

ALASKA LEGISLATURE

2305

HOUSE and SENATE FINANCE COMMITTEE FILES,

2001 - 2002

Three Products to Six Markets

- Methane
 - LNG to Asia
 - LNG to North America
 - Utility grade gas within Alaska
- Ethane (extract from pipeline gas)
 - Feed to Alaskan petrochemical industry
- Propane (extract in Valdez)
 - LPG (liquefied petroleum gas) to Asia
 - LPG to Alaskan communities

Relative Value of North Slope Reserves (From High to Low Value)

- Crude Oil and Condensate
- Natural Gas Liquids
- Propane
- Ethane
- Methane (Natural Gas)

Market Quantities

	<u>mmscfd</u>	<u>1000 Bbl/day</u>	<u>Million tons/yr</u>
In-state gas	50		0.36
LNG to N. America	280		2
LNG to Asia	710		5
Ethane feedstock		60	1.25
Propane as LPG (*)		75 / 50	2.21
Total			10.8

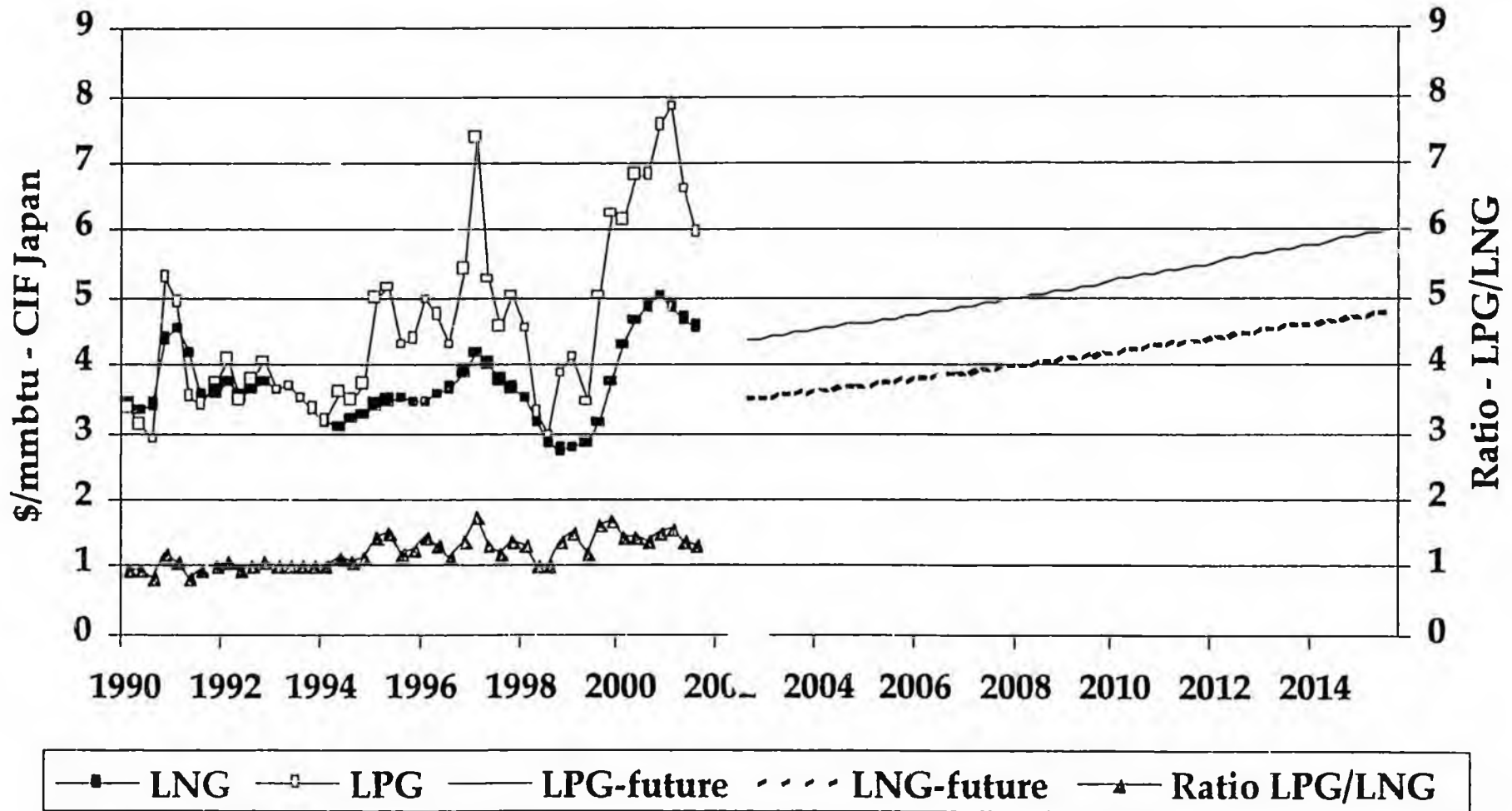
* LPG rate assumed to decline from 75,000 to 50,000 Bbl/day

Why is propane preferable to methane?

- Heating value of propane is 2.5 times that of methane.
- LPG commands a 125% price premium to LNG sold to Japan.
- Each standard cubic foot of propane transported by pipeline will provide more than 3 times the revenue of methane.
- Propane is more easily handled than LNG.

LNG & LPG Prices

(Reference for historical: Sumitomo Corp.)

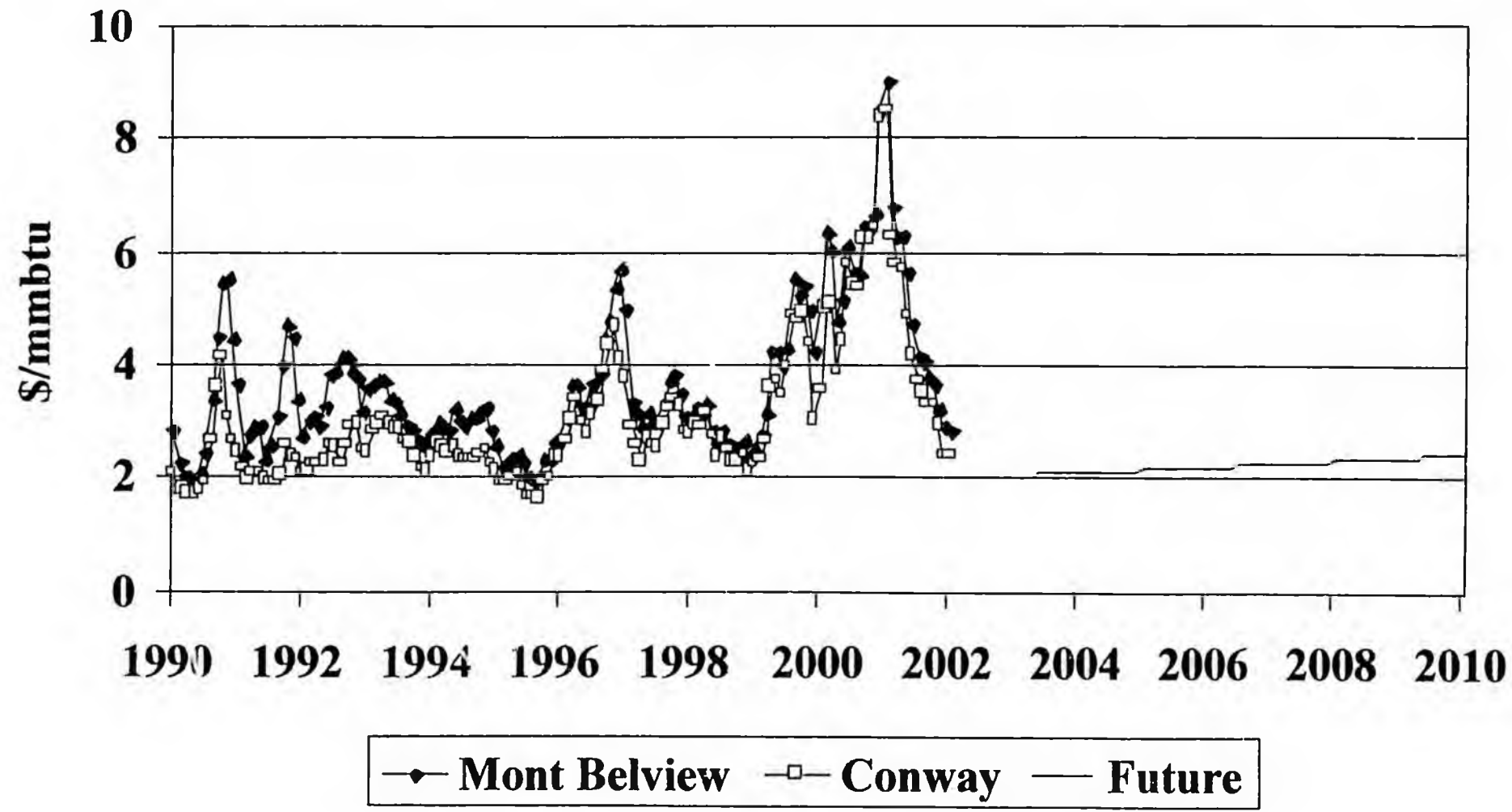


Why is ethane preferable to methane?

- Heating value of ethane is 1.7 times that of methane.
- Ethane is easily removed along with propane.
- Ethane can be sold in-state thereby providing a value-added product for a petrochemical industry in Alaska while minimizing project capital cost.

Ethane Prices in Lower 48

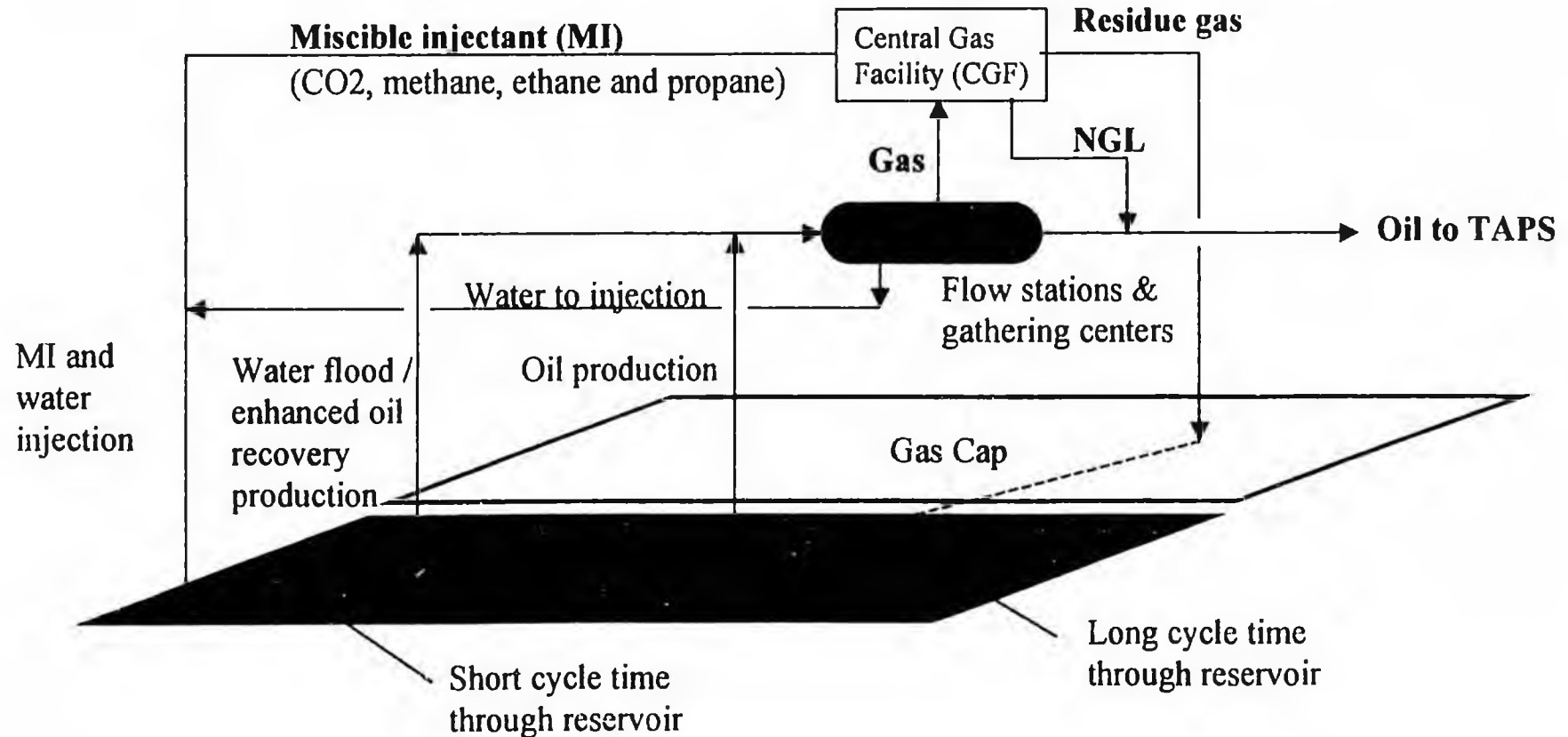
(Reference for historical: Platts)



