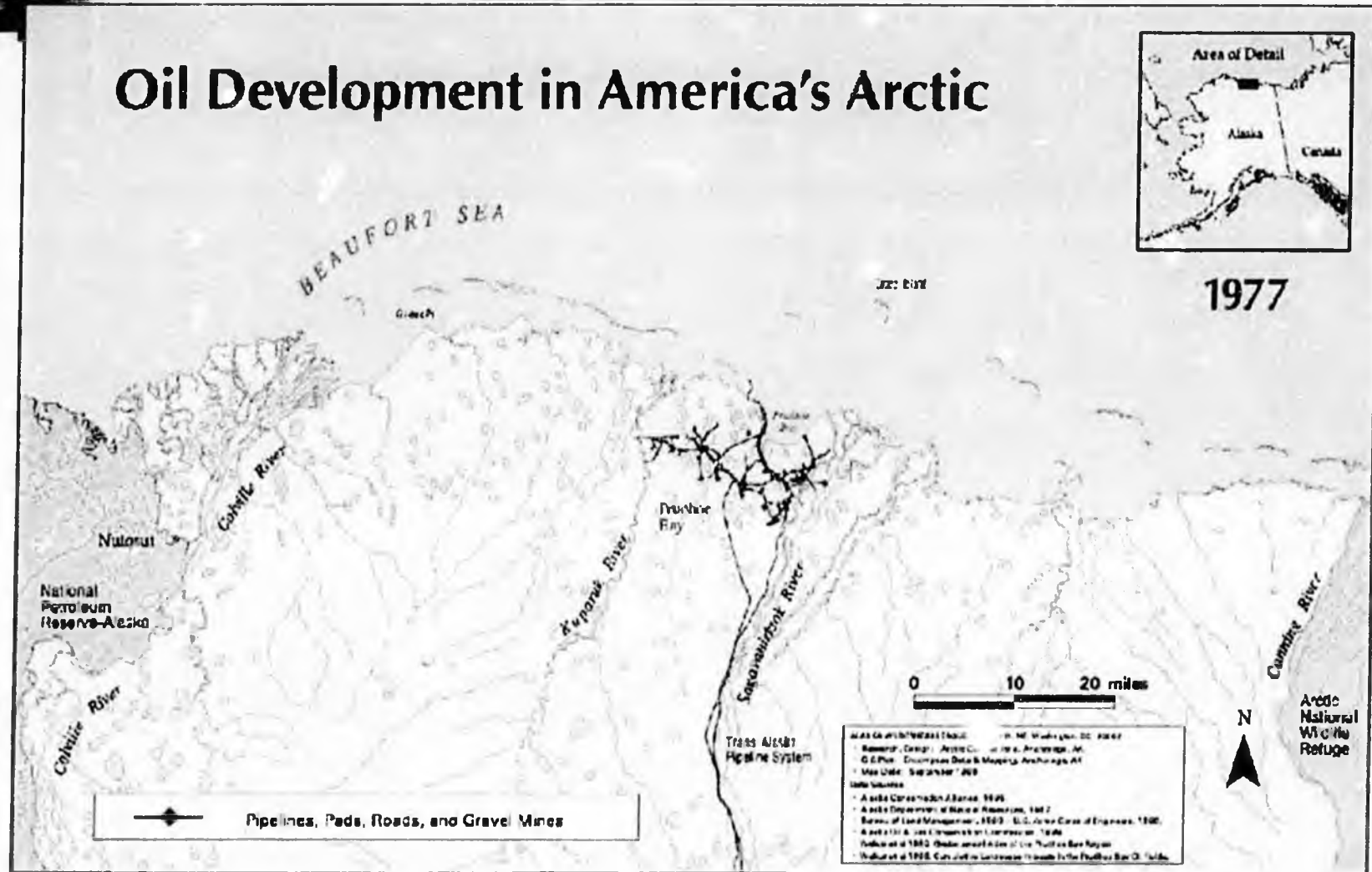


Expansion of Development 1977-2003

- The maps that follow show the rapid expansion of oil and gas development activity from 1977 to 2003, from the initial drilling around Prudhoe Bay to the satellite fields, pipelines, infrastructure and ice roads near the village of Nuiqsut in the eastern NPR-A.
- This progression clearly demonstrates the future impact we can expect as exploration, development and oil production move even farther into the NPR-A.

