ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879
CSHB 40, HB 41 Leg. Finance 214

CSHB

40

SENATE COMMITTEE REPORT

FURTHER:

5/13/87

DATE TURNED INTO OFFICE 5/15/87

Mr. President:

FINANCE Committee considered CSHB 40(Fin)

creating the Telecommunications Information Council in the Office of the Governor; efd.

and recommended:

[ ] replace with CS FOR _____) [] same title
[ ] or adopt _____ CS FOR _____) [] new title

[ ] attached amendment(s) and

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to _____

[ ] letter of intent adopted House Finance

Committee [✓] attached or [ ] adopted fiscal note(s)
[ ] new [ ] updated or [✓] previous
[✓] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[ ] Committee Backup Attached

n/c

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

No. 4

Bill Version: CSHB 40(Fin)
Publish Date: HOUSE 5/4/87

REQUEST:

Revision Date:
Title: An Act creating Telecommunication Information Council
Sponsor: Boucher
Requestor: House Special Committee on Telecommunications

Agency Affected: Administration
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

It is assumed that the Council will replace the need for the Information Systems Committee (ISC) as it exists today. The Department of Administration would devote the minimal resources currently used in support of the ISC to support the Council.

AYA

Prepared by: Representative Al Adams, Chair
Division: House Finance Committee
Phone:
Date: May 1, 1987

Approved by Commissioner:
Agency:
Date:

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

No. 3

STATE OF ALASKA 1987, LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 40(Fin)
Publish Date: HOUSE 5/4/87

REQUEST:

Revision Date:

Title: An Act creating Telecommunication Information Council

Sponsor: Boucher

Requestor: House Special Committee on Telecommunications

Agency Affected: Office of the Governor

BRU: Office or Management & Budget

Component: Division of Policy

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		-0-				
TRAVEL		-0-				
CONTRACTUAL		-0-				
SUPPLIES		-0-				
EQUIPMENT		-0-				
LAND & STRUCTURES		-0-				
GRANTS, CLAIMS		-0-				
MISCELLANEOUS		-0-				
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER		-0-				
TOTAL		-0-				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Professional and clerical support is to be provided by existing staff within the Office of the Governor and by agencies represented on the Telecommunication Information Council.

APA

Prepared by: Representative Al Adams, Chair
Phone:
Division: House Finance Committee
Date: May 1, 1987

Approved by Commissioner:
Date:
Agency:

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

House Finance Committee
Letter of Intent
CSHB 40 (Fin)

It is the intent of the Legislature to provide a cabinet level body within the Office of the Governor, known as the Telecommunications Information Council, with the authority to establish, implement, and oversee information systems policy for the State of Alaska. The areas of responsibilities of the Council include information systems within state government and broadcast systems throughout the state.

To emphasizes the importance that the Legislature attaches to the management of information resources, CSHB 40 (Fin) designates the Governor as chair of the Council and specifies membership of the Council as heads of state departments and the president of the University of Alaska.

It is the opinion of the Legislature that additional funding for the Council is not required. It is also the Legislature's intent that professional and clerical support is to be provided by existing staff within the Office of the Governor and by agencies represented on the Telecommunication Information Council.

It is the opinion of the Legislature that coordinated management of information resources, such as data processing and telecommunications, benefits not only government but the public as well by facilitating dissemination of information. It is also the opinion of the Legislature that coordinated management is cost-effective and will help counter the impact of declining oil revenues.

"Information systems" is not defined in the bill so that the Council may effectively respond to (1) rapid advances in information technology, and (2) issues which agencies, the university or the court system may wish the Council to address.

It is the intent of the Legislature that the Council not get involved in the design, development, management, and operation of intra-agency information systems unless these activities impact the broad, statewide information system policy guidelines.

It is the intent of the Legislature that the Council include the Alaska Railroad Corporation in their assessment of the state's information resources. On the 10th day of the first session of the 16th Legislature, the Council shall submit a report to the legislature which includes a specific recommendation on the elimination of the exemption to comply with this statute granted the Alaska Railroad Corporation under AS 44.19.519.

It is the intent of the Legislature that the state supported broadcast network be treated as an information system due to the technological convergence of voice and data networks. The Legislature intends that the Council assume primary responsibility for policy development for the broadcast system, so that the public's information needs are served.

Al Adams

Representative Al Adams, Chair
House Finance Committee

Offered: 5/4/87
Referred: Rules

5-0124L

Original sponsor: Boucher

IN THE HOUSE BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 40 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act creating the Telecommunications Information Council in the Office of the Governor; and providing for an effective date."

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

* Section 1. PURPOSE. The purpose of this Act is to establish a council to develop and implement a cost-effective policy for managing the state's information and information technology resources in a comprehensive and coordinated manner so that state government may better serve the people of the state.

* Sec. 2. AS 44.19 is amended by adding new sections to read:

ARTICLE 16. TELECOMMUNICATIONS INFORMATION COUNCIL.

Sec. 44.19.502. TELECOMMUNICATIONS INFORMATION COUNCIL. (a) There is created within the Office of the Governor the Telecommunications Information Council.

(b) The council is composed of the governor, the commissioner from each principal department of the executive branch, the president of the University of Alaska, and the executive director of the Legislative Affairs Agency. The chief justice of the supreme court may appoint a member to serve on the council. Each commissioner shall appoint a deputy commissioner to serve as an alternate for the commissioner. The vice-president of the University of Alaska shall serve as alternate for the president.

(c) The governor shall preside over the council. The council shall meet at least four times each year. The council may meet more

frequently at the call of the chair or if requested by a majority of the council's members.

(d) The Office of the Governor shall provide professional and clerical staff for the council.

Sec. 44.19.504. POWERS AND DUTIES. (a) The council shall

(1) establish guidelines and prepare a state short-range and long-range information systems plan to meet state needs;

(2) in accordance with the state information systems plan, establish guidelines and direct state agencies to prepare agency information systems plans;

(3) in accordance with statutes governing the availability and confidentiality of information, establish guidelines for the accessing of information by the public;

(4) publish in the first quarter of each calendar year a report on the activities of the council.

(b) In addition to its duties under (a) of this section, the council may establish information-related policies and engage in information-related activities it considers necessary or appropriate.

(c) This section does not grant council responsibility for broadcast programming content. Program design, production, and use are the responsibility of the program-sponsoring agency or other entity.

(d) This section does not prohibit a state agency from developing information systems that are inconsistent with the guidelines established in (a) of this section if the council gives written authorization for the user agency to engage in the independent design, development, management, or operation. The council may authorize independent development only upon a showing of necessity. A description of authorization under this subsection shall be included in the

annual report required under this section. Written authorization under this subsection is not required for intra-agency use of microcomputers.

(e) A state agency, including an agency authorized to develop an independent system under (d) of this section, shall coordinate the design, development, management, and operation of its information systems with the council.

Sec. 44.19.506. COURT SYSTEM. The administrative director of courts shall establish information systems guidelines and prepare a short-range and long-range information systems plan for the court system. The guidelines and plan must be consistent with the telecommunications information guidelines and plan adopted by the council under AS 44.19.502 - 44.19.519 and must be adapted to the special needs of the judicial branch as determined by the administrator of courts.

Sec. 44.19.519. DEFINITIONS. In AS 44.19.502 - 44.19.519

(1) "council" means the Telecommunications Information Council;

(2) "state agencies" means all departments, divisions, and offices in the executive and legislative branches of state government and the University of Alaska; it does not mean the Alaska Railroad Corporation or an agency of the judicial branch of government.

* Sec. 3. AS 44.21.150 is amended to read:

Sec. 44.21.150. DECLARATION OF PURPOSE. It is the purpose of AS 44.21.150 - 44.21.170 to designate the Department of Administration as the department responsible for the operation and management of automatic data processing resources and activities of the executive and legislative branches of state government and the judicial branch to the extent requested by that branch, <u>to provide for cooperation</u>

between the department and the Telecommunications Information Council in the Office of the Governor, and to provide for periodic review of state automatic data processing procedures and mechanisms. It is further the purpose of these sections to encourage cooperation between the state government and local governments in the use of automatic data processing systems.

* Sec. 4. AS 44.21.160(a) is amended to read:

(a) Except as otherwise provided in (g) of this section, the department shall comply with the state information systems plan adopted by the Telecommunications Information Council in the Office of the Governor in providing [PROVIDE] automatic data processing services responsive to the needs of state government [AND PROCURE, OPERATE AND STAFF ALL AUTOMATIC DATA PROCESSING EQUIPMENT FACILITIES USED BY STATE GOVERNMENT].

* Sec. 5. AS 44.21.160(b) is amended to read:

(b) To carry out (a) of this section the department may, consistent with the state information systems plan adopted by the Telecommunications Information Council and with the departmental information systems plan,

(1) maintain a central staff of systems analysts, computer programmers and other staff members sufficient to provide systems analysis and computer programming support required by the executive and [,] legislative [AND JUDICIAL] branches of state government;

(2) develop and maintain both short-range and long-range data processing plans for state government and provide managerial leadership in the use of automatic data processing;

(3) review all budget requests for automatic data processing services and recommend to the Telecommunications Information Council and the governor approval, modification, or disapproval;

(4) recommend implementation priorities of requested data processing systems;

(5) determine and satisfy the data processing equipment and supply requirements of the executive and legislative branches, departments, and agencies of state government;

(6) provide all facilities, equipment, and staff required to convert data to a form suitable for processing on automatic data processing equipment;

(7) develop and publish systems analysis, computer programming and computer operations standards;

(8) review state automatic data processing systems to encourage effectiveness, measure performance, and assure adherence to the standards developed under AS 44.21.150 - 44.21.170;

(9) develop and conduct an automatic data processing training program designed to serve the technical and managerial needs of state government;

(10) [REQUIRE EACH STATE AGENCY TO PROCURE ITS AUTOMATIC DATA PROCESSING SERVICES FROM THE DEPARTMENT;

(11)] charge a state agency or other governmental agency for the cost of the automatic data processing services provided or procured by the department for the agency.

* Sec. 6. AS 44.21.160(d) is amended to read:

(d) In accordance with the state information systems plan adopted by the Telecommunications Information Council, the [THE] department and the University of Alaska may develop and implement a plan for the integration of automatic data processing facilities of the university [UNIVERSITY OF ALASKA] with the state facilities. [HOWEVER, THE INTEGRATION PLAN AUTHORIZED BY THIS SUBSECTION MAY NOT BE PUT INTO OPERATION UNTIL APPROVED BY THE PRESIDENT OF THE UNIVERSITY OF ALASKA

AND THE DEPARTMENT.]

* Sec. 7. AS 44.21.160(e) is repealed and reenacted to read:

(e) If the action is not contrary to the state information systems plan adopted by the Telecommunications Information Council, this section does not prohibit

(1) the department from obtaining necessary contractual assistance for automatic data processing activities;

(2) the legislature from recruiting and employing data processing personnel or from obtaining necessary contractual assistance for automatic data processing activities;

(3) the judicial branch from establishing independent data processing policies and implementation procedures; however, the policies and procedures must permit information exchange and implementation procedures compatible with other branches of government whenever practical.

* Sec. 8. AS 44.21.266 is amended to read:

Sec. 44.21.266. DUTIES OF THE COMMISSION. The commission shall

(1) [REPEALED

(2) REPEALED

(3) REPEALED

(4)] apply for federal and private funds for public broadcasting purposes and receive all federal, state, or private funds, property or assistance that may be appropriated, granted or otherwise made available to the commission for public broadcasting purposes, and use and disburse funds and property for purposes consistent with the terms of AS 44.21.256 - 44.21.290, subject to reasonable limitations imposed by the grantor;

(2) [(5)] provide consultative services in all aspects of public broadcasting to all public or private agencies in the state

which request them;

(3) [(6)] serve as a library and clearinghouse for public broadcasting information;

(4) [(7) REPEALED

(8) REPEALED

(9)] through grants to qualified entities, develop an integrated public broadcasting network for the state;

(5) [(10) REPEALED

(11)] through grants to qualified entities, develop and distribute public broadcasting programming in the state;

(6) [(12)] prepare and submit to the governor and the legislature, in compliance with the state information systems plan adopted by [CONSULTATION WITH] the Telecommunications Information Council in the Office of the Governor [TELECOMMUNICATIONS DIVISIONS IN THE DEPARTMENT OF ADMINISTRATION], a long term plan for the development of public broadcasting stations and systems in the state, and annually update the plan; and

(7) [(13)] perform all other functions necessary to ensure the orderly and coordinated development of public broadcasting in the state.

* Sec. 9. AS 44.21.310(a) is amended to read:

(a) In accordance with the state information systems plan adopted by the Telecommunications Information Council and with the departmental information systems plan, the [THE] department shall

(1) advise the council and the governor on matters of policy and comprehensive state planning for telecommunications services;

(2) make an annual report to the governor and to the legislature on the activities of the department;

(3) coordinate, manage, and supervise state programs in telecommunications, including the management of those telecommunication services for the state obtained from common carriers and from the communications industry;

(4) when requested, provide technical and consulting assistance to the executive, judicial, and legislative branches of state government, to the University of Alaska, and to private noncommercial entities which request that assistance in facility procurement and leasing and in identifying long-range goals and objectives for the state and its political subdivisions in all aspects of telecommunications, including public, educational, and instructional telecommunications;

(5) prepare and maintain a state comprehensive telecommunications development plan to further state telecommunications development and to meet state telecommunications needs and prepare and maintain a comprehensive inventory of all state communications facilities;

(6) whenever feasible, procure services from private enterprise or certified and franchised utilities and contract for the construction, management, operation, and maintenance of telecommunications systems, and develop a procurement policy consistent with AS 36.30 (State Procurement Code); the procurement policy must seek to achieve the maximum benefit to the public, and methods of procurement, including lease, purchase, rental, or combinations of lease, purchase, and rental, must be selected on the basis of factors such as the ratio of long-range costs versus benefits, life cycle costing, and the costs to the communications industry to the extent that these costs may affect local and long distance basic telephone rates; procurement, contracting, construction, and maintenance under this paragraph is

governed by AS 36.30;

(7) provide information and assistance to state agencies to promote governmental coordination and unity in the preparation of agency plans and programs involving the use of telecommunications;

(8) apply for and accept federal and private money, property, or assistance, that may be appropriated, granted, or otherwise made available to the department and use and disburse money and property for purposes consistent with AS 44.21.300 - 44.21.330 and AS 44.-21.256 - 44.21.290, subject to reason-able limitations imposed by the grantor;

(9) participate with other governmental units in planning, and assist local governments and governmental conferences and councils in the state in planning and coordinating their activities relating to telecommunications;

(10) provide for the orderly transition to new telecommunications services and systems by state agencies;

(11) serve as a clearinghouse for information, data, and other materials which may be necessary or helpful to federal, state, or local governmental agencies in the development of telecommunication systems;

(12) coordinate department services and activities with those of other state departments and agencies to the fullest extent possible to avoid unnecessary duplication; and

(13) provide that all activities of the department are responsive to state statutes and regulations, and to the regulations and rulings of the Federal Communications Commission.

* Sec. 10. AS 44.21.315(a) is amended to read:

(a) In accordance with the state information systems plan adopted by the Telecommunications Information Council and with the

departmental information systems plan, the [THE] department shall provide

(1) technical consultation to educational and public telecommunications users;

(2) coordination and support to telecommunications services for instruction, including technical assistance and assistance in preparation of applications for grants related to program development as may be requested by

(A) public school districts and the Department of Education;

(B) the University of Alaska; and

(C) other state agencies as approved by the [DEPUTY] commissioner;

(3) coordination and support for health and safety-related functions, including the administrative and client services provided by state, federal, and private agencies;

(4) coordination and support to telecommunications services for public participation in state-financed services, including the public hearing process, as may be statutorily required or otherwise appropriate;

(5) assistance, through design, development, and promotion, to local school districts or other local and regional education agencies for the regionalization of instructional telecommunications services;

(6) establishment of operational policies for public telecommunications services other than public broadcasting; and

(7) assistance to the Alaska Public Broadcasting Commission and any commission-designated subcommittees, as necessary to perform assigned department functions; the department shall cooperate with the

commission and subcommittees in order to develop policies which are responsive to the user groups which are represented on the commission.

* Sec. 11. AS 44.21.320(e) is amended to read:

(e) Nothing in AS 44.21.300 - 44.21.330 prohibits a state agency from developing telecommunications systems within its own agency if the agency is in compliance with the state information systems plan adopted by the Telecommunications Information Council and with the agency's own information systems plan and if the commissioner gives written authorization for the agency to engage in its own design, development, management, or operation. The commissioner may authorize independent development only upon a showing of necessity. A description of all authorization under this subsection must be included in the annual report required under AS 44.21.310(a)(2).

* Sec. 12. This Act takes effect July 1, 1987.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4931

DISTRICT 10
BOX 111038
ANCHORAGE, ALASKA 99511
(907) 349-2192

CHAIRMAN
Special Committee on
Telecommunications

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

TO: SENATOR DON BENNETT, CO-CHAIR
SENATOR JOHNE BINKLEY, CO-CHAIR
SENATE FINANCE COMMITTEE

FROM: H.A."RED" BOUCHER

DATE: MAY 13, 1987

RE: HB 40 -- CREATING THE TELECOMMUNICATIONS INFORMATION COUNCIL

I would sincerely appreciate it if you would schedule at your earliest convenience HB 40, the top priority legislation of the House Special Committee on Telecommunications.

Background information is attached.

SUMMARY OF CSHB 40

PURPOSE AND RATIONALE

To create a council to develop and implement policies for the management of the state's information resources.

Proper management of our information resources will allow state government to make major advances in how it serves the people without raising the cost of government.

Full participation in the "Information Age" requires that the state's information technology be harnessed and directed toward solving state problems and achieving state goals.

THE EFFECT OF THE BILL

* Establishes an "information" policy and planning group within the Office of the Governor.

* Begins comprehensive and coordinated "information resource management" planning for the state.

* Merges telecommunications and data processing in the policy and planning process.

THE COUNCIL

* Created within the the Office of the Governor.

* Chaired by the governor.

* Comprised of the commissioners from each of the principal state agencies.

* Includes the University of Alaska; the university is a key member of the council due to the importance of the academic and educational aspects of the university system.

* Relies on staff within each state agency for technical support. The Office of the Governor will also provide staff support.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

April 17, 1987

The Honorable H.A. "Red" Boucher
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99801

Dear Representative Boucher:

Your staff has requested a position paper on CS HB 40 (Telecommunications).

The Department supports the committee substitute. I would be willing to serve on the Telecommunications Information Council and support the activities of the Council with DNR staff within the constraints of our own staffing levels.

Sincerely,

Judith M. Brady

Judith M. Brady
Commissioner

cc: James K. Barnett, Deputy Commissioner
Sharon L. Barton, Director,
Division of Management

JMB:rlc

10-J9LH

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF INFORMATION RESOURCE MANAGEMENT
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SENATE FINANCE COMMITTEE

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CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

TED L. LIGHTLE
DIVISION DIRECTOR

April 21, 1987

Representative H.A. "Red" Boucher
Chairman
House Special Committee on Telecommunications
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Boucher:

This is in response to your letter of April 15, 1987, regarding your request that I review and comment on the Bill CSHB 40, An Act creating the Telecommunications Information Council in the Office of the Governor, State of Alaska.

Based on our experience in South Carolina and a knowledge of the activities in this regard in other states, I feel the proposed bill should be a very positive step forward in bringing about a coordinated joint focus for improving the management of your State's information and information technology resources.

From a central state government standpoint, the proposed Bill should be a clear mandate charging the responsible agencies to move forward with the development of a definitive strategic IRM Plan which links overall long-term planning to improve the organization's ability to solve management problems and delivers services more effectively with the planning for information resources.

I feel the summary of CSHB 40 and definitions which you attached to the Bill are an excellent overview of the basic purpose and rationale, the effect of the Bill, the Council, and the definitions appropriate in connection with this Bill.

I commend you on your efforts in creating this Act, and wish you continued success in bringing about its full adoption by the General Assembly and the Executive Branch of State Government in Alaska.

Sincerely,

Ted L. Lightle, Director

TLL/ls
0084/2

BILL SHEFFIELD, GOVERNOR

REPLY TO:

POUCH T
JUNEAU, ALASKA 99811
PHONE: (907) 465-3376

DEPARTMENT OF CORRECTIONS

April 20, 1987

The Honorable Al Adams
Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representative Adams:

I have reviewed CSHB 40, support the legislation, and urge its swift passage. It is a necessary and badly needed step toward bringing high level oversight to the management of the state's information resources.

The Department of Corrections relies heavily on the capabilities of the state's telecommunication network and has plans for expanded uses. We realize the importance of careful and coordinated planning so that current and future resources are there when we need them.

I look forward to serving on the council and will draw on the expertise within the department for technical support.

Sincerely,

Susan Knighton for

Susan Humphrey-Barnett
Commissioner

SHB:cc

20-01LH

Managing state telecommunciations

Technological advances yield savings, efficiency

by Joseph M. Chaisson

"The information revolution is sweeping through our economy. No company can escape its effects. Dramatic reductions in the cost of obtaining, processing, and transmitting information are changing the way we do business."

Michael Porter & Victor Miller
The Harvard Business Review

H.A. "RED" BOUCHER
P.O. Box V
Juneau, Alaska 99811

The information revolution may be changing the way corporate America does business, but is it changing the way states conduct their "business"?