Sources of gas

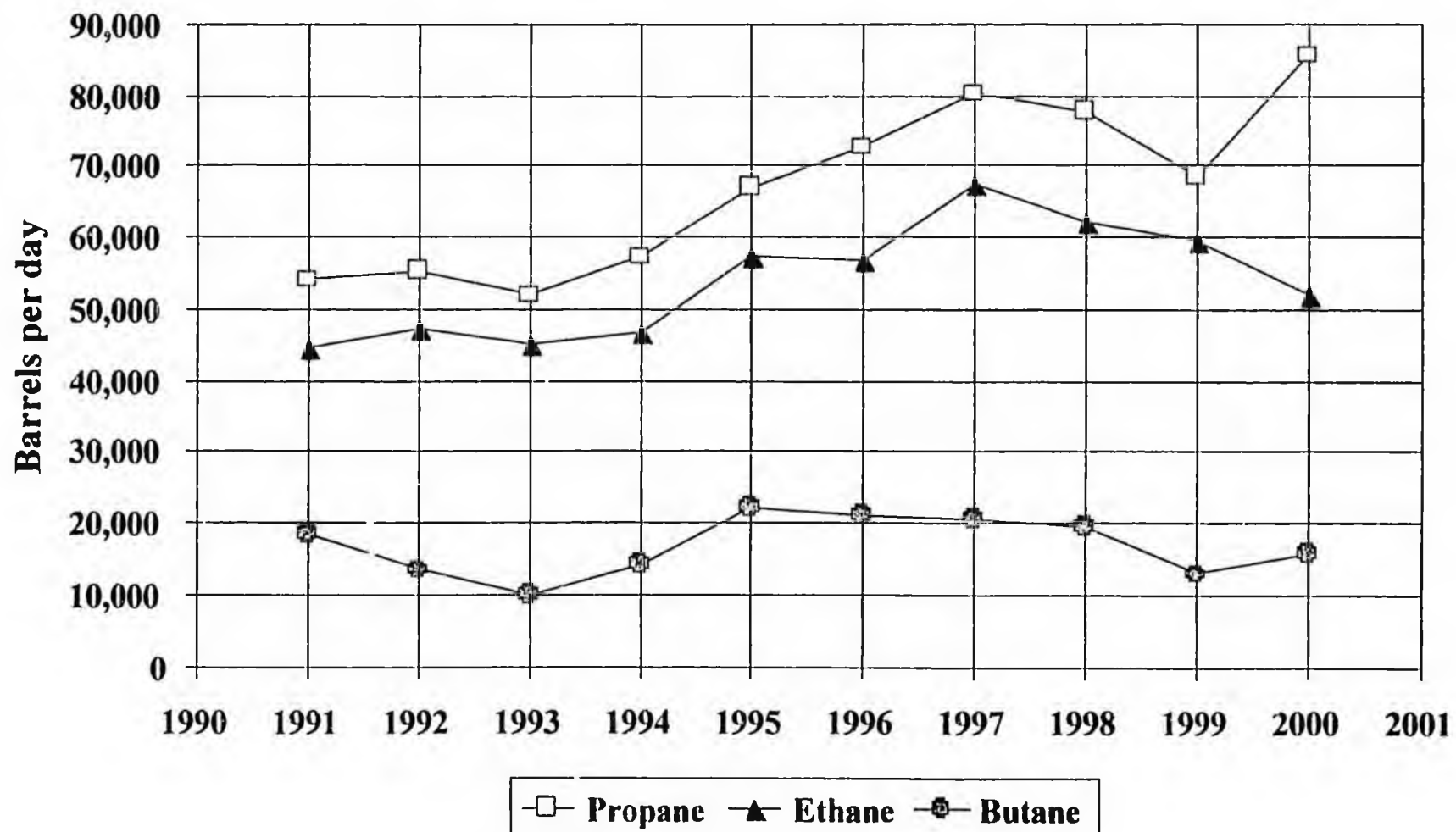
- NGL rich (raw) field gas
 - Assumed source is from Prudhoe Bay
 - Any gas rich in ethane and propane will do
- Miscible injectant at Prudhoe Bay
 - Central Gas Facility concentrates ethane and propane from 8.5 bscfd of field gas
 - Need for MI expected to diminish after 2010
 - CO₂ and butane byproducts from TAGS gas conditioning can supplement MI

Over time, ethane and propane concentrations in the Prudhoe Bay miscible injectant have increased due to recycling through the reservoir



Liquids injected as MI at Prudhoe Bay

(Reference: Alaska Oil & Gas Conservation Commission)



Calculation of Stabilizer Overhead

	<u>Total MI 2000</u>	<u>CGF Residue</u>	<u>Stabilizer Overhead</u>	
			<u>Unadjusted</u>	<u>Adjusted</u>
mmscfd	546	96	450	
<u>Mole %</u>				
CO2	20.76	11.55	22.72	22.69
Nitrogen	0.00	0.62	-0.13	0.00
Methane	36.13	80.74	26.61	26.58
Ethane	14.96	5.14	17.05	17.03
Propane	23.86	1.56	28.62	28.58
I-butane	1.77	0.12	2.12	2.12
N-butane	2.09	0.19	2.50	2.49
Pentane+	0.43	0.08	0.50	0.50
Total	100.00	100.00	100.00	100.00

References:

1 – Total MI from Annual Reservoir Surveillance Report, PBU, Jan. through Dec. 2000.

2 – CGF residue gas composition and 450 mmscfd overhead volume from AOGCC hearings on PBU, 1995.

Gas Sources - Composition

	<u>Stabilizer overhead</u>	<u>Raw field gas</u>	<u>Available</u>		<u>Destination</u>
			<u>mmscfd</u>	<u>bbl/day</u>	
mmscfd	450	1,500			
<u>Mole %</u>					
CO2	22.69	12.07	282		MI
Nitrogen	0.00	0.57	9		Gas/LNG
Methane	26.58	76.11	1,261		Gas/LNG
Ethane	17.03	6.11	168	106,900	LNG/petrochem
Propane	28.58	3.07	174	114,200	LPG
I-butane	2.12	0.41	16	12,200	MI
N-butane	2.49	0.83	24	17,700	MI
Pentane+	<u>0.50</u>	<u>0.83</u>	<u>15</u>	<u>12,700</u>	NGL to TAPS
Total	100.00	100.00	1,950		

References:

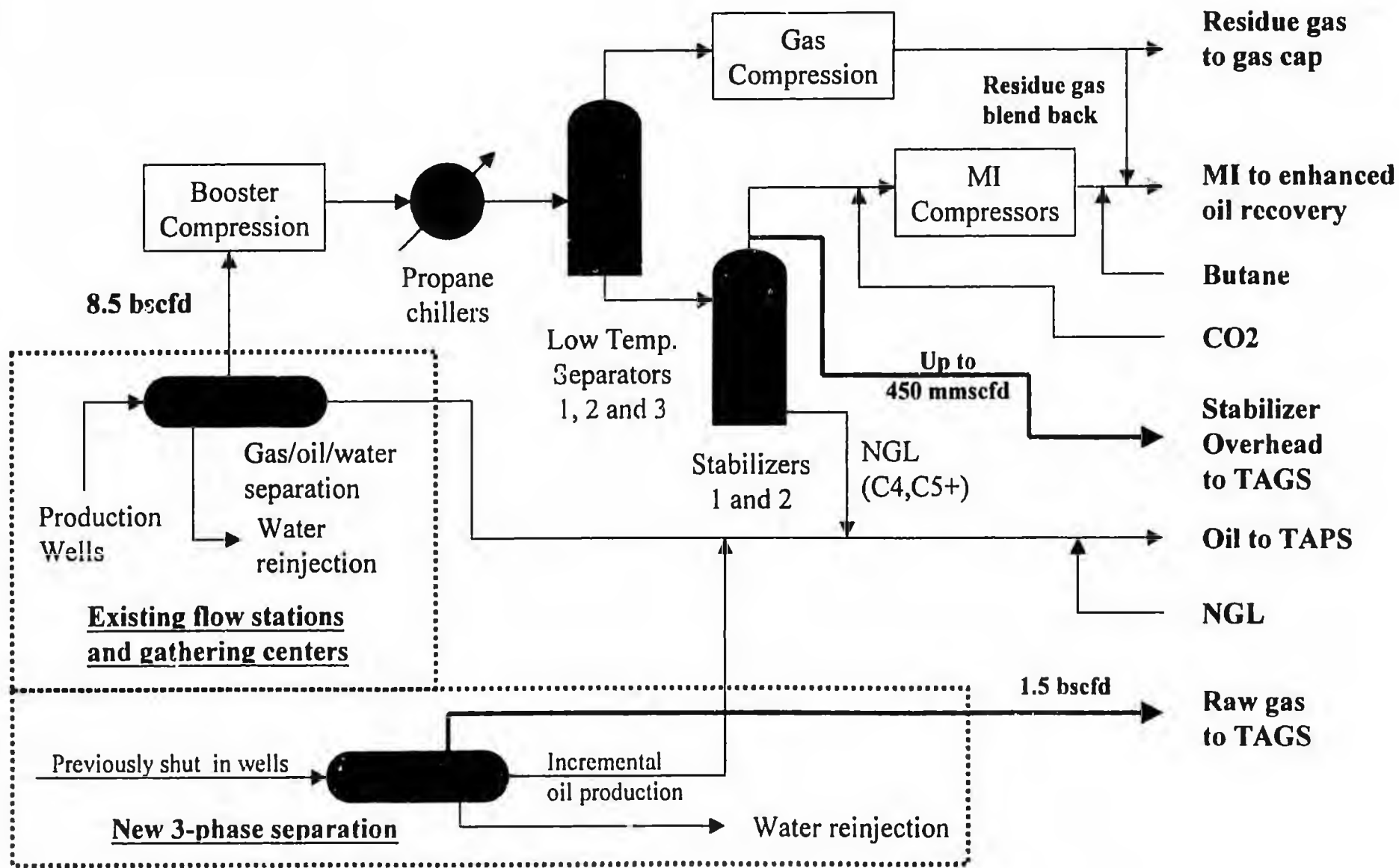
1 - Raw gas composition from AOGCC hearings on PBU, 1995.