Oil Development - 1977

Oil Development in America's Arctic

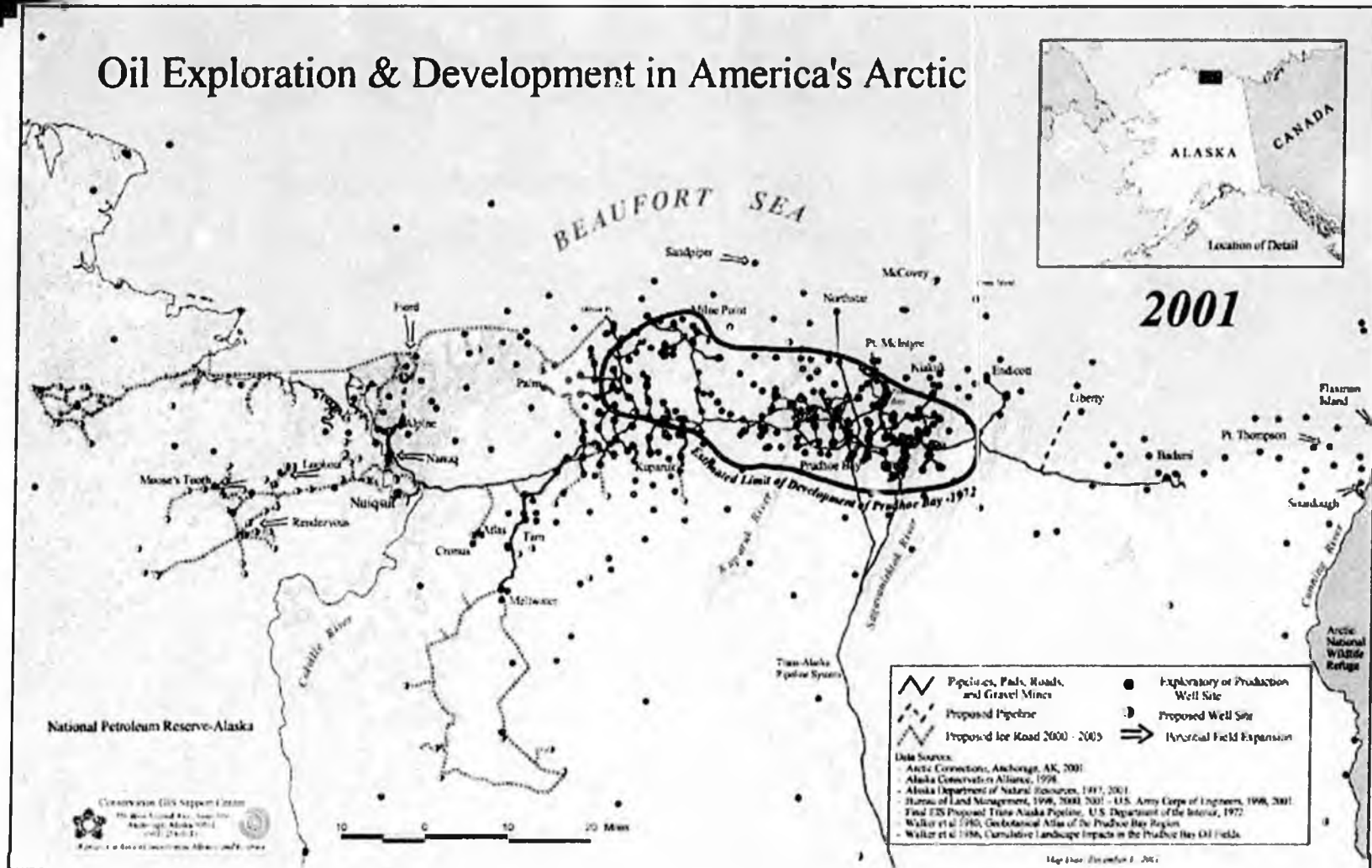


Oil Development - 1999

Oil Development in America's Arctic

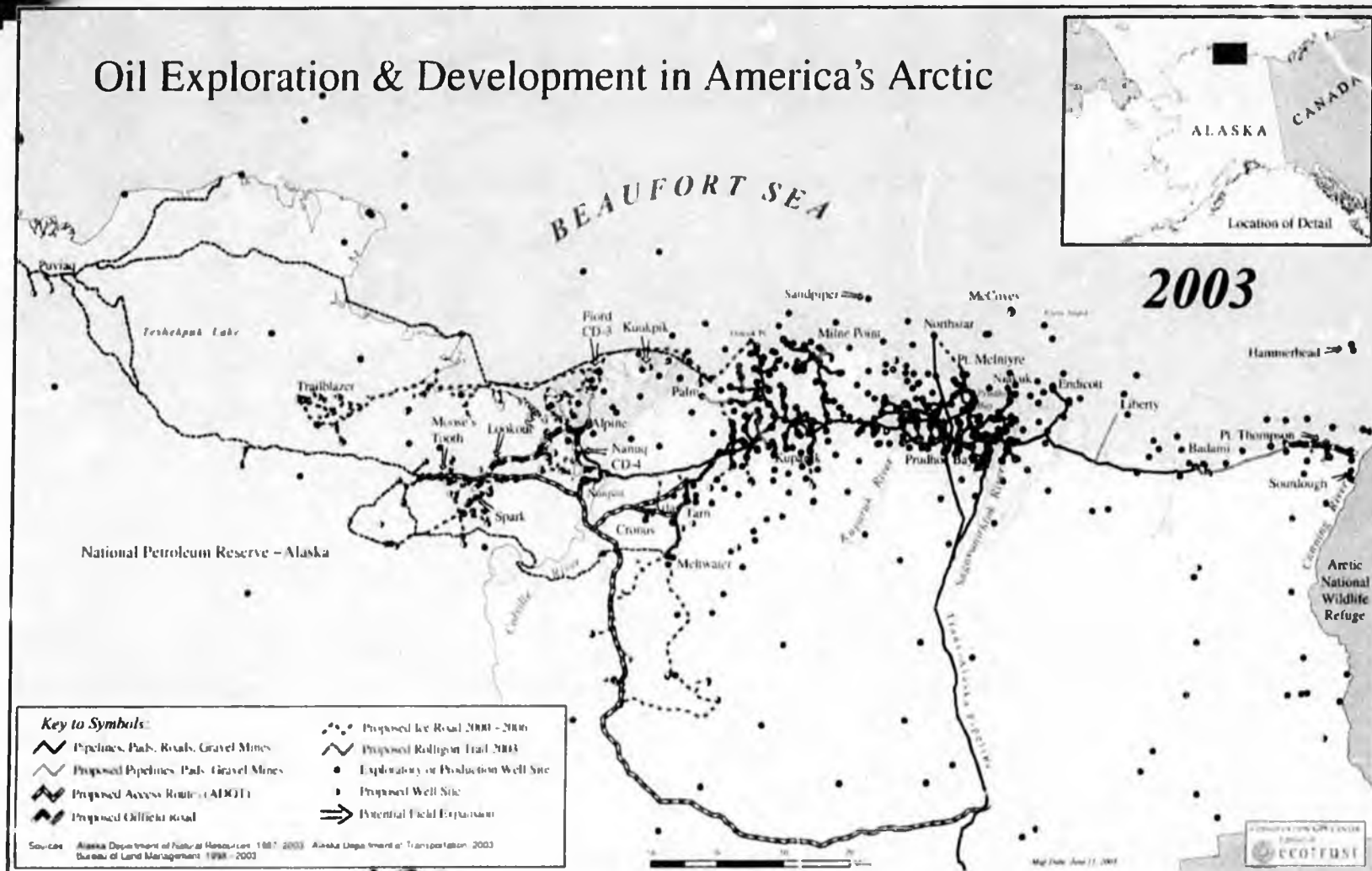


Oil Development - 2001



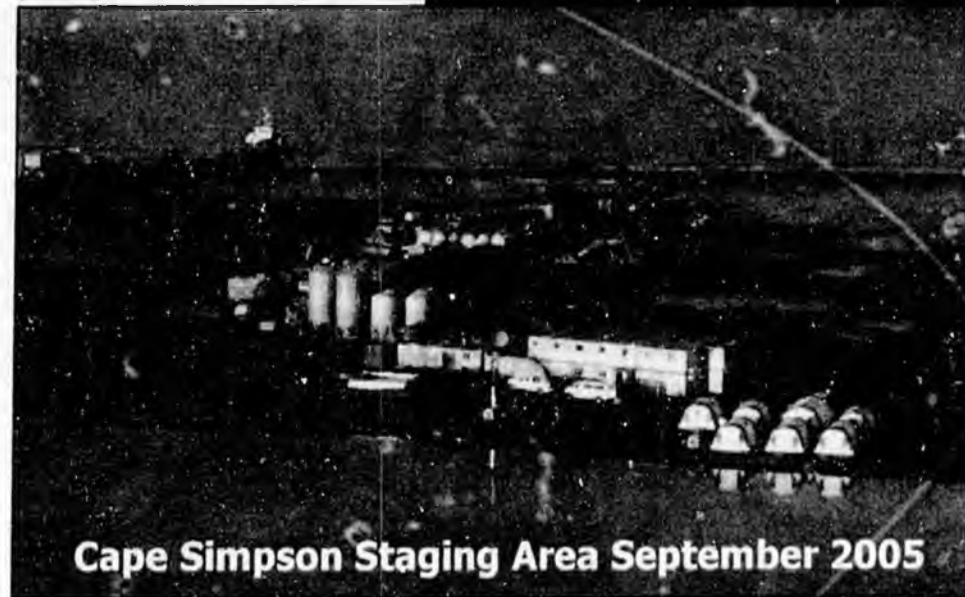
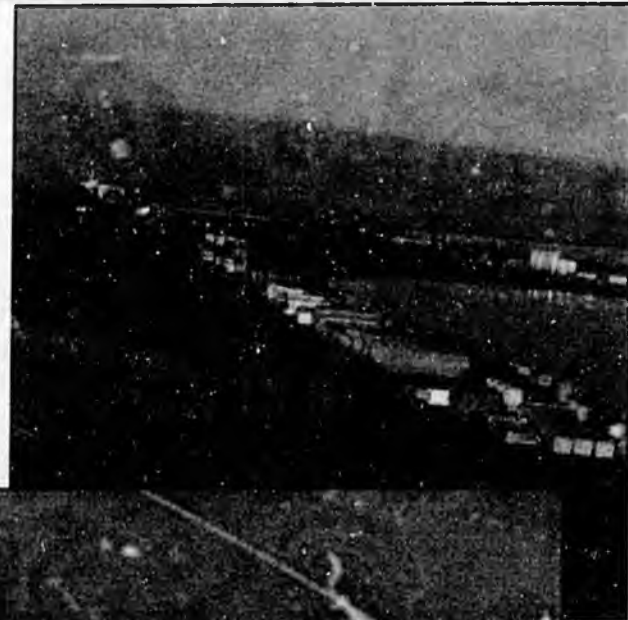
Oil Development – 2003

Oil Exploration & Development in America's Arctic



Today and Tomorrow . . .

- The steady and rapid progression of oil and gas development activities and infrastructure since 1977 is a clear indicator of current and future impacts that must be anticipated and addressed.
 - Risk of oil spills from pipelines or wells
 - Influx of workers and materials
 - Roads, ice roads, and other transportation
 - Disruption of wildlife and traditional land use for subsistence harvest.





Impact Mitigation

- 25 years ago the NPR-A Impact Mitigation Program was created to provide funds to mitigate past, present and future impacts of oil and gas development in the NPR-A.
- For over 80 years, oil and gas development activities have occurred in the NPR-A, affecting the way of life of the Iñupiat people.
- Over a 19 year period, impacted municipalities within the NPR-A have been awarded 158 impact mitigation grants totaling \$94,081,501 which represents just 56.9% of the total funds received by the State.

In Summary . . .

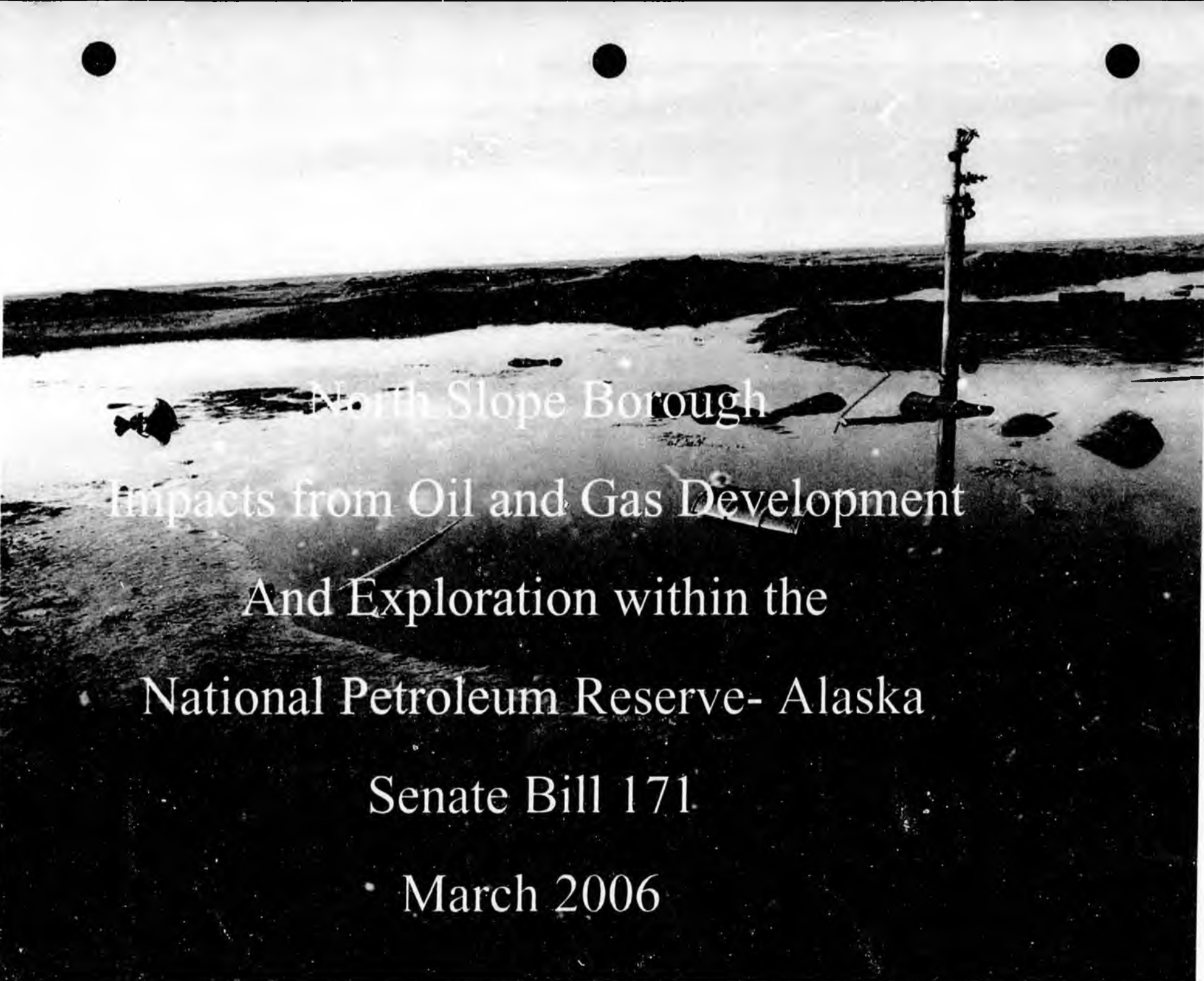
- 85 years ago oil and gas development activities began in the NPR-A.
- 61 years ago in 1944 the Dept. of Defense came to the North Slope for the purpose of oil and gas exploration and development.
- 31 years ago the second wave of government oil and gas exploration began with seismic tests and test wells throughout the NPR-A until 1982.
- 23 years ago in 1982 the Dept. of the Interior began a program of commercial leases for oil and gas development in the NPR-A, which continues today.
- Today and Tomorrow: The need for impact mitigation will increase as more land is leased and oil and gas production activities begin.



North Slope Borough Grants Division

North Slope Borough Grants Division March 2006

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A black and white photograph of a coastal landscape. In the foreground, a utility pole stands on a sandy or muddy shore. The middle ground shows a body of water with a person in a small boat or kayak on the left. The background features a low, dark landmass under a cloudy sky. Three circular punch holes are visible at the top of the page.

North Slope Borough
Impacts from Oil and Gas Development
And Exploration within the
National Petroleum Reserve- Alaska