States are large, complex organizations whose "business" ranges from running lotteries and licensing motor vehicles to ensuring the delivery of public education and citizen access to adequate health care. The states' activities involve extensive transactions with citizens, vendors and constituents, as well as the task of processing and disseminating vast quantities of information.

Rapidly advancing telecommunications technology is constantly providing new ways to accomplish "old" communications tasks through services like computer conferencing, widespread mobile data communications or vehicle position location systems *and* reducing costs in the process.

At the same time, technological advances are dissolving boundaries between formerly separate information technologies and merging computer and telecommunications technology. This automation is in turn forcing change in markets, industry structure and public institutions that shape the telecommunications industry and user behavior.

The resultant turmoil presents both great opportunities and great challenges for states. On the one hand, telecommunications management has been rapidly transformed from a simple service order to a monopoly vendor to today's bewildering need to cope with soaring telecommunications costs and a complex, competitive, unreliable and difficult-to-forecast marketplace. These conditions greatly complicate the telecommunications manager's job, which Peter Keen likens in his recent book, *Competing in Time*, to "trying to change the tires on a moving car." On the other hand, new telecommunications capabilities offer states an opportunity to improve productivity, reduce costs, and improve public services — all within an environment of increasing fiscal austerity in many states.

Adapting to today's new telecommunications marketplace and putting new telecommunications capabilities to work will not be easy — as has been demonstrated by private sector efforts in recent years. Managing state telecommunications in order to reap the many benefits of the new information age will depend largely upon the level and endurance of commitment to that end among high-level state managers.

Given their size and complexity, it is not surprising that states are large telecommunications users. States jointly spent more than $2 billion on telecommunications in 1985 (about 1 percent to 2 percent of all state expenditures for the

Mr. Chaisson is a senior associate for telecommunications policy with the Council of State Policy and Planning Agencies.

year). In most states, state government is the largest public network customer. California, for example, owns about 200,000 telephones and 15,000 computer terminals connected to about 150,000 telephone lines. In fiscal year 1985-86 alone, California spent about $250 million on telecommunications.

Like many other large organizations, states are really just beginning to confront today's new telecommunications environment. Recent surveys characterize telecommunications management in a "typical" state as follows:

- central oversight of decentralized state agency telephone orders from local telephone companies;
- staff at decentralized data processing centers who take it upon themselves to manage data communications over many separate data networks;
- minimally integrated voice and data communications;
- data processing and telecommunications management generally located within the same agency, but not jointly managed;
- little telecommunications coordination between state universities and other branches of state government; and
- a separately established public broadcasting network managing the distribution of its own video and audio programming.

Some states have built and manage their own telecommunications networks, but generally have done so only when necessary to obtain services (typically video and mobile communications) not readily available from the Bell system. Few states begin to approach optimum use of existing telecommunications technology — much less of new capabilities like computer conferencing and portable data communications.

How states benefit

Pioneering developments in state and business telecommunications management include:

- a reduction of telecommunications costs (typically at least 20 percent through improved service planning and procurement which could save states together about $400 million per year);
- improved administrative efficiency within existing state program structures through better telecommunications use (typically 8 - 10 percent savings), which could save states $24 to $31 billion per year; and,
- the use of telecommunications to conduct state activities or deliver public services in new and more efficient ways (for example, using satellite telecommunications in Texas and Alaska for rural education or using "videotex" electronic on-line data systems to answer routine requests for state information as has been explored by South Carolina and New York).

Some states have logged impressive telecommunications success stories. Alaska, for example, has used telecommunications to deliver public services for more than a decade. Achievements include a network linking health aides at 120 remote sites to doctors in regional hospitals, an education network reaching more than 200 locations which is essential to meet the state policy to provide access to a full high school education in every Alaska village, and an audio teleconferencing network that enables citizens at 55 sites throughout Alaska to participate in legislative hearings. (See "The Alaska Satellite Experience: Lessons for the Developing World," by Walter D. Parker in *New Directions in Satellite Communications, Challenges for North and South*, Albex Press.)

Texas has reduced Medicaid program costs, saving about $115 million in fiscal year 1984, by contracting its Medicaid insurance to a private vendor (Electronic Data Systems). In assuming some of the risk for the program, the vendor was allowed to benefit from reducing costs through greater efficiencies. The vendor has applied the latest telecommunications and information technologies to improve program management, achieving most cost savings by reducing improper payments.

Pennsylvania has completed a pilot program using point-of-sale terminals and magnetic strip cards to replace food stamps. Sales terminals in participating stores debit recipient cards when purchases are made and automatically add benefits to cards at the beginning of the month.

While productivity gains from improved coordination and procurement of existing services are substantial, they are clearly dwarfed by potential gains from better telecommunications use. Thus, state initiatives to improve telecommunications management should focus on the long-range objective of harnessing technology capabilities and not just on the remedial tasks of catching up with today's marketplace.

Improving management

Improving telecommunications management is a two-step process. First, states must adapt to the complex and newly competitive marketplace advancing technology has created by:

- coordinating telecommunications management throughout state government,
- integrating service requirements, and
- procuring services competitively.

Because advancing technology is dissolving barriers between previously distinct technologies, telecommunications management should be combined into an information resources management (IRM) function addressing all information technologies (as a handful of states like Kansas, South Carolina, and New Jersey have done).

States can learn much about taking this "first step" from how large business users are adjusting to today's telecommunications environment. Touche-Ross, a management consulting firm, summarized how such users have reorganized telecommunications management operations, in testimony before a California state commission:

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The 1987 officers for the National Association of State Telecommunications Directors are, left to right, Allan Tolman (CA), first vice president; Al Talbott (IL), immediate past president; George Christenberry Jr. (GA), president; and Sam Rule (NC), second vice president.

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Managing State . . .

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Reorganization has paid off for these companies. The private sector companies who have reorganized report that total telecommunications costs were reduced by 20 percent because they were then able to implement more cost-effective telecommunications systems." (Commission on California State Government and Economy, *A Review of the Organization and Management of State Telecommunications*, by Joel Kugelmass.)

Once a foundation of sound telecommunications and information technology management is in place, states can take the more difficult second step of harnessing the full potential of these technologies. Experience to date suggests that for states to do so, they must:

- develop expertise on how to use new telecommunications and information technology capabilities within state government;
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Taking these steps will require years of management work and much creativity. Public and private sector experience suggests the necessary effort to do so will not likely occur and achieve success without substantial and continuing attention by top level state managers. □

High tech . . .

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High tech state officials join the information age

From the governor's office on down, state officials are getting friendly with computers and finding they make the business of government much easier to manage.

by Elaine S. Knapp

The governors of New Hampshire, North Carolina, Ohio, and Vermont know how. The lieutenant governor of Rhode Island wants to learn.

Those in the know are the hands-on users of personal computers and other technological advances of the information age. Not content to let computers be tools just for secretaries and statisticians, state policymakers from governors to legislators are discovering the advantages of applying high tech, modern communications to the low tech art of politics. *State Government News* made calls to find out how some state officials put high tech to use.

Officials who know how to log on can draft their own speeches electronically, peer into the status of state finances, find staff reports at night and on weekends, tap into nationwide information systems, or keep track of constituent requests and staff follow up.

Ohio Gov. Richard F. Celeste, a former lieutenant governor and Peace Corps director, made headlines for using a computer upon taking office in 1983. For example, Celeste most recently drafted his State of the State message electronically. He also uses a staff computer at the governor's residence on weekends on occasion. "He uses it for his own work, mostly for creative uses," reports Brian Usher, the governor's press secretary.

A former journalist, Vermont Gov. Madeleine Kunin uses her office computer to draft her own speeches, reports her secretary Karen O'Hagan, who then prints them out.

There's little danger of a $45 million deficit ever sneaking up on New Hampshire again under the computer-aided watchfulness of Gov. John H. Sununu, who found just that situation when he came to office in 1983. One of Sununu's first acts was to institute a computerized integrated financial system for the state, enabling agencies to keep track of their spending and revenues. Sununu can use his own computer at home, in the car or in the office to get an instant view of the state's financial situation.

"He doesn't have to wait 15 to 20 days for a written financial report," explains David Carney, the governor's deputy chief of staff. The governor's computer knowledge and access to information gives him a "better understanding of what's happening and better control," Carney adds.

In addition to state financial information, Sununu is also linked by computer with national data banks and communicates electronically on a national network. Likewise, the governor uses the computer to track the progress of bills during legislative sessions.

Use of computers by the 30 executive agencies from civil defense to state planning also promotes better communications with citizens. Every letter received by the governor's office, for example, is logged into the computer system, which enables the office to track the handling of constituent requests and complaints. Likewise, staff assignments are monitored by computer, a practice that "keeps us on our toes," notes Carney. The governor's schedule is automated, making it easy to know where he is and where he's been. All 2,000 appointments to state commissions and agencies for the next five years and qualifications for same are computerized.

A great believer in the use of high technology, Sununu won funds from the legislature to

Lee Wing, executive director of the North Carolina Agency for Public Telecommunications and creator of the nation's first statewide satellite/cable public affairs network, practices what she preaches, putting technology to work for state government.

enable teachers to have personal computers to ease their administrative burdens. Nearly 1,000 now have computers which they also take home.

North Carolina Gov. James G. Martin, who holds a Ph.D. in chemistry, drafted his State of the State message electronically when his office in the mansion went on line in December. The governor also appears on OPEN/net, a cable television programming service distributed by satellite. State government meetings are videotaped followed by live call-in sessions with state officials (see related article this issue).

"It's an effective vehicle not only for North Carolinians to know what Gov. Martin and the administration is doing, but border states as well," notes Karen Hayes Rotterman, director of communications for the governor. Likewise, a public service announcement taped by Martin thanking other states for their contributions of money and hay during the recent drought was distributed by satellite. Rotterman also used the state telecommunications system to provide radio feeds on the governor's activities in Japan during an overseas mission.

The producer of North Carolina's OPEN/net, Lee Wing, executive director of the Agency for Public Telecommunications, practices what she preaches by using teleconferencing to communicate with other states. In March 1986, Wing produced and appeared on a televised conference viewed by officials, educators, and private sector representatives in 30 other states. The program discussed the feasibility of starting a STATE/net or a coalition of states to share the costs of satellite transmission of television signals.

A pioneer in automating the bill drafting process, Dr. H. Rupert Theobald, chief of the Wisconsin Legislative Reference Bureau, uses his computer "all day long." Dr. Theobald's computerized system for bill drafting doubled the productivity of bill typists and provided bills for consideration by the second house, enrolled and typeset final copy for review by the governor, and updated reports on the impact of new legislation on statute law.

"I don't write by hand. Everything goes through the computer," Theobald declares. His desk terminal can be used for entering text, editing, and searching.

"More and more people have computers at their work desks," Theobald observes. The Wisconsin legislature is also considering adding computers. "Younger legislators are pushing for computers," Theobald says.

One is Rep. David M. Travis, a member of the finance committee, who bought his own computer recently. "Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people," Travis, a low-tech public administrator himself, explains in describing the biggest obstacle to bringing politics on line.

Travis, whose computer is temporarily out of order, already finds himself lost without it. Local high schools and constituents were communicating with him through the computer, which was serving as a legislative bulletin board for posting state documents. Constituents were able to leave messages as well. "Its uses are virtually limitless; I come up with new ideas every day," says Travis. Among them, he can work on staff memos and background drafts on weekends and nights, draft his own letters, and communicate directly with constituents. Computers also give the handicapped ready access to their elected representatives, Travis notes. Travis also has electronically mailed press releases — a practice which increases coverage as the technologically oriented press can easily revamp and use the computerized release.

"The Wisconsin legislature will be computerized in the not distant future," predicts Travis, who notes that "legislatures are paper shuffling institutions" and computers can ease the burden. Budget cuts may "slow the computer age" in coming to legislatures, especially as funds for staff training are cut, but as more households with computers add modems to communicate, Travis sees politicians joining the information age.

Also in Wisconsin, Senate Minority Leader Susan Engelerter bought a computer system for her office in 1983. The staff uses it for mass and targeted mailings and issue tracking, says Patty Muschinski, Engelerter's secretary.

West Virginia Delegate Sam Love, Jr., an electronics technician, says a computer gives him a "definite advantage." He uses his for mailing lists, personalizing form letters, correspondence, research through national databanks, and checking computer bulletin boards. Computerized constituents leave him messages as well. He keeps up with schools and education issues via the state education association's computer network. Like Wisconsin's Travis, Love sees computers at legislators' desks in the future. "It will eliminate a lot of the paperwork," Love notes.

"Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people."

Some state officials are on-line at home, but have yet to find the time to learn different computer systems at work. Indiana Lt. Gov. John Mutz, for example, a home computer user and head of a state commission on telecommunications has yet to master the office computer. The lieutenant governor's office is also linked electronically with the governor's office, but the two leaders prefer to meet face to face, staff report.

Rhode Island Lt. Gov. Richard Licht sees the advantages of high technology for solving the flesh and blood problems of politics, and even has his own systems analyst

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Cable to link Alaska, Japan

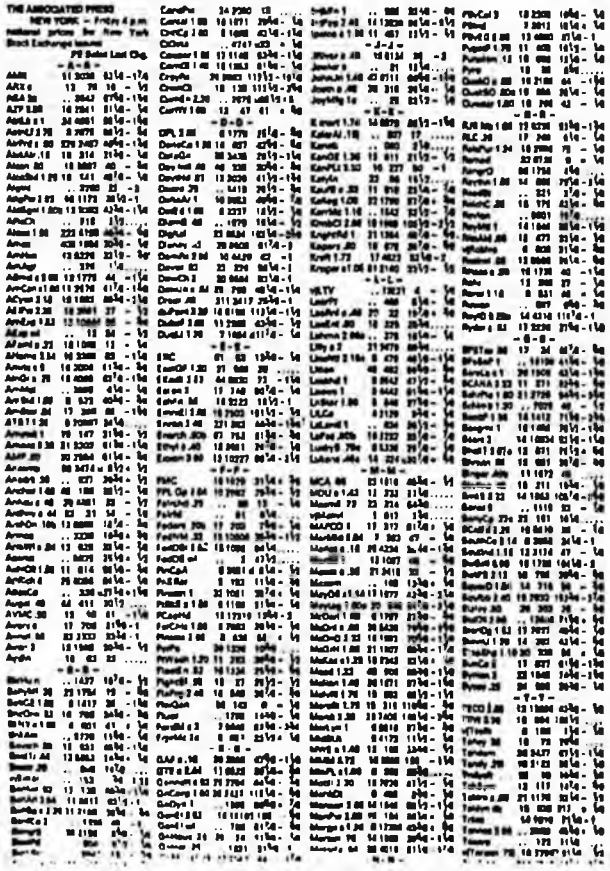
THE ASSOCIATED PRESS

WASHINGTON – Pacific Telecom Cable, Inc., part of a communications company family that includes Alascom Inc., has announced that it has been granted a license by the Federal Communications Commission to land a new, high-capacity trans-Pacific fiber optic cable in Seattle and Anchorage.

The proposed cable will be the first direct fiber link between the United States and Japan, and has an estimated cost of $500 million. The venture is fully supported by the United States as serving national security interests through providing diverse routing for critical communications and as furthering competition in international communications.

Dennis W. Elliott, executive vice president and general manager of Pacific Telecom Cable, said that the new facility will provide voice, data, video and enhanced value-added services beginning in 1990 to financial institutions, corporate users with high traffic volumes, manufacturers and other common carriers, resellers and government agencies on both sides of the Pacific.

STOCKS



Blueprints for economic development

Local panel offers work program

By KIRK McALLISTER
THE JUNEAU EMPIRE

A work plan devised by the Juneau Economic Development Council for the next two budget years would create 300 or more new jobs in Juneau as well as improve existing businesses and attract new ones, according to supporters of the plan.

The plan, prepared by the nine-member council with help from the McDowell Group and Robinson and Associates, was presented to the Juneau City-Borough Assembly this week.

Paul Fletcher, executive assistant for the council, has been working half days for three weeks out of the Juneau Chamber of Commerce office.

Fletcher, former director of the Office of Enterprise in the state Department of Commerce and Economic Development, is being paid by the McDowell Group under the consultant's $52,000 work plan contract with the city.

Last year, the assembly appropriated $169,000 for the Economic Development Council's activities, but only $35,000 of that has been spent, Fletcher said. This year's council request asks for the remaining $135,000 to be re-appropriated plus an additional $85,000 for a total of $220,000. The assembly approved that funding earlier this week.

In addition, the group expects to raise $142,500 from federal and private sources.

The work program is divided into three broad areas – short-term survival of jobs and businesses during the current economic crisis, retention and expansion of existing businesses and attracting new businesses.

One important part of the council's work will be to collect relevant statistics, since part of the current economic stagnation is the result of fear and misconceptions, Fletcher said.

For example, many local residents have the impression hundreds of government jobs have been lost in Juneau, but in fact it was private sector jobs, nearly 700 of them, that have been lost since 1985. This year, however, about 350 state jobs are expected to be cut in Juneau.

The council work plan also calls for offering technical assistance to Juneau businesses to decrease the failure rate and to assist unemployed and underemployed residents to develop small businesses.

To help make money available for that, the council, as a non-profit, quasi-governmental organization, will become eligible for grants such as those from the federal Economic Development Administration and Housing and Urban Development programs as well as state grants and those from private foundations.

The goal of all this is to increase employment, reduce the number of businesses leaving Juneau, increase sales tax receipts and increase the number of federal, state and local contracts awarded to Juneau businesses.

In the long term, the council wants to stimulate development of Juneau in the following areas:

- Help Juneau become a regional retail and services distribution center.
- Promote the growth of tourism.
- Promote natural resource development of fishing, timber and mining.
- Promote research and development in the business community through the University of Alaska-Juneau.

Concerning capital construction, the council's top priority is investigating the pros and cons of a port and industrial area in North Douglas.

"Juneau has great potential, there's lots of brain power and potential entrepreneurs here," Fletcher said. "There is opportunity for growth in tourism and supplying the coming mining industry. As state and local governments cut back, there will also be contracts available to the private sector to supply some of those services."

By reaching out with new initiatives in economic development, Fletcher said Juneau follows a trend that has happened in many other places around the country during hard economic times. Anchorage, Kenai, Kodiak, Ketchikan, Sitka and Fairbanks have similar programs.

"At times like this a community has two choices – to sit around and react or to get involved in marketing their city," Fletcher said. "I'm glad that Juneau has chosen to get involved."

Symposium views regional strategy

By KIRK McALLISTER
THE JUNEAU EMPIRE

How to survive the slings and arrows of today's uncertain economy as well as plan for a robust future are some of the topics that will be tackled during a two-day symposium on the economic future of Southeast Alaska.

The event, May 1-2 in Centennial Hall, will feature guest speakers including Gov. Steve Cowper; Tony Smith, commissioner of Commerce and Economic Development; David Hoffman, commissioner of Community and Regional Affairs; Tony Penikett, Yukon government leader; Byron Mallott, chief executive officer of Sealaska Corp.; and House Speaker Ben Grussendorf, D-Sitka.

The symposium began as an idea by the Glacier Valley Rotary Club for a small local meeting concerning economic development in the Juneau community and discussion of small business issues.

But it grew in concept to a regional conference, said Patrick Anderson, director of the Alaska Economic Development Center at the University of Alaska-Juneau. Between 200 and 300 people are expected at the event.

The symposium is sponsored by an ad hoc steering committee of business and government leaders from throughout Southeast. Co-chairmen of the committee are Juneau Mayor Ernie Polley and Bill Howe, president and chief operating officer of Sealaska Corp.

The meeting has three major themes:

- Providing relevant information about the current state of the Southeast economy.
- Providing instruction in development tools for community leaders and helping small business survive during an economic recession Several workshops will be offered on this topic.
- Working on problems facing the Southeast economy. These include dependence on natural resources, capital investment and capital needs, and the labor force and training programs needed to make the economy more diverse and dynamic.

"We want to get full participation in the symposium from every sector of the economy whether public or private and from every community in Southeast," Polley said. "Then we can sit down and analyze our resources, focus on those problems which are unique to our region and identify opportunities for future action."

Anderson, who is a member of the steering committee, said that region-wide marketing strategies would be beneficial to the entire Southeast economy. The Southeast Tourism Council has already successfully done this, and communities could unite on other common interests such as improving the ferry system and attracting outside funding or creating a network for providing venture capital.

"One possibility is to create a regional development entity that could connect ideas and investors," Anderson said. "It could also be used to attract primary and secondary processing of natural resources and be a clearinghouse for economic research."

Such a development group could be patterned after the Seattle-King County and Tacoma-Pierce County economic development boards. Mark Smith, an economic development consultant from Tacoma, will speak at the symposium.

Like many areas of the country, Southeast is changing from an industrial to a service economy, Anderson said. Because of that, continuing education and retraining programs will be needed to keep workers employed. An example would be training of local residents for mining jobs at the Greens Creek mine, tentatively scheduled to open in the summer of 1988.

A $50 registration fee for the symposium covers all the workshops, two lunches and the banquet where the governor will speak. For more information call 789-4102.

BUSINESS NEWS

Managing state telecommunciations

Technological advances yield savings, efficiency

by Joseph M. Chaisson

"The information revolution is sweeping through our economy. No company can escape its effects. Dramatic reductions in the cost of obtaining, processing, and transmitting information are changing the way we do business."

Michael Porter & Victor Miller
The Harvard Business Review

The information revolution may be changing the way corporate America does business, but is it changing the way states conduct their "business"?