Liquids Available from Central Gas Facility

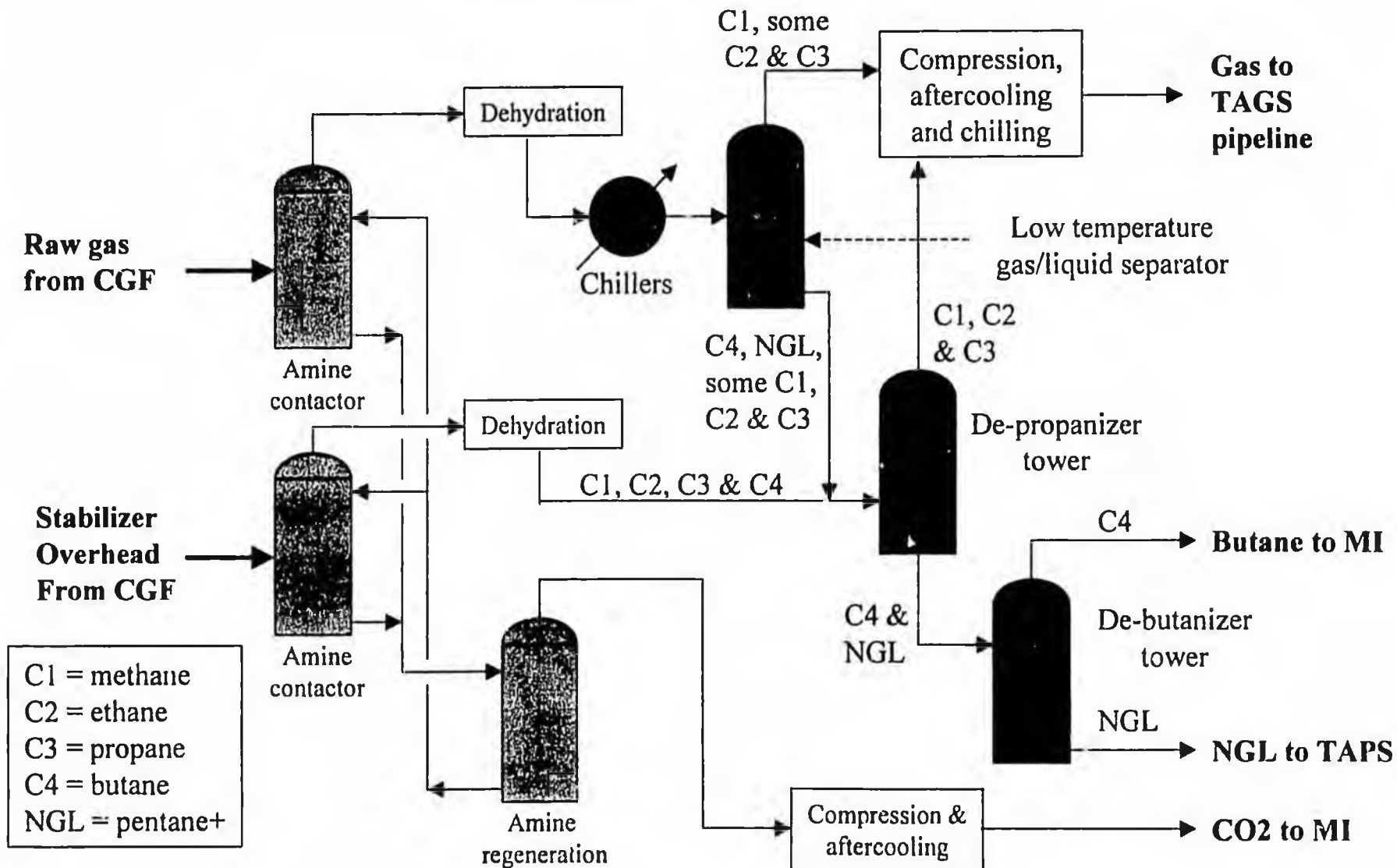
	Stabilizer overhead	Raw field gas	Total
mmscfd	450	1,500	
<u>Bbl/day</u>			
Ethane	48,700	58,200	106,900
Propane	84,100	30,100	114,200

How do we obtain these
products with minimal
impact on oil production?

Central Gas Facility – modified for TAGS



TAGS - Gas Conditioning Plant



PBU Comment on a Major Gas Sale

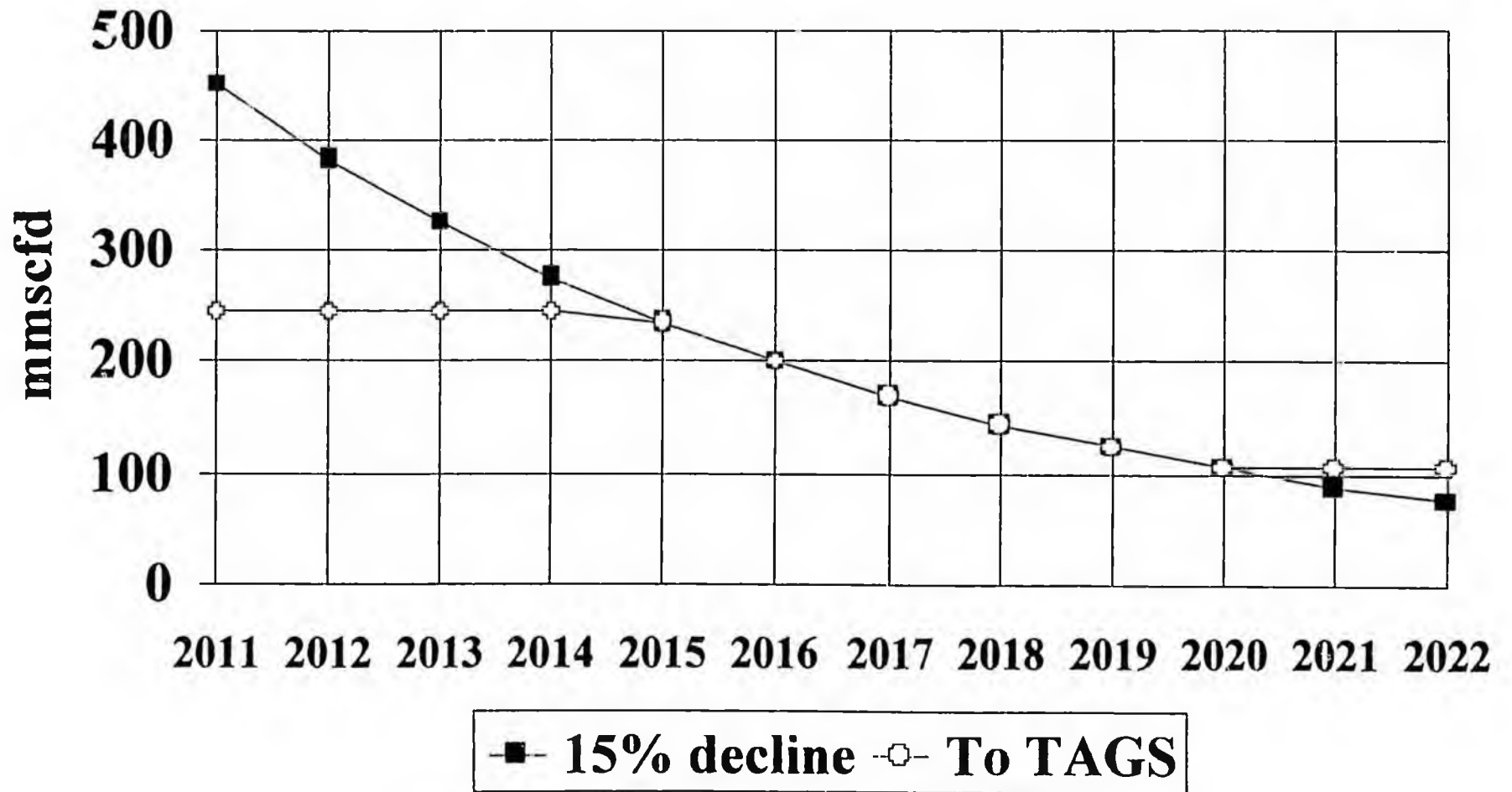
“...That conditioning plant may also reject some butanes, so the CO₂ and butane, if that were coming back, may be able actually to help make up for any loss in MI supply due to the need to increase enrichment, due to pressure decline, or due to the loss of the gas stream itself, so in – reality, the impact could range from small to none...”

ARCO, 1991

Reference: AOGCC hearing, PBU – Miscible Gas Project Expansion, 11/20/91

Stabilizer Overhead Flow Rate

(Availability of ethane and propane assumed to drop over time)

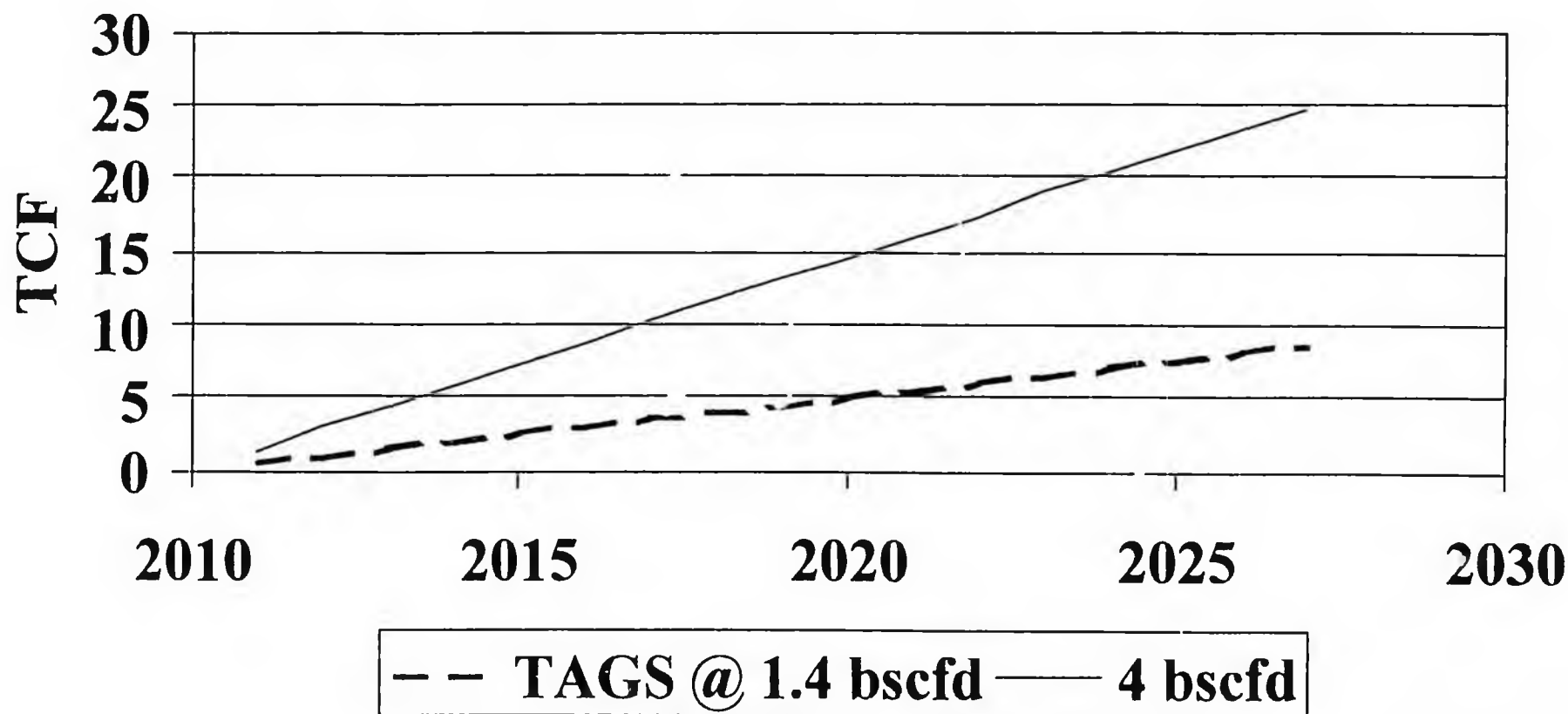


Example: Re-blending of MI

	<u>Excess Overhead</u>	<u>CO2</u>	<u>Butane</u>	<u>CGF Residue</u>	<u>New MI</u>	<u>MI 2000</u>
mmscfd	205	238	31	18	492	546
MMP(*)	2623	4239	-1064	8361	3256	3259
<u>Mole %</u>						
CO2	20.69	100.00		11.55	58.35	20.76
Nitrogen	0.00			0.62	0.02	0.00
Methane	26.58			80.74	14.01	36.13
Ethane	17.03		0.01	5.14	7.27	14.96
Propane	28.58		7.21	1.56	12.40	23.86
I-butane	2.12		33.55	0.12	2.99	1.77
N-butane	2.49		57.23	0.19	4.63	2.09
Pentane+	0.50		2.00	0.08	0.34	0.43
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

* MMP = minimum miscibility pressure

Larger Gas Projects Increase the Potential for Impact on Oil Production (Cumulative Reservoir Voidage)