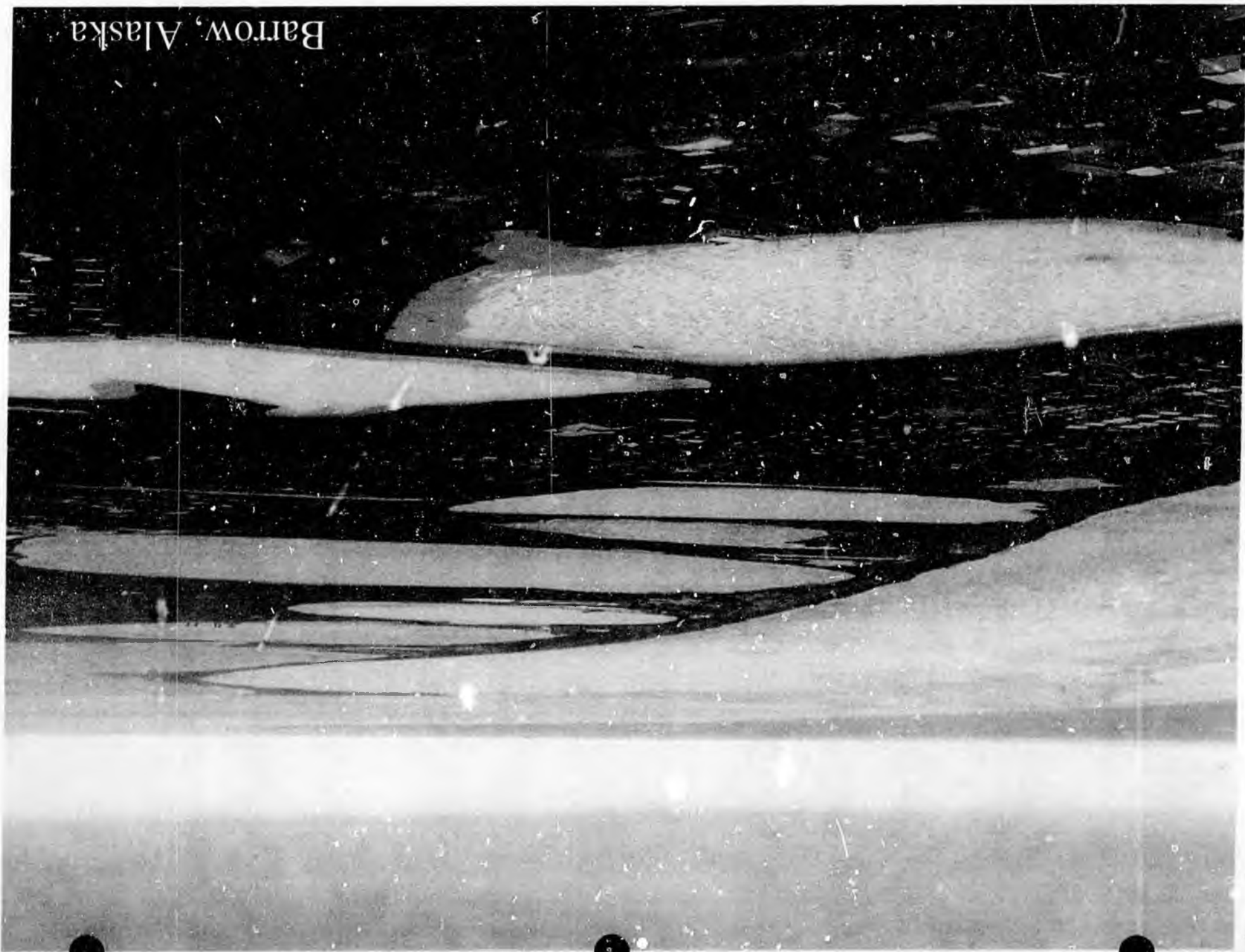
Senate Bill 171

March 2006



Barrow, Alaska

BARTOW, Alaska





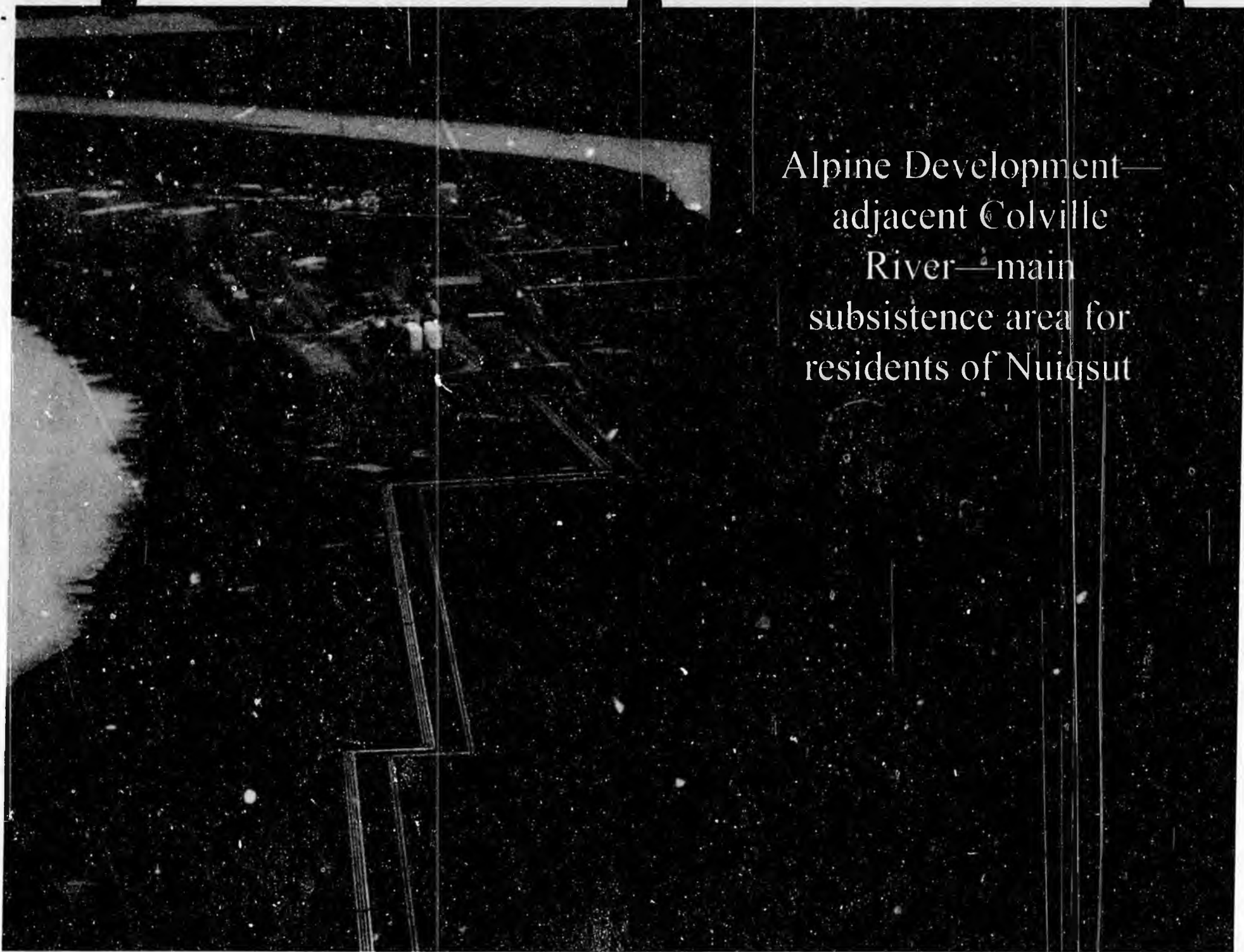
Wainwright, Alaska



Nuiqsut, Alaska



Atkasuk, Alaska

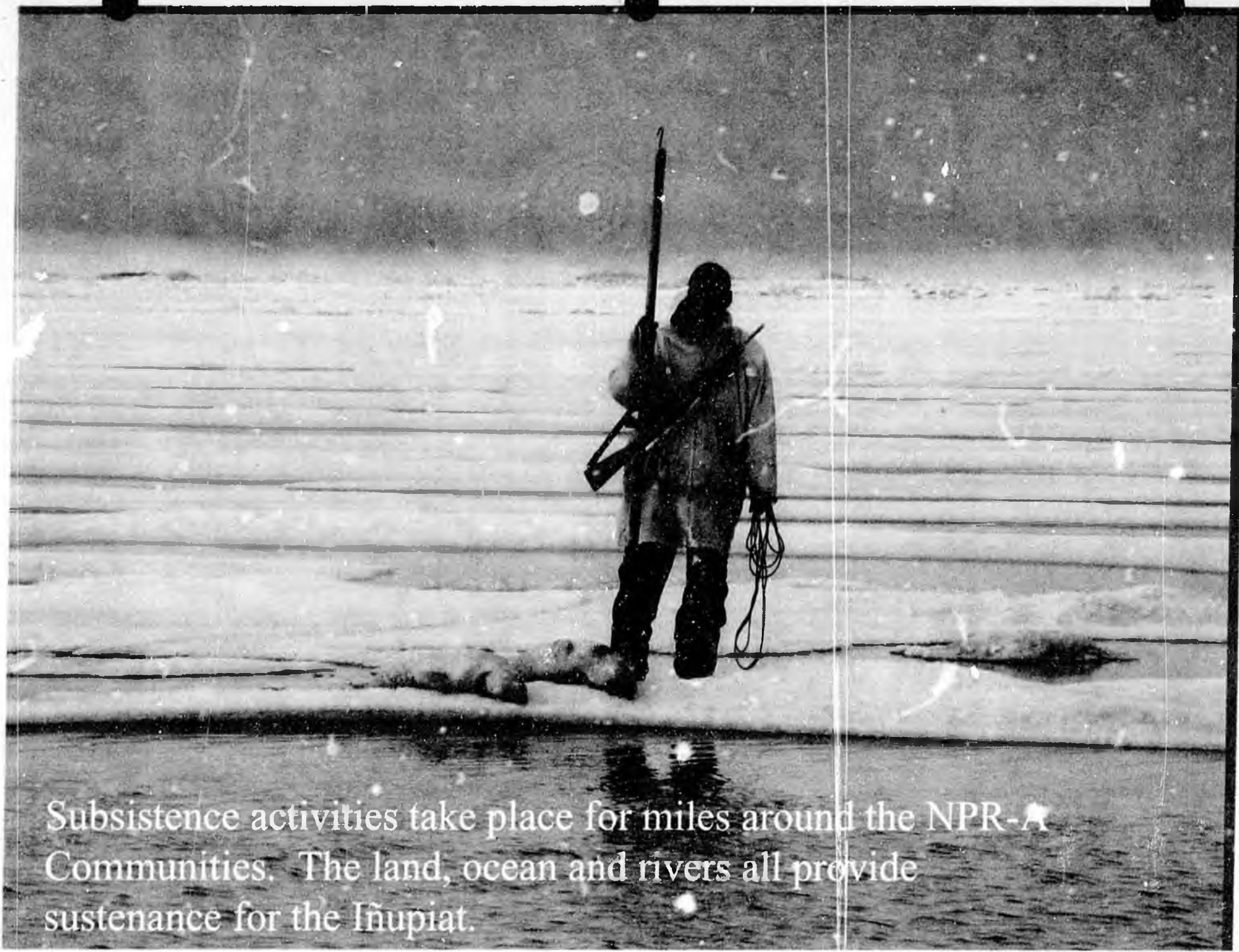


Alpine Development—
adjacent Colville
River—main
subsistence area for
residents of Nuiqsut