States are large, complex organizations whose "business" ranges from running lotteries and licensing motor vehicles to ensuring the delivery of public education and citizen access to adequate health care. The states' activities involve extensive transactions with citizens, vendors and constituents, as well as the task of processing and disseminating vast quantities of information.

Rapidly advancing telecommunications technology is constantly providing new ways to accomplish "old" communications tasks through services like computer conferencing, widespread mobile data communications or vehicle position location systems *and* reducing costs in the process.

At the same time, technological advances are dissolving boundaries between formerly separate information technologies and merging computer and telecommunications technology. This automation is in turn forcing change in markets, industry structure and public institutions that shape the telecommunications industry and user behavior.

The resultant turmoil presents both great opportunities and great challenges for states. On the one hand, telecommunications management has been rapidly transformed from a simple service order to a monopoly vendor to today's bewildering need to cope with soaring telecommunications costs and a complex, competitive, unreliable and difficult-to-forecast marketplace. These conditions greatly complicate the telecommunications manager's job, which Peter Keen likens in his recent book, *Competing in Time*, to "trying to change the tires on a moving car." On the other hand, new telecommunications capabilities offer states an opportunity to improve productivity, reduce costs, and improve public services — all within an environment of increasing fiscal austerity in many states.

Adapting to today's new telecommunications marketplace and putting new telecommunications capabilities to work will not be easy — as has been demonstrated by private sector efforts in recent years. Managing state telecommunications in order to reap the many benefits of the new information age will depend largely upon the level and endurance of commitment to that end among high-level state managers.

Given their size and complexity, it is not surprising that states are large telecommunications users. States jointly spent more than $2 billion on telecommunications in 1985 (about 1 percent to 2 percent of all state expenditures for the

Mr. Chaisson is a senior associate for telecommunications policy with the Council of State Policy and Planning Agencies.

year). In most states, state government is the largest public network customer. California, for example, owns about 200,000 telephones and 15,000 computer terminals connected to about 150,000 telephone lines. In fiscal year 1985-86 alone, California spent about $250 million on telecommunications.

Like many other large organizations, states are really just beginning to confront today's new telecommunications environment. Recent surveys characterize telecommunications management in a "typical" state as follows:

- central oversight of decentralized state agency telephone orders from local telephone companies;
- staff at decentralized data processing centers who take it upon themselves to manage data communications over many separate data networks;
- minimally integrated voice and data communications;
- data processing and telecommunications management generally located within the same agency, but not jointly managed;
- little telecommunications coordination between state universities and other branches of state government; and
- a separately established public broadcasting network managing the distribution of its own video and audio programming.

Some states have built and manage their own telecommunications networks, but generally have done so only when necessary to obtain services (typically video and mobile communications) not readily available from the Bell system. Few states begin to approach optimum use of existing telecommunications technology — much less of new capabilities like computer conferencing and portable data communications.

How states benefit

Pioneering developments in state and business telecommunications management include:

- a reduction of telecommunications costs (typically at least 20 percent through improved service planning and procurement which could save states together about $400 million per year);
- improved administrative efficiency within existing state program structures through better telecommunications use (typically 3 - 10 percent savings), which could save states $24 to $31 billion per year; and,
- the use of telecommunications to conduct state activities or deliver public services in new and more efficient ways (for example, using satellite telecommunications in Texas and Alaska for rural education or using "videotex" electronic on-line data systems to answer routine requests for state information as has been explored by South Carolina and New York).

Some states have logged impressive telecommunications success stories. Alaska, for example, has used telecommunications to deliver public services for more than a decade. Achievements include a network linking health aides at 120 remote sites to doctors in regional hospitals, an education network reaching more than 200 locations which is essential to meet the state policy to provide access to a full high school education in every Alaska village, and an audio teleconferencing network that enables citizens at 55 sites throughout Alaska to participate in legislative hearings. (See "The Alaska Satellite Experience: Lessons for the Developing World," by Walter D. Parker in *New Directions in Satellite Communications, Challenges for North and South*, Albex Press.)

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High tech . . .

from page 13

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High tech state officials join the information age

From the governor's office on down, state officials are getting friendly with computers and finding they make the business of government much easier to manage.

by Elaine S. Knapp

The governors of New Hampshire, North Carolina, Ohio, and Vermont know how. The lieutenant governor of Rhode Island wants to learn.

Those in the know are the hands-on users of personal computers and other technological advances of the information age. Not content to let computers be tools just for secretaries and statisticians, state policymakers from governors to legislators are discovering the advantages of applying high tech, modern communications to the low tech art of politics. *State Government News* made calls to find out how some state officials put high tech to use.

Officials who know how to log on can draft their own speeches electronically, peer into the status of state finances, find staff reports at night and on weekends, tap into nationwide information systems, or keep track of constituent requests and staff follow up.

Ohio Gov. Richard F. Celeste, a former lieutenant governor and Peace Corps director, made headlines for using a computer upon taking office in 1983. For example, Celeste most recently drafted his State of the State message electronically. He also uses a staff computer at the governor's residence on weekends on occasion. "He uses it for his own work, mostly for creative uses," reports Brian Usher, the governor's press secretary.

A former journalist, Vermont Gov. Madeleine Kunin uses her office computer to draft her own speeches, reports her secretary Karen O'Hagan, who then prints them out.

There's little danger of a $45 million deficit ever sneaking up on New Hampshire again under the computer-aided watchfulness of Gov. John H. Sununu, who found just that situation when he came to office in 1983. One of Sununu's first acts was to institute a computerized integrated financial system for the state, enabling agencies to keep track of their spending and revenues. Sununu can use his own computer at home, in the car or in the office to get an instant view of the state's financial situation.

"He doesn't have to wait 15 to 20 days for a written financial report," explains David Carney, the governor's deputy chief of staff. The governor's computer knowledge and access to information gives him a "better understanding of what's happening and better control," Carney adds.

In addition to state financial information, Sununu is also linked by computer with national data banks and communicates electronically on a national network. Likewise, the governor uses the computer to track the progress of bills during legislative sessions.

Use of computers by the 30 executive agencies from civil defense to state planning also promotes better communications with citizens. Every letter received by the governor's office, for example, is logged into the computer system, which enables the office to track the handling of constituent requests and complaints. Likewise, staff assignments are monitored by computer, a practice that "keeps us on our toes," notes Carney. The governor's schedule is automated, making it easy to know where he is and where he's been. All 2,000 appointments to state commissions and agencies for the next five years and qualifications for same are computerized.

A great believer in the use of high technology, Sununu won funds from the legislature to

Lee Wing, executive director of the North Carolina Agency for Public Telecommunications and creator of the nation's first statewide satellite/cable public affairs network, practices what she preaches, putting technology to work for state government.

enable teachers to have personal computers to ease their administrative burdens. Nearly 1,000 now have computers which they also take home.

North Carolina Gov. James G. Martin, who holds a Ph.D. in chemistry, drafted his State of the State message electronically when his office in the mansion went on line in December. The governor also appears on OPEN/net, a cable television programming service distributed by satellite. State government meetings are videotaped followed by live call-in sessions with state officials (see related article this issue).

"It's an effective vehicle not only for North Carolinians to know what Gov. Martin and the administration is doing, but border states as well," notes Karen Hayes Rotterman, director of communications for the governor. Likewise, a public service announcement taped by Martin thanking other states for their contributions of money and hay during the recent drought was distributed by satellite. Rotterman also used the state telecommunications system to provide radio feeds on the governor's activities in Japan during an overseas mission.

The producer of North Carolina's OPEN/net, Lee Wing, executive director of the Agency for Public Telecommunications, practices what she preaches by using teleconferencing to communicate with other states. In March 1986, Wing produced and appeared on a televised conference viewed by officials, educators, and private sector representatives in 30 other states. The program discussed the feasibility of starting a STATE/net or a coalition of states to share the costs of satellite transmission of television signals.

A pioneer in automating the bill drafting process, Dr. H. Rupert Theobald, chief of the Wisconsin Legislative Reference Bureau, uses his computer "all day long." Dr. Theobald's computerized system for bill drafting doubled the productivity of bill typists and provided bills for consideration by the second house, enrolled and typeset final copy for review by the governor, and updated reports on the impact of new legislation on statute law.

"I don't write by hand. Everything goes through the computer," Theobald declares. His desk terminal can be used for entering text, editing, and searching.

"More and more people have computers at their work desks," Theobald observes. The Wisconsin legislature is also considering adding computers. "Younger legislators are pushing for computers," Theobald says.

One is Rep. David M. Travis, a member of the finance committee, who bought his own computer recently. "Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people," Travis, a low-tech public administrator himself, explains in describing the biggest obstacle to bringing politics on line.

Travis, whose computer is temporarily out of order, already finds himself lost without it. Local high schools and constituents were communicating with him through the computer, which was serving as a legislative bulletin board for posting state documents. Constituents were able to leave messages as well. "Its uses are virtually limitless; I come up with new ideas every day," says Travis. Among them, he can work on staff memos and background drafts on weekends and nights, draft his own letters, and communicate directly with constituents. Computers also give the handicapped ready access to their elected representatives, Travis notes. Travis also has electronically mailed press releases — a practice which increases coverage as the technologically oriented press can easily revamp and use the computerized release.

"The Wisconsin legislature will be computerized in the not distant future," predicts Travis, who notes that "legislatures are paper shuffling institutions" and computers can ease the burden. Budget cuts may "slow the computer age" in coming to legislatures, especially as funds for staff training are cut, but as more households with computers add modems to communicate, Travis sees politicians joining the information age.

Also in Wisconsin, Senate Minority Leader Susan Engelerter bought a computer system for her office in 1983. The staff uses it for mass and targeted mailings and issue tracking, says Patty Muschinski, Engelerter's secretary.

West Virginia Delegate Sam Love, Jr., an electronics technician, says a computer gives him a "definite advantage." He uses his for mailing lists, personalizing form letters, correspondence, research through national databanks, and checking computer bulletin boards. Computerized constituents leave him messages as well. He keeps up with schools and education issues via the state education association's computer network. Like Wisconsin's Travis, Love sees computers at legislators' desks in the future. "It will eliminate a lot of the paperwork," Love notes.

"Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people."

Some state officials are on-line at home, but have yet to find the time to learn different computer systems at work. Indiana Lt. Gov. John Mutz, for example, a home computer user and head of a state commission on telecommunications has yet to master the office computer. The lieutenant governor's office is also linked electronically with the governor's office, but the two leaders prefer to meet face to face, staff report.

Rhode Island Lt. Gov. Richard Licht sees the advantages of high technology for solving the flesh and blood problems of politics, and even has his own systems analyst

Continued on page 21

The 1987 officers for the National Association of State Telecommunications Directors are, left to right, Allan Tolman (CA), first vice president; Al Talbott (IL), immediate past president; George Christenberry Jr. (GA), president; and Sam Rule (NC), second vice president.

About NASTD

The National Association of State Telecommunications Directors is an organization whose membership is composed of state telecommunications directors from each of the 50 states and the territories. The National Association of State Telecommunications Directors (NASTD):

- provides the mutual exchange of ideas, concepts and practices pertaining to the management and operations of state telecommunications functions, services, products and equipment;
- exchanges information on the qualifications and performance of vendors, manufacturers and consultants who are supplying services and/or products to the states;
- provides a unified voice on matters of national telecommunications policy and regulatory issues;
- improves telecommunications support for the states through the regular exchange of ideas, concepts and technological information.

NASTD holds several regional meetings each year and a national conference in the fall. The 1987 annual conference will be held in Chicago, Illinois, October 17-23. NASTD also publishes a quarterly newsletter, *Gateway*. Staff assistance is provided through The Council of State Governments. For further information, contact Pamela Yost at The Council of State Governments in Lexington, KY, (606) 252-2291. □

Managing State . . .

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"A survey of 12 corporations with telecommunications expenditures in excess of $50 million revealed the following patterns:

- All have a centralized decisionmaking process for both voice and data.
- The centralized telecommunications group is responsible for both planning and operations.
- The central body has final authority over decisions involving capital equipment acquisitions and networks.
- The central telecommunications division does not 'stand alone,' but is a part of a larger organization in which data processing, management information services, and data collection all report to the same executive.

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Cable to link Alaska, Japan

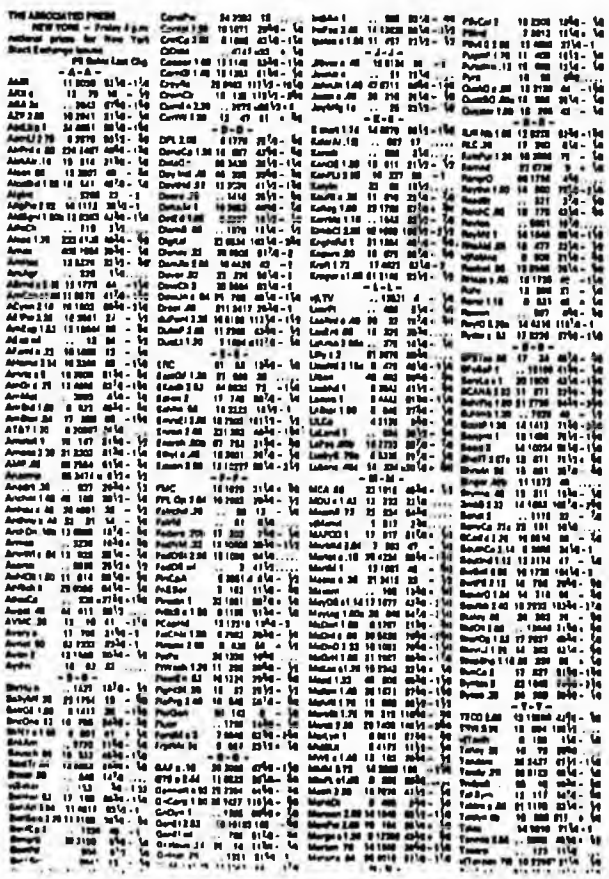
THE ASSOCIATED PRESS

WASHINGTON – Pacific Telecom Cable, Inc., part of a communications company family that includes Alascom Inc., has announced that it has been granted a license by the Federal Communications Commission to land a new, high-capacity trans-Pacific fiber optic cable in Seattle and Anchorage.

The proposed cable will be the first direct fiber link between the United States and Japan, and has an estimated cost of $500 million. The venture is fully supported by the United States as serving national security interests through providing diverse routing for critical communications and as furthering competition in international communications.

Dennis W. Elliott, executive vice president and general manager of Pacific Telecom Cable, said that the new facility will provide voice, data, video and enhanced value-added services beginning in 1990 to financial institutions, corporate users with high traffic volumes, manufacturers and other common carriers, resellers and government agencies on both sides of the Pacific.

STOCKS



Blueprints for economic development

Local panel offers work program

By KIRK McALLISTER
THE JUNEAU EMPIRE

A work plan devised by the Juneau Economic Development Council for the next two budget years would create 300 or more new jobs in Juneau as well as improve existing businesses and attract new ones, according to supporters of the plan.

The plan, prepared by the nine-member council with help from the McDowell Group and Robinson and Associates, was presented to the Juneau City-Borough Assembly this week.

Paul Fletcher, executive assistant for the council, has been working half days for three weeks out of the Juneau Chamber of Commerce office.

Fletcher, former director of the Office of Enterprise in the state Department of Commerce and Economic Development, is being paid by the McDowell Group under the consultant's $52,000 work plan contract with the city.

Last year, the assembly appropriated $169,000 for the Economic Development Council's activities, but only $35,000 of that has been spent, Fletcher said. This year's council request asks for the remaining $135,000 to be re-appropriated plus an additional $85,000 for a total of $220,000. The assembly approved that funding earlier this week.

In addition, the group expects to raise $142,500 from federal and private sources.

The work program is divided into three broad areas – short-term survival of jobs and businesses during the current economic crisis, retention and expansion of existing businesses and attracting new businesses.

One important part of the council's work will be to collect relevant statistics, since part of the current economic stagnation is the result of fear and misconceptions, Fletcher said.

For example, many local residents have the impression hundreds of government jobs have been lost in Juneau, but in fact it was private sector jobs, nearly 700 of them, that have been lost since 1985. This year, however, about 350 state jobs are expected to be cut in Juneau.

The council work plan also calls for offering technical assistance to Juneau businesses to decrease the failure rate and to assist unemployed and underemployed residents to develop small businesses.

To help make money available for that, the council, as a non-profit, quasi-governmental organization, will become eligible for grants such as those from the federal Economic Development Administration and Housing and Urban Development programs as well as state grants and those from private foundations.

The goal of all this is to increase employment, reduce the number of businesses leaving Juneau, increase sales tax receipts and increase the number of federal, state and local contracts awarded to Juneau businesses.

In the long term, the council wants to stimulate development of Juneau in the following areas:

- Help Juneau become a regional retail and services distribution center.
- Promote the growth of tourism.
- Promote natural resource development of fishing, timber and mining.
- Promote research and development in the business community through the University of Alaska-Juneau.

Concerning capital construction, the council's top priority is investigating the pros and cons of a port and industrial area in North Douglas.

"Juneau has great potential, there's lots of brain power and potential entrepreneurs here," Fletcher said. "There is opportunity for growth in tourism and supplying the coming mining industry. As state and local governments cut back, there will also be contracts available to the private sector to supply some of those services."

By reaching out with new initiatives in economic development, Fletcher said Juneau follows a trend that has happened in many other places around the country during hard economic times. Anchorage, Kenai, Kodiak, Ketchikan, Sitka and Fairbanks have similar programs.

"At times like this a community has two choices – to sit around and react or to get involved in marketing their city," Fletcher said. "I'm glad that Juneau has chosen to get involved."

Symposium views regional strategy

By KIRK McALLISTER
THE JUNEAU EMPIRE

How to survive the slings and arrows of today's uncertain economy as well as plan for a robust future are some of the topics that will be tackled during a two-day symposium on the economic future of Southeast Alaska.

The event, May 1-2 in Centennial Hall, will feature guest speakers including Gov. Steve Cowper; Tony Smith, commissioner of Commerce and Economic Development; David Hoffman, commissioner of Community and Regional Affairs; Tony Penikett, Yukon government leader; Byron Mallott, chief executive officer of Sealaska Corp.; and House Speaker Ben Grussendorf, D-Sitka.

The symposium began as an idea by the Glacier Valley Rotary Club for a small local meeting concerning economic development in the Juneau community and discussion of small business issues.

But it grew in concept to a regional conference, said Patrick Anderson, director of the Alaska Economic Development Center at the University of Alaska-Juneau. Between 200 and 300 people are expected at the event.

The symposium is sponsored by an ad hoc steering committee of business and government leaders from throughout Southeast. Co-chairmen of the committee are Juneau Mayor Ernie Polley and Bill Howe, president and chief operating officer of Sealaska Corp.

The meeting has three major themes:

- Providing relevant information about the current state of the Southeast economy.
- Providing instruction in development tools for community leaders and helping small business survive during an economic recession. Several workshops will be offered on this topic.
- Working on problems facing the Southeast economy. These include dependence on natural resources, capital investment and capital needs, and the labor force and training programs needed to make the economy more diverse and dynamic.

"We want to get full participation in the symposium from every sector of the economy whether public or private and from every community in Southeast," Polley said. "Then we can sit down and analyze our resources, focus on those problems which are unique to our region and identify opportunities for future action."

Anderson, who is a member of the steering committee, said that region wide marketing strategies would be beneficial to the entire Southeast economy. The Southeast Tourism Council has already successfully done this, and communities could unite on other common interests such as improving the ferry system and attracting outside funding or creating a network for providing venture capital.

"One possibility is to create a regional development entity that could connect ideas and investors," Anderson said. "It could also be used to attract primary and secondary processing of natural resources and be a clearinghouse for economic research."

Such a development group could be patterned after the Seattle-King County and Tacoma-Pierce County economic development boards. Mark Smith, an economic development consultant from Tacoma, will speak at the symposium.

Like many areas of the country, Southeast is changing from an industrial to a service economy, Anderson said. Because of that, continuing education and retraining programs will be needed to keep workers employed. An example would be training of local residents for mining jobs at the Greens Creek mine, tentatively scheduled to open in the summer of 1988.

A $50 registration fee for the symposium covers all the workshops, two lunches and the banquet where the governor will speak. For more information call 789-3182.

BUSINESS NEWS

The World Information Economy

Stewart Brand interviews

Peter Schwartz

and Jay Ogilvy

Money, in essence, is a type of information. And in the place where we are headed (what magazines like to call the global village), the equation flips, and information sometimes behaves like money. This little-perceived relationship is one aspect of a global Financial and Communications Complex that has been knitting itself together so rapidly that nobody understands how it works.