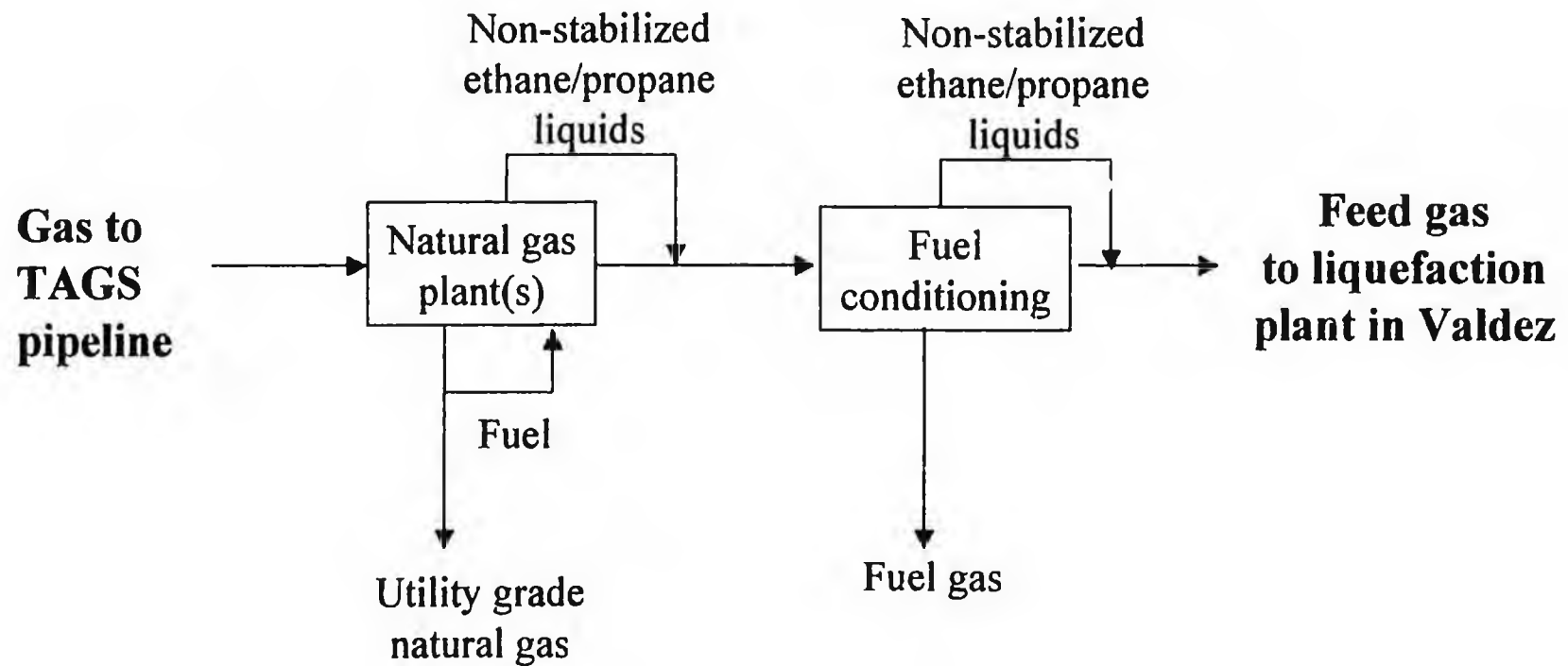
Potential Gain In Oil Production

- Crude oil production at Prudhoe Bay is constrained by the ability to handle gas produced with the oil.
- Gas projects could increase crude oil production - example
 - Current Prudhoe Bay gas/oil ratio is 16,000 scf/bbl
 - Assume marginal GOR of 45,000 for new wells
 - Assume 1.5 bscfd raw gas per YPC Small Project
 - Theoretical increase in crude oil = 33,300 bpd
($1,500,000,000 / 45,000 = 33,333$)
- Recovered NGL (C5+) to TAPS = 12,000 bpd

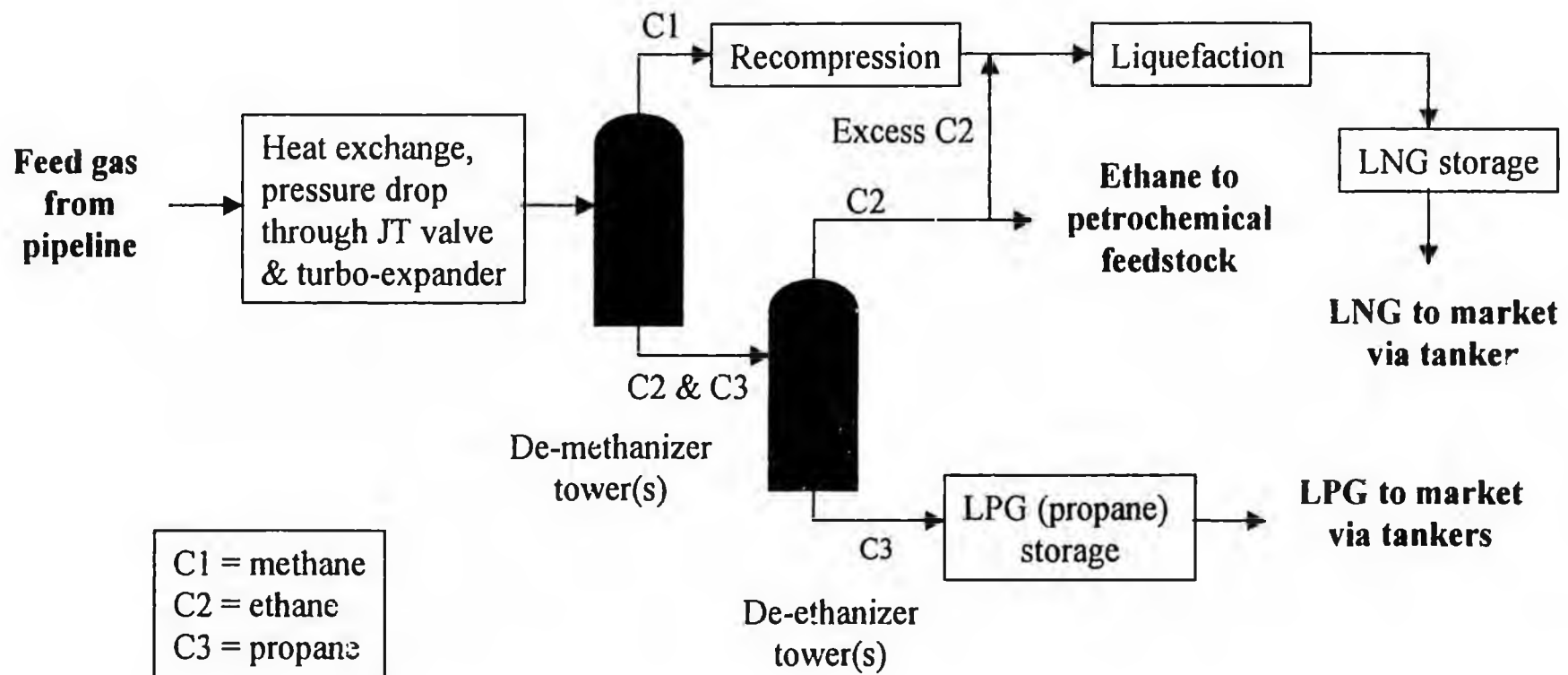
Impacts On Oil Production From TAGS Small Project

- Miscible injectant / EOR: minimal impact expected during remaining life of EOR project.
- Impacts due to drop in reservoir pressure: less drop with smaller project.
- Increasing gas off-take should increase near term oil production (crude oil and NGL).

TAGS – Pipeline, Stations, In-state Gas



TAGS – LPG/LNG/Terminal Facility in Valdez



Market Quantities and Product Prices Used for Economics

	<u>mmscfd</u>	<u>1000 Bbl/day</u>	<u>Million tons/yr</u>	<u>2002 \$/mmbtu</u>
In-state gas	50		0.36	2.50
LNG to N. America	280		2	2.75
LNG to Asia	710		5	3.50
Propane as LPG (*)		75 / 50	2.21	4.38
Ethane feedstock		60	1.25	2.00
Total			10.8	

* LPG rate assumed to decline from 75,000 to 50,000 Bbl/day

Capital Costs Estimates

Gas Conditioning Plant

ANS LNG + \$500 million for
compression and NGL
extraction

Pipeline & Stations

Willbros/M.Baker for 36-inch
adjusted to 30-inch

LNG/MT

Kellogg Brown & Root + \$500
million for C2 & C3 extraction

Tankers

- 7 LNG (135,000 cu.m.)

\$175 million each

- 3 LPG (85,000 cu.m.)

\$125 million each

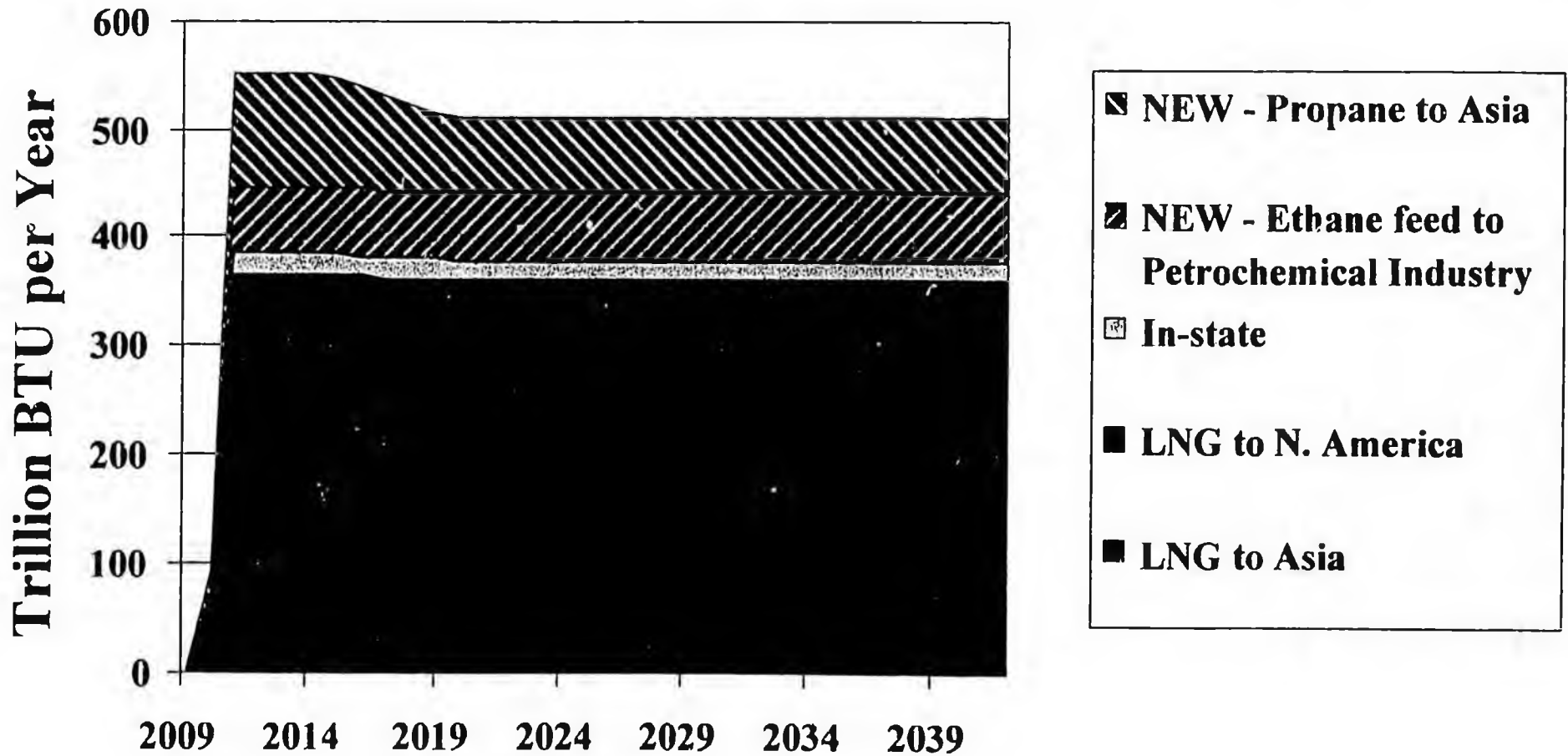
Comparison with Prior Costs Estimate

	ANS LNG group (*)	TAGS Small Case
Bscfd conditioned gas Capital costs (\$billion)	1.1	1.4
GCP	0.9	1.5 (1.0 + 0.5)
30-inch pipe & stations	2.4	3.3
LNG - Valdez	1.8	3.0 (2.5 + 0.5)
Tankers (7 ANS, 10 TAGS)	1.6	1.6
Misc. & rounding		0.1
Total	6.7	9.5

* Alaska North Slope LNG Project (recently disbanded)