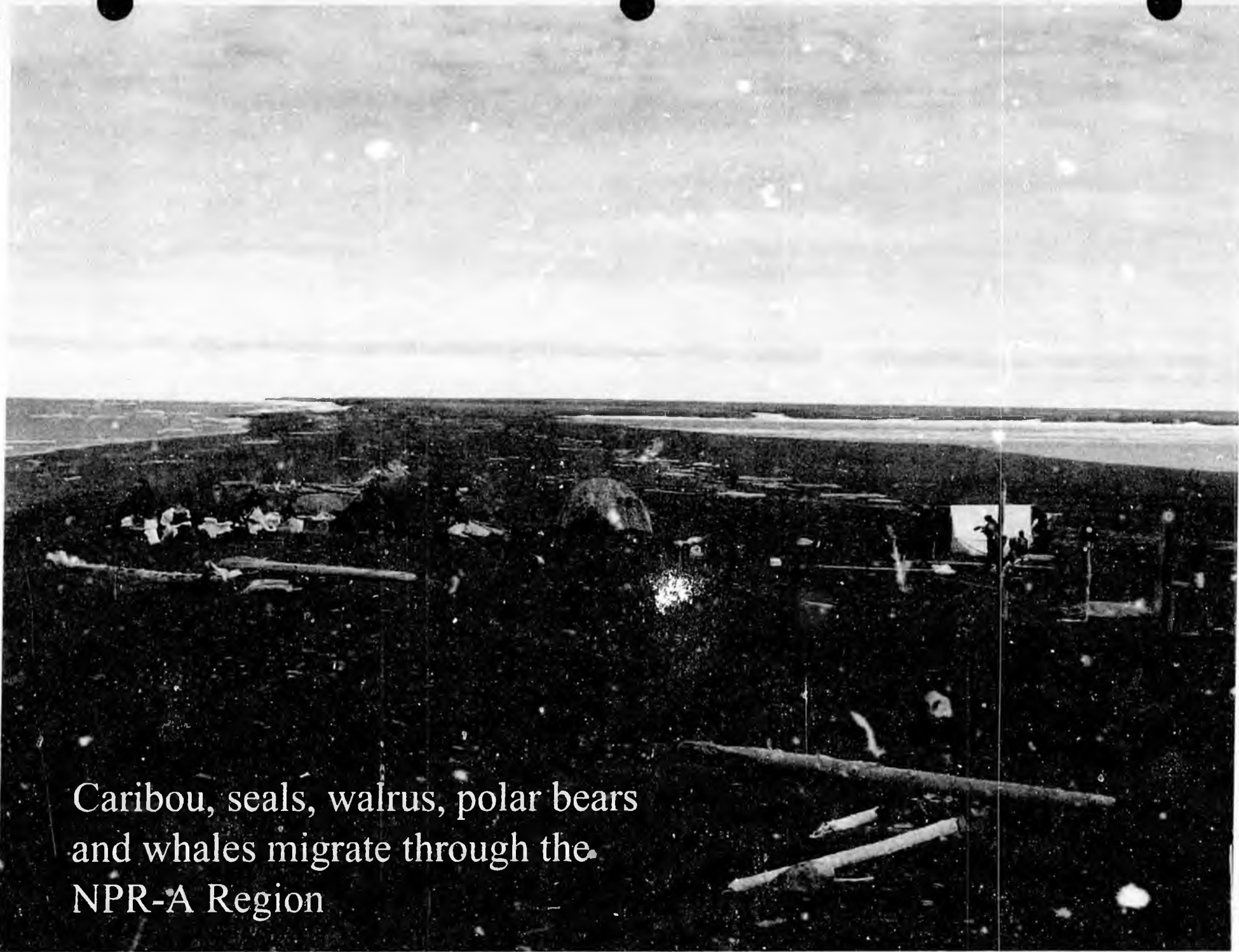


Prudhoe Bay—

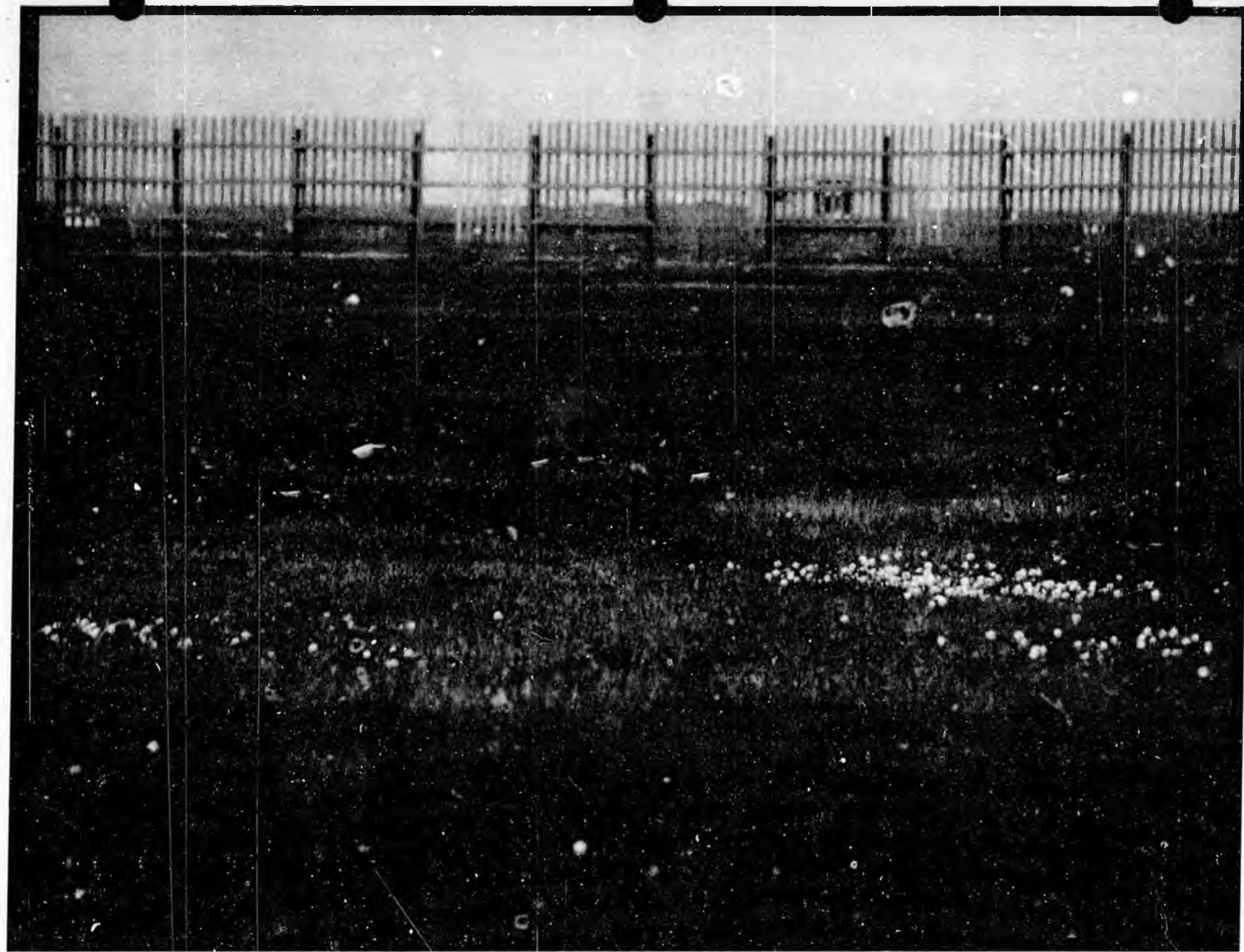
A View of the future of
NPR-A?



Subsistence activities take place for miles around the NPR-A Communities. The land, ocean and rivers all provide sustenance for the Inupiat.