There are some clues we should probably pay attention to. Fashion — rapid breathless cycles of fashion — rather than being a symptom of decadence seems to be a communication mechanism in this new ecology. The meaning of debt is unclear. The only voices I've heard that have enlightened this cloud of unknowing have come from this interview with Stewart Brand, Peter Schwartz, and Jay Ogilvy. Peter Schwartz is formerly head of Business Environment, part of the Strategic Planning Department at Royal Dutch Shell Group in London. Jay Ogilvy is Director of Research at SRI International, where he worked on formulating the VALS marketing research tool. Stewart Brand was in London consulting for Shell and organizing his new book, The Media Lab, *for which this interview was done. It was taped in April, 1986 at the Charles Hotel, London, in one hour.* —*Kevin Kelly*

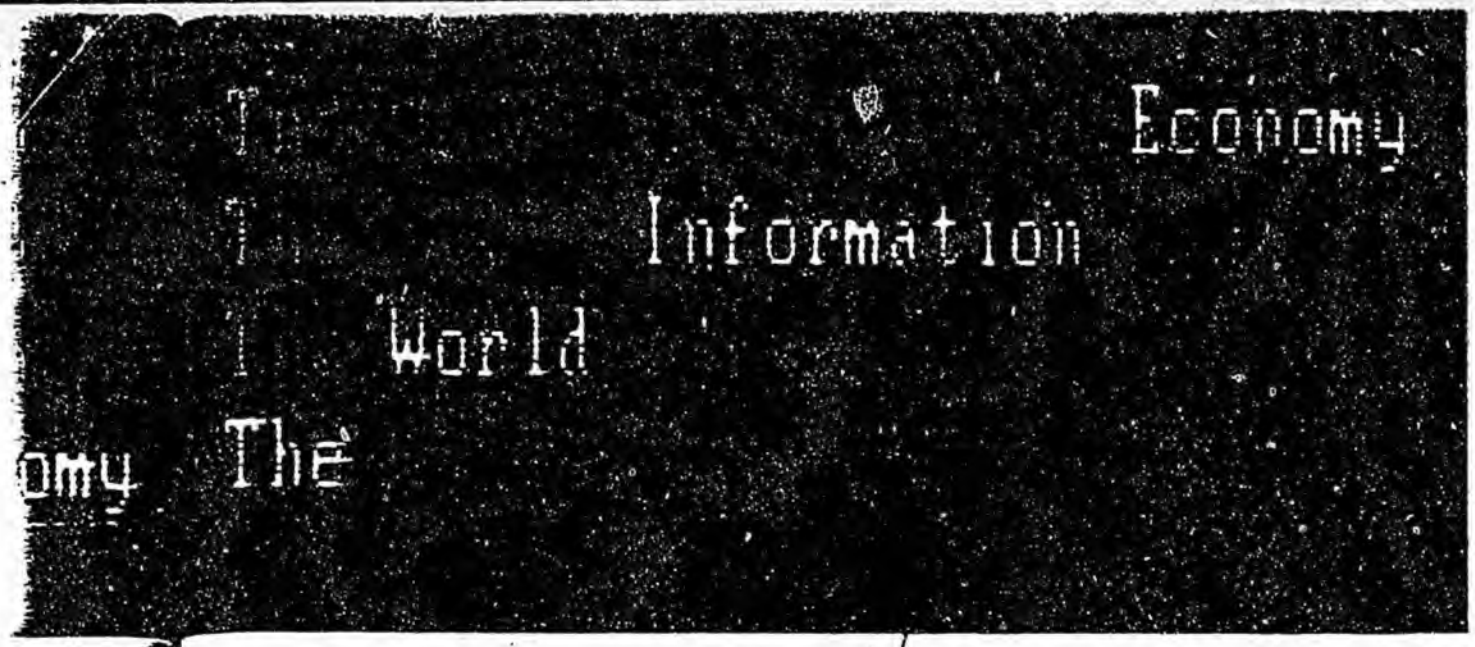
STEWART BRAND: The topic is communication and technology. What are they doing and what are the consequences? Peter, you mentioned to me four things that are generating a new game around the world.

PETER SCHWARTZ: Yes. These four things are finance, recorded entertainment, computing, and telecommunications. They are intersecting. Our technology has progressed to a point where the driving force of our wealth, that is our wealth-creation process, increasingly has to do with information. Not too long ago the *manufacture of things* like textiles and steel and automobiles were the driving structures out of which industrialism emerged. The winners in that game profited from mass production, economics of scale and low-cost resources. Now, the value added in transforming material is related to our capacity to *understand and use information* in various ways. If that's the case, what we want to know is, how are the rules of this new game going to be written?

The principal technologies involved are telecommunications and computing. And the two great systems that will use them predominantly are *finance* and *recorded entertainment.* By recorded entertainment I mean television, movies, music, and so on, on a worldwide scale. I single out these two systems because, in both cases, the markets and products are becoming increasingly global and accelerated by rapidly advancing technology. This game feeds on itself. Toward the end of the '70s, foreign exchange transactions hit an exponential curve at $3 trillion. By 1984, I think it was $30 trillion. The newest figures show $65 trillion — another doubling since last year, and twenty times the annual U.S. Gross National Product. I'm sure this growth is not permanent, but it is several times the world GNP.

This acceleration began with the 1973 oil price crisis and the breakdown of the Breton Woods exchange rate agreement, leading to a more volatile dollar. Enormous amounts of money flowed from oil importers to oil exporters and back out again into the international financial system.

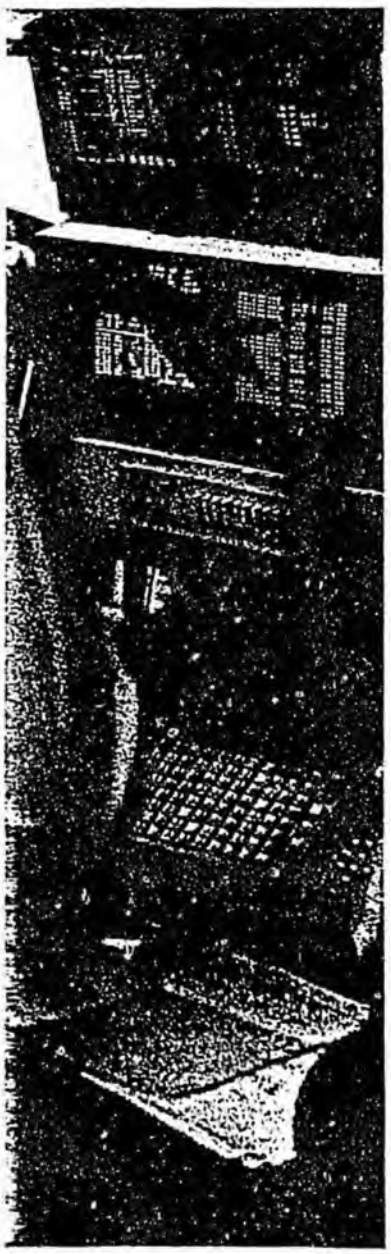
If the dollar only moves a tenth of a penny over three weeks, that is no game to play. But if it moves three or four cents in a day and you've got a billion bucks here and five billion bucks there, you can make serious money in a series of incremental moves. So we decide to play. However, we must have an adequate computer system to keep track of where our money is. The medium of communication for all this electronic money is essentially a computer



in one country talking to a computer in another country, pouring out vast volumes of data very, very rapidly. It's a 24-hour-a-day, worldwide, communication game, and information technology is what makes it possible.

For example, let's say we decide to play the interest rate arbitrage game. We have an enormous amount of cash, and we can put it anywhere we want. We allow our cash to be used to cover the differential between money that Citibank of Tokyo wants to lend to Citibank of Paris, and that difference is maybe a tenth of one percent on one billion dollars in a day. Our profit is quite trivial, but there's virtually *no risk*. Then we can put it over here, and then in the morning move it over there. In the afternoon we move it again, and go around the world 24 hours a day, making a few tens of millions in the absolutely risk-free game of allowing people to use our money to handle short-term differences measured in hours and sometimes even minutes. It may just be the difference of 14.27 percent interest versus 14.28 percent interest.

The physical activity of the world is not driving the value of currencies any longer. It's all this money sloshing around the world — a classic case of the tail wagging the dog. In fact, the dog has really become quite trivial. The actual money needed for physical trade is now a minute part of the dominant movement of money in the world. In this case the movement of money itself has become the game, and that shift is consequential in several ways. First, it's an extremely difficult and unstable system to manage. The fluidity and scales are so large that the U.S., the biggest economy in the world, has a GNP only 5 percent of that figure. Second, the scope for any individual country to manage its own economic affairs is so much less because these financial exchange flows are so much greater than industrial trade flows. And third, we don't understand it. At Royal Dutch Shell we've just done an analysis of the new kinds of financial instruments, and what is absolutely clear to me is that it is a system out of control. Nobody really understands it. People innovate new mechanisms — a new way of financing or selling a particular kind of security or a different way of coaggregating money and reselling it. The mechanisms are commercially viable, but nobody knows what the consequences are. And historically, the catalyst which has precipitated a depression has been the collapse of the meaning of money. That's what happened last time — money lost its meaning. When these mechanisms go completely out of control, there is enormous danger. ►



Take, for example, the whole Latin American debt crisis. One reason it occurred was the significant interbank lending which was in effect involuntary. Mechanisms had been set up for moving money from here to there, and no one questioned them. Over the course of two or three months, a lot of short-term money — a few tens of billions dollars — suddenly flowed into Brazil. Their debt went from about $60 billion to $90 billion in six months and they didn't even know it. Nobody knew it. It just went whoosh, and suddenly they were in hock. The interest rates had gone up on short-term debt, and they were paying all this short-term money and didn't even know it. No individual bank, no one could observe it. When international bankers stopped to take a look, they said, "My God, look at all this money in Brazil!" It wasn't that someone said, "I want to go out and borrow a bunch of money." It was just one bank lending to another bank to cover this or that trade credit, and it just began to flow without anyone raising questions.

SB: Is there an intelligent way to manage this global monetary system?

PS: This problem is being taken seriously by policymakers such as The Group of Thirty, whose members include former heads of the World Bank and big private banks as well as a few economists. The big question is, what's the future? The Federal Reserve Bank oversees all the money in the United States. The federal government says "We control the currency, therefore we've got the lever on the system." And that's true for virtually every individual sovereign country in the world. But I don't think a similar mechanism could exist internationally. Not for a long time to come. Unless we develop a genuine international currency with a supervisory body to whom sovereign nations would willingly give up a part of their sovereignty. But most people would agree that such an event is unlikely. What is possible is a far more complex structure involving multiple currencies with the interplay of several large institutions. Perhaps the current International Monetary Fund, the Bank of International Settlements and the World Bank together with the central banks of the three major industrial countries — Germany, Japan, and the United States — will form some kind of relatively tight management confederation (right now there's a loose confederation — they talk to each other but it's very informal). They would establish: (a) exchange rate regimes, and (b) those criteria that will determine the validity of the money, i.e. essentially what amounts to credit worthiness. They would decide whether investments were real or phony, and what the meaning of a particular money is. Right now, all this electronic money doesn't really exist because it is not in any way connected to anything tangible.

A big issue will be to what degree should there be independence and coordination. It may be different for the dominant countries. The non-dominant countries may be much freer to have a higher or lower inflation rate, whereas the Big Three may have very little freedom. They may have to be tightly coupled.

I think this will occur in a five-to-ten-year time frame. We're already beginning to see a movement in that direction. The U.S. has just shifted its position drastically. Until recently it voiced absolute opposition to any increased role for the international institutions, or for any structure of exchange rates and financial regimes at all. Period. Free markets ruled entirely, and the international institutions were considered a bunch of commies run by the European socialists. We were not interested in participating. But now we can see how our domestic economy is profoundly affected by the consequences of being in a game and not taking a conscious role. So we've decided it's important that the game be structured appropriately, and now we will play to help structure the game. That was the shift from Don Regan to Jim Baker at Treasury.

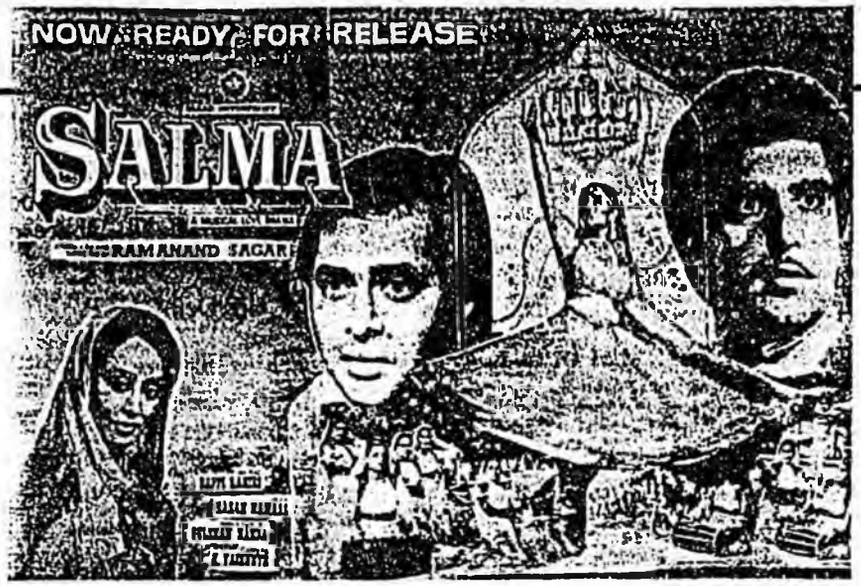
SB: A shift from, "We don't want to play because it's a fucked game," to, "We want to play and we want to dominate."

PS: It hasn't gone that far, but that's the reality. First of all, if we don't play there is no game. If we do play, we are still the biggest gorilla on the block by a long way. Eighty percent of the world's financial transactions are still dollar-based. Our lever on the system is so large, even if we don't want to exercise it, that they can't play without us. And even if we wanted to be generous, we couldn't be generous with the power. There isn't any choice. The U.S. is the key player, and the game requires our participation.

SB: So how about electronic entertainment — television, movies, music, radio?

PS: Here the forces are somewhat different, but interact. They have to do basically with three things. One, is market demographics. The biggest market for recorded entertainment is young people — a *huge* fraction of the market. The numbers worldwide are increasing at a staggering rate. Look at Mexico, where 50 percent of the population is under 15. Two, the technology of both recording and distribution is changing — everything from direct-broadcast satellite to compact disc-video. The world market is now accessible in a way it wasn't ten years ago. Third, what you now have is not only a worldwide market, but a worldwide series of sources. In terms of total volume of cash and total films made, the largest film industry in the world is India. By far. The second largest is Hong Kong. The United States is third.

You can go into a video shop in Lagos, Nigeria, and see walls of films, 90 percent of which you've never seen in any video store in the United States.



Hindi cinema poster
The largest film industry in the world is in India, a lucrative communication business tapping a global market.

Fidelity stock trading room
The engineer used to be the hero. Now he is needed merely to generate cash which the trader can use to really make money.

First of all they're not in English; second, they're rotten films; third, most of them are adventure, comedy, love stories, dumb sorts of things. A lot of them are horror or Indian westerns. Indians *love* westerns. Hundreds and hundreds of Indian cowboy movies, with Indian Indians playing American Indians and Indian Indians playing American cowboys. All speaking in Hindi with English subtitles. It's really quite funny. And quite profitable.

There's a vast, extremely lucrative entertainment business going on that we don't even see. I've tried to get some idea of the volume, but have not been able to find any global numbers. The U.S. projects a $25 billion gross for the next five years for the total electronic entertainment industry. And the technology driving this industry is the same increasingly sophisticated computing and telecommunications technology that is pushing finance. These two industries, finance and electronic entertainment, the greatest *users* of these technologies, are establishing the rules of the game.

The linking infrastructure is going to be a function of what finance wants on the one hand, and what the electronic entertainment media want on the other. Everything else will be piggybacked on that. The rules for satellite allocation or for broadcasting bandwidth allocation or for how one makes money or for how finance is regulated, will be focused around those two industries. We saw a situation in the late sixties when oil became the dominant medium of international transfer of energy, and oil set the international energy price. The gas business, the coal business, the nuclear business all have to conform to what the oil industry in effect does or does not do, intentionally or unintentionally. Today the game is computers and telecommunications, and the rules will be structured around finance and electronic entertainment, the two dominant players. Other people who want to play this game will have to follow their rules.

SB: So they are both in the bit biz. You have some interesting indeterminacies with these two things going on. If their demands are independent and they're using the same apparatus, that makes something already unpredictable doubly unpredictable.

PS: Exactly. But it also says something else. In the United States we've spent a lot of time talking about the role of information and computing in education. But by far the dominant curriculum in education today does not take place in the eight o'clock-to-three o'clock time slot. It's in the four o'clock-to-midnight shift when the kids watch television. Actually teaching time isn't eight to three, it's probably about four hours, if that. But at home they've got seven hours of much higher-impact communications bombarding them, completely overwhelming anything they get in the classroom. As in finance, the second-order (or unintended) consequence is that as the game evolves and grows, it becomes the dominant shaping influence on the players. Electronic entertainment will be the dominant educational medium that will shape global consciousness. And the language will be overwhelmingly English. The British Film Board says that something like 60 percent of all films

worldwide are in English. English-language films can be sold almost anywhere.

SB: The language of science is the language of entertainment.

JAMES OGILVY: Sure, you can see it in rock 'n' roll.

PS: In music, it's overwhelmingly the case. Go hear rock bands in Eastern Europe and they sing in English. They may not understand a word, but they sing *perfect English.* The biggest rock band in Hungary is called "Locomotive GT." And they are flawless English speakers because if they want to get *any* kind of market *outside of Hungary* they have to sing in English.

This English language advantage could be the salvation of the British. It's interesting that the English government has not yet picked up on it. All the big British movies you've seen recently were made with American money. "Gandhi" was American money; so was "Chariots of Fire." But the British see this as trivial. They're interested in saving their automobile industry, not in feeding their entertainment industry. It's amazing, but you cannot get money for films in Britain, and Britain hasn't got much else. Here's the world *hungry* for it! God, if Britain really decided to put some money behind their films!

And they have an incredible talent pool, I mean *incredible.* You know where the best special effects facilities in the world are? Britain. You know where "Star Wars" studio work was done? Pinewood Studios outside of London. Spielberg was going to do Peter Pan. He changed the setting to Youngstown, Ohio, yet they planned to shoot it at Elstree Studios outside of London. So they took a London story, moved it to the United States, and then were going to shoot it in England. Isn't that bizarre?

Thirty-five percent of U.S. video revenue from films is now international. That does not include piracy, which no doubt will be controlled as the technology moves to compact discs. I think video tape may be a 20-year medium, like reel-to-reel tape recorders. You use it for a while until something better comes along. Something like the compact disc may be the ultimate data storage medium.

SB: Does all this shifting stabilize at some point?

PS: I think so. Once the demographic pattern stabilizes, it won't be in itself a major driving force. If you look at the underlying birth rates, you see drastic declines with the exception of Africa. You've still got the momentum of the current young having their own children but subsequent to that, probably around the turn of the century, it begins to slow down. Also, at that same time, just like at the turn of the last century, the game rules will get pretty well set. The next generation of recording and presentation technology will be relatively stable for a period. That is unless there's another radical breakthrough.

By then we will have had the major advances that microelectronics and digitalization will infuse into the system. But it would be difficult to implement another technological leap on the same scale within the next two or three decades. Microelectronics today is the result of several prior decades of development, and another decade of diffusion, as people said, "Ah, what can you do with this?" and began to develop applications, languages, and so on. And it's *now* accelerating. So we're talking about a 30- or 40-year lead time in that type of penetration and restructuring process. What it says to me is that once this system comes into play, you won't want to tear it down. The advantages to be gained in restructuring would have to be enormous. So I believe the structure will be relatively stable for at least several decades thereafter, and then the changes are likely to be incremental until there's a radical change in technology again.

SB: You're saying this is basically a global phenomenon, where everyone thinks of themselves in terms of this kind of system?

PS: Absolutely. People now have access to the world in new ways, i.e. they can get and communicate information and play in games that are global in character. But I don't think it's homogenizing in the sense of everybody becoming the same, as some predicted. Of course people are more susceptible to the common winds of taste and fashion, especially the young. A perfect example of this phenomenon is Benetton, the Italian clothing chain. Benetton operates as if there is a kind of uniform, a sort of color of the week. And because of the electronic transfer of information, that color sweeps the world very quickly. And Benetton responds to and shapes that market.

JO: There are Benetton shops all over the world now and they all look alike.

PS: Staggeringly successful, with relatively high quality, medium priced, rapid turnover inventory; walk into any Benetton shop, and what you'll see is the same basic design. But the color will change every week. Their analysis will give information on the type, price, and color of every Benetton item sold worldwide in what must be five or six thousand shops, so they know what is really selling, all over the world, every day. They dye 15 percent of their colors each day on the basis of the data they get that day.

SB: It sounds like there's world fashion operating on a very tight loop. There's also world news operating on a very tight loop.

PS: Well, now we get into one of the most interesting public policy issues, and that is the control of that flow of information. The question is, will there be technical mechanisms by which governments can prevent information from flowing

Pacific Bell control center
Business consists of people interacting. The character of a large business is influenced by how everyone uses telecommunications to interact with each other.

Benetton fashion clothes
Every Benetton clothing shop in the world sells the same designs and colors on a given day. It's world fashion operating on a tight loop.

across their borders? Clearly governments outside of the United States, with almost no exceptions, reserve unto themselves the right to determine what their citizens will see. The Official Secrets Act in Britain has no U.S. equivalent. That issue is one of the thorniest in this whole game.

SB: Is information control shifting at all? Do other countries see the U.S. as just continually crazy or as having some corrections built in?

PS: No, I think most of the world still believes it is appropriate for the government to control what its people will know. It's really quite amazing to me, having grown up in the United States.

SB: When they come to the U.S., are they blown away by the stuff that's printed?