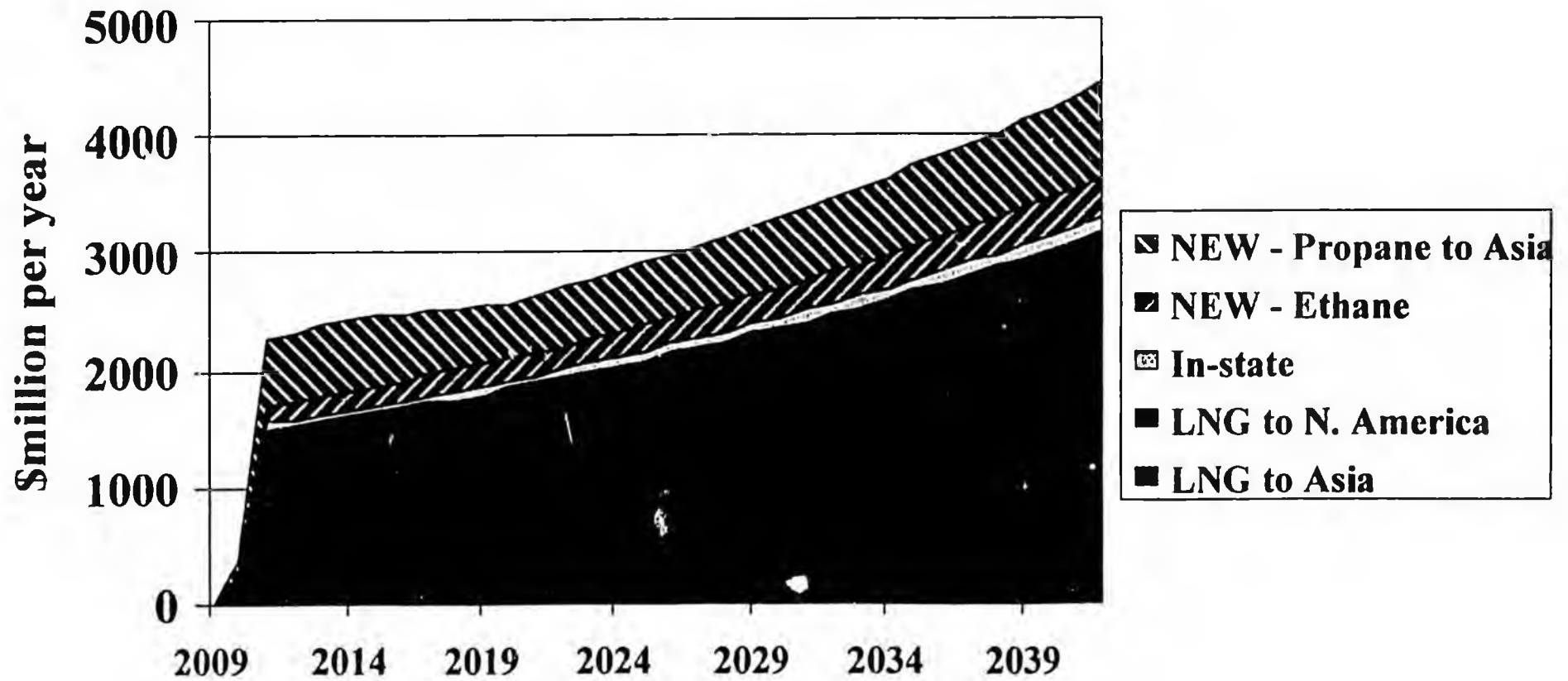
TAGS Small Project

7 MTA of LNG + New Products

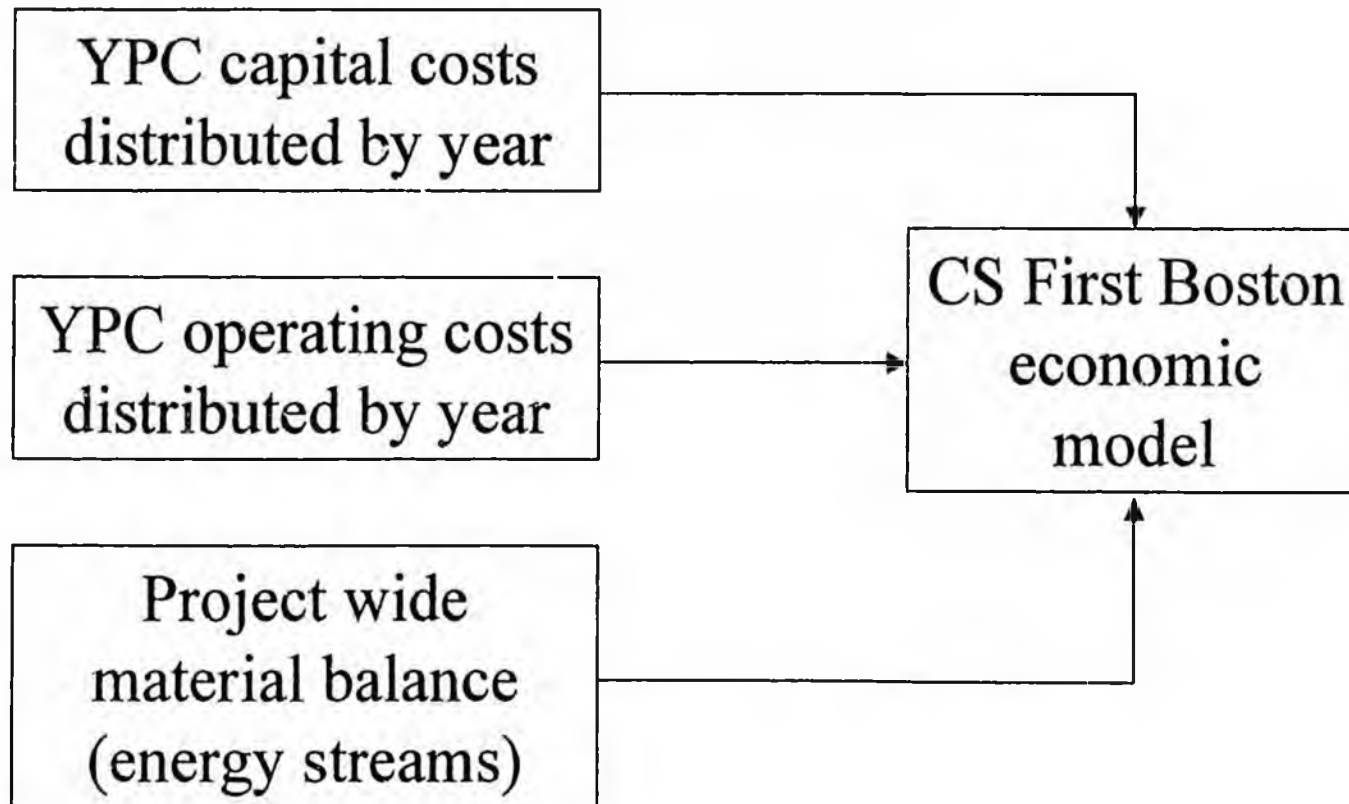


TAGS Small Case - Gross Revenues

7 MTA + New Markets



YPC Economic Model



Economic Premises

- Debt to equity ratio – 75/25
- Interest rate for construction and debt service – 8%
- Inflation – 2.5%
- Gas purchase price - \$0.50/mmbtu at inlet to gas conditioning plant (Reference: CERA December, 2001)

TAGS Small Project Economics

Internal Rate of Return (%IRR)

	Infrastructure Only	Including Net Gas Purchase Revenue (*)
15% LPG decline	11.8%	14.8%
No LPG decline	12.7%	15.6%

* Includes gas purchase revenue net after royalty, severance and taxes.

Next Steps

- Determine economics/viability of petrochemical plant.
- Verify LPG market in Asia.
- Obtain data from Prudhoe Bay Unit
 - Forecast of compositions and rates of stabilizer overhead and raw field gas
 - Potential interface with existing equipment
 - Potential increase in near term oil production

Small Project Now DOES NOT Preclude Other Projects Later!

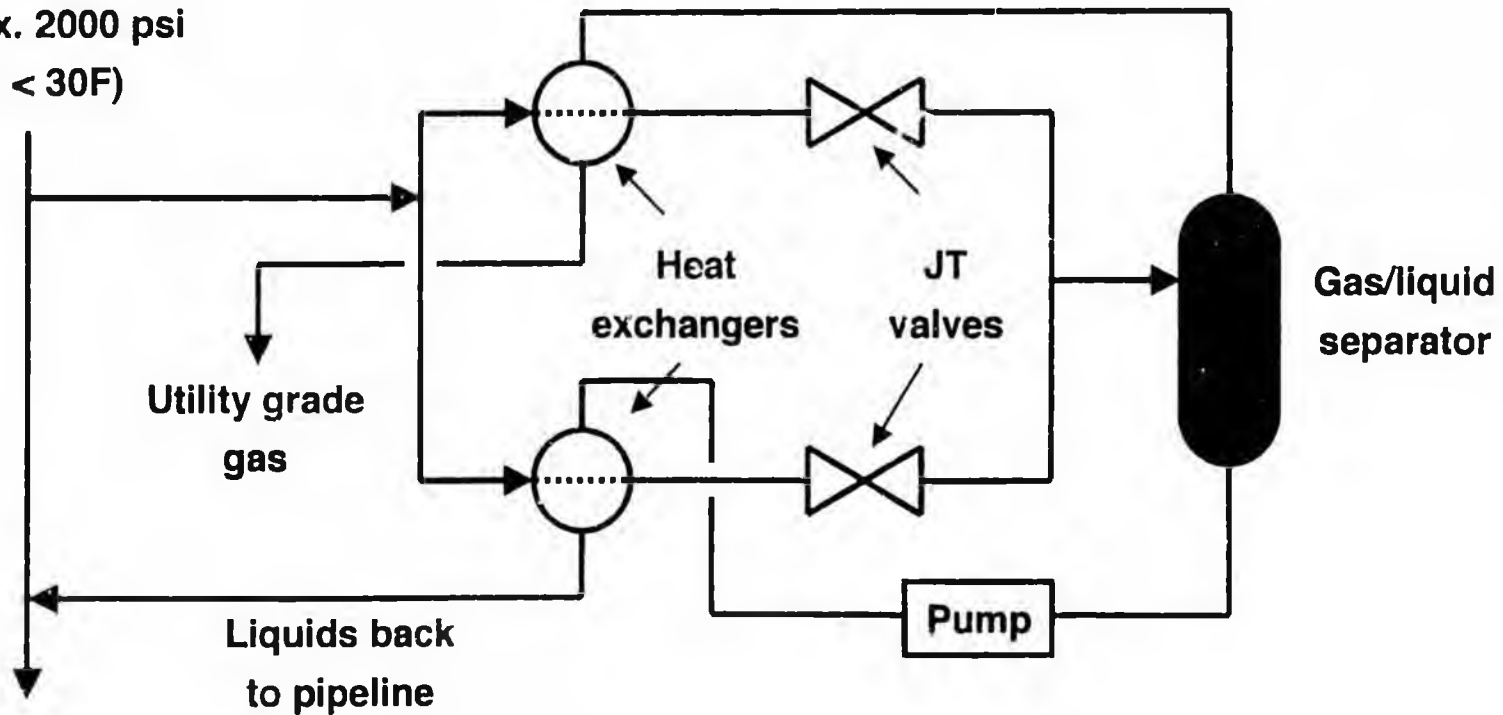
- The YPC small project requires relatively little of the North Slope methane resource.
- There will be plenty of methane left to supply pipeline projects through Canada to Lower 48.
- There should be no impact on a gas-to-liquids project.

Gas Accessible for In-State use with Minimal Capital Cost

- Conditioned gas will be free of CO₂ and dry.
- No further gas pre-treatment required.
- Gas facilities along the pipeline will be simple and inexpensive.

Simplified Schematic of In-State Gas Facility

TAGS Pipeline
(approx. 2000 psi
and < 30F)



Why Is YPC Looking at a Smaller Project?

- Lowers capital costs
- Enhances market entry
- Provides means to market most valuable gas components remaining on the North Slope
- Uses enhanced project revenues to establish gas infrastructure/industry within Alaska

**Conclusion: Alaska Should Keep
Its Options Open**

**State and/or Federal assistance MUST
apply to all projects.**

YPC is ready to work with all parties interested in developing Alaska's North Slope gas.