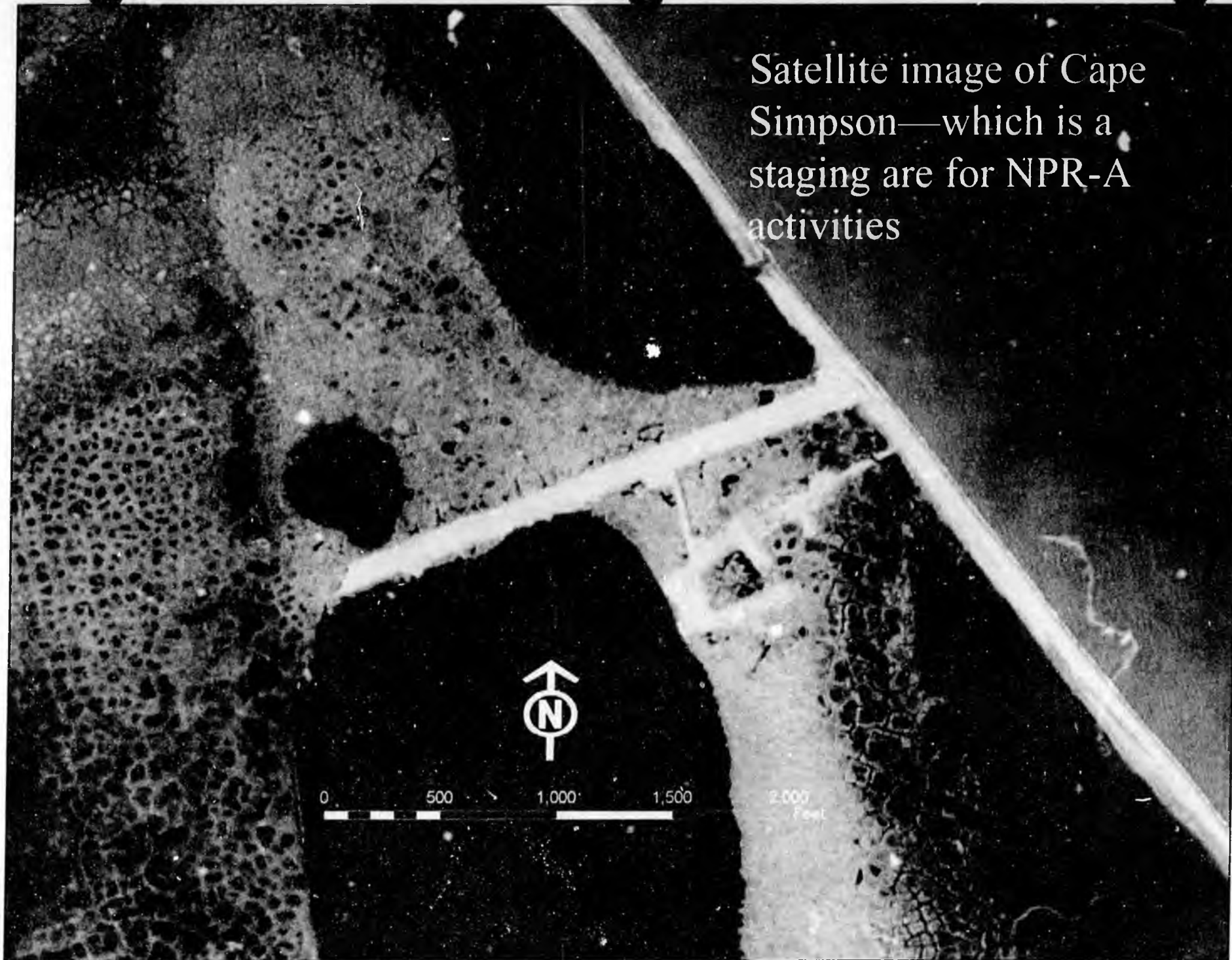


Caribou, seals, walrus, polar bears
and whales migrate through the
NPR-A Region



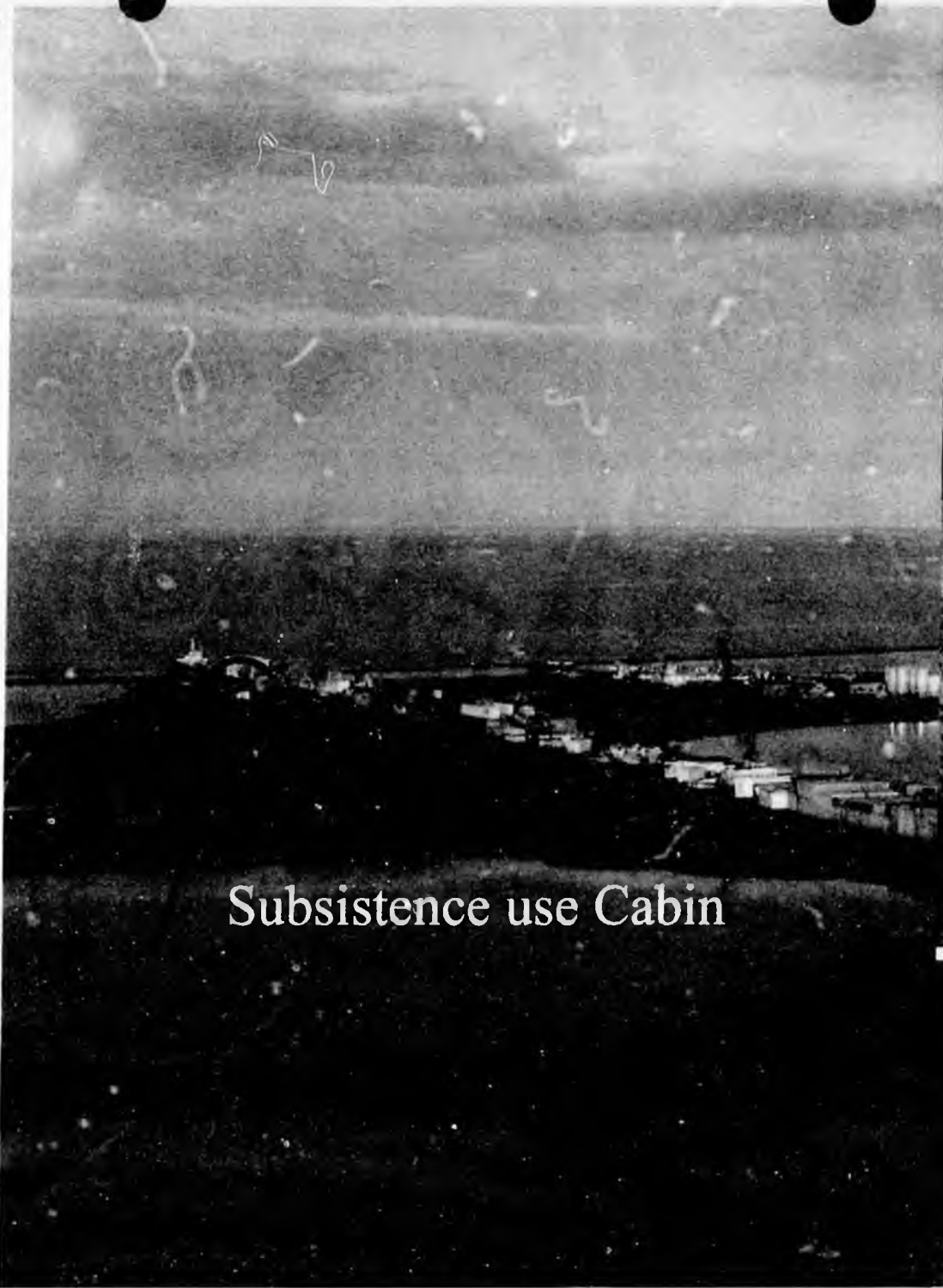


Satellite image of Cape Simpson—which is a staging area for NPR-A activities



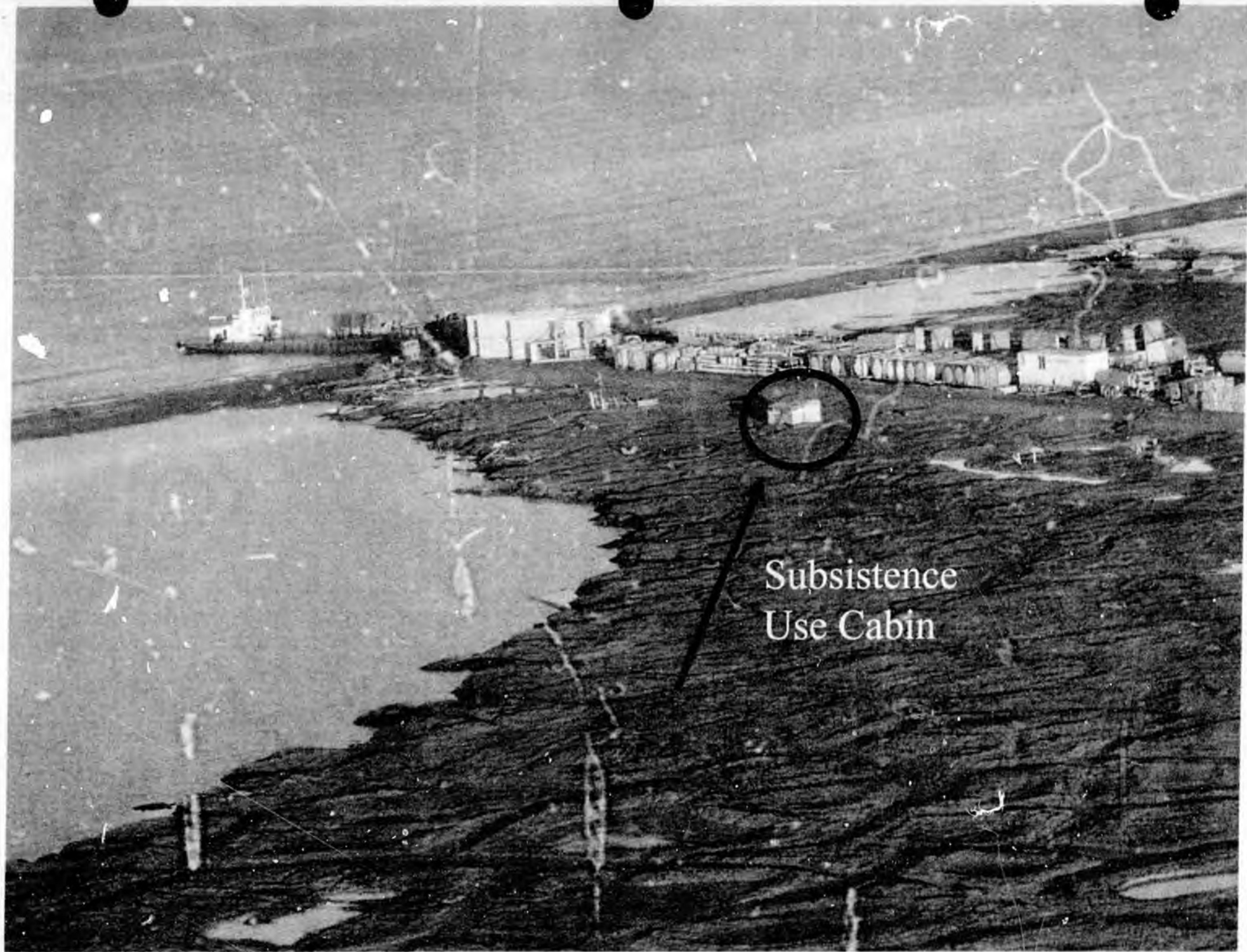
NPR-A staging area at
Cape Simpson—Sept
2005






Subsistence use Cabin






Subsistence
Use Cabin



Improperly
capped well site
at Cape Simpson



Aerial shot of oil seepage onto tundra-Cape Simpson

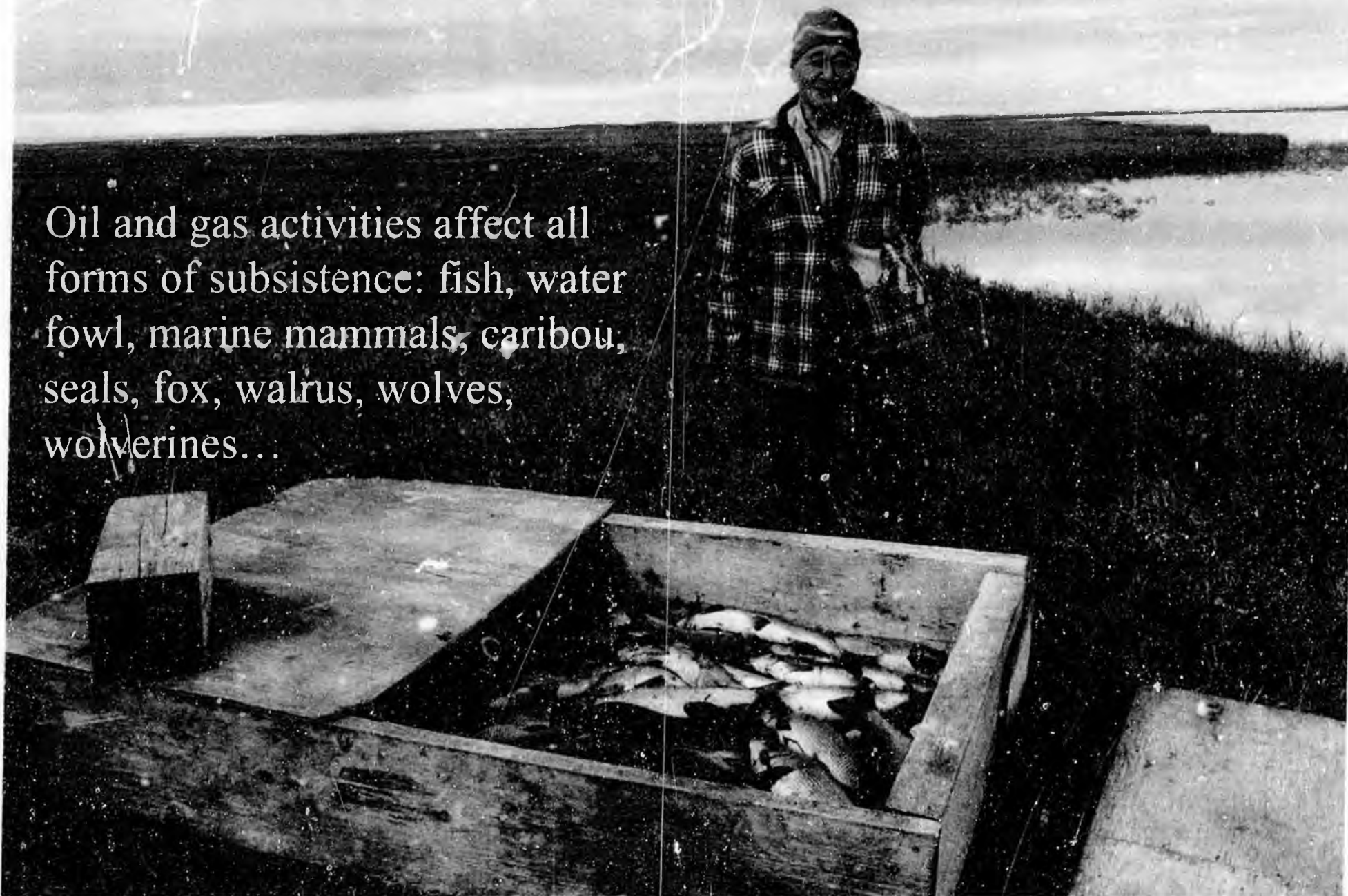


Caribou migration routes are within the NPR-A and Cape Simpson. Caribou are very vital to the Inupiat way of life.





Oil and gas activities affect all forms of subsistence: fish, water fowl, marine mammals, caribou, seals, fox, walrus, wolves, wolverines...





Cape Simpson well site—oil on the tundra

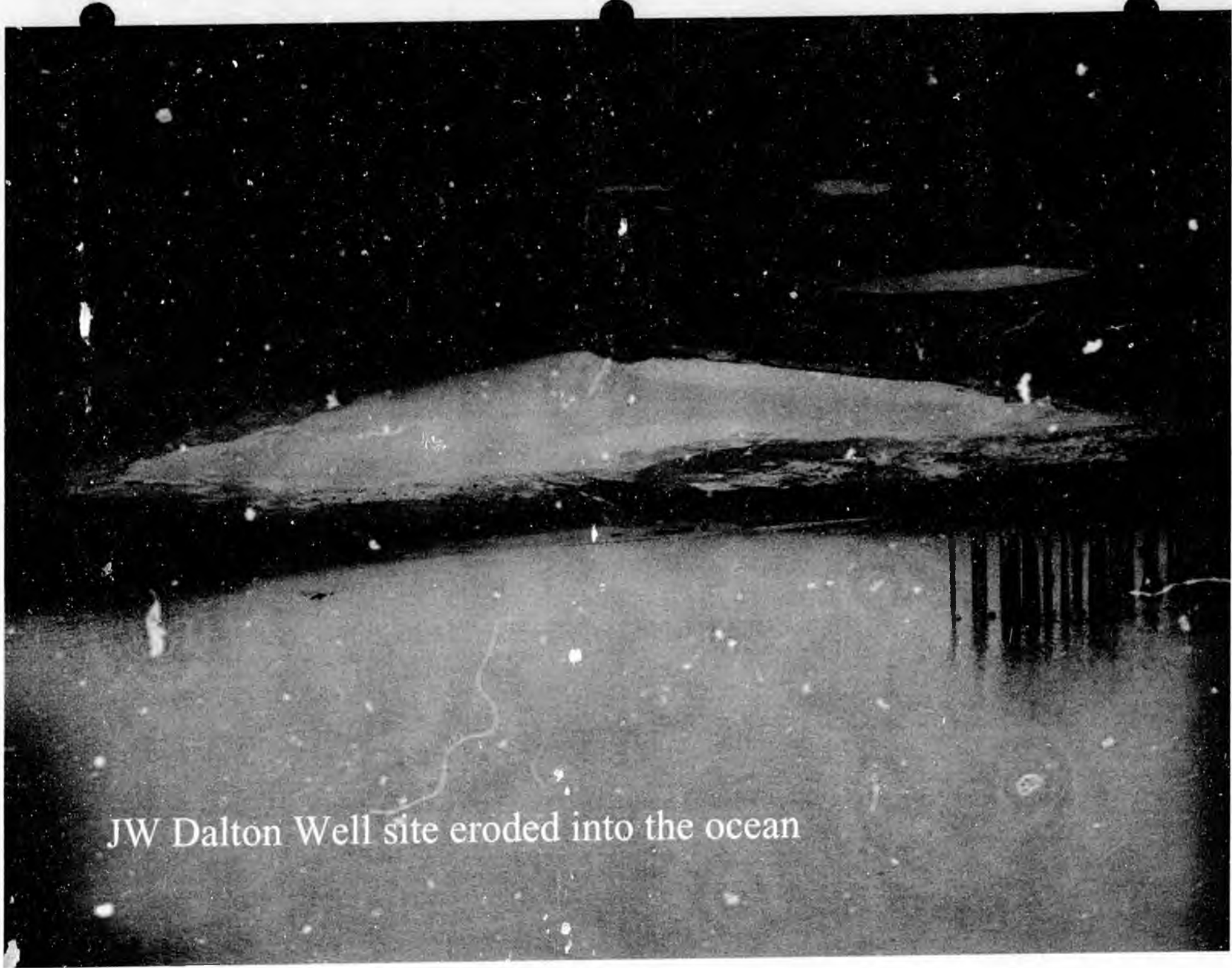




JW Dalton Well Site was active
from April – August 1979.

After 5 months of operation it was
closed.