PS: No, because remember the quality of news in the United States is not particularly good. And it depends where you've come from. If you come from Britain and read an American newspaper or see American television you say, "What crap." There's much better news in Britain than here, despite the fact that it is managed. It may be a different story if you've come from Botswana. But in Britain you could not have the equivalent of the Watergate leak. The newspapers would not be permitted to publish the story. Couldn't do it. Criticism is permissible, but information, on the other hand, is tightly controlled.

SB: How much does news piggyback on electronic entertainment?

PS: In England, totally. Elsewhere, it does to the extent that it uses the same medium. It doesn't to the extent that the dominant media are state controlled. Television, for example, is almost everywhere a state enterprise. But it is beginning to be increasingly deregulated. Italy now has some non-state stations; Holland has one, France has two, so it's begun to happen.

SB: Are they rewarded for that? Does it work somehow?

PS: Well, it's created a great debate. Again, remember nearly everywhere we're dealing with regimes that are "dirigiste" — a term not well known in the United States. It's a French word that means "state-directed." It isn't socialism, it isn't fascism, it's essentially the idea that part of the central role of the state is to direct society. As opposed to the U.S. philosophy of taking care of just a few things and letting individuals take care of themselves. Most every other country in the world is in some sense dirigiste. We are anti-dirigiste, fundamentally, in our cultural roots. So the debate is this: "If we permit private media, and it competes successfully with our state media, are we degrading the quality? Even if people like it, will they be receiving poorer information, less culture, less things they ought to have?"

So, in Britain the debate right now is: Is independent television (ITV) pulling down the BBC, the

flagship of high-quality news? And everybody is saying, "Oh, BBC news has deteriorated to compete with ITV news, and, gee, maybe we should cut ITV news and not permit them to do certain things so we can preserve the BBC." That's the character of the debate. Success does not guarantee further growth. And that's true in France, in Italy, in Holland.

JO: The U.S. can't win for losing, because on the one hand we are the number one players in the game and everybody wants our electronic entertainment. On the other hand, the more we export, the more we're accused of cultural imperialism. There's no winning that.

PS: As a multinational business, for example, Royal Dutch Shell is not permitted to ship computer data in or out of Brazil.

SB: You print it on paper and carry it in? How is it done?

PS: There's a variety of ways to do it, but we cannot establish a communication link between our computer, say, in Britain with a computer in Brazil. We're not permitted because Brazil wants to control what we send down that line.

SB: How do the Soviets handle stuff like that?

PS: They don't.

SB: There's no transnational data flow in and out of the Soviet Union?

PS: That's right. I wouldn't be surprised if some people figure out how to get around the controls, but have you ever tried to telephone the Soviet Union?

SB: But it can be done. I hear that personal computers in the Soviet Union don't have printers. Do they have telephone modems?

JO: Computer modems are arriving.

PS: But here's an example in Europe. Suppose I want to travel with a special board for driving a videographics projector for a Hewlett-Packard PC. I only have one of them and they're a real pain to get. If I want to take it from Britain to Holland for the day and bring it back that night, I have to get an export license and a re-import license just to carry it with me on the plane over and back. They're so afraid of the leak.

SB: Like dope.

PS: Only much worse. Someone could carry marijuana more easily than they could carry computers. And the fines are worse than for the drugs. There's a 75-pound fine for bringing in marijuana, and there's a 100,000-pound fine for bringing in illegal computing equipment.

SB: So what's the underground economy in this now?

PS: I've heard there's a subculture of people who will move cans of data tapes in their trucks across the Brazilian border. How large this is I couldn't guess, but I'm sure illegal telephone lines and illegal transfer of data are increasing.

SB: Enough to be game-changing?

PS: Don't know enough to really say.

SB: Typically, outlawry changes games.

PS: I think it's too new to really say. What is interesting is this: if we take my premise that these two industries, finance and electronic entertainment, interacting with the evolving telecommunications and computing technology, will write the rules for the economic and political system of the next century, then what *values* are embedded in that system? Today no one is thinking about the meaning of the rules being developed in an informal, unpredictable, evolutionary way around the short-term exigencies of those industries. Ultimately they will, quite by chance, evolve into something, and that something will become the organizing paradigm of the next century. That paradigm, inasmuch as we've ambled from the realm of the material to the informational, will become a kind of global consciousness. It is the system within which we all begin to think about ourselves collectively.

SB: "Values" means what? Global conscience?

PS: The intentional choices people would express if they had it.

SB: What were the values of the last system?

JO: An example of the kind of thing you might be getting at might come under the rubric of "form follows function" — Peter Drucker's argument about how the form of the modern corporation follows the function of the reproduction of standardized, replaceable parts in manufacturing. That's what you're talking about.

PS: That's precisely what I mean.

JO: So you get the bureaucratic corporations where all the lathe operators have to do the same thing, and managers tell the same thing to their vice presidents. But what if the function is no longer chung-chung-chung standardization producing the same-same-same, but you move into entertainment, financial transactions, more and greater varieties of information?

The definition of information is a *difference that makes a difference.* So if the function is production of information, then you're not doing the same-same-same any more. You're now turning out a different different difference because if it's not different, it's not information.

PS: I'll give you a concrete example: financial services. How do banks compete? Not by interest rates. The difference comes in the differential services they offer. The way they get that differential service in theory is how they manipulate and manage their own information and/or the information they get. The perfect example was how Merrill Lynch created a market: the "cash

New York Stock Exchange
The wealth of moving money around surpasses the wealth of making money. This new game is fixing the shape of communications.

Boy George
The English language is suddenly a fabulous asset. The British should forget about manufacturing cars and promote their film and music industry.

management account." The cash management account was a difference that made a difference. That principle became an intrinsic (though invented) value in today's financial system. "Efficiency," "economies of scale" — these were values embedded within the industrial system. So the new values will become implicit within the organizing structure, and people will be forced to adapt to them.

SB: What's the transition from the one overall operating system to the other overall operating system?

JO: Punctuated equilibrium.

PS: That's what I was going to say, a series of lurches. You can see a good example in the oil industry with the shift of power from the people who find, produce and refine oil to the traders. The people who find, produce and refine oil are basically an industrial model, and the values that have governed them are essentially industrial values, things like economies of scale, for example. In trading, everything is information flows, speed of reaction, differences that make a difference. "I know something you don't know." And increasingly the successful players in the oil business are the successful traders. We see this driving force in a number of industries. General Motors' acquisition of Hughes Aerospace and EDS, a computer service company, is another example. GM realized the game was going to be a function of using information to improve the nature of the car, how you manufactured the car, how you sold the car, how you financed the car. So the driving force is shifting from the designer to the person who structures the information environment. That was a conscious strategic choice at GM.

SB: What will the life of the employee be like in the industrial side versus the trading side of a business?

PS: Well, it's quite interesting, because this shifts the roles and the dominant power structure from the engineers to the traders. Where once the engineer was the hero that drove the company, now he is a functionary necessary to produce oil with which the trader can make some money.

SB: Like the farmer now.

PS: Yes, exactly. And the trader is the commodity broker. Farmers don't make much money, but the commodity brokers sure do.

SB: Farmers pretty much stay in one place. Commodity brokers slither around. They change companies, they change kinds of work. In the publishing business we have contracts because that's the only thing that remains the same during the life of the book. ►

PS: As a trader, you *move* a lot, because what you look for is information. You spend a few days at the OPEC meeting in Geneva to pick up what you can. The money is so big, and a successful trader can get such a huge premium, that people are constantly offering them vast amounts of money to move. It happens all the time. Whereas a petroleum engineer's pretty much a petroleum engineer.

SB: What does all this do to politics?

PS: I think several things. We've touched on two of them already. One is the ability of the political system to control the information that the people have.

SB: Is that more control or less?

PS: I think inescapably less. The controllers can push against the river, but an incredibly powerful current is coming at them. They can slow it, channel it a bit, but not completely. The kids are going to listen to rock 'n' roll, they're going to listen to British rock bands in America, and people are going to watch "Dallas" in England. It's happening. A second reason is world finance. It diminishes the power of domestic policies enormously, and changes the character of a politician. It's quite interesting. The one thing upon which Bill Bradley, a liberal democrat, and Jack Kemp, an extremely conservative Republican, were able to agree was the creation of a congressional forum on new mechanisms for exchange rate management. They each realize that their party's political strategy was dependent upon this same international economic issue, which in turn was being driven by this financial structure. Somebody like Jack Kemp, who would have chosen to ignore the international arena, can't do that any more. So the political ideology has begun to shift.

SB: What's good advice to a young person in a transition like this?

PS: I can't give you any profound answer other than the one that has always been the case, which is make sure you know how to learn.

SB: That's pretty good. Is that true of corporations as well?

PS: Oh, absolutely. One of the clear implications of this is a further acceleration of the rate of change in less predictable directions.

SB: "Management in the Age of Discontinuity," said Drucker. How long is this Age of Discontinuity?

PS: Probably about another decade or so. I think the world economy goes through these transitions, from periods of relative stability to relative turbulence to relative stability again. We're in one of these transitions. There's probably a relatively stable era of several decades ahead, where the basic pattern is set. Because you want to extract the value out of the capital that you invested, you don't change much. You have to get such a large increment of improvement to overcome the sub-costs, that you don't change the system.

SB: So we're going to live with the decisions that are made now for 40 years.

PS: About a half-century altogether. That's why this game is so interesting right now. The rules are just being written, and not in a conscious way.

SB: Which I assume is just as well. But I'm not sure of that.

PS: Well, at least I'd want to think about what the consequences of the outcomes of the behavior we're pursuing are. In other words, I'm not sure I want somebody like me or anybody else to have the power to actually write the rules. I'm not going to trust anybody with that. But I'd sure like to think through the implications. For example, we're choosing between fiber optics and Direct Broadcast Satellite for our communications channels. What does that imply? We have to think that through in some reasonable way. International regulatory choices are going to be made. What kind of exchange rate mechanism should be established? That will have real world consequences. Thinking these questions through and reflecting them in the political process is what I would really like to do rather than see somebody actually write the rules. The most important thing is to bring this onto the table as an agenda item. "Here is a place of enormous leverage. Think about it. What does it mean?"

Almost everyone in a large company spends most of their time talking to each other, either in writing or in face-to-face, one-to-one or collective meetings, or talking on the telephone. So, how people get information to each other is a critical issue, and business is 100 percent people. Nothing else. People attract capital, people invent things, people sell things, people trade things. So if you influence how those people interact, you influence the basic character of your business. Considering that Shell has 160,000 people in 120 countries, it means that not everybody talks directly to everybody else — it's not a little shop. So media clearly come into play. How well we do that, and how the structure of the medium effects us, have a profound influence on the success or failure of our business.

The second-level issue is that Shell is profoundly affected by the structure, behavior, and dynamics of the world economy. We *are* the system, we are not separate from it. We are so big that you can't distinguish us from the thing itself in any meaningful way. For example, as I've mentioned earlier, exchange rates movements have a huge effect on Shell. We have questions: is it really going to be true that the quality of information flows will be so high that people work at home? Won't they travel very much? That affects transport fuel. Is that real? I personally don't think so, but I'd sure want to know if I'm wrong.

Gone With The Wind
Information that increases in value as it ages.

Stock prices
Information that diminishes in value as it ages.

The influence of how the media co-evolve with the structure of society is an important issue for us. Also, because we are closely linked to the rate of economic growth, if the world economy grows rapidly, we do well; if it doesn't, we don't. I believe the systems discussed will be a sufficiently large wealth generator that they will compensate for the slow growth of the heavy industries. They will be an important impetus to world growth.

SB: How much is that a self-enhancing process, wealth building on wealth?

PS: Very much so. There's the value-added in information. Most people thought about it as just moving stuff around, as opposed to adding value, but it's clearly adding value.

SB: The commodity which is not a commodity.

PS: The economics of this become quite interesting. Nobody knows. One of the great current puzzles in economics is, how do you handle information? I don't have an answer to this. It's a bitch.

SB: The way I keep stating it is: "Information wants to be free," because it's so easy to transmit; "information wants to be expensive," because it's so valuable.

JO: What gets me is how utterly inappropriate our basic economic categories are. Look at the difference between how you price a ton of steel and how you price information. For one thing, we need to recast the concept of property, because in Marx's terms property is by definition inalienably set. I sell you the cow. You got the cow. I don't have the cow any more. I sell you information. You got the information. I still have the information. That's one anomaly. A second anomaly is the notion of depreciation, the very notion of inventory. Intrinsic in information is the "difference that makes a difference" to a receiver. So the condition of the receiver is an important part of whether a given signal is or is not information. Is it news or isn't it news? That depends on the receiver and the receiver's ability to understand it. That's not true of a ton of steel. It's not true of a ton of wheat.

SB: Depreciation of news is instant.

PS: But "Gone with the Wind" is worth much more today than when it was made.

JO: Capital makes sense when it's fixed capital, when it's steel or when it's a plant. Information as capital?

SB: Radio stations are considered a swell investment by some of the venture capitalists because they have fabulous cash flow and hardly any capital requirements.

PS: That's right, a good example.

SB: Yet, advertising companies aren't putting any money into places like MIT's Media Lab because they don't have any capital.

PS: People are an advertising company's only resource. Their whole capital base walks out the door every day at five o'clock.

JO: There's a Nobel Prize waiting for the person who figures out the economics of information. ■

Cable to link Alaska, Japan

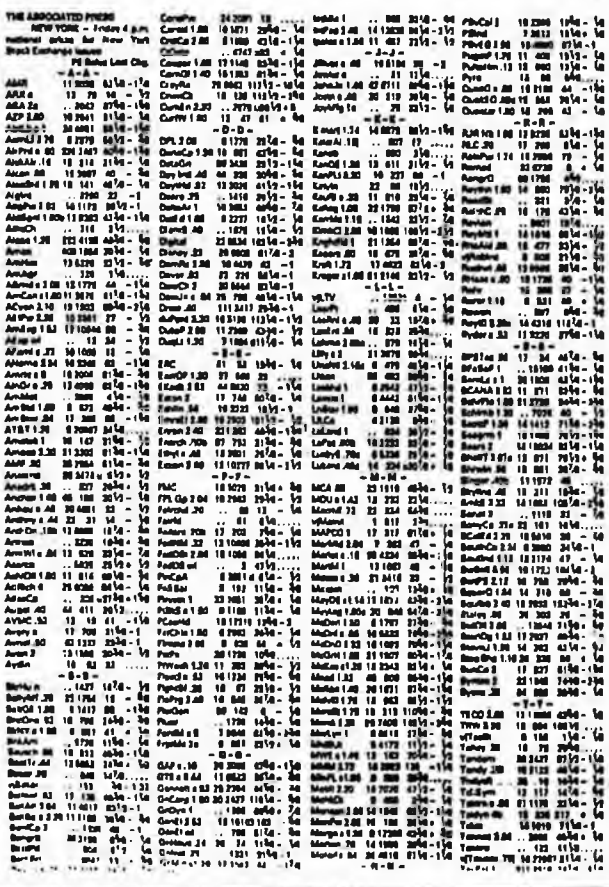
THE ASSOCIATED PRESS

WASHINGTON – Pacific Telecom Cable, Inc., part of a communications company family that includes Alascom Inc., has announced that it has been granted a license by the Federal Communications Commission to land a new, high-capacity trans-Pacific fiber optic cable in Seattle and Anchorage.

The proposed cable will be the first direct fiber link between the United States and Japan, and has an estimated cost of $500 million. The venture is fully supported by the United States as serving national security interests through providing diverse routing for critical communications and as furthering competition in international communications.

Dennis W. Elliott, executive vice president and general manager of Pacific Telecom Cable, said that the new facility will provide voice, data, video and enhanced value-added services beginning in 1990 to financial institutions, corporate users with high traffic volumes, manufacturers and other common carriers, resellers and government agencies on both sides of the Pacific.

STOCKS



Blueprints for economic development

Local panel offers work program

By KIRK McALLISTER
THE JUNEAU EMPIRE

A work plan devised by the Juneau Economic Development Council for the next two budget years would create 300 or more new jobs in Juneau as well as improve existing businesses and attract new ones, according to supporters of the plan.

The plan, prepared by the nine-member council with help from the McDowell Group and Robinson and Associates, was presented to the Juneau City-Borough Assembly this week.

Paul Fletcher, executive assistant for the council, has been working half days for three weeks out of the Juneau Chamber of Commerce office.

Fletcher, former director of the Office of Enterprise in the state Department of Commerce and Economic Development, is being paid by the McDowell Group under the consultant's $52,000 work plan contract with the city.

Last year, the assembly appropriated $169,000 for the Economic Development Council's activities, but only $35,000 of that has been spent, Fletcher said. This year's council request asks for the remaining $135,000 to be re-appropriated plus an additional $85,000 for a total of $220,000. The assembly approved that funding earlier this week.

In addition, the group expects to raise $142,500 from federal and private sources.

The work program is divided into three broad areas – short-term survival of jobs and businesses during the current economic crisis, retention and expansion of existing businesses and attracting new businesses.

One important part of the council's work will be to collect relevant statistics, since part of the current economic stagnation is the result of fear and misconceptions, Fletcher said.

For example, many local residents have the impression hundreds of government jobs have been lost in Juneau, but in fact it was private sector jobs, nearly 700 of them, that have been lost since 1985. This year, however, about 350 state jobs are expected to be cut in Juneau.

The council work plan also calls for offering technical assistance to Juneau businesses to decrease the failure rate and to assist unemployed and underemployed residents to develop small businesses.

To help make money available for that, the council, as a non-profit, quasi-governmental organization, will become eligible for grants such as those from the federal Economic Development Administration and Housing and Urban Development programs as well as state grants and those from private foundations.

The goal of all this is to increase employment, reduce the number of businesses leaving Juneau, increase sales tax receipts and increase the number of federal, state and local contracts awarded to Juneau businesses.

In the long term, the council wants to stimulate development of Juneau in the following areas:

- Help Juneau become a regional retail and services distribution center.
- Promote the growth of tourism.
- Promote natural resource development of fishing, timber and mining.
- Promote research and development in the business community through the University of Alaska-Juneau.

Concerning capital construction, the council's top priority is investigating the pros and cons of a port and industrial area in North Douglas.

"Juneau has great potential, there's lots of brain power and potential entrepreneurs here," Fletcher said. "There is opportunity for growth in tourism and supplying the coming mining industry. As state and local governments cut back, there will also be contracts available to the private sector to supply some of those services."

By reaching out with new initiatives in economic development, Fletcher said Juneau follows a trend that has happened in many other places around the country during hard economic times. Anchorage, Kenai, Kodiak, Ketchikan, Sitka and Fairbanks have similar programs.

"At times like this a community has two choices – to sit around and react or to get involved in marketing their city," Fletcher said. "I'm glad that Juneau has chosen to get involved."

Symposium views regional strategy

By KIRK McALLISTER
THE JUNEAU EMPIRE

How to survive the slings and arrows of today's uncertain economy as well as plan for a robust future are some of the topics that will be tackled during a two-day symposium on the economic future of Southeast Alaska.

The event, May 1-2 in Centennial Hall, will feature guest speakers including Gov. Steve Cowper; Tony Smith, commissioner of Commerce and Economic Development; David Hoffman, commissioner of Community and Regional Affairs; Tony Penikett, Yukon government leader; Byron Mallott, chief executive officer of Sealaska Corp.; and House Speaker Ben Grussendorf, D-Sitka.

The symposium began as an idea by the Glacier Valley Rotary Club for a small local meeting concerning economic development in the Juneau community and discussion of small business issues.

But it grew in concept to a regional conference, said Patrick Anderson, director of the Alaska Economic Development Center at the University of Alaska-Juneau. Between 200 and 300 people are expected at the event.

The symposium is sponsored by an ad hoc steering committee of business and government leaders from throughout Southeast. Co-chairmen of the committee are Juneau Mayor Ernie Polley and Bill Howe, president and chief operating officer of Sealaska Corp.

The meeting has three major themes:

- Providing relevant information about the current state of the Southeast economy.
- Providing instruction in development tools for community leaders and helping small business survive during an economic recession. Several workshops will be offered on this topic.
- Working on problems facing the Southeast economy. These include dependence on natural resources, capital investment and capital needs, and the labor force and training programs needed to make the economy more diverse and dynamic.

"We want to get full participation in the symposium from every sector of the economy whether public or private and from every community in Southeast," Polley said. "Then we can sit down and analyze our resources, focus on those problems which are unique to our region and identify opportunities for future action."

Anderson, who is a member of the steering committee, said that region-wide marketing strategies would be beneficial to the entire Southeast economy. The Southeast Tourism Council has already successfully done this, and communities could unite on other common interests such as improving the ferry system and attracting outside funding or creating a network for providing venture capital.

"One possibility is to create a regional development entity that could connect ideas and investors," Anderson said. "It could also be used to attract primary and secondary processing of natural resources and be a clearinghouse for economic research."

Such a development group could be patterned after the Seattle-King County and Tacoma-Pierce County economic development boards. Mark Smith, an economic development consultant from Tacoma, will speak at the symposium.

Like many areas of the country, Southeast is changing from an industrial to a service economy, Anderson said. Because of that, continuing education and retraining programs will be needed to keep workers employed. An example would be training of local residents for mining jobs at the Greens Creek mine, tentatively scheduled to open in the summer of 1988.

A $50 registration fee for the symposium covers all the workshops, two lunches and the banquet where the governor will speak. For more information call 789-4102.

BUSINESS NEWS

SECTIONAL ANALYSIS / CSHB 40 (Fin)

* Section 1. Statement of purpose.