Ward A. Whitmore
Director of Project Development

Yukon Pacific Corporation
1400 W. Benson Blvd., Suite 525
Anchorage, Alaska 99503
Phone: 907-265-3108
wwhitmore@ypc.com

HB

439

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/13/02

REPORTED OUT
APR 24 2002
SENATE FINANCE
COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 4/24/02

Finance Committee considered **CS FOR HOUSE BILL NO. 439(RES)(title.am)**

HB 439 COASTAL ZONE MANAGEMENT PETITIONS

"An Act removing provisions providing an opportunity to petition for review of proposed or final consistency determinations under the Alaska coastal zone management program; and limiting the authority of the Alaska Coastal Policy Council to order a coastal resource district or a state agency to take action with respect to a proposed or final consistency determination."

and recommends:

- be replaced with S CS for CS HB 439 (FIN)
- adopt previous CS - CS FORTHCOMING ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

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

NEW FISCAL NOTE(S):

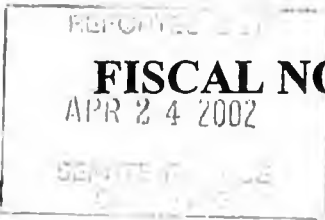
Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Gov	2/20/02		Ø	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lynne Green</i>	✓			
<i>Ally Gustaf</i>	✓			
<i>Sam Hoff</i>			✓	
<i>Sam Wilken</i>	✓			
<i>Logan A. Simon</i>	✓			
<i>Jay Wood</i>	✓			
COCHAIR: <i>Val Kelly</i>	✓			
COCHAIR: <i>Val Kelly</i>	✓			



**STATE OF ALASKA
2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1
 Bill Version: HB 439
 (H) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Office of the Governor
 Title: "An Act removing provisions under the
Alaska coastal zone management program." BRU: Governmental Coordination
 Sponsor: House Special Committee on Oil & Gas Component: Governmental Coordination
 Requester: House Special Committee on Oil & Gas Component No. 18

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES () - ()

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 No fiscal impact.

Prepared by: Patrick Galvin, Director Phone 465-3562
 Division: Governmental Coordination Date/Time 2/20/02 3:37 PM
 Approved by: David Ramseur, Chief of Staff Date 02/20/2002
 Agency: Office of the Governor

1 (1) [(A)] contain sufficient information in commonly understood terms
2 to inform the public of the nature of the petition; and

3 (2) [(B)] indicate the manner in which the public may comment on the
4 petition [IF THE PETITION IS FILED UNDER (b)(2) OF THIS SECTION].

5 * Sec. 6. AS 46.40.100(g) is amended to read:

6 (g) The opportunity to petition [UNDER (b)(2) OF THIS SECTION] is
7 limited to

8 (1) a coastal resource district;

9 (2) a citizen of the coastal resource district; or

10 (3) a state resource agency.

11 * Sec. 7. AS 46.40.100 is amended by adding a new subsection to read:

12 (h) If the council finds a pattern of nonimplementation under (c) of this
13 section, the council may order a coastal resource district or a state resource agency to
14 take action with respect to future implementation of the district coastal management
15 program that the council considers necessary to implement the district coastal
16 management program. The council's determination under (c) of this section and any
17 order issued under this subsection shall be considered a final administrative order for
18 purposes of judicial review under AS 44.62.560.

19 * Sec. 8. AS 46.40.210 is amended by adding a new paragraph to read:

20 (9) "resource agency" has the meaning given in AS 44.19.152.

21 * Sec. 9. AS 46.40.094(c)(2), 46.40.096(e), 46.40.096(f), and 46.40.100(d) are repealed.

"Conceptual" Amendment #4

"This act takes effect immediately with transitional language to allow petitions already in progress be allowed to proceed.

Our Proof.
22-LS146410
OK'ed
per
Laura
4/26/02

SENATE CS FOR CS FOR HOUSE BILL NO. 439(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON OIL AND GAS

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to compliance with and implementation of district coastal management
2 programs; removing the opportunity to petition for review of proposed or final
3 consistency determinations under the Alaska coastal zone management program; and
4 limiting the authority of the Alaska Coastal Policy Council to order a coastal resource
5 district or a state agency to take action with respect to a proposed or final consistency
6 determination; and providing for an effective date."

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

8 * Section 1. AS 46.40.096(d) is amended to read:

9 (d) In preparing a consistency review and determination for a proposed
10 project, the reviewing entity shall

11 (1) request consistency review comments for the proposed project
12 from state resource agencies, affected coastal resource districts, and other interested
13 parties as determined by regulation adopted by the council;

1 (2) prepare proposed consistency determinations;
 2 (3) coordinate subsequent reviews of proposed consistency
 3 determinations prepared under (2) of this subsection; a subsequent review of a
 4 proposed consistency determination under this paragraph

5 (A) is limited to a review by the state resource agencies; and

6 (B) may occur only if requested by

7 (i) the project applicant;

8 (ii) a state resource agency; or

9 (iii) an affected coastal resource district;

10 (4) [AFTER PROVIDING AN OPPORTUNITY TO FILE A
 11 PETITION FOR REVIEW UNDER (e) OF THIS SECTION,] render the final
 12 consistency determination and certification.

13 * **Sec. 2.** AS 46.40.100(a) is amended to read:

14 (a) Municipalities and state resource agencies shall administer land and water
 15 use regulations or controls in conformity with district coastal management programs
 16 approved by the council [AND THE LEGISLATURE] and in effect.

17 * **Sec. 3.** AS 46.40.100(b) is amended to read:

18 (b) A party that is authorized under [AS 46.40.096(e)(1) OR] (g) of this
 19 section may file a petition showing that a district coastal management program is not
 20 being implemented. A petition filed under this subsection may not seek review of
 21 a proposed or final consistency determination regarding a specific project [.
 22 ENFORCED, OR COMPLIED WITH]. On receipt of a petition, the council, after
 23 giving public notice in the manner required by (f) of this section, shall convene a
 24 hearing to consider the matter. A hearing called under this subsection shall be held in
 25 accordance with regulations adopted by the council. After hearing,

26 [(1) IF THE PETITION WAS FILED UNDER AS 46.40.096(e) AND
 27 THE COUNCIL FINDS THAT

28 (A) THE OFFICE OR THE STATE AGENCY
 29 RESPONSIBLE FOR COORDINATING THE CONSISTENCY REVIEW
 30 HAS NOT FAIRLY CONSIDERED THE PETITIONER'S COMMENTS IN
 31 THE DEVELOPMENT OF A PROPOSED CONSISTENCY

1 DETERMINATION, THE COUNCIL SHALL REMAND THE PROPOSED
 2 CONSISTENCY DETERMINATION TO THE OFFICE, OR TO THE
 3 STATE AGENCY RESPONSIBLE FOR COORDINATING THE
 4 CONSISTENCY REVIEW, FOR PREPARATION OF A REVISED
 5 PROPOSED CONSISTENCY DETERMINATION THAT GIVES FAIR
 6 CONSIDERATION TO THE PETITIONER'S COMMENTS;

7 (B) A REMAND OF THE CONSISTENCY
 8 DETERMINATION IS NOT REQUIRED UNDER (A) OF THIS
 9 PARAGRAPH, THE COUNCIL SHALL DISMISS THE PETITION;

10 (2) IF THE PETITION WAS NOT FILED UNDER AS 46.40.096(e),]
 11 the council may order that the coastal resource district or a state resource agency take
 12 any action with respect to future implementation of the district coastal
 13 management program that the council considers necessary, except that the council
 14 may not order that the coastal resource district or a state agency take any action
 15 with respect to a proposed or final consistency determination that has been issued
 16 [TO IMPLEMENT, ENFORCE, OR COMPLY WITH THE DISTRICT COASTAL
 17 MANAGEMENT PROGRAM].

18 * Sec. 4. AS 46.40.100(c) is amended to read:

19 (c) In [EXCEPT WHEN A PETITION HAS BEEN FILED UNDER
 20 AS 46.40.096(e), IN] determining whether an approved district coastal management
 21 program is being implemented [, ENFORCED, OR COMPLIED WITH] by a coastal
 22 resource district that exercises zoning authority or controls on the use of resources
 23 within the coastal area or by a state resource agency, the council shall find in favor
 24 of the district or the state resource agency, unless the council finds a pattern of
 25 nonimplementation [IF

26 (1) ZONING OR OTHER REGULATIONS HAVE BEEN ADOPTED
 27 AND ARE BEING ENFORCED;

28 (2) VARIANCES ARE BEING GRANTED ACCORDING TO
 29 PROCEDURES AND CRITERIA THAT ARE ELEMENTS OF THE DISTRICT
 30 COASTAL MANAGEMENT PROGRAM, OR THE VARIANCE IS OTHERWISE
 31 APPROVED BY THE COUNCIL; AND

1 (3) PROCEDURES AND STANDARDS ADOPTED BY THE
 2 COASTAL RESOURCE DISTRICT AS REQUIRED BY THIS CHAPTER OR BY
 3 THE GUIDELINES AND STANDARDS ADOPTED BY THE COUNCIL AND
 4 SUBSEQUENTLY APPROVED BY THE LEGISLATURE HAVE BEEN
 5 FOLLOWED AND CONSIDERED].

6 * Sec. 5. AS 46.40.100(f) is amended to read:

7 (f) Upon receipt of a petition under (b) of this section, the council shall give
 8 notice of the hearing [CONVENED TO CONSIDER THE PETITION AS
 9 FOLLOWS:]

10 (1) [NOTICE OF THE HEARING SHALL BE GIVEN] at least 10
 11 days before the scheduled date of the hearing. The

12 [(A) BY PUBLICATION IN

13 (i) A NEWSPAPER OF STATEWIDE
 14 CIRCULATION; OR

15 (ii) A NEWSPAPER OF GENERAL CIRCULATION
 16 IN THE VICINITY OF THE DISTRICT COASTAL MANAGEMENT
 17 PROGRAM THAT IS THE SUBJECT OF THE PETITION; AND

18 (B) BY AT LEAST ONE OF THE FOLLOWING METHODS:

19 (i) PUBLICATION THROUGH PUBLIC SERVICE
 20 ANNOUNCEMENTS ON THE ELECTRONIC MEDIA SERVING
 21 THE AREA AFFECTED BY THE DISTRICT COASTAL
 22 MANAGEMENT PROGRAM;

23 (ii) POSTING IN A CONSPICUOUS LOCATION IN
 24 THE VICINITY OF THE PROPOSED PROJECT OR ACTION;

25 (iii) NOTIFYING PARTIES KNOWN OR LIKELY
 26 TO BE AFFECTED BY THE PROPOSED PROJECT OR ACTION;
 27 OR

28 (iv) ANOTHER METHOD CALCULATED TO
 29 EFFECTIVELY NOTIFY AFFECTED INTERESTED PARTIES.

30 (2) a] notice [PROVIDED UNDER (1) OF THIS SUBSECTION]

31 must

1 (1) [(A)] contain sufficient information in commonly understood terms
2 to inform the public of the nature of the petition; and

3 (2) [(B)] indicate the manner in which the public may comment on the
4 petition [IF THE PETITION IS FILED UNDER (b)(2) OF THIS SECTION].

5 * Sec. 6. AS 46.40.100(g) is amended to read:

6 (g) The opportunity to petition [UNDER (b)(2) OF THIS SECTION] is
7 limited to

- 8 (1) a coastal resource district;
- 9 (2) a citizen of the coastal resource district; or
- 10 (3) a state resource agency.

11 * Sec. 7. AS 46.40.100 is amended by adding a new subsection to read:

12 (h) If the council finds a pattern of nonimplementation under (c) of this
13 section, the council may order a coastal resource district or a state resource agency to
14 take action with respect to future implementation of the district coastal management
15 program that the council considers necessary to implement the district coastal
16 management program. The council's determination under (c) of this section and any
17 order issued under this subsection shall be considered a final administrative order for
18 purposes of judicial review under AS 44.62.560.

19 * Sec. 8. AS 46.40.210 is amended by adding a new paragraph to read:

20 (9) "resource agency" has the meaning given in AS 44.19.152.

21 * Sec. 9. AS 46.40.094(c)(2), 46.40.096(e), 46.40.096(f), and 46.40.100(d) are repealed.

22 * Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 TRANSITION PROVISION. Petitions filed under AS 46.40 before the effective date
25 of this Act shall be heard and acted on according to the law in effect on the date the petition
26 was filed.