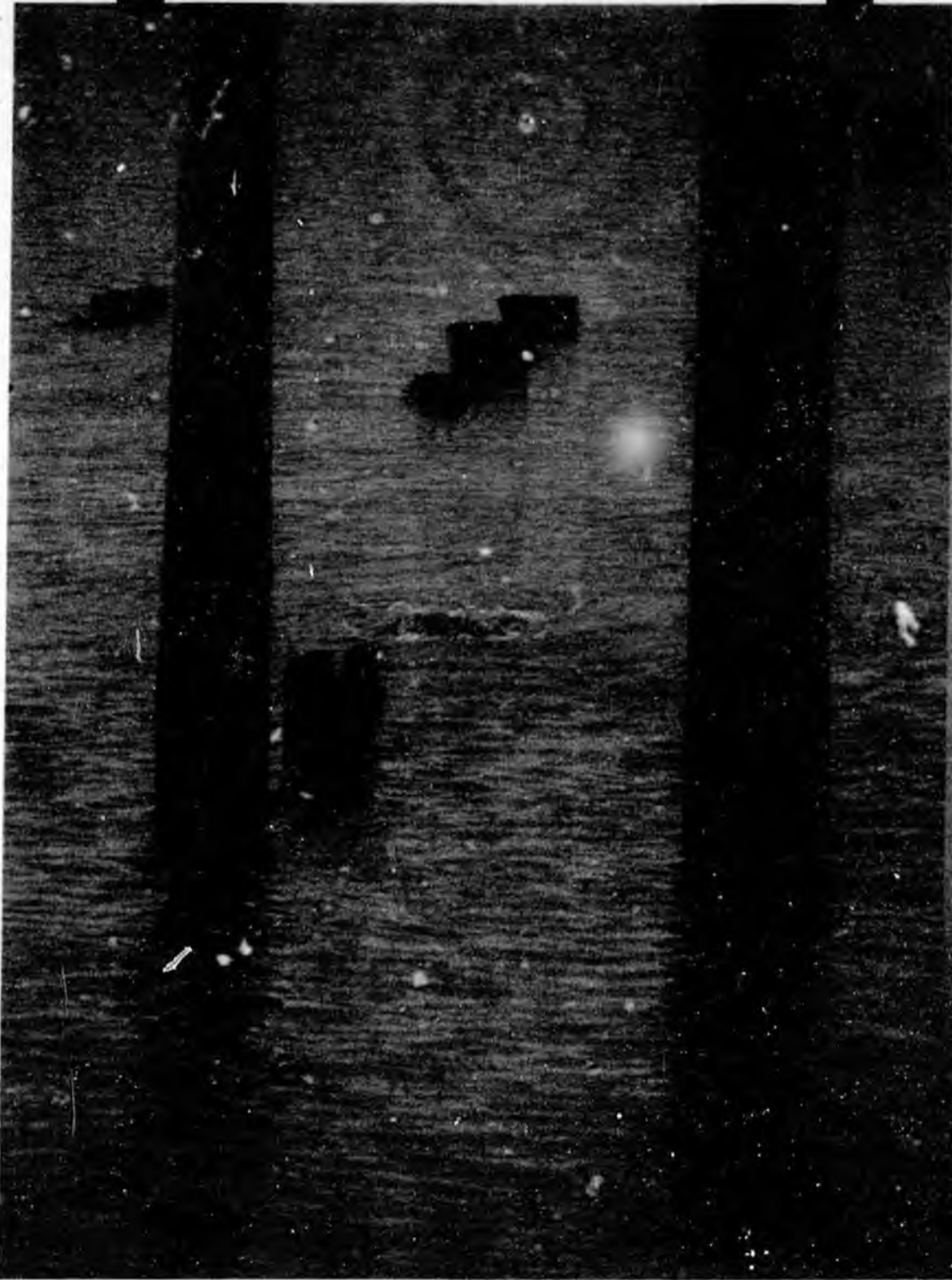
25 + years later, the NPR-A
communities are still dealing with
the impacts of this development.



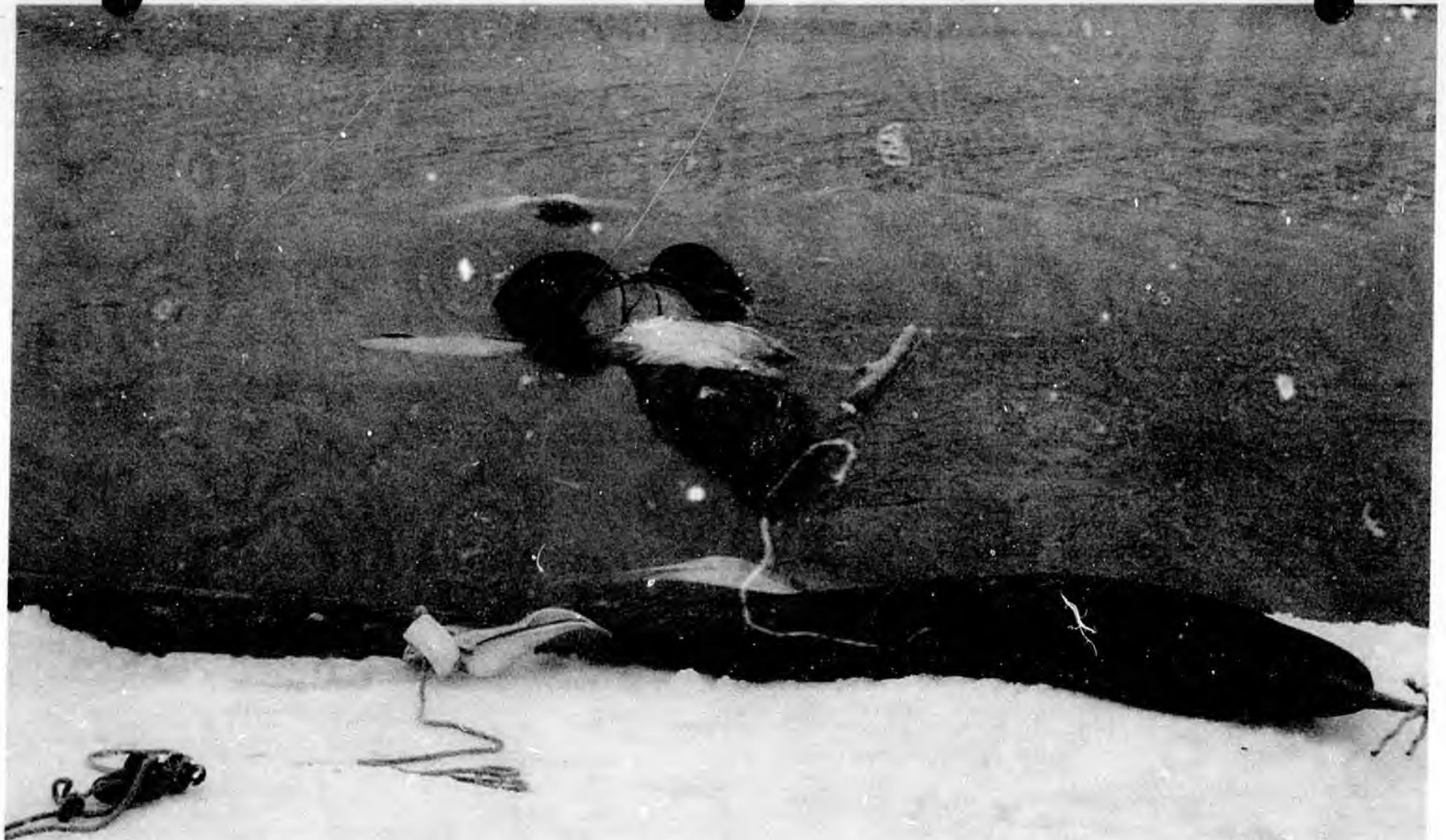
JW Dalton Well site eroded into the ocean



JW Dalton Erosion from 1979 platform

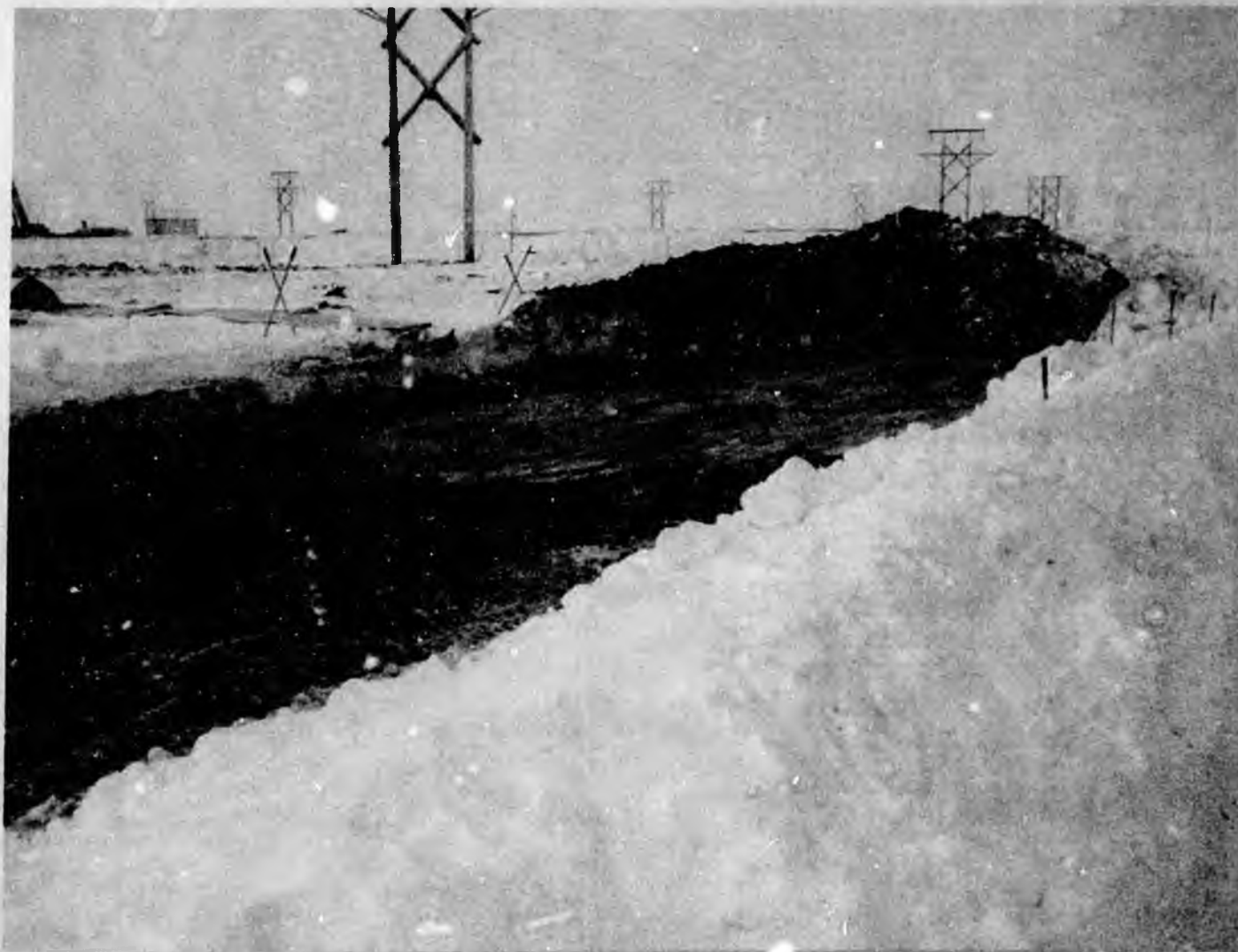


Gas leak from the JW
Dalton site. Gas leaking
directly into the ocean
affecting the marine
mammals and
subsistence hunting.

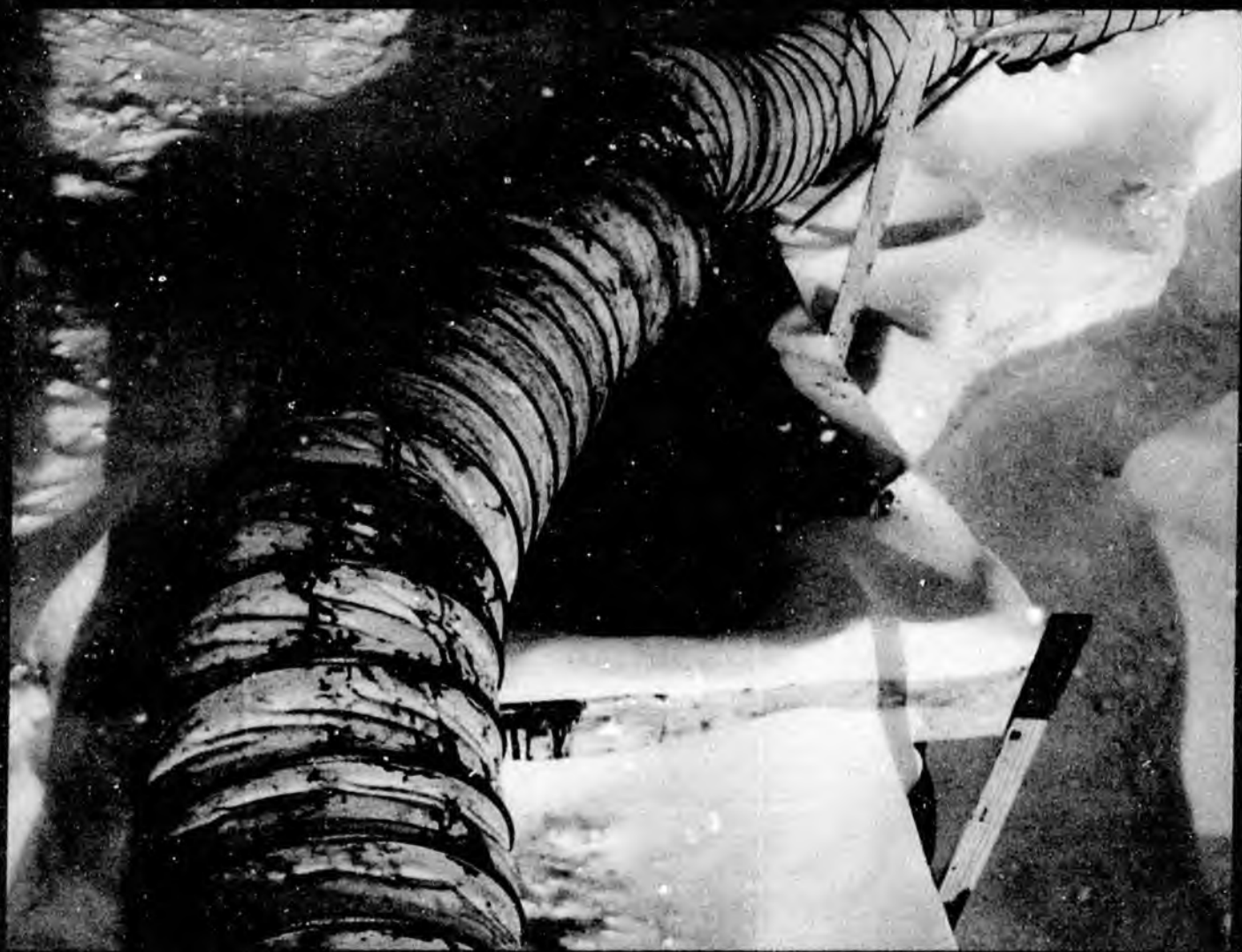


Whaling is a centuries old Iñupiat Tradition
and is still done by the NPR-A villages of
Barrow, Nuiqsut and Wainwright