* Section 2. Chapter 19 (Office of the Governor) is amended by adding new sections.

Sec. 44.19.502. The Telecommunications Information Council is created within the Office of the Governor.

- Council composition described.

- Meeting schedule and support staff described.

Sec. 44.19.504. POWERS AND DUTIES

Subsection (a):

- Council's main duty will be to establish guidelines and prepare a state information systems plan.

- Council will also direct state agencies to prepare agency information system plans.

- Council must establish guidelines for public access to information.

Subsection (b) gives the Council latitude to address "information" related issues that may come up.

Subsection (c) is a standard "non-interference in programming content" statement.

Subsections (d) and (e) allow for flexibility among state agencies in the development of their information systems. Independent development, however, must still be coordinated with the Council.

Sec. 44.19.506. COURT SYSTEM. The Court system will also prepare information system plans, in coordination with the council.

Sec. 44.19.519. DEFINITIONS.

The words "council" and "state agencies" are defined.

THE REMAINING SECTIONS ARE AMENDMENTS TO EXISTING DEPARTMENT OF ADMINISTRATION STATUTES. THE EFFECT OF THE AMENDMENTS IS TO:

1) BRING EXISTING STATUTES INTO COMPLIANCE WITH THE POWERS AND DUTIES OF THE COUNCIL,

2) REMOVE OBSOLETE LANGUAGE, AND

3) REFLECT THE INTENT THAT THE JUDICIARY COOPERATE WITH OTHER BRANCHES AND AGENCIES WHEN POSSIBLE, WHILE RECOGNIZING THE INDEPENDENT STATUS OF THE JUDICIARY.

* Sec. 3. Department of Administration (DOA) statutes that relate to data processing are amended to indicate coordination between the department and the council.

* Sec. 4. DOA data processing statutes are amended to indicate compliance with council's state information systems plan. Obsolete language is removed.

* Sec. 5. DOA data processing statutes that relate to DOA powers are amended to indicate that DOA actions must be consistent with council and departmental information systems plans. Paragraph 10 is obsolete and therefore removed.

* Sec. 6. DOA data processing statutes that relate to the University of Alaska are amended to indicate cooperation between DOA and the university, and adherence to the council's state information systems plan. The university president's veto power is removed.

* Sec. 7. The DOA data processing statute that relates to miscellaneous provisions is repealed and reenacted to indicate which actions may be undertaken by DOA and the legislative and judicial branches, as long as those actions are not contrary to the council's state information system plan. These changes recognize the need of the judiciary as a separate branch of government to adopt policies specially adapted to judicial needs, but also reflect an intent that the judiciary cooperate with other branches and agencies when possible.

* Sec. 8. DOA statutes that relate to the Public Broadcasting Commission are amended to indicate compliance with the council's state information systems plan.

* Sec. 9. The DOA statute that relates to telecommunications powers and duties is amended to indicate compliance with the council and departmental information systems plans.

* Sec. 10. The DOA telecommunications statute that relates to services is amended to indicate compliance with council and departmental information systems plans.

* Sec. 11. The DOA telecommunications statute that relates to independent telecommunications systems development is amended to indicate compliance with council and agency's information systems plans.

* Sec. 12. Effective date, July 1, 1987.

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE

ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

MEMORANDUM

DATE: May 1, 1987

TO: House Finance Members

FROM: Representative Pat Pourchot

SUBJECT: Draft Finance CS for CSHB 40 (Tele), "An Act creating the Telecommunications Information Council in the Office of the Governor; and providing for an effective date."

Proper management of the state's information resources is cost-effective and will allow the state to make significant improvements in the quality, quantity, and accessibility of information at all levels of state government. Both the private sector and the government will benefit by having readily available, accurate and complete information upon which to base their decisions.

Current problem areas (such as computer chargebacks, allocation of scarce data processing and telecommunications resources, system redundancy, incompatibilities and cost inefficiencies) suggest the need for a body which oversees management and development of the state's information resources. CSHB 40 (Fin) would:

(1) create a council to develop and implement policies for the management of the state's information resources within the Office of the Governor;

(2) begin comprehensive and coordinated "information resource management' planning for the state; and

(3) merge telecommunications and data processing in the policy and planning process.

A zero fiscal note is attached. Professional and clerical support for the Council is to be provided by existing staff within the Office of the Governor and by agencies represented on the Telecommunication Information Council.

The Governor and the Commissioners of the Departments of Administration, Natural Resources, Corrections, Community and Regional Affairs, and Transportation have indicated their support for the bill. In addition, the President of the University of Alaska and the Court System have also indicated their support and willingness to serve on the proposed Council.

The Subcommittee has endorsed the draft CSHB 40 (Finance).

SENATE COMMITTEE REPORT

FURTHER: FINANCE

5/5/87

DATE TURNED INTO OFFICE_____

Mr. President:

LABOR & COMMERCE Committee considered CSHB 40(Fin)

creating the Telecommunications Information Council in the Office of the Governor; efd.

and recommended:

[ ] replace with CS FOR _____) [] same title
[ ] or adopt _____ CS FOR _____) [] new title

[ ] attached amendment(s) and

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to_____

[ ] letter of intent adopted_____

Committee [X] attached or [ ] adopted fiscal note(s)
[ ] new [ ] updated or [X] previous
[X] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

Tim Kelly (Do Pass)

OTHER RECOMMENDATIONS

Mike Szymanski

Jake Ternberg

Tim Kelly - Do Pass
Chairman signature and recommendation

[ ] Committee Backup Attached

HB
41

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/6/87

FURTHER REFERRALS:

DATE: 4-28-87

The Finance Committee has considered HB 41

"An Act relating to the confidentiality of certain oil and gas information."

RECOMMENDS:

[X] replace with CS HB 41 (FINANCE) [ ] the same title

[ ] attached amendment(s) [X] a new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[X] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mark Boyer

Tay Brown

Mike Davis

Peter Gold

SIGNING OTHER RECOMMENDATIONS:

Pat Rose No Rec

Ronald A. Larson No Rec

Steve Thayer No Recommendation

Brad No Rec.

Pat Rose Vice-Chair

Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : CS HB 41 (Fin)
Publish Date :

REQUEST:

Revision Date:
Agency Affected : Natural Resources
Title : Act relating to the confidentiality of certain oil and gas information.
BRU : Petroleum Management
Sponsor : Rep. Brown
Requestor : House Finance Committee
Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

APA

Prepared by : Al Adams, Chair
Phone : 465-3706
Division : House Finance Committee
Date : 4/27/87

Approved by Commissioner :
Date :
Agency :

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Original sponsors: Brown, Koponen and Goll

IN THE HOUSE BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 41 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the confidentiality of certain oil and gas information; and providing for an effective date."

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

* Section 1. AS 31.05.035(c) is amended to read:

(c) The reports and information required in (a) of this section <u>for an exploratory or stratigraphic test well</u> shall be kept confidential for 24 months following the 30-day filing period unless the owner of the well gives written permission to release the reports and information at an earlier date. If the commissioner of natural resources finds that the required reports and information <u>filed before July 1, 1991, under (b) of this section from an exploratory or stratigraphic test well</u> contain significant information relating to the valuation of unleased land in the same vicinity, the <u>commission</u> [COMMISSIONER] shall keep the reports and information confidential for a reasonable time after the disposition of all affected unleased land, unless the owner of the well gives written permission to release the reports and information at an earlier date. Well location, depth, status and production data and production reports required by the commission to be filed subsequent to the 30-day filing period <u>is</u> [SHALL BE CONSIDERED] public information and <u>may</u> [SHALL] not be classified confidential. <u>The commission shall provide access to information filed after July 1, 1987, that is confidential under this subsection to the Department of Natural Resources for review in that department's use in carrying out</u>

its duties, but the Department of Natural Resources shall keep the information confidential for the same period required by this subsection. In [PRODUCTION DATA, AS USED IN] this subsection, "production data" means volume, gravity, and gas-oil ratio of all production of oil or gas after the well begins regular production.

* Sec. 2. This Act takes effect July 1, 1987.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

PO. BOX 7034
ANCHORAGE, ALASKA 99510-7034
(907)762-4241

March 16, 1987

The Honorable Kay Brown
Alaska State Leislature
P. O. Box V
Juneau, Alaska 99811

Subject: HB 41 - Regarding Extended Confidentiality

Dear Representative Brown:

Eric Meyers of your office called the division last week and requested documentation from our files of requests that confidential data be released. The pertinent information is attached. Keith Calderwood, who wrote one of the responses, was a vice president with Simasko before it closed its Alaska office about three years ago. Keith, who had an excellent reputation as an exploration geologist, unfortunately died last year--a victim of cancer.

In addition, Cass Ariey of my staff recalls several telephone calls in which geologists and landmen have lamented the fact that well data that were needed for a geologic evaluation were not available because the well(s) had qualified for extended confidentiality.

When the confidentiality of the Amoco No Name Island Well data was extended, Kevin Tabler of Union Oil Company of California (now Unocal) called to protest. He said that there was some speculation that Union would protest the action. No formal protest was ever received from Union.

Craig White, also of Unocal, called to question why the data from the Chevron Livehorse Well remain confidential. Craig correctly pointed out that nearby state lands had been offered for lease in state Sale 39, but the Livehorse Well data remained confidential. Cass explained that although the nearby state lands to the North had been offered, nearby Naval Petroleum Reserve - Alaska (NPRA) remained unleased. The nearby NPRA land is part of the Teshekpuk Lake Special Study Area and may not be scheduled for lease-offering for quite some time.

Craig stated that in this case he felt that the provisions to extend the confidentiality of the data were being abused. He commented that the statute should "allow the companies ample time to capitalize on their investment, but not allow unlimited extensions such as that for the Chevron Livehorse Well."

Finally, Cass recalls a conversation with Jim Jacobs of Sohio (now Standard Alaska Production Company). Jacobs called from San Francisco to confirm that the Chevron Jeanette Island Well data would be released at the end of the normal period of confidentiality. Cass informed him that the division had received a request from Chevron to extend the confidentiality of the data, but that no decision had yet been made. Jacobs stated that "It would be better for the state and the country to release the data. Sohio and ARCO have drilled the most North Slope wells and they have no wells qualifying for extended confidentiality." The data from the Chevron Jeanette Island well were granted extended confidentiality until after federal Sale 87 and were released following the lease sale.

If I can be of any further assistance, please do not hesitate to call.

Sincerely,

James E. Eason
Director

cc: Judith M. Brady, Commissioner
Larry Ostrovsky, Special Assistant

0658E

simpco

Simasko Production Company

P. O. BOX 1515 • ANCHORAGE, ALASKA 99510 • (907) 277-5932 • 274-4591 • TELEX 26-338

August 24, 1982

Re: Release of well data-
extended confidentiality
period

The Honorable John W. Katz, Commissioner
Department of Natural Resources
State of Alaska
Pouch M
Juneau, AK 99811

Dear Commissioner Katz:

We recently reviewed the status of confidential well data in the North Slope-Prudhoe Bay area and find that the confidential status of many wells have again been extended beyond the normal release date. Some of the wells shown on the attached sheet were drilled in 1976 and 1977 and are still held confidential, in fact "indefinitely extended".

It is understood that the original intent of the confidentiality period was to protect the investment made by the principal companies until such time as contiguous open or unleased acreage could be made available through state and federal lease sales. In addition, the normal 25 month confidentiality period would give the principal companies sufficient time to evaluate the geologic data obtained from drilling.

Now that onshore and offshore lease sales have been held and there is no contiguous open acreage within several miles from many of the subject wells, we believe that the extended confidentiality periods should be cancelled and the well data released.

Simasko Production Company, the sole independent operating entity within the state, has drilled wells in Cook Inlet Basin and on the north Slope and, although there were instances where unleased acreage was nearby, no requests were made to extend the confidentiality period.

Geologic studies made by the state geologists have not been made available to the public and industry because some of the data used were from wells whose confidentiality periods have been repeatedly extended. We believe that the state should encourage release of geologic and well data to be utilized by all of the industry in the search for additional petroleum reserves. Consequently, we request that the state review and release the wells that are shown on the attached extended confidentiality list.

Thank you for your favorable consideration of this matter.

Sincerely,

Keith W. Calderwood
Vice President

KWC:nk

Attachment

cc: Mr. C.V. Chatterton, Alaska Oil & Gas Conservation Commission

MEMORANDUM State of Alaska

ALASKA OIL AND GAS CONSERVATION COMMISSION

TO: Staff

DATE: June 7, 1982

FILE NO: 109B

TELEPHONE NO:

FROM: Harry W. Kugler HWK
Commissioner

SUBJECT: Extended Confidentiality

Following notification from Kay Brown, four wells have been removed from the following list. Currently the AOGCC has indefinitely extended the confidential period of the following 26 wells:

FORMER RELEASE DATE	OPERATOR	WELL NAME & NUMBER	API NUMBER
08/25/78	Atlantic Richfield Co.	West Beach St. #3	50-029-20208
04/22/79	Sohio Alaska Pet. Co.	Sag Delta #3 (35-12-16)	50-029-20233
04/29/79	Sohio Alaska Pet. Co.	Niakuk #2A (23-12-15)	50-029-20180-01
05/06/79	Union Oil Co.	East Harrison Bay St. #1	50-703-20001
05/26/79	Sohio Alaska Pet. Co.	Sag Delta #2 (10-11-16)	50-029-20234
	Sohio Alaska Pet. Co.	Reindeer Island Strat Test	50-029-20342
11/05/79	Gulf Oil Corp.	Pt. McIntyre #1	50-029-20264
12/12/79	Gulf Oil Corp.	Pt. McIntyre #2	50-029-20264-01
01/07/80	Exxon Corp.	Pt. Thomson Unit #1	50-089-20005
01/26/80	Sohio Alaska Pet. Co.	Sag Delta #2A	50-029-20234-01
01/30/80	Texaco, Inc.	Tulugak #1	50-057-20001
04/21/80	Sohio Alaska Pet. Co.	Sag Delta #4	50-029-20245
09/11/80	Exxon Corp.	Pt. Thomson Unit #2	50-089-20006
12/31/80	Chevron U.S.A.	Eagle Creek #1	50-073-20001
01/11/81	Chevron U.S.A.	Tiglukpuk #1	50-057-20002
04/24/81	Atlantic Richfield Co.	West Sak 25606 #13	50-029-20345
04/28/81	Exxon Corp.	Duck Island Unit #1	50-029-20280
05/28/81	Sohio Alaska Pet. Co.	Niakuk #3	50-029-20350
07/19/81	Atlantic Richfield Co.	West Mikkelsen Unit #2	50-029-20357
07/24/81	Union Oil Co. of Calif.	Cannery Loop Unit #1	50-133-20323
08/03/81	Exxon Corp.	Pt. Thomson Unit #3	50-089-20007
08/20/81	Mobil Oil Corporation	Staines River St. #1	50-089-20008
02/21/82	Exxon Corp.	Duck Island Unit #2	50-029-20280-01
04/20/82	Conoco Inc.	Gwydyr Bay State #1	50-029-20375
05/12/82	Mobil Oil Corporation	Gwydyr Bay State Unit #1	50-029-20396
05/15/82	Conoco Inc.	Milne Point Unit #1	50-029-20376

September 8, 1982

Keith Calderwood
Vice President
Simasko Production Company
P.O. Box 1515
Anchorage, AK 99510

Dear Mr. Calderwood:

Thank you for your recent letter requesting release of the confidential information from 26 exploratory wells on the North Slope and in the Cook Inlet region. I have reviewed the list of wells which you submitted to determine the basis upon which each of these wells was granted extended confidentiality and to determine whether extended confidentiality is still warranted. Unfortunately I am unable to comply with your request at this time, but I would like to take this opportunity to explain to you the rationale behind extending the period of confidentiality for exploratory wells and to give you some idea of when I anticipate the release of these data.

Most of the wells on the list which you provided were granted extended confidentiality under the terms of a Memorandum of Understanding dated September 14, 1981 between the State of Alaska and the lessees in the joint state/federal Beaufort sale area. In that Memorandum of Understanding, I agreed to maintain the confidentiality of these wells, as well as subsequently drilled wells in and adjacent to the Sale 30 area, for a reasonable time after the issuance of a "final" judgment validating sale 30 and all leases issued under the sale valid. For the purposes of that agreement, it was agreed that final judgment meant a judgment in which the time for appeal has expired without an appeal being taken or on which the Alaska supreme court has issued a mandate that does not require further action by a lower court or the Commissioner of Natural Resources on the merits of an issue. A copy of that Memorandum of Understanding is attached for your information.

The wells which were afforded extended confidentiality as a provision of that Memorandum of Understanding include the following wells:

OPERATOR	WELL NAME & NUMBER	API NUMBER
Atlantic Richfield Co.	West Beach St. #3	[illegible]
Sohio Alaska Pet. Co.	Sag Delta #3 (35-12-16)	[illegible]
Sohio Alaska Pet. Co.	Niakuk #2A (23-12-15)	[illegible]
Union Oil Co.	East Harrison Bay St. #1	[illegible]
Sohio Alaska Pet. Co.	Sag Delta #2 (10-11-16)	[illegible]
Sohio Alaska Pet. Co.	Reindeer Island Strat Test	[illegible]
Gulf Oil Corp.	Ft. McIntyre #1	[illegible]
Gulf Oil Corp.	Ft. McIntyre #2	[illegible]
Exxon Corp.	Ft. Thomson Unit #1	[illegible]
Sohio Alaska Pet. Co.	Sag Delta #2A	[illegible]
Sohio Alaska Pet. Co.	Sag Delta #4	[illegible]
Exxon Corp.	Ft. Thomson Unit #2	[illegible]
Exxon Corp.	Duck Island Unit #1	[illegible]
Sohio Alaska Pet. Co.	Niakuk #3	[illegible]
Atlantic Richfield Co.	West Mikkelsen Unit #[illegible]	[illegible]
Exxon Corp.	Ft. Thomson Unit #3	[illegible]
Mobil Oil Corp.	Staines River St. #1	[illegible]
Exxon Corp.	Duck Island Unit #2	[illegible]
Conoco Inc.	Gwydyr Bay State #1	[illegible]
Mobil Oil Corporation	Gwydyr Bay State Unit #1	[illegible]
Conoco Inc.	Milne Point Unit #1	[illegible]

In a decision dated May 7, 1982, the Alaska supreme court remanded the case to me with instructions that I reconsider the conclusion that the lease sale was consistent with both the state standards in the [illegible] and the proposed North Slope Borough Coastal Management program and that I describe the basis for that decision. Documents reflecting the results of my reconsideration will be filed with the Alaska supreme court this month, and I am hopeful that this matter will be resolved and a final judgment will be issued within three to four months. Once the final judgment declaring the leases issued in that sale valid has been made, I intend to request that the Chairman of the Alaska Oil and Gas Conservation Commission release the data from all of these wells with the exception of the last three wells on the list within 30 days. In the case of the last three wells on the list, Conoco's Gwydyr Bay State #1 and Milne Point Unit #1 and Mobil's Gwydyr Bay State Unit #1, these wells are adjacent to unleased acreage which is proposed to be offered in Sale [illegible] in May, 1983. I will request that the data from these wells be released within a reasonable period after Sale 59.

The remaining wells, comprising the list below, were granted extended confidentiality because of the presence nearby of unleased acreage.

OPERATOR	WELL NAME & NUMBER	API NUMBER
Texaco, Inc.	Tulugak #1	50-057-20031
Chevron U.S.A.	Eagle Creek #1	50-073-20001
Chevron U.S.A.	Tiglukpuk #1	50-057-20002
Atlantic Richfield Co.	West Sak 25606 #13	50-029-20345
Union Oil Co. of Calif.	Cannery Loop Unit #1	50-133-20323

The unleased acreage adjacent to the Atlantic Richfield Co. West Sak #13 well is scheduled for offering in proposed Sale No. 40 in January, 1983. I will request that these data be released within a reasonable period after that sale. Available unleased acreage in the vicinity of Union Oil Company's Cannery Loop Unit #1 well will be offered for lease in Sale 42 scheduled for May, 1986, and I will request the release of these data following the completion of that sale. The remaining three wells were drilled on non-state owned lands. In the case of each of these wells, there is extensive unleased acreage nearby consisting of state-owned, federally-owned and privately-owned lands. Pending the availability of additional lands for lease in the vicinity of these wells, I believe the statute obligates me to maintain the confidentiality requested by the respective operators.

Thank you again for your expression of concern and for your patience pending the release of these data. If you have any additional questions, please do not hesitate to call either me or Kay Brown, Director of Division of Minerals and Energy Management.

Sincerely,

John W. Katz
Commissioner

Attachment: as stated

cc: Kay Brown, Director, DMEM

JE:039CK

LB —
draft reply

Commissioner Robert LeResche
Department of Natural Resources
Pouch M
Juneau, Alaska

February 9, 1981

Dear Mr. LeResche :

This letter intends to ask you why your Department is holding the Beaufort Sea wells confidential. As you know, the two-year tight period has expired, yet the information still is not available. This nation is trying to gain its energy independence. Holding over one million feet of wildcat well cuttings confidential is not helping the United States to achieve freedom from the Arabs.

The independent oil companies in the country have found most of the hydrocarbon resources. Your office could help out this industry and our nation by releasing these data. If you have a sound reason for not doing so, I would appreciate knowing it.