27 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

*Faxed 4/24/02
12:05pm*

FAX COVER SHEET

DATE: 4/24/02 TIME: 12:01 pm

TO: Regal

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: ROBIN PAUL
SENATE FINANCE CMTE. ASST. SECRETARY
PHONE: 465-2618
FAX: 465-2187

NOTES: Need A FINAL Please
with attached ^{conceptual} Amendment
incorporated. —————>

SCS for CS HB 439 (FIN) of 22-LS1464/L

*Thank you!
Robin*

ADOPTED 4/24/02

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS1464VL
Kurtz
4/11/02

SENATE CS FOR CS FOR HOUSE BILL NO. 439()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON OIL AND GAS

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to compliance with and implementation of district coastal management
2 programs; removing the opportunity to petition for review of proposed or final
3 consistency determinations under the Alaska coastal zone management program; and
4 limiting the authority of the Alaska Coastal Policy Council to order a coastal resource
5 district or a state agency to take action with respect to a proposed or final consistency
6 determination."

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

8 * Section 1. AS 46.40.096(d) is amended to read:

9 (d) In preparing a consistency review and determination for a proposed
10 project, the reviewing entity shall

11 (1) request consistency review comments for the proposed project
12 from state resource agencies, affected coastal resource districts, and other interested
13 parties as determined by regulation adopted by the council;

1 (2) prepare proposed consistency determinations;

2 (3) coordinate subsequent reviews of proposed consistency
3 determinations prepared under (2) of this subsection; a subsequent review of a
4 proposed consistency determination under this paragraph

5 (A) is limited to a review by the state resource agencies; and

6 (B) may occur only if requested by

7 (i) the project applicant;

8 (ii) a state resource agency; or

9 (iii) an affected coastal resource district;

10 (4) [AFTER PROVIDING AN OPPORTUNITY TO FILE A
11 PETITION FOR REVIEW UNDER (e) OF THIS SECTION,] render the final
12 consistency determination and certification.

13 * Sec. 2. AS 46.40.100(a) is amended to read:

14 (a) Municipalities and state resource agencies shall administer land and water
15 use regulations or controls in conformity with district coastal management programs
16 approved by the council [AND THE LEGISLATURE] and in effect.

17 * Sec. 3. AS 46.40.100(b) is amended to read:

18 (b) A party that is authorized under [AS 46.40.096(e)(1) OR] (g) of this
19 section may file a petition showing that a district coastal management program is not
20 being implemented. A petition filed under this subsection may not seek review of
21 a proposed or final consistency determination regarding a specific project [,
22 ENFORCED, OR COMPLIED WITH]. On receipt of a petition, the council, after
23 giving public notice in the manner required by (f) of this section, shall convene a
24 hearing to consider the matter. A hearing called under this subsection shall be held in
25 accordance with regulations adopted by the council. After hearing,

26 [(1) IF THE PETITION WAS FILED UNDER AS 46.40.096(e) AND
27 THE COUNCIL FINDS THAT

28 (A) THE OFFICE OR THE STATE AGENCY
29 RESPONSIBLE FOR COORDINATING THE CONSISTENCY REVIEW
30 HAS NOT FAIRLY CONSIDERED THE PETITIONER'S COMMENTS IN
31 THE DEVELOPMENT OF A PROPOSED CONSISTENCY

1 DETERMINATION, THE COUNCIL SHALL REMAND THE PROPOSED
2 CONSISTENCY DETERMINATION TO THE OFFICE, OR TO THE
3 STATE AGENCY RESPONSIBLE FOR COORDINATING THE
4 CONSISTENCY REVIEW, FOR PREPARATION OF A REVISED
5 PROPOSED CONSISTENCY DETERMINATION THAT GIVES FAIR
6 CONSIDERATION TO THE PETITIONER'S COMMENTS;

7 (B) A REMAND OF THE CONSISTENCY
8 DETERMINATION IS NOT REQUIRED UNDER (A) OF THIS
9 PARAGRAPH, THE COUNCIL SHALL DISMISS THE PETITION;

10 (2) IF THE PETITION WAS NOT FILED UNDER AS 46.40.096(e),
11 the council may order that the coastal resource district or a state resource agency take
12 any action with respect to future implementation of the district coastal
13 management program that the council considers necessary, except that the council
14 may not order that the coastal resource district or a state agency take any action
15 with respect to a proposed or final consistency determination that has been issued
16 [TO IMPLEMENT, ENFORCE, OR COMPLY WITH THE DISTRICT COASTAL
17 MANAGEMENT PROGRAM].

18 * Sec. 4. AS 46.40.100(c) is amended to read:

19 (c) In [EXCEPT WHEN A PETITION HAS BEEN FILED UNDER
20 AS 46.40.096(e), IN] determining whether an approved district coastal management
21 program is being implemented [, ENFORCED, OR COMPLIED WITH] by a coastal
22 resource district that exercises zoning authority or controls on the use of resources
23 within the coastal area or by a state resource agency, the council shall find in favor
24 of the district or the state resource agency. unless the council finds a pattern of
25 nonimplementation [IF

26 (1) ZONING OR OTHER REGULATIONS HAVE BEEN ADOPTED
27 AND ARE BEING ENFORCED;

28 (2) VARIANCES ARE BEING GRANTED ACCORDING TO
29 PROCEDURES AND CRITERIA THAT ARE ELEMENTS OF THE DISTRICT
30 COASTAL MANAGEMENT PROGRAM, OR THE VARIANCE IS OTHERWISE
31 APPROVED BY THE COUNCIL; AND

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(3) PROCEDURES AND STANDARDS ADOPTED BY THE COASTAL RESOURCE DISTRICT AS REQUIRED BY THIS CHAPTER OR BY THE GUIDELINES AND STANDARDS ADOPTED BY THE COUNCIL AND SUBSEQUENTLY APPROVED BY THE LEGISLATURE HAVE BEEN FOLLOWED AND CONSIDERED].

* Sec. 5. AS 46.40.100(f) is amended to read:

(f) Upon receipt of a petition under (b) of this section, the council shall give notice of the hearing [CONVENED TO CONSIDER THE PETITION AS FOLLOWS:]

(1) [NOTICE OF THE HEARING SHALL BE GIVEN] at least 10 days before the scheduled date of the hearing. The

[(A) BY PUBLICATION IN

(i) A NEWSPAPER OF STATEWIDE CIRCULATION; OR

(ii) A NEWSPAPER OF GENERAL CIRCULATION IN THE VICINITY OF THE DISTRICT COASTAL MANAGEMENT PROGRAM THAT IS THE SUBJECT OF THE PETITION; AND

(B) BY AT LEAST ONE OF THE FOLLOWING METHODS:

(i) PUBLICATION THROUGH PUBLIC SERVICE ANNOUNCEMENTS ON THE ELECTRONIC MEDIA SERVING THE AREA AFFECTED BY THE DISTRICT COASTAL MANAGEMENT PROGRAM;

(ii) POSTING IN A CONSPICUOUS LOCATION IN THE VICINITY OF THE PROPOSED PROJECT OR ACTION;

(iii) NOTIFYING PARTIES KNOWN OR LIKELY TO BE AFFECTED BY THE PROPOSED PROJECT OR ACTION; OR

(iv) ANOTHER METHOD CALCULATED TO EFFECTIVELY NOTIFY AFFECTED INTERESTED PARTIES.

(2) a) notice [PROVIDED UNDER (1) OF THIS SUBSECTION]

must

1 (1) [(A)] contain sufficient information in commonly understood terms
2 to inform the public of the nature of the petition; and

3 (2) [(B)] indicate the manner in which the public may comment on the
4 petition [IF THE PETITION IS FILED UNDER (b)(2) OF THIS SECTION].

5 * Sec. 6. AS 46.40.100(g) is amended to read:

6 (g) The opportunity to petition [UNDER (b)(2) OF THIS SECTION] is
7 limited to

8 (1) a coastal resource district;

9 (2) a citizen of the coastal resource district; or

10 (3) a state resource agency.

11 * Sec. 7. AS 46.40.100 is amended by adding a new subsection to read:

12 (h) If the council finds a pattern of nonimplementation under (c) of this
13 section, the council may order a coastal resource district or a state resource agency to
14 take action with respect to future implementation of the district coastal management
15 program that the council considers necessary to implement the district coastal
16 management program. The council's determination under (c) of this section and any
17 order issued under this subsection shall be considered a final administrative order for
18 purposes of judicial review under AS 44.62.560.

19 * Sec. 8. AS 46.40.210 is amended by adding a new paragraph to read:

20 (9) "resource agency" has the meaning given in AS 44.19.152.

21 * Sec. 9. AS 46.40.094(c)(2), 46.40.096(e), 46.40.096(f), and 46.40.100(d) are repealed.

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Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 23, 2002

SUBJECT: Petitions under the Alaska Coastal Zone Management Program as modified in SCS CSHB 439 () (Work Order No. 22-LS1464\L)

TO: Representative Scott Ogan
Attn: Linda Hay

FROM: Kathryn L. Kurtz *KK*
Legislative Counsel

You asked what recourse there is for petition under the Alaska Coastal Zone Management Program, as modified in the draft committee substitute for HB 439, version 22-LS1464\L.

The only provision for petitions remaining in the Alaska Coastal Zone Management Program, AS 46.40, would be in AS 46.40.100(b). This subsection would permit a coastal resource district, a citizen of the coastal resource district, or a state resource agency to file a petition showing that a district coastal management program is not being implemented. In response to such a petition, after hearing, the Alaska Coastal Policy Council could order a coastal resource district or state resource agency to take action with respect to future implementation of the plan.

This draft includes language specifically prohibiting the filing of a petition for review of a proposed or final consistency determination regarding a specific project. Also, it specifies that the council may not order that action be taken with regard to a proposed or final consistency determination that has been issued.

If you have further questions, please let me know.

KLK:lmb
02-072.lmb

Session:
State Capitol
Juneau, AK 99801
(907) 465-3878
(907) 465-3265



Interim:
600 E. Railroad Ave. #1
Wasilla, AK 99654
(907) 376-1866
(907) 373-4724

House Special Committee on Oil & Gas

COASTAL ZONE PETITION

HB 439

SPONSOR STATEMENT

The Alaska Coastal Zone Management Petition Process is broken.

Currently, any citizen may file a petition to have an automatic 30-day delay to the issuance of a CZM permit. (plus up to 20 days for petitioner to draft petition and submit for a potential total of a 50 day delay)

In the vast majority of cases, this is used as a delaying tactic to try to kill projects. Five out of six petitions filed, were withdrawn at the eleventh hour. The Council unanimously overruled the sixth petition.

There is wide industry support from oil, gas, mining, timber and related industry associations.

The Division of Governmental Coordination is not opposed to the bill.

In this day and age of budget deficits, it is imperative that we do all we can to provide regulatory certainty. With two of the three major oil companies no longer doing exploration in frontier areas, it is clear, that unambiguous environmental policy will be needed to continue to attract independent explorers and producers to Alaska.

This bill is a first step in bringing that clarity and common sense to our permitting process.

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MEMORANDUM

April 19, 2002

SUBJECT: Sectional of CSHB 439()
Work Order No. 22-1464\L

TO: Representative Scott Ogan
Attn: Linda Hay

FROM: Kathryn L. Kurtz 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Removes a reference to filing a petition for review under AS 46.40.096(e), repealed in section 9 of the bill.

Section 2. Limits the requirement that land and water use regulations and controls be administered in conformity with the district coastal management plan to state resource agencies, rather than all state agencies. Also removes reference to legislative approval of district coastal management programs.

Section 3. Reduces the scope of petitions that may be filed under AS 46.40.100(b) to petitions showing that a district coastal management program is not being implemented (removing petitions relating to enforcement and compliance). Specifically provides that review of a proposed or final consistency determination may not be sought under AS 46.40.100(b).

Removes provisions relating to the disposition of petitions filed under AS 46.40.096(e), repealed in section 9 of the bill. Limits actions that can be ordered in response to petitions filed under this section to coastal resource districts and state resource agencies (rather than all state agencies). Reduces the power of the council to making orders with respect to future implementation of a district coastal management program, removing the authority to order action relating to enforcement and compliance. Specifically prohibits the council from ordering any action with respect to a proposed or final consistency determination that has been issued.

Representative Scott Ogan

April 19, 2002

Page 2

Section 4. Removes a reference to AS 46.40.096(e), repealed in section 9 of the bill. Removes enforcement and compliance language. Inserts references to implementation of a district coastal management plan by a state resource agency. Requires that the council find in favor of the district or resource agency implementing the plan unless it finds a pattern of nonimplementation. Removes criteria relating to enforcement of regulations, granting of variances, and procedures and standards.

Section 5. Removes provisions relating to the means of giving notice of a petition filed under AS 46.40.100(b).