Oil spilled onto the snow



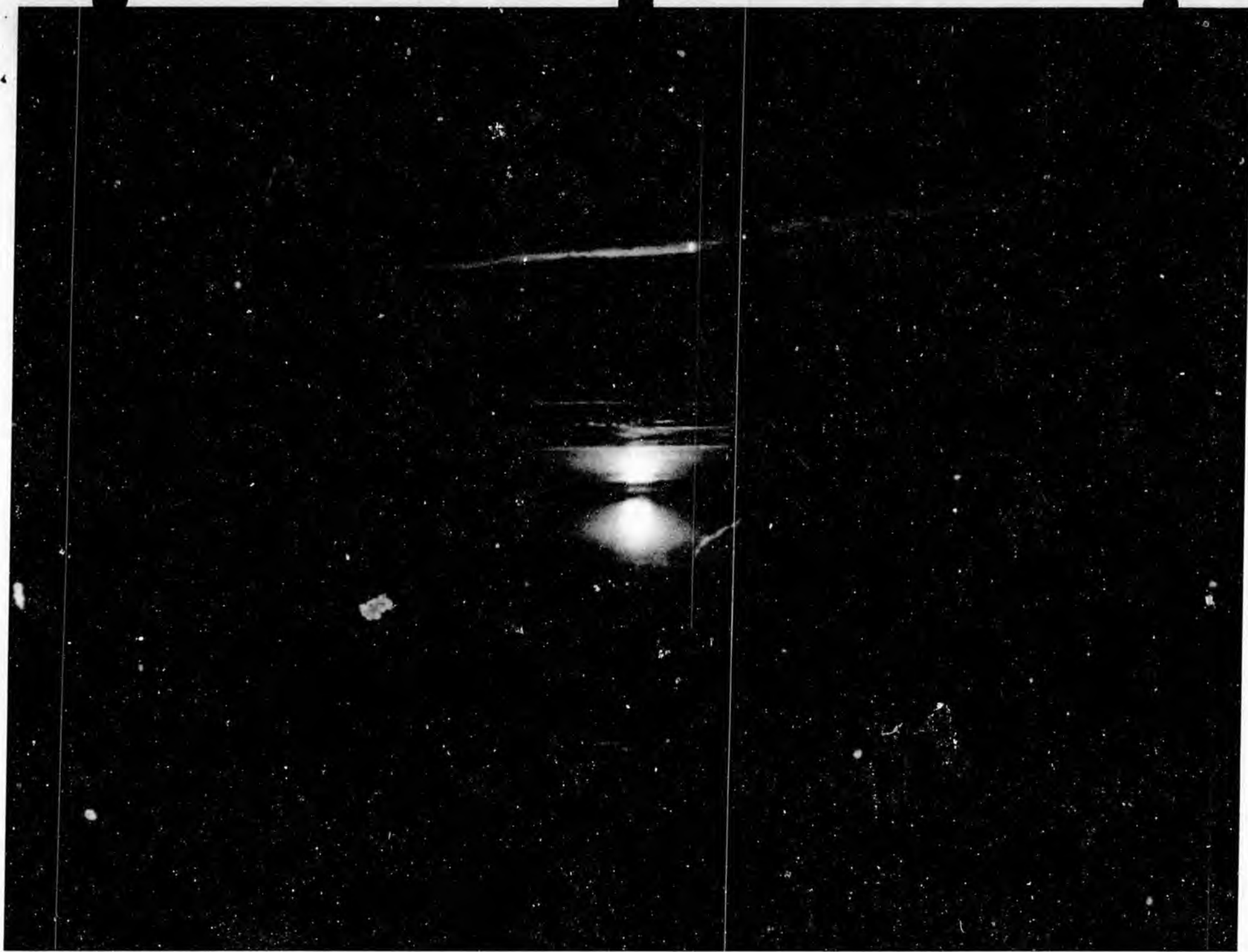


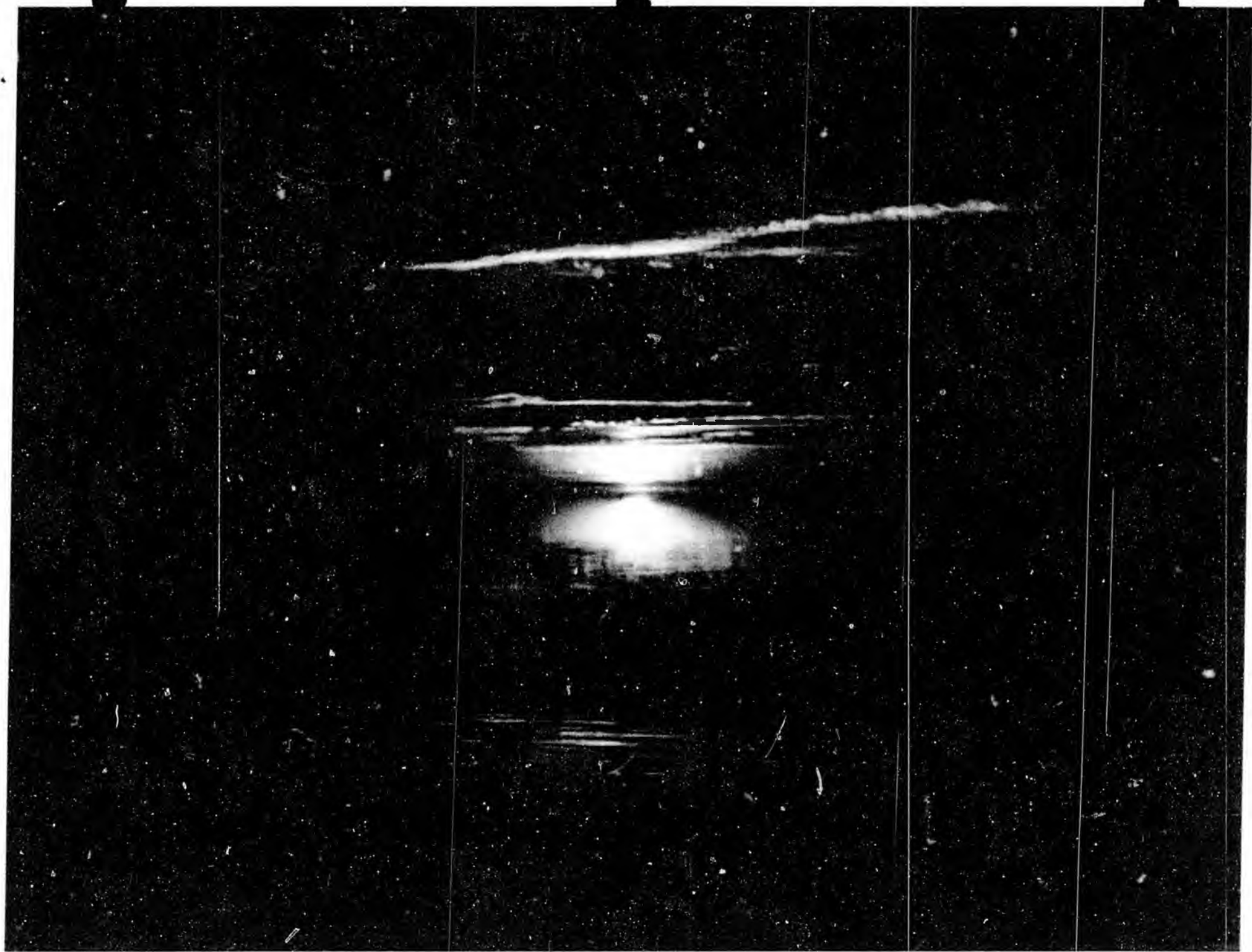
Spill Clean up—Haz Mat Suits on the tundra



Aerial view of spill area

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES





**North Slope community testimony
Suggested schedule**

**House CRA Committee
Thursday, March 29, 2006**

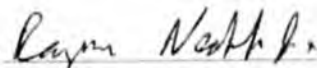
<u>Speaker</u>	<u>Affiliation</u>	<u>Estimated time</u>
✓ Edward Itta	Mayor, North Slope Borough	20 minutes
✓ Dora Nukapigak (Noo-KAH-pee-gawk)	Subsistence hunter, Nuiqsut (Noo-IK-soot)	5 "
✓ Nate Olemaun, Jr. (OO-lay-mahn)	Mayor, City of Barrow	5 "
John Hopson, Jr.	President, Olgoonik Corporation (O-LOO-go-nick) - Wainwright	5 "
✓ Raymond Neakok (NAY-ah-coke)	Subsistence hunter, Nuiqsut (Noo-IK-soot)	5 "
Robert Suydam (Soo-DAM)	Biologist, North Slope Borough	5 "
David Smith	City Administrator, Nuiqsut (Noo-IK-soot)	5 "
	Fudge factor	10 "
	Total time	60 "

Mr. Raymond Neakok Jr.
P.O. Box 89061
Nuiqsut, Alaska
99789
Home Phone 907-480-4808
e-mail (neakokjr@astacalaska.net)

Testimony from a resident of Nuiqsut

Hello my name is Raymond Neakok Jr. son of Raymond Neakok Sr. and Marie Kunaknana Neakok. My grandfathers birthplace is near the alpine development at a place called Nigliq at the mouth of the nechelik channel. His name is Arthur Taqtu Neakok. And my grandmothers birthplace is between Wainwright and Barrow. Her name is Hester Tahklin Neakok. My grandfather on my mothers side birthplace is approximately 4 miles from the mouth of the Anaktuvak River. His name is Samuel Hugo originally, but was changed to Samuel Kunaknana by the census takers for whatever reasons unknown to me. And my grandmother was born at Cross Island the current home base for Whalers in Nuiqsut.

Currently the residents of Nuiqsut are expected to attend 20 to 25 meetings a month nearly all at the Local, State, and Federal level. Many of the attendees are elders who have testified time and time again for the past 30 years or so. I for instance had a choice where I should be this past weekend. Should I attend the SB 171 hearing or go out and hunt for food for my family and to possibly trade for other foods that are not available in the Nuiqsut area. Which is clearly an **IMPACT** related to NPRA development at its present phase. I thank you for your time at this very hour.

Sincerely 

Thursday, March 30, 2006

The Community and Regional Affairs Committee will come to order.
Let the record reflect that it is _____ am, March 30, 2006.

Let the record reflect we have a quorum. Members present are

- Representative Thomas
- Representative LeDoux
- Representative Kcct
- Representative Neuman
- Representative Cissna
- Representative Salmon

Today we'll continue our hearing on SB 171, NPR-A Community Grant Program. We have a lot to cover today so I'd appreciate it if everyone keep their testimony brief. We have a number of people on line from the North Slope Borough to answer questions.

First I'd like to call on the Dept. - Mr. Clough will you join us?

What changes has the department made in how the grant requests are processed?