Sincerely,

Jim Halloran

Jim Halloran
6725 Blackberry Street
Anchorage, Alaska 99502

500.34

March 9, 1981

Jim Halloran
6725 Blackberry Street
Anchorage, AK 99502

Dear Mr. Halloran:

The 12 Beaufort Sea wells you inquired about in your February 9th letter are being held confidential in accordance with Alaska Statute AS 31.05.035(C). As soon as the litigation surrounding the 1979 Beaufort Sea Lease Sale is settled favorably in the state's behalf, the Commissioner will release the well records to the public. The hearing before the State Supreme Court is scheduled for March 25, 1981.

I hope this answers your questions.

Sincerely,

William Van Dyke

William Van Dyke
Petroleum Manager

WVD/bjm/1648A

JAN 20 1987

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

STEVE COWPER, GOVERNOR

P.O. BOX 7034
ANCHORAGE, ALASKA 99510-7034
(907)762-4241

January 16, 1987

The Honorable Kay Brown
Representative
Alaska Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Brown:

At your request I am sending background information relating to extended confidentiality for exploration wells in Alaska, as well as a compilation of provisions for the confidentiality of well data in other states.

Enclosed are:

1. A list of 15 wells currently qualified for extended confidentiality.

2. A list of 33 wells that were granted extended confidentiality, but that no longer qualify. The data from these wells have been released.

3. The Alaska Oil and Gas Conservation Commission (AOGCC) list of wells that will be released in 1987 and 1988. Based upon a review of these wells, we anticipate receiving approximately 20 new requests for extended confidentiality in the next two years.

4. A list of applicable "Lower 48" statutes and regulations, compiled by Kate Fortney and Pat Jacobs, that apply to well confidentiality. The information was compiled from an Interstate Oil Compact Commission handbook. Although the book indicates that some states provide for extended confidentiality, it fails to indicate that confidentiality may be extended in Alaska. Therefore, this compilation may not be a complete list of provisions for extended confidentiality, nor can I personally vouch for its accuracy.

5. A letter written by Bob LeResche and a memorandum by Tom Cook that demonstrate the vague nature of the existing statute and indicate some of the difficulties arising from applying these provisions.

If you have further questions, please call me or Cass Ariey (762-4285).

Sincerely,

James E. Eason
Director

Enclosures

0378c

EXTENDED CONFIDENTIALITY WELLS

	Well Name	Other Well Owners/ Lease Owners	Status	Distance From Unleased Lands	Antic. Date Lease Nearby Lands	BTM Hole Location
						Icy Cape Area:
1	Chevron Akulik	Mobil, ASRC	P & A	Approx. 2 Miles	ASRC, unscheduled	T5S R49W 14 U.M.
2	Chevron Eagle Ck.	Mobil, ASRC	P & A	Approx. 2.9 Miles	ASRC, unscheduled	T8S R45W 26 U.M.
3	Union Tungak Ck.	Amoco, ASRC	P & A	Approx. 1.9 Miles	State, unscheduled	T6N R42W 12 U.M.
						Cen. Brooks Range:
4	Chevron Killik	ASRC	P & A	Approx. 2.9 Miles	ASRC, unscheduled	T12S R10W 8 U.M.
5	Chevron Tiglukpuk	ASRC	P & A	Approx. 2.9 Miles	ASRC, unscheduled	T12S R2E 15 U.M.
6	Texaco Tulugak	Chevron, ASRC	P & A	Approx. 2 Miles	ASRC, unscheduled	T5S R3E 26 U.M.
7	Chevron Cobblestone	ASRC	P & A	Approx. 1.5 Miles	ASRC, unscheduled	T10S R8E 25 U.M.
						Cape Halkett/Harrison Bay:
8	Chevron Livehorse	ASRC	P & A	Approx. 1 Mile	NPRA, unscheduled (Teshekpuk Lake Area)	T17N R1W 18 U.M.
						Near ANWR:
9	Mobil Staines R. State	Phillips	Susp.	Approx. 2 Miles	ANWR, unscheduled	T9N R24E 20 U.M.
10	Phillips N. Staines R.1	Chevron, Mobil	Susp.	Approx. 2 Miles	ANWR, unscheduled	T9N R24E 25 U.M.
11	Exxon Alaska State G-2	Sohio, BPAE	P & A	Ap. 1 Mi. Sale 50 Ap. 2 Mi. ANWR Ap. 2.5 Mi. OCS	ANWR, unscheduled	T10N R24E 25 U.M.
12	Exxon Alaska State J-1		P & A	Ap. 2.7 Mi. ANWR	ANWR, unscheduled	T6N R22E 23 U.M.
13	Union Leffingwell 1	ARCO	P & A	Ap. 0.5 Mile	State Sale 51, 1/87	T8N R22E 25 U.M.
						Beaufort Sea:
14	Shell BF 47	Amerada Hess	Discovery	Ap. 2.5 Mi. OCS	OCS Sale 97, 1/88	T13N R13E 2 U.M.
						Tanana Basin:
15	ARCO Totek Hills 1		P & A	Ap. 0.5 Mile	State, unscheduled	T7S R12W 36 F.

Exploratory Wells Previously Qualified for Extended Confidentiality

The following are wells that have been granted extended confidentiality, but that no longer qualify. The data from these wells have been released.

Well Name	Date Extended Confidentiality Granted	Date Released
Chevron Jeanette Is. #1	04/12/84	10/31/84
Amoco No Name Is. #1	01/31/84	10/31/84
Chevron Koniag #1	08/04/83	08/01/84
Sohio Nechelik #1	04/12/84	06/12/84
Union Cannery Loop #1	05/06/81	11/18/83
Union Cannery Loop #2	11/16/82	11/18/83
Conoco Gwydyr Bay St. #1	09/14/81	06/27/83
Conoco Gwydyr Bay St. #2A	[illegible]/20/83	06/27/83
Conoco Milne Pt. #A-1	04/19/82	06/27/83
Mobil Gwydyr Bay St. #1	05/07/82	06/27/83
Union E. Harrison Bay St. #1	12/05/78	06/27/83
Exxon Pt. Thomson #4	11/23/82	03/11/83
ARCO West Sak 25606 #13	03/23/81	10/25/85
ARCO West Beach St. #3	Approx. 6/78	02/09/83
ARCO W. Mikkelsen Unit #2	07/15/81	02/09/83
Sohio Sag Delta #2	04/06/79	02/09/83
Sohio Sag Delta #2A	01/21/80	02/09/83
Sohio Sag Delta #3	04/06/79	02/09/83
Sohio Sag Delta #4	01/21/80	02/09/83
Sohio Niakuk #2A	04/06/79	02/09/83
Sohio Niakuk #3	04/23/81	02/09/83
Sohio Reindeer Island Strat. Test	01/21/80	02/09/83
Gulf Pt. McIntyre #1	10/22/79	02/09/83
Gulf Pt. McIntyre #2	10/22/79	02/09/83
Exxon Pt. Thomson Unit #1	01/03/80	02/09/83
Exxon Pt. Thomson Unit #2	01/03/80	02/09/83
Exxon Pt. Thomson Unit #3	Approx. 6/79	02/09/83
Exxon Duck Island Unit #1	04/22/81	02/09/83
Exxon Duck Island #2	11/25/81	02/09/83
Union Clam Gulch Unit #1	08/12/80	06/03/82
Chevron Pretty Creek Unit #2	03/23/81	06/03/82
Chevron Stump Lake Unit #41-23	06/11/80	06/03/82
Chevron Soldotna Creek Unit #33-33	02/02/79	06/03/82

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ALASKA OIL AND GAS CONSERVATION COMMISSION

RELEASE DATE OF WELL RECORDS,
BASED ON TWO YEAR CONFIDENTIAL PERIOD

* Ditch samples and/or core chips will be released also.
** Well data to be held for an indefinite period.

Operator	Well Name and Number	Release Date
ARCO Alaska, Inc.	Kuparuk River Unit #2W-9	01-01-87
Amoco Production Company	MGS State 17595 #15RD	01-02-87
ARCO Alaska, Inc.	Kuparuk River Unit #2X-16	01-02-87
ARCO Alaska, Inc.	Kuparuk River Unit #2E-13	01-03-87
ARCO Alaska, Inc.	Kuparuk River Unit #2X-13	01-05-87
ARCO Alaska, Inc.	Kuparuk River Unit #2X-10	01-06-87
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 15-9	01-07-87
ARCO Alaska, Inc.	Kuparuk River Unit #2X-15	01-08-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-10	01-09-87
ARCO Alaska, Inc.	Kuparuk River Unit #2E-12	01-10-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-8	01-12-87
Amoco Production Company	MGS 17595 #27	01-14-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-6	01-15-87
ARCO Alaska, Inc.	* Kuparuk River Unit #2W-7	01-17-87
ARCO Alaska, Inc.	Kuparuk River Unit #2E-11	01-17-87
ARCO Alaska, Inc.	Kuparuk River Unit #2X-9	01-19-87
Standard Alaska Production Company	Prudhoe Bay Unit #R-24	01-19-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-5	01-21-87
ARCO Alaska, Inc.	Kuparuk River Unit #2C-16	01-22-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-11	01-22-87
ARCO Alaska, Inc.	Kuparuk River Unit #CFP-1A	01-23-87
Conoco, Inc.	Milne Point Unit #C-5	01-23-87
ARCO Alaska, Inc.	Kuparuk River Unit #2D-14	01-24-87
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 17-14	01-25-87
ARCO Alaska, Inc.	Kuparuk River Unit #1Q-12	01-26-87
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 17-12	01-27-87
ARCO Alaska, Inc.	Kuparuk River Unit #2E-10	01-28-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-12	01-29-87
ARCO Alaska, Inc.	Kuparuk River Unit #2C-15	01-31-87
ARCO Alaska, Inc.	Kuparuk River Unit #2D-13	01-31-87
Union Oil Company of California	Kenai Tyonek Unit #KTU 13-5	02-03-87
ARCO Alaska, Inc.	Kuparuk River Unit #1Q-11	02-04-87
ARCO Alaska, Inc.	Kuparuk River Unit #2X-12	02-07-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-13	02-07-87
ARCO Alaska, Inc.	Kuparuk River Unit #2U-13	02-11-87
ARCO Alaska, Inc.	* Kuparuk River Unit #2C-14	02-13-87
ARCO Alaska, Inc.	Kuparuk River Unit #2E-9	02-14-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-14	02-15-87
Chevron U.S.A. Inc.	* Beluga River Unit #224-23	02-16-87
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 11-15	02-17-87
ARCO Alaska, Inc.	Kuparuk River Unit #2U-14	02-17-87
Amoco Production Company	* Becharof #1	02-18-87
Conoco, Inc.	Milne Point Unit #CFP-2	02-18-87
Conoco, Inc.	Milne Point Unit #C5-A	02-18-87
ARCO Alaska, Inc.	Kuparuk River Unit #2U-15	02-22-87
ARCO Alaska, Inc.	Kuparuk River Unit #2W-15	02-22-87

Operator		Well Name and Number	Release Date
Conoco, Inc.		Milne Point Unit #C-6	02-24-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-9	02-26-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-10	02-27-87
ARCO Alaska, Inc.		Kuparuk River Unit #2W-16	03-01-87
Conoco, Inc.		Milne Point Unit #CFP-1	03-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-16	03-02-87
ARCO Alaska, Inc.		Kuparuk River Unit #2C-13	03-05-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-8	03-07-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-1	03-08-87
ARCO Alaska, Inc.	*	Kuparuk River Unit #2W-1	03-10-87
Shell Western E&P Inc.	*	BF-57 #1	03-12-87
ARCO Alaska, Inc.		Kuparuk River Unit #2W-2	03-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #2C-12	03-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-2	03-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-7	03-17-87
Standard Alaska Production Company	*	Niakuk #4	03-19-87
Conoco, Inc.		Milne Point Unit #C-8	03-20-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-3	03-21-87
Conoco, Inc.		Milne Point Unit #B-6	03-22-87
ARCO Alaska, Inc.		Kuparuk River Unit #2C-11	03-24-87
ARCO Alaska, Inc.		Kuparuk River Unit #2W-3	03-24-87
ARCO Alaska, Inc.	*	ARCO/CIRI Wolf Lake #2	03-25-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-6	03-27-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-4	03-28-87
ARCO Alaska, Inc.	*	Kuparuk River Unit West Sak #26	03-29-87
Union Oil Company of California		Kenai Beluga Unit #KBU 23X-6	03-30-87
ARCO Alaska, Inc.		Kuparuk River Unit #2W-4	04-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #2C-10	04-02-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-5	04-05-87
Conoco, Inc.		Milne Point Unit #B-10	04-07-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-5	04-08-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-13	04-10-87
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L2-30	04-10-87
Conoco, Inc.		Milne Point Unit #C-7	04-10-87
Conoco, Inc.		Milne Point Unit #C-10	04-12-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-6	04-13-87
ARCO Alaska, Inc.		Kuparuk River Unit #2C-9	04-13-87
Alaskan Crude Corporation		Burglin #33-1	04-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-4	04-18-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-7	04-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-14	04-22-87
Conoco, Inc.		Milne Point Unit #B-9	04-23-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-7A	04-23-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-9	04-24-87
ARCO Alaska, Inc.	*	Brontosaurus #1	04-26-87
Shell Western E&P Inc.	*	Middle Ground Shoal #A34-11	04-26-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-8	04-28-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-15	04-29-87
Conoco, Inc.		Milne Point Unit #B-11	04-30-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-3	05-01-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 9-27	05-02-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-9	05-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-10	05-05-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-16	05-07-87
Texaco Inc.	*	Colville Delta #1	05-07-87
Conoco, Inc.		Milne Point Unit #C-9	05-08-87

Operator		Well Name and Number	Release Date
Standard Alaska Production Company	*	Sag Delta #11	05-08-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-2	05-11-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-10	05-12-87
Chevron U.S.A. Inc.		Beluga River Unit #232-26	05-14-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-1	05-14-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-11	05-15-87
Conoco, Inc.		Milne Point Unit #B-7	05-17-87
Standard Alaska Production Company	*	Niakuk #5	05-18-87
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L1-9	05-18-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-11	05-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-2	05-21-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-1	05-24-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 9-28	05-24-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-12	05-24-87
ARCO Alaska, Inc.		Kuparuk River Unit #2U-12	05-25-87
Texaco Inc.	*	Colville Delta #1-A	05-26-87
Conoco, Inc.		Milne Point Unit #C-11	05-26-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 4-32	05-27-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-3	05-28-87
Standard Alaska Production Company		Prudhoe Bay Unit #A-35	05/30/87
Conoco, Inc.		Milne Point Unit #B-8	05-31-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-5	06-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-4	06-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-16	06-04-87
Union Oil Company of California		Trading Bay Unit #K-8RD	06-06-87
Conoco, Inc.		Milne Point Unit #C-13	06-07-87
Standard Alaska Production Company		Prudhoe Bay Unit #N-20	06-07-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-13	06-08-87
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L2-28	06-12-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-5	06-12-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-15	06-13-87
Conoco, Inc.		Milne Point Unit #B-12	06-14-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-6	06-14-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-14	06-16-87
Standard Alaska Production Company		Prudhoe Bay Unit #A-34	06-17-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 4-31	06-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-6	06-19-87
Conoco, Inc.		Milne Point Unit #C-14	06-20-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-14	06-21-87
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L1-1	06-22-87
Union Oil Company of California		Trading Bay Unit #D-29RD	06-22-87
Standard Alaska Production Company		Prudhoe Bay Unit #N-21	06-25-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-7	06-26-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-15	06-26-87
Conoco, Inc.		Milne Point Unit #B-13	06-29-87
Conoco, Inc.		Milne Point Unit #C-15	06-30-87
ARCO Alaska, Inc.		Kuparuk River Unit #1Q-13	07-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-8	07-04-87
Standard Alaska Production Company		Prudhoe Bay Unit #A-34A	07-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #2V-16	07-05-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-7	07-06-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 4-30	07-09-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-16	07-10-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-9	07-11-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 11-13	07-12-87
Conoco, Inc.		Milne Point Unit #B-14	07-15-87

Operator		Well Name and Number	Release Date
Conoco, Inc.		Milne Point Unit #C-16	07-15-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-8	07-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-12	07-17-87
Standard Alaska Production Company		Prudhoe Bay Unit #N-22	07-17-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-10	07-18-87
ARCO Alaska, Inc.	*	Kuparuk River Unit #2Z-15	07-20-87
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L2-24	07-22-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-11	07-25-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 11-8	07-27-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-11	07-27-87
Conoco, Inc.		Milne Point Unit #B-15	07-28-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-14	07-29-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-9	07-30-87
Conoco, Inc.		Milne Point Unit #C-12	07-31-87
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L1-10	08-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-10	08-02-87
ARCO Alaska, Inc.		Kuparuk River Unit #3B-12	08-03-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-13	08-06-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-10	08-07-87
Conoco, Inc.		Milne Point Unit #B-16	08-08-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 11-11	08-10-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-9	08-11-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-11	08-14-87
Standard Alaska Production Company		Prudhoe Bay Unit #A-31	08-18-87
ARCO Alaska, Inc.		Kuparuk River Unit #2A-13	08-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-12	08-20-87
Shell Western E & P, Inc.	*	OCS Y-180 #1	08-20-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-12	08-20-87
Conoco, Inc.		Milne Point Unit #B-5A	08-21-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-8	08-23-87
Standard Alaska Production Company		Prudhoe Bay Unit #N-4A	08-23-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-13	08-28-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-11	08-28-87
ARCO Alaska, Inc.		Kuparuk River Unit #2A-14	08-29-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-7	09-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-10	09-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-14	09-06-87
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L2-20	09-06-87
ARCO Alaska, Inc.		Kuparuk River Unit #2A-15	09-08-87
ARCO Alaska, Inc.		Kuparuk River Unit #2Z-9	09-11-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-5	09-11-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-15	09-12-87
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L1-14	09-14-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-16	09-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #2A-16	09-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #WSP-20	09-22-87
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 11-9	09-22-87
ARCO Alaska, Inc.		Kuparuk River Unit #3J-1	09-23-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-1	09-26-87
ARCO Alaska, Inc.	*	Kuparuk River Unit #3C-4	09-27-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-1	10-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #3J-2	10-03-87
Conoco, Inc.		Milne Point Unit #E-2	10-03-87
Standard Alaska Production Company		Prudhoe Bay Unit #A-33	10-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-2	10-05-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-3	10-07-87

Operator		Well Name and Number	Release Date
ARCO Alaska, Inc.		Kuparuk River Unit #3A-2	10-08-87
ARCO Alaska, Inc.		Kuparuk River Unit #3J-3	10-10-87
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L1-2	10-10-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-3	10-11-87
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L2-26	10-11-87
Conoco, Inc.		Milne Point Unit #B-17	10-15-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-3	10-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-2	10-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #1R-4	10-18-87
ARCO Alaska, Inc.		Kuparuk River Unit #3J-4	10-18-87
Conoco, Inc.		Milne Point Unit #A-2A	10-20-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-4	10-23-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-1	10-25-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-1	10-25-87
ARCO Alaska, Inc.		Kuparuk River Unit #3J-5	10-26-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-16	10-31-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-2	11-02-87
Conoco, Inc.		Milne Point Unit #B-18	11-03-87
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L3-5	11-05-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-15	11-08-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-3	11-08-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-5	11-12-87
Standard Alaska Production Company		Prudhoe Bay Unit #K-8	11-12-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-4	11-13-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-14	11-16-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-6	11-18-87
Union Oil Company of California		Trading Bay Unit #D-44	11-18-87
Conoco, Inc.		Milne Point Unit #B-19	11-19-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-5	11-20-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-7	11-24-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-6	11-27-87
ARCO Alaska, Inc.		Kuparuk River Unit #3C-13	11-28-87
ARCO Alaska, Inc.		Kuparuk River Unit #2A-8	11-30-87
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L3-11	12-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-8	12-01-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-7	12-04-87
ARCO Alaska, Inc.		Kuparuk River Unit #2H-12	12-10-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-10	12-10-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-8	12-11-87
Amoco Production Company		Middle Ground Shoal 17593 #20	12-11-87
ARCO Alaska, Inc.		Kuparuk River Unit #2H-11	12-17-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-11	12-17-87
Conoco Inc.		Milne Point Unit #C-18	12-17-87
ARCO Alaska, Inc.		Kuparuk River Unit 3F-9	12-18-87
Standard Alaska Production Company		Prudhoe Bay Unit #K-5	12-19-87
Standard Alaska Production Company		Prudhoe Bay Unit #JX-2	12-22-87
ARCO Alaska, Inc.		Kuparuk River Unit #2H-10	12-25-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-12	12-25-87
Chevron U.S.A. Inc.		Beluga River Unit #232-9	12-25-87
Shell Western E & P Inc.	*	Middle Ground Shoal #A 41-11	12-28-87
ARCO Alaska, Inc.		Kuparuk River Unit #3F-10	12-29-87
ARCO Alaska, Inc.		Kuparuk River Unit #3A-13	01-01-88
ARCO Alaska, Inc.		Kuparuk River Unit #2H-9	01-02-88
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L3-15	01-04-88
ARCO Alaska, Inc.		Kuparuk River Unit #3F-11	01-05-88