Section 6. Limits the opportunity to petition under AS 46.40.100(b) to state resource agencies, rather than all state agencies.

Section 7. Adds a new subsection to AS 46.40.100 permitting the council, if it finds a pattern of nonimplementation of a district coastal management plan, to order action with respect to future implementation that it considers necessary to implement the plan.

Section 8. Defines the term "resource agency."

Section 9. Repeals the definition of "resource agency" in AS 46.40.094(c)(2), the process for petitioning for review of a consistency determination under AS 46.40.096(e) and related provisions in (f), and provisions relating to compliance with a district coastal management program by a state agency under AS 46.40.100(d).

KLK:med
02-390.med

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MEMORANDUM

April 19, 2002

SUBJECT: Comparison of HB 439 \F.a and \L versions
(Work Order No. 22-LJ1464)

TO: Representative Scott Ogan
Attn: Linda Hay

FROM: Kathryn L. Kurtz *KK*
Legislative Counsel

You requested a comparison of versions \F.a and \L of HB 439.

	Version \F.a	Version \L
AS 6.40.094(c)(2)	(n.a.)	Sec. 9. Repeals.
AS 46.40.096(d)	Sec. 1. Removes reference to AS 46.40.096(e).	Sec. 1. Same.
AS 46.40.096(e)	Sec. 7. Repeals.	Sec. 9. Repeals.
AS 46.40.096(f)	Sec. 7. Repeals.	Sec. 9. Repeals.
AS 46.40.100(a)	(n.a.)	Sec. 2. Changes "agencies" to "resource agencies."
AS 46.40.100(b)	Sec. 2. Adds the clause "a petition filed under this section may not seek review of a proposed or final consistency determination regarding a specific project." Deletes AS 46.40.100(b)(1) and a reference to AS 46.40.096(e).	Sec. 3. Same.

	Version F.a	Version L
AS 46.40.100(b)	Sec. 2. Adds the phrase "except that the council may not order that the coastal resource district or a state agency take an action with respect to a proposed or final consistency determination."	Sec. 3. Changes "agency" to "resource agency." Deletes references to enforcement and compliance. Limits council action to orders with respect to future implementation of the district coastal management program. Adds phrase "except that the council may not order that the coastal resource district or a state agency take any action with respect to a proposed or final consistency determination that has been issued."
AS 46.40.100(c)	Sec. 3. Deletes reference to AS 46.40.096(e).	Sec. 4. Deletes reference to AS 46.40.096(e). Removes enforcement and compliance language. Inserts references to implementation of a district coastal management plan by a state resource agency. Requires that the council find in favor of the district or resource agency implementing the plan unless it finds a pattern of nonimplementation. Removes criteria relating to enforcement of regulations, granting of variances, and procedures and standards.
AS 46.40.100(d)	Sec. 4. Removes reference to AS 46.40.096(e).	Sec. 9. Repeals AS 46.40.100(d).
AS 46.40.100(f)	Sec. 5. Removes a reference to petitions filed under AS 46.40.100(b)(2).	Sec. 5. Removes most of the subsection.
AS 46.40.100(g)	Sec. 6. Changes reference to AS 46.40.100(b)(2) to AS 46.40.100(b).	Sec. 6. Removes reference to (b)(2); changes "agency" to "resource agency".
AS 46.40.210	Sec. 8. Adds definition of "resource agency."	(n.a.)

Testimony on

HB-439, Regarding the Coastal Zone Petition Process

Mr. Chairman, members of the committee. My name is Steve Borell, I am Executive Director of the Alaska Miners Association and I am testifying on behalf of the Association.

The Alaska Miners Association supports House Bill 439. This bill would remove a petition process which now appears is being used as a harassment tactic against some projects within the coastal zone. I am not aware of any mining projects that have yet been affected by this petition process, but at the same time I am not aware of any high-profile mining projects that have gone through this phase of the ACMP process in recent years.

The ACMP consistency review process is extremely detailed and thorough. Every member of the public has the opportunity to comment on the ACMP consistency review and on each of the individual permits that are required by the various agencies, including DNR, DEC and ADF&G.

There are two questions that I am often asked by Legislators:

First, What can be done to streamline the permitting process? and

Second, What can be done to encourage business investment in Alaska?

I believe that removing this redundant and un-necessary petition provision will help answer both of these questions. We urge passage of this bill.



Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
(907) 276-0700 Fax: (907) 276-3887 e-mail: Resources@akrdc.org

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Tadd Owens, Executive Director
Resource Development Council
HB439 Testimony
House Oil & Gas Committee
February 26, 2002

Thank you, Mr. Chairman. For the record my name is Tadd Owens, executive director of the Resource Development Council. RDC is a private, non-profit, trade association representing individuals and companies from Alaska's mining, timber, tourism, fisheries and oil and gas industries. Our mission is to grow Alaska's economy through the responsible development of our state's natural resources.

RDC strongly supports HB439 and urges the House Oil and Gas Committee to move the bill forward. This legislation eliminates a redundant petition process from the Alaska Coastal Management Program (ACMP) without compromising the ability of Alaska's citizens or communities to provide meaningful input and comments regarding development projects within the coastal zone. The petition process targeted by HB439 has been used as a means to delay projects, adding uncertainty and increased costs to doing business in Alaska, while providing no measurable benefit to the environment.

If the Legislature sees fit to remove this particular process from the ACMP, rest assured that Alaskans retain a multitude of opportunities to participate in the evaluation of projects in the coastal zone. Alaskan citizens will continue to have opportunities to participate in and comment on ACMP consistency determinations, as well as the individual state and federal permits associated with any given project. In other words, HB439 provides the kind of permit streamlining that makes sense.

Mr. Chairman, you have RDC's full support on this issue and I appreciate the opportunity to testify this morning.

Alaska Oil and Gas Association



121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907)272-1481 Fax: (907)279-8114
Email: bradv@aoga.org
Judith Brady, Executive Director

Testimony of the Alaska Oil & Gas Association House Special Committee on Oil & Gas

February 21, 2002

Re: HB 439: "An Act removing provisions providing an opportunity to petition for review of proposed consistency determinations under the Alaska coastal zone management program."

Chairman Ogan:

For the record, my name is Judy Brady. I am the executive director of the Alaska Oil and Gas Association (AOGA). As you know, AOGA is a private, non-profit trade association. Its member companies represent the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

AOGA supports the goals of HB 439 to once and for all close off the opportunity to use the petition process in the Alaska Coastal Management Program (ACMP to delay projects).

The coastal zone management program provides coastal communities with oversight of their local development and we are supportive of this purpose. This legislation will not diminish this authority.

What this legislation does do is eliminate the ability of a citizen of a coastal district to file a petition, after a proposed consistency determination, asking that the Coastal Policy Council (CPC) determine whether or not their comments opposing the project had been "fairly considered".

The ability of an individual citizen to file a petition on a consistency determination is a holdover from the beginning days of the Alaska Coastal Management Program (ACMP)—when the public comments process was not yet developed. Through the years, with the development of a lengthy and multi-tiered public comment process, the individual petition is no longer important or necessary as an opportunity to be heard.

Today, individual citizens have several opportunities to provide comments on a project. Any citizen can comment to his or her own coastal district about a project. Any member of the public can comment to a coastal district, or to any agency or to the Division of Governmental Coordination (DGC) about a project. Finally, any citizen can go to court. This legislation does not decrease any of these rights. HB 439 does remove the now extraneous right of petition that is being used for delay purposes rather than the original purpose of public comment.

During the coordinated review process, each local, state, and federal agency is not only involved in helping the (DGC) make the consistency determination but is also responsible for reviewing, analyzing, and issuing their own numerous permits and authorizations. Individual members of the public have an opportunity to be involved in and to comment on not only the ACMP consistency review but also on each and every one of the agency permits.

The problem: If a single individual that lives in the district where the project is proposed submits comments to DGC during the public comment period and the agency subsequently issues a proposed determination that the project is "consistent" - this lone individual has the right to notify DGC of intent to petition the CPC. It does not matter that the coastal district in which the individual lives has approved the project, or the local government has approved the project, or that all the agencies involved have approved the project.

This single act of an individual petition automatically extends the consistency review period by up to 50 total days, which includes 20 days for the petitioner to draft the formal petition and then if submitted, another 30 days for the CPC to be convened and make its decision. Neither DGC nor the CPC get to review the merits of the Notice of Petition or the Petition itself. If the "petitioner" meets certain basic requirements, such as being a citizen in the district, and has submitted comments, regardless of the merit of the comments, the right to petition is automatically granted.

The petition process has been the source of concern, legal ambiguity and abuse since the ACMP began in Alaska. In 1984 the CPC itself wrote regulations to end the petition process but neglected to change the statute so petitions remained a problem. The Knowles Administration attempted to end the petition process through SB 186 (which did not pass for other reasons).

In 1994 the legislature attempted to correct the abuses and legal ambiguities of the petition process by limiting the right of petition to the single question of whether or not an individual's comments had been "fairly considered" by the DGC. Regulations were finalized in 1999.

From 2000 to date, 18 petitions were filed; 9 were filed since last year. Of the 18, nine were not accepted because of deficiencies in filing; nine were accepted (stopping the project clock); hearings were held on five (the Council ruled against the petitioner in each case); four were withdrawn near or on the day of the hearing, which meant the project was delayed the full time allocated for petition review.

HB 439 is fourth attempt to resolve the misuse of the petition process. We thank you for focusing on this issue and we support your effort.

Thank You.

Testimony of the Alaska Oil & Gas Association
House Special Committee on Oil & Gas
February 21, 2002
Page 2 -

Alaska Support Industry Alliance
In support of HB 439

February 26, 2002

Mr. Chairman and members of the committee. My name is Larry Houle and I am the General Manager of the Alaska Support Industry Alliance. The Alliance is a statewide, non-profit trade association. Our membership consists of 419 businesses, contractors, suppliers and individuals that provide products and services in support of the Alaska Oil and Gas industry. Our membership collectively represents over 35,000 Alaska residents that derive their livelihood in Alaska's Oil and Gas industry.

The purpose of my testimony today is to voice our support for House Bill 439; an act that removes an unnecessary and duplicative administrative petition process from the consistency determination procedure under the Alaska coastal zone management program.

Contrary to an Associated Press article published in Saturday's Anchorage Daily News this bill does not eliminate the citizen appeal process. What this bill does do is eliminate an additional administrative layer in the petition process that, in our opinion, could be used by individuals as an avenue for delay of permits.

The Alaska Coastal Zone Management Program is an extremely open and public process for both local governments and individuals. For years the Coastal Zone Policy Council has attempted to fix this particular "loop-hole" in the Act and we commend Committee for finally addressing this petition process.

HB 439 in its current form will amend the Coastal Zone Management Act in a manner that is consistent with the original intent of law, without taking away the rights of the individual for public comment and input. At minimum three specific avenues for individual comment remain untouched in the Act:

- (1) Individual citizens have the opportunity for public comments in the very early stages when the Districts are first developing their overall plans.
- (2) Individual citizens also have petition and comment opportunities when the Districts and the Dept. of Governmental Coordination's public comment periods are noticed.
- (3) An individual citizen can also comment during each individual Agency's public comment period, unique to a specific project. The greater number of Agencies involved in a project the greater number of opportunities the general public has to comment.

Most people, reasonable or otherwise, understand that delays of 30 to 55 days in a 120-day construction window can be devastating to a project. Speaking for the Contracting community this lack of timeline certainty,

the risk of the "mischievous petition," injects uncertainty into a process that may mean the difference between bidding and not bidding the job.

The Alaska Support Industry Alliance supports responsible oil and gas development in Alaska. Mr. Chairman, we understand and believe there are three main components necessary for oil and gas development:

First, fiscal certainty and a stable, predictable tax regime, something we have had for the last decade or more,

Secondly; access to the land, again, Alaska has enjoyed a predictable lease program; and

Thirdly, a regulatory environment that provides for a fair, consistent and predictable permit process.

Unfortunately, the weakest link in our Alaska exploration and development program is our "regulatory uncertainty." Essentially, the permit process is broken. The long-term ramifications are only starting to surface as some Producing oil companies reduce exploration budgets and potential new entrants for the Oil Patch hold back.

We see HB 439 as a significant step in the right direction, a positive direction toward regulatory reform. We are encouraged by the Committee's efforts here and applaud HB 439's passing.

Thank you for allowing me to testify today.