(if appropriate) Do you feel that the changes have addressed the problem brought up by Sen. Wilken?

(You will have people on line from the North Slope Borough to answer questions. You need to hold DCCED to 30 minutes or less as there will be about 7 or 8 people testifying in house. You will need to try and control the length of questions from the committee (Sharon?) so they don't wander off the subject.)

Sen. Wilken has raised some valid points. However, it appears the problems with the administration of the grants lies more with the department than with the impacted villages and the North Slope Borough. It is the wish of Co-Chair Thomas and I that the department, the villages, and the borough work together to arrive at a resolution that will satisfy all parties.

PAST
SEN. WILKIN

Testimony of Edward S. Itta
Mayor, North Slope Borough

on SB 171 – Amending NPR-A Grant Program

House Community and Regional Affairs Committee
March 30, 2006

Thank you, Mr. Chairman.

Now that you've had a chance to hear the sponsor and the Administration talk about SB 171's proposed changes to the NPR-A Impact Aid Grant Program, I appreciate this opportunity for people from the NPR-A communities to tell you what it's like in the places that are directly affected by industry activity.

As you know, the NPR-A grant program was born 25 years ago after these petroleum reserve lands were transferred from the Navy to the Department of the Interior with the intent of pursuing commercial development. Senator Stevens was aware that activity in NPR-A had already caused a lot of impacts in the local communities, and he wanted them to receive a healthy share of the non-federal revenues from development. It wasn't Senator Stevens' desire to wrap these villages up in complex arguments about what constitutes a direct impact or an indirect impact. That is a recent invention by this bill's sponsor.

Senator Stevens' intention – as it was expressed in the federal law that created the program – was pretty simple. He recognized that community impacts had occurred in the past and would occur in the future. He knew that these lands were the most important subsistence territory for the majority of North Slope residents. And he wanted the impacted communities to receive benefits at a level that corresponds to development.

The obvious and simple way to do that – as it was established in the federal law – is to let impact aid rise and fall with revenues. The revenue levels would give a general indication of current and future activity, and a general indication of impacts. The impact aid program would give communities a way to respond and to prepare for the increasing level of impacts that were likely to occur.

And that is exactly what is happening. From 1987-1995, there was some revenue generated from existing leases, then it went quiet for a few years before the big sales in 1999, 2002 and 2004 took place. Suddenly, more than 2.8 million acres are leased, and with the price of oil up so high, the industry is really eager. There will also be a lease sale later this year that offers the area north of Teshekpuk Lake for the first time.

If you want to talk about impacts to the communities, Teshekpuk Lake is a good place to start. That area is a tremendous magnet for waterfowl of all kinds, as a nesting and molting area. Birds come from thousands of miles away in the spring. The Teshekpuk

caribou herd is also based there, migrating in and out through a narrow neck of land between the eastern edge of the lake and the ocean.

In terms of subsistence, the Teshekpuk area is the focal point of the whole region, and all four of our NPR-A communities harvest from these wildlife populations while they are in the Teshekpuk region or during their migratory travels. If you want to make people nervous on the North Slope, just tell them that the industry is gearing up to move into the Teshekpuk area, especially the most sensitive area north of the lake, where the greatest concentrations of wildlife are found.

Well, that is exactly what we were told by BLM when they released their Record of Decision on Northeast NPR-A last month.

I bring this up because it is a good illustration of the way that impacts can take effect. When you are a subsistence hunter, you don't need an oil rig next to your campsite before there's an impact. You don't need a rig or a road or a seismic crew. For some of the most serious impacts, all you need is a threat.

The area around Teshekpuk Lake – especially on the north side of it – is a subsistence breadbasket. When I talk to people in the villages and Barrow, the idea that those lands are about to be leased isn't just a piece of worrisome news. It hits them in the stomach. It is a threat to their culture, because it is a threat to activities at the core of their culture. I think you understand that this is not just about hunting. It's about preserving the activities that make our culture possible. For the Native people up north, the new threat around Teshekpuk Lake is one more threat to the continuation of their culture.

So people in all of the NPR-A communities are experiencing a new impact – before the ground has even been leased. That is the nature of impacts in a cross-cultural situation. They are not always easy to understand or even identify, because they are created in the context of one culture and received in the context of another culture. The more you try to tie specific actions to specific effects, the more you will miss some of the most profound impacts. These are the ones that come from a feeling deep inside our people that their traditional hunting grounds are gradually being taken away for another use, a use that will disrupt the wildlife we depend on. Disrupting the wildlife disrupts the people. And while it takes time to figure out how much the wildlife are affected, it doesn't take any time for people to feel worried and threatened and stressed.

That's why the villages apply for youth programs and recreation facilities. They are trying to create alternative activities for kids in a culture that is under stress. They apply for school counselors and anti-drug programs, because they're trying to head off some of the social problems that arise when a culture feels it is under siege. NPR-A is clearly not the only source of stress on our kids and communities. But it is one source, and with BLM's decision to open up the Teshekpuk lands that have always been protected, it is a lot bigger source of stress than it used to be.

I think this kind of widespread social impact that is hard to get your arms around – and hard to quantify – was anticipated by the federal law. It is the kind of impact that stays under the radar, but it is real and very disturbing. It's the undercurrent that affects everyone, while the more obvious impacts affect one village more than another. Nuiqsut is in the eye of the storm now, but it was a quiet village ten years ago. Wainwright is still a pretty quiet village, but they feel this undercurrent, this fundamental shift in land use priorities. They go to the BLM meetings and see maps of the 2.8 million acres that have been leased for exploration in the hunting grounds. Development starts on the drawing board, not on the drill rig, and so do impacts.

The people of Wainwright and Atkasuk and Barrow and Nuiqsut see what's coming across the Colville River. What's coming is a seismic shock to their subsistence view of the world. They've heard that there might be ten billion barrels under there. For someone who depends on a very different use of that land, it creates a real impact, and that impact is directly tied to development. And like any social or cultural impact, it's very hard to show a direct cause-and-effect link.

I believe that is why the federal law leaves a lot of latitude in its approach to impact aid. Sure, there have to be guidelines and a demonstration of impact. Maybe we haven't always done the best possible job of communicating these impacts. But we are making progress on that. The DCED staff congratulated our grants people in this last round of applications; they said our impact justifications were much stronger than in the past.

It's very hard to prove a direct link between a seismic crew marching across the tundra and a change in the behavior of animals or humans in the area. We can't do it, and the Legislature can't do it. And yet that is the kind of hard-wired relationship between activities and impacts that the sponsor of this bill wants to require. If that's what he wants, then his argument is not with us, and it is not with the program as it operates now. His argument is with the federal law that provides this money in the first place. His argument is with Senator Stevens, who saw the need for impact assistance at the local level and created the program.

So I believe that some of the most profound impacts are these very subtle changes in the minds and hearts of our people as they see the industry march to the west across the breadbasket of their traditional lands. There are plenty of smaller, everyday impacts too. They happen so often that we don't even think about them. They might be incidents where we are called on to help the industry. We respond without thinking about it, because that's what you do when someone is in trouble in the Arctic. Our Search and Rescue department has flown 200 miles out to sea to medevac someone from a seismic ship. We fly medevacs to remote industry campsites to pick up sick or injured workers. It's happened several times in the past few months. In fact, just last week our emergency response team saved the life of an oil worker who had both legs trapped in an auger at a remote drilling site. He didn't come out of it so good, but he's still alive, and it's because we are the first responder on the Slope. Not the state or the feds or the industry. In fact, some of the lifesaving equipment that was used in this rescue was paid for by an NPR-A

grant. You won't hear about grants like that when you're listening to the bill's sponsor. That's because they are part of the success of the NPR-A grant program.

One of the most dramatic images of an NPR-A impact that you'll ever see is in one of the packets you have on your desk. It's the booklet of photos called "North Slope Borough Impacts from Oil and Gas Development." There should be a flagged page, and if you look at that page and the one after it, you'll see a photo taken in NPR-A last fall. It shows a massive amount of equipment and moveable facilities in a staging area at Cape Simpson. Next to that city of equipment is what looks like a tiny shack. And that's what it is - it's a subsistence cabin that marks a hunting area used by a Barrow family for generations. Hundreds of cabins like this dot the tundra in NPR-A. Many are on Native allotments that belong to families from every NPR-A community. So the next time somebody tries to tell you how far away some of these communities are from Alpine, remember this picture. It's quite a way from Alpine too, but it's very close to where lots of our families go every summer to spend time on the tundra and hunt and fish and camp.

From the sponsor's presentation on SB 171, you aren't getting a true picture of what's happening in NPR-A. You're not hearing what the real impacts are, and you're not learning about the vast majority of successful grants that have made this program a success. You're being led to believe that hundreds of thousands of dollars have been sent to communities, where they are pocketed without living up to the grant conditions. I didn't hear the sponsor mention one very important thing about all NPR-A grants. And that is that these grants are not funded up front. They are reimbursable, so it's not State dollars at risk if there is poor performance. It's local dollars. If the communities can't show the Department legitimate expenses, they don't get the grant money. That sounds like pretty good accountability to me.

So what is this bill really about? It's about fixing the program... fixing the program so that very little aid ends up going to the communities. The real intent of this bill is to make a political football out of the impact aid program. It's a two-step process. First, you take decision-making away from the administrative branch - where decision-making for every other state grant program exists. You move the grant reviewing, scoring and awarding process away from the professionals who do this work every day and into the political realm of the Legislature.

Second, you ratchet down hard on this slippery concept of impacts. What you end up with is a really tough task for a revolving group of people who are appropriately focused on politics and finances, and have plenty of ideas for other ways to use that money. It's a setup for decisions based on politics, not on the subtleties of impacts or federal intent.

The bill creates a timetable for dealing with these grant applications that adds to the problem. This timetable forces you to review and score and award a bunch of grants in the midst of the legislative session. Does the Legislature really want to be dealing with village grant applications during the session when you've got things like PPT on your plate? And do you really think this will yield better, more thoughtful decisions? I think

your best bet is to work with the department and with us to make the program stronger, not to gut it.

I'm sure there are ways to improve the program. Some of them are already being put in place. But the approach outlined in Senate Bill 171 is overkill. All we're asking of the Legislature is to preserve a fair, non-political process, and you don't get that by taking the grant professionals out of the picture, the same kind of professionals that you trust with every other state grant program. It just doesn't make sense.

It is important to note that SB 171 does not provide any new definitions or guidelines for judging impacts. It only changes who is reviewing the grant applications. I think you can see how this would add to our concerns that this bill doesn't make anything more fair or more open. If the Legislature wants to set up a special subcommittee to review these impact aid grants, it doesn't take a legislative change. A subcommittee was formed in Senate Finance last year.

If legislators are just worried that these communities might be getting too much money, the situation may resolve itself without any legislative action. The federal energy bill passed last year gives the Secretary of the Interior the authority to reduce or eliminate any and all bonus or lease payments on development in NPR-A. That would deprive the State as well as the local communities, so maybe what we should be doing here is working together to protect revenues.

We have plenty of reasons to work together on all kinds of resource development issues. The North Slope Borough has been a major supporter of onshore oil and gas for years. We have sent some of the most effective foot soldiers to work the halls of Congress on opening ANWR. At times, we have cooperated with industry wishes on the North Slope, even when our heart told us not to. If you look at the record, you'll see that we have tried to be strong partners for responsible development.

What do we get in return? In recent years, it seems like we've been faced with a flurry of bills like this - bills that are nothing more than a thinly-veiled attempt to punish us for living on the North Slope, and for receiving benefits at the same time as we absorb all the impacts from oil and gas activity... activity that sends billions of dollars of wealth to the rest of the state.

We believe in the partnership, but sometimes it feels less like a partnership and more like a target range, and we're the target. I have met some of you on this committee, and I don't think that is your attitude. But it is the attitude behind this legislation, and I hope you won't buy into the attitude or the bill. It would be a loss for all of us as we try to create a better future for Alaska.

A number of people from the NPR-A communities are here today, and they have a lot of experience with some of the things I've mentioned. I want you to know that they are not here on our dime. They paid their own way so they could tell you how important the program is to their communities. The mayor of Atkasuk was on the way down here when

she had a death in the family and had to turn around. But her written testimony should be in your file.

I want to thank you again, Mister Chairman, for allowing us to have this time with the committee today. It means a lot to us, and we really appreciate your interest in getting some local input on the bill.

Quyanaqpak.