Operator		Well Name and Number	Release Date
Conoco, Inc.		Milne Point Unit #C-17	01-07-88
Shell Western E&P, Inc.	*	Middle Ground Shoal #A 22-14	01-08-88
ARCO Alaska, Inc.		Kuparuk River Unit #3A-14	01-10-88
ARCO Alaska, Inc.		Kuparuk River Unit #2H-8	01-11-88
ARCO Alaska, Inc.		Kuparuk River Unit #3F-12	01-11-88
ARCO Alaska, Inc.		Kuparuk River Unit #3A-15	01-17-88
ARCO Alaska, Inc.		Kuparuk River Unit #2H-7	01-19-88
ARCO Alaska, Inc.		Kuparuk River Unit #3F-13	01-19-88
Chevron U.S.A. Inc.		Soldotna Creek Unit #21B-16	01-23-88
ARCO Alaska, Inc.		Kuparuk River Unit #3F-14	01-24-88
ARCO Alaska, Inc.		Kuparuk River Unit #3A-16	01-25-88
Unocal		Trading Bay Unit #D-43	01-25-88
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L3-19	01-26-88
Conoco, Inc.		Milne Point Unit #C-19	01-27-88
ARCO Alaska, Inc.		Kuparuk River Unit #2H-6	01-28-88
ARCO Alaska, Inc.		Kuparuk River Unit #3F-15	01-31-88
ARCO Alaska, Inc.		Kuparuk River Unit #2H-5	02-06-88
ARCO Alaska, Inc.		Kuparuk River Unit #3F-16	02-08-88
Amoco Production Company	*	Granite Point State 18742 #35	02-13-88
Conoco, Inc.		Milne Point Unit #B-22	02-13-88
Amerada Hess Corporation		Northstar #1	02-14-88
ARCO Alaska, Inc.		Kuparuk River Unit #2A-12	02-18-88
Conoco, Inc.		Milne Point Unit #B-20	02-26-88
ARCO Alaska, Inc.		Kuparuk River Unit #3N-2	02-27-88
ARCO Alaska, Inc.		Kuparuk River Unit #2A-11	03-01-88
Standard Alaska Production Company		Prudhoe Bay Unit #R-26	03-04-88
ARCO Alaska, Inc.		Kuparuk River Unit #2A-10	03-10-88
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L3-23	03-12-88
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L2-25	03-13-88
Conoco, Inc.		Milne Point Unit #B-21	03-21-88
Union Oil Company of California		Trading Bay Unit #D-43RD	04-02-88
Amerada Hess Corporation	*	Colville Delta 25-13-6 #1	04-03-88
ARCO Alaska, Inc.		Kuparuk River Unit Winter Trails #1	04-06-88
Standard Alaska Production Company		Prudhoe Bay Unit #B-30	04-06-88
ARCO Alaska, Inc.		Kuparuk River Unit #3N-8	04-14-88
Texaco, Inc.		Colville Delta #2	04-15-88
Union Oil Company of California		Trading Bay Unit #K-25	04-16-88
Union Oil Company of California		Kenai Beluga Unit #33-7	04-19-88
Amoco Production Company		Granite Point State 18742 #36	04-20-88
Standard Alaska Production Company		Niakuk #6	04-24-88
Texaco, Inc.		Colville Delta #3	04-30-88
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L2-3	05-05-88
Chevron U.S.A. Inc.		Beluga River Unit #211-3	05-05-88
Amerada Hess Corporation		Northstar #2	05-06-88
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 11-10	05-07-88
ARCO Alaska, Inc.	*	Prudhoe Bay Unit/Lisburne #L2-13	05-08-88
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 3-31	05-09-88
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 3-32	05-12-88
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 3-34	05-12-88
ARCO Alaska, Inc.		Prudhoe Bay Unit #DS 3-33	05-13-88
ARCO Alaska, Inc.		Kuparuk River Unit 3I-15	05-15-88
ARCO Alaska, Inc.		Prudhoe Bay Unit/Lisburne #L2-21	05-17-88
ARCO Alaska, Inc.		Kuparuk River Unit #3N-1	05-18-88
ARCO Alaska, Inc.		Kuparuk River Unit #2A-9	05-16-88
ARCO Alaska, Inc.		Kuparuk River Unit #3N-2A	05-19-88

Operator	Well Name and Number	Release Date
ARCO Alaska, Inc.	Kuparuk River Unit #3J-6	05-21-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-7	05-21-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #L2-33	05-21-88
Chevron U.S.A. Inc.	KIC #1	05-24-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #L2-29	05-25-88
Standard Alaska Production Company	Prudhoe Bay Unit #U-10	05-26-88
Standard Alaska Production Company	Prudhoe Bay Unit #Y-21	05-27-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-15	05-31-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-13	05-31-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-16	05-31-88
Amoco Production Company	Middle Ground Shoal 17595 #17	06-01-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #L3I-12	06-01-88
Standard Alaska Production Company	Prudhoe Bay Unit #A-30	06-02-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #L3-31	06-02-88
Standard Alaska Production Company	Prudhoe Bay Unit #F-23	06-05-88
Chevron U.S.A. Inc.	Beluga River Unit #224-34	06-06-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-11	06-07-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-12	06-09-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-14	06-09-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-10	06-10-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 17-11	06-10-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 17-12	06-10-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 17-13	06-10-88
Union Oil Company of California	Trading Bay State #A-3RD	06-13-88
Standard Alaska Production Company	Prudhoe Bay Unit #U-11	06-15-88
Standard Alaska Production Company	Prudhoe Bay Unit #H-27	06-16-88
ARCO Alaska, Inc.	Kuparuk River Unit #2Z-WS#1	06-17-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-9	06-24-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-3	06-26-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-4	06-26-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-14	06-27-88
Standard Alaska Production Company	Prudhoe Bay Unit #U-12	06-29-88
Standard Alaska Production Company	Prudhoe Bay Unit #Y-20	06-30-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-30	07-07-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-7	07-07-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-8A	07-07-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-31	07-08-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-29	07-08-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-5	07-09-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-6	07-09-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-35	07-10-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-32	07-11-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-33	07-11-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-34	07-11-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-36	07-12-88
Standard Alaska Production Company	Prudhoe Bay Unit #N-11A	07-12-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 9-24	07-14-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-8	07-15-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-17	07-18-88
Standard Alaska Production Company	Prudhoe Bay Unit #A-32	07-20-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-1	07-21-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-2	07-21-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-3	07-22-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-4	07-22-88
Standard Alaska Production Company	Prudhoe Bay Unit #H-24	07-22-88
Standard Alaska Production Company	Prudhoe Bay Unit #H-25	07-22-88

Operator	Well Name and Number	Release Date
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-15	07-23-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-5	07-24-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-7	07-24-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-8	07-24-88
ARCO Alaska, Inc.	Kuparuk River Unit #3I-12	07-30-88
Standard Alaska Production Company	Duck Island Unit/Endicott #P-18MPI	08-01-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-12	08-06-88
Standard Alaska Production Company	Duck Island Unit/Endicott #O-20MPI	08-08-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 18-5	08-08-88
Standard Alaska Production Company	Prudhoe Bay Unit #S-12A	08-09-88
Standard Alaska Production Company	Prudhoe Bay Unit #B-29	08-10-88
Chevron U.S.A. Inc.	Beluga River Unit #224-23	08-15-88
Standard Alaska Production Company	Prudhoe Bay Unit #B-27	08-18-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-22	08-20-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-24	08-20-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-27	08-20-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-28	08-20-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-21	08-20-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-18	08-20-88
Chevron U.S.A. Inc.	Beluga River Unit #BRWD-1	08-25-88
Standard Alaska Production Company	Prudhoe Bay Unit #D-25	08-26-88
Standard Alaska Production Company	Prudhoe Bay Unit #D-24	08-27-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-7	08-29-88
Standard Alaska Production Company	Prudhoe Bay Unit #D-26	08-29-88
Standard Alaska Production Company	Duck Island Unit/Endicott #M-19MPI	08-30-88
Standard Alaska Production Company	Duck Island Unit/Endicott #Q-35SDI	08-30-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-17	09-10-88
Standard Alaska Production Company	Prudhoe Bay Unit #H-21	09-10-88
Standard Alaska Production Company	Prudhoe Bay Unit #H-22	09-11-88
Standard Alaska Production Company	Prudhoe Bay Unit #D-27	09-12-88
Standard Alaska Production Company	Prudhoe Bay Unit #D-29	09-12-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-9	09-13-88
Standard Alaska Production Company	Prudhoe Bay Unit #C-32	09-13-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-10	09-14-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-11	09-14-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-12	09-14-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 18-9	09-16-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-13	09-17-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-14	09-17-88
Standard Alaska Production Company	Duck Island Unit/Endicott #O-29SDI	09-18-88
Standard Alaska Production Company	Prudhoe Bay Unit #C-29	09-18-88
Standard Alaska Production Company	Prudhoe Bay Unit #C-35	09-19-88
ARCO Alaska, Inc.	Kuparuk River Unit #3K-5	09-19-88
Standard Alaska Production Company	Prudhoe Bay Unit #C-38	09-20-88
Chevron U.S.A. Inc.	Pretty Creek Unit #224-28	09-22-88
ARCO Alaska, Inc.	Kuparuk River Unit #3K-4	09-22-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-21	09-23-88
Standard Alaska Production Company	Prudhoe Bay Unit #T-1	09-23-88
ARCO Alaska, Inc.	Kuparuk River Unit #3K-1	09-25-88
ARCO Alaska, Inc.	Kuparuk River Unit #3K-2	09-26-88
ARCO Alaska, Inc.	Kuparuk River Unit #3K-4	09-27-88
Standard Alaska Production Company	Prudhoe Bay Unit #G-19	09-28-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-16	10-01-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-21	10-02-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #PWDW LPC-1	10-03-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-13	10-03-88

Operator	Well Name and Number	Release Date
ARCO Alaska, Inc.	Kuparuk River Unit #3N-15	10-06-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-17	10-06-88
Standard Alaska Production Company	Prudhoe Bay Unit #Y-22	10-06-88
ARCO Alaska, Inc.	Kuparuk River Unit #3N-18	10-07-88
Standard Alaska Production Company	Prudhoe Bay Unit #M-25	10-07-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-17	10-07-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-24	10-08-88
ARCO Alaska, Inc.	Kuparuk River Unit #3J-9	10-09-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-10	10-10-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-18	10-11-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-16	10-18-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-33	10-26-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 16-19	10-29-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-12A	10-31-88
ARCO Alaska, Inc.	Prudhoe Bay Unit #DS 4-25	11-01-88
Standard Alaska Production Company	Prudhoe Bay Unit #F-20	11-04-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-14	11-04-88
Standard Alaska Production Company	Prudhoe Bay Unit #R-27	11-05-88
Standard Alaska Production Company	Prudhoe Bay Unit #R-26A	11-06-88
Standard Alaska Production Company	Prudhoe Bay Unit #Y-23	11-08-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-15	11-08-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-11	11-11-88
Standard Alaska Production Company	Prudhoe Bay Unit #B-28	11-12-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-9	11-12-88
Standard Alaska Production Company	Duck Island Unit/Endicott #T-34SDI	11-12-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-6	11-14-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-5	11-15-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-3	11-16-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #LGI-10	11-17-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #LGI-8	11-22-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-4	11-22-88
Standard Alaska Production Company	Prudhoe Bay Unit #G-29	11-25-88
Standard Alaska Production Company	Prudhoe Bay Unit #Y-24	11-27-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #LGI-6	11-29-88
ARCO Alaska, Inc.	Kuparuk River Unit #2T-7	11-30-88
ARCO Alaska, Inc.	Prudhoe Bay Unit/Lisburne #L5-24	12-04-88
Standard Alaska Production Company	Prudhoe Bay Unit #G-30	12-13-88
Standard Alaska Production Company	Prudhoe Bay Unit #G-32	12-16-88
Standard Alaska Production Company	Prudhoe Bay Unit #D-28	12-29-88

Statutes and Regulations Regarding Well Confidentiality
for the Other 49 States

State	Summary of Confidential Time Period Regulations
Alabama	S9-17-6(4) Six months from completion of well (must submit reports by that time).
Arizona	Six months. Rule R12-7-121B.
Arkansas	Maximum of 90 days from completion date.
California	If requested. (Section 3234) Not to exceed two years for onshore exploratory wells and not to exceed five years for offshore exploratory wells. Period may be extended for exploratory and offshore wells upon a showing of extenuating circumstances. Development wells may be granted confidential status if the supervisor determines there are extenuating circumstances.
Colorado	S34-60-106 If requested, for six months after drilling.
Connecticut	N/A*.
Delaware	N/A.
Florida	Six months, or 18 months with hardship plea.
Georgia	S43-707(16) Six months or longer.
Hawaii	S182-6 Indefinitely, unless application for a mining lease is not made within 6 months of receipt by Board (which is required upon termination of the exploration permit.)
Idaho	One year upon request of operator.
Illinois	Three months - S5409. One year, if requested.
Indiana	S(13-4-7-17)-1(D) None automatic. For geological or structure test wells and geophysical tests, maximum of two years from date of issue of drilling permit upon written request. For all other records, if requested, one year from date of well completion.
Iowa	S84.4 Six months.
Kansas	One year upon request. May be extended one year.
Kentucky	Upon request, for one year maximum.

*N/A - Update of 12/86 shows no relevant statutes yet in effect.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801
PHONE: (907) 465-2400

January 28, 1987

The Honorable Sam Cotten, Co-Chairman
The Honorable Adelheid Herrman, Co-Chairwoman
House Resources Committee
Alaska State Legislature
Post Office Box V
Juneau, Alaska 99811

Dear Representatives Cotten and Herrman:

Subject: House Bill 41, which would eliminate a requirement that the Commissioner of Natural Resources extend the period of confidentiality for oil and gas well data when the data contain significant information relating to the value of unleased land in the same vicinity.

Response: On balance, the department supports the bill. In our judgement, removing the provision for extended confidentiality would encourage expedited exploration of state lands, and would result in increased competition for oil and gas leases.

Background: The provision being eliminated by this bill was originally adopted in recognition of specific delays contemplated as a result of litigation surrounding the joint Federal/State Beaufort Sea Sale in 1979. Because of these potential lengthy delays, and the fact that numerous operators had drilled exploratory wells adjacent to the sale area in anticipation of the lease sale, the provision was adopted to provide extended confidentiality to the data pending resolution of the litigation and issuance of the leases.

Discussion: The two-year period of confidentiality will still apply. In the department's judgement, the two-year period successfully balances the proprietary interests of the oil companies to keep well data confidential, and the public interest in making available as much information as possible on the state's oil and gas resources.

Removing the provision is also more in keeping with the confidentiality provisions of other oil producing states.

From the oil industry's perspective, it appears to

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the department that the extended well confidentiality provision works to their advantage in some cases, and to their disadvantage in others. While companies often want to keep their own data confidential, they would like to have their competitor's data released as soon as possible. This sort of conflict is best resolved by repeal of this provision, which will guarantee that all parties have timely access to the well data.

If you would like additional information or have any questions, please contact my office or James Eason, Director of the Division of Oil and Gas (762-4241).

Sincerely,

Judith M. Brady
Commissioner

cc: Committee Members
Commissioner Chat Chatterton
Director James Eason

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

P.O. BOX 7034
ANCHORAGE, ALASKA 99510-7034

February 6, 1987

The Honorable Sam Cotten, Co-Chair
The Honorable Adelheid Herrmann, Co-Chair
House Resources Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representatives Cotten and Herrmann:

At your request the division is providing further information relating to House Bill 41. HB 41 would eliminate a requirement that the Commissioner of Natural Resources extend the period of confidentiality for oil and gas well data when the data contain significant information relating to the value of unleased land in the same vicinity.

You have asked several questions relating to HB 41 which we will attempt to answer.

1. What requests for extended confidentiality are pending?

Answer: The division currently has no requests pending, although requests to extend confidentiality are anticipated for 15 exploratory wells and 16 development wells within the next two to three years. A list of these wells is attached.

2. In the case of wells for which extended confidentiality was requested, was it ever denied?

Answer: A formal request for extended confidentiality has been denied in only one case of which we are aware. That was the request for Sag Delta Well No. 8. A copy of the denial letter is attached.

Informal requests have also been made. For example, Texaco, in a meeting with the division inquired as to the chances for extended confidentiality for its Prudhoe #1 Well. The distance (approximately 16 miles) from unleased land prompted the division to respond that the chances for extension were relatively slim. The division never received a formal request from Texaco to extend the confidentiality of this well.

Although the decision of whether or not to extend confidentiality has often not been an easy one, no decision has ever resulted in litigation. To our knowledge, the closest we ever came to litigation was in the case of the Chevron Jeanette Island #1 Well. This well is situated about four miles from unleased land, and was plugged and abandoned in 1982. An initial decision by the division to deny extended confidentiality resulted in Chevron's declaration of its intent to litigate the decision. The division eventually issued a decision to extend the confidentiality of the well data until after federal Sale 87 in the Beaufort Sea. The sale was held, and the well data were subsequently released.

3. Should stratigraphic test wells be handled differently from exploratory wells?

Answer: Attached is the list of federal and state stratigraphic test wells drilled to date offshore Alaska. The Code of Federal Regulations (attached) requires the Director of the Minerals Management Service to make available to the public all data from drilling a deep stratigraphic test in federal waters 10 years after the completion of the test or 60 calendar days after the issuance of the first OCS oil and gas lease within 50 miles of the well, whichever is sooner.

These regulations seem to be well-suited to the general OCS situation characterized by large, untested offshore basins where companies are prone to cooperate in drilling a stratigraphic test. In the case of state lands, the offshore lands proposed for a lease sale are long, linear "bands" that would not easily lend themselves to a "distance to first leased land" test as used in the federal regulations. Nor would the patchwork of state leased and unleased lands easily lend themselves to a similar distance requirement. Only in the case of large, untested onshore areas such as in the Minchumina or Holitna basins would the concept of release of stratigraphic test data only after leasing of lands within a certain radius of the well be useful. It is not clear that the state needs to make special provisions for stratigraphic test wells at this time. As can be seen from the attached list, most, but not all of the stratigraphic test wells were drilled within two years of the lease sale.

4. Historically, what has been the effect on drilling strategy and scheduling of the extended confidentiality provision prior to scheduled lease sales?

Answer: The major discoveries in Alaska (North Slope and Cook Inlet) were all made prior to passage of the extended confidentiality statute. Much of the exploratory drilling prior to 1978 took place "against" nearby unleased land.

The extended confidentiality provision became effective in 1978. It is difficult for the division to speculate about whether or to what degree an operator's decision to drill was influenced by the extended confidentiality provision. After 1978, operators were aware that the closer their well location was to unleased land, generally the better

were their chances of being granted extended confidentiality. In each case, the possibility of keeping the well data confidential beyond the two-year period and the value of such data in trading for other companies' confidential data were probably considered prior to drilling. However, the value of such confidential data is a relatively minor part of the total expenditure for an exploratory well. Statewide drilling activity prior to passage of the provision for extended confidentiality showed that the prospects of discovery of hydrocarbons with the possibility of eventual production or the incentive to evaluate a lease prior to its expiration are much stronger incentives to drill than is the value of the extended confidentiality.

When well data are released to the public they become available to all operators large and small. The data are then used to refine geological and geophysical concepts and understanding, both in the area of the well and regionally. It is generally accepted that in an area such as Alaska, where relatively little drilling has occurred, enlarging the data base will lead to a better understanding by all interested parties of the factors that control the presence (or absence) of petroleum in a particular area. A better understanding of the geologic picture should lead to better definition of the optimum places to search for hydrocarbons. Releasing the data on a timely basis would result in their being incorporated into the diverse existing and future exploration concepts, rather than limiting their effective use to one or a few companies. Therefore, on balance we think that removing the provision for extension of confidentiality will lead to eventual discovery and development of additional hydrocarbons on state land.

Sincerely,

James E. Eason
Director

cc: Representative Mike Navarre
Representative Lyman Hoffman
Representative Drue Pearce
Representative John Sund
Representative Cliff Davidson
Representative Henry Springer
Representative Dick Schultz
Representative Kay Brown

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WELLS FOR WHICH EXTENDED CONFIDENTIALITY
MAY BE REQUESTED
(release dates in 1987 or 1988)

Exploratory Wells:

	Company	Well	Release Date	Present Est. Distance From Unleased Land
1.	Shell Western E&P Inc.	BF-57 #1	03-12-87	6 miles
2.	ARCO	K.R.U. W. Sak #26	03-29-87	5 miles
3.	ARCO	Brontosaurus #1	04-26-87	2.5 miles
4.	Texaco	Colville Delta #1	05-07-87	6 miles
5.	Texaco	Colville Delta #1-A	05-26-87	6 miles
6.	Shell Western E&P Inc.	OCS Y-180 #1	08-20-87	3 miles
7.	Amerada Hess	Northstar #1	02-14-88	1 mile
8.	Amerada Hess	Colville Delta 25-1	04-03-88	7 miles
9.	Texaco	Colville Delta #2	04-15-88	7 miles
10.	Standard AK. Prod. Co.	Niakuk #6	04-24-88	3 miles
11.	Texaco	Colville Delta #3	04-03-88	8 miles
12.	Amerada Hess	Northstar #2	05-06-88	1 mile
13.	Chevron	KIC #1	05-24-88	1 mile
14.	Chevron	Pretty Ck. U. #224-28	09-22-88	5 miles
15.	CM/Vaughn	Kup. Delta #1	Drilling	10 miles

Development Wells:

1.	ARCO	Kuparuk "drillsite Q wells" 16 wells permitted, drilling or "holding"	1-2 miles

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