

SCOMM

#46:4

**Proposed Agenda**

**ALASKA ROYALTY OIL & GAS DEVELOPMENT ADVISORY BOARD  
PUBLIC HEARING**

**February 20, 1985**

**10:30 a.m. - 4:30 p.m.**

**(Teleconference with Anchorage, Juneau and Fairbanks)**

**Legislative Information Office  
1024 West 6th  
Anchorage, Alaska**

**Legislative Information Office  
315 Barnett Street, Suite 101  
Fairbanks, Alaska**

**State Office Building  
10th Floor Conference Room  
Juneau, Alaska**

- (1) Opening remarks, roll call, approval of minutes of the previous Royalty Board meeting, adoption of agenda.
- (2) Overview of proposed non-competitive sale of royalty oil to Golden Valley Electric Association.
- (3) Public testimony on GVEA contract.
- (4) Royalty Board vote on GVEA contract for recommendation to Legislature, which must approve the contract (AS 38.06.050-055).
- (5) Report from Director, Division of Oil and Gas, on:
  - . Results of 2nd competitive Royalty Oil Sale;
  - . Proposed statute change; and
  - . Possible royalty oil solicitation.
- (6) Report from Jim Gottstein on underlift proposal.
- (7) Presentations by companies seeking to purchase royalty oil. \*
- (8) Other business or announcements from board members.
- (9) Adjournment.

\* Companies that wish to make a brief presentation to the board should call Roberta Staats at 265-4257 to schedule time on the agenda.

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

BILL SHEFFIELD, GOVERNOR

DIVISION OF OIL AND GAS

POUCH 7-034  
ANCHORAGE, ALASKA 99510

### STATE OF ALASKA Alaska Royalty Oil & Gas Development Advisory Board Notice of Public Hearing

The Alaska Royalty Oil and Gas Development Advisory Board will hold a public hearing on a proposed sale of State royalty oil from the Prudhoe Bay Unit. The hearing will be held by teleconference on Wednesday, February 20, 1985, at 10:30 a.m. The teleconference system will be available at that time in Anchorage, Fairbanks, and Juneau. The public may appear at the following locations to present testimony:

Legislative Information Office  
1024 West 6th  
Anchorage, Alaska  
278-9624

Legislative Information Office  
315 Barnett Street, Suite 101  
Fairbanks, Alaska  
452-4448

State Office Building  
10th Floor Conference Room  
Juneau, Alaska  
465-3836

The Department of Natural Resources has proposed a long-term, noncompetitive sale of State royalty oil from the Prudhoe Bay Unit to Golden Valley Electric Association (GVEA).

The proposed GVEA agreement is for the sale of 2.667% of the daily royalty oil available from the Prudhoe Bay Unit (approximately 5,000 bpd). The contract would commence four months after approval by the Governor and the Legislature, and would terminate June 30, 1995. The proposed contract includes a provision allowing either party to reopen price negotiations during the month of July, 1987 and every two years thereafter.

The Alaska Royalty Oil and Gas Development Advisory Board, under AS 38.06.040 (a)(2), is required to "hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070."

AS 38.06.070 states the "criteria" the Board must consider in the exercise of its powers. These are:

- (1) the revenue needs and projected fiscal condition of the state;
- (2) the existence and extent of present and projected local and regional needs for oil and gas products and by-products, the effect of state and federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;

- (3) the desirability of localized capital investment, increased payroll, secondary development and other possible effects of the sale, exchange or other disposition of oil and gas or both;
- (4) the projected social impacts of the transaction;
- (5) the projected additional costs and responsibilities which could be imposed upon the state and affected political subdivisions by development related to the transaction;
- (6) the existence of specific local or regional labor or consumption markets or both which should be met by the transaction;
- (7) the projected positive and negative environmental effects related to the transaction; and
- (8) the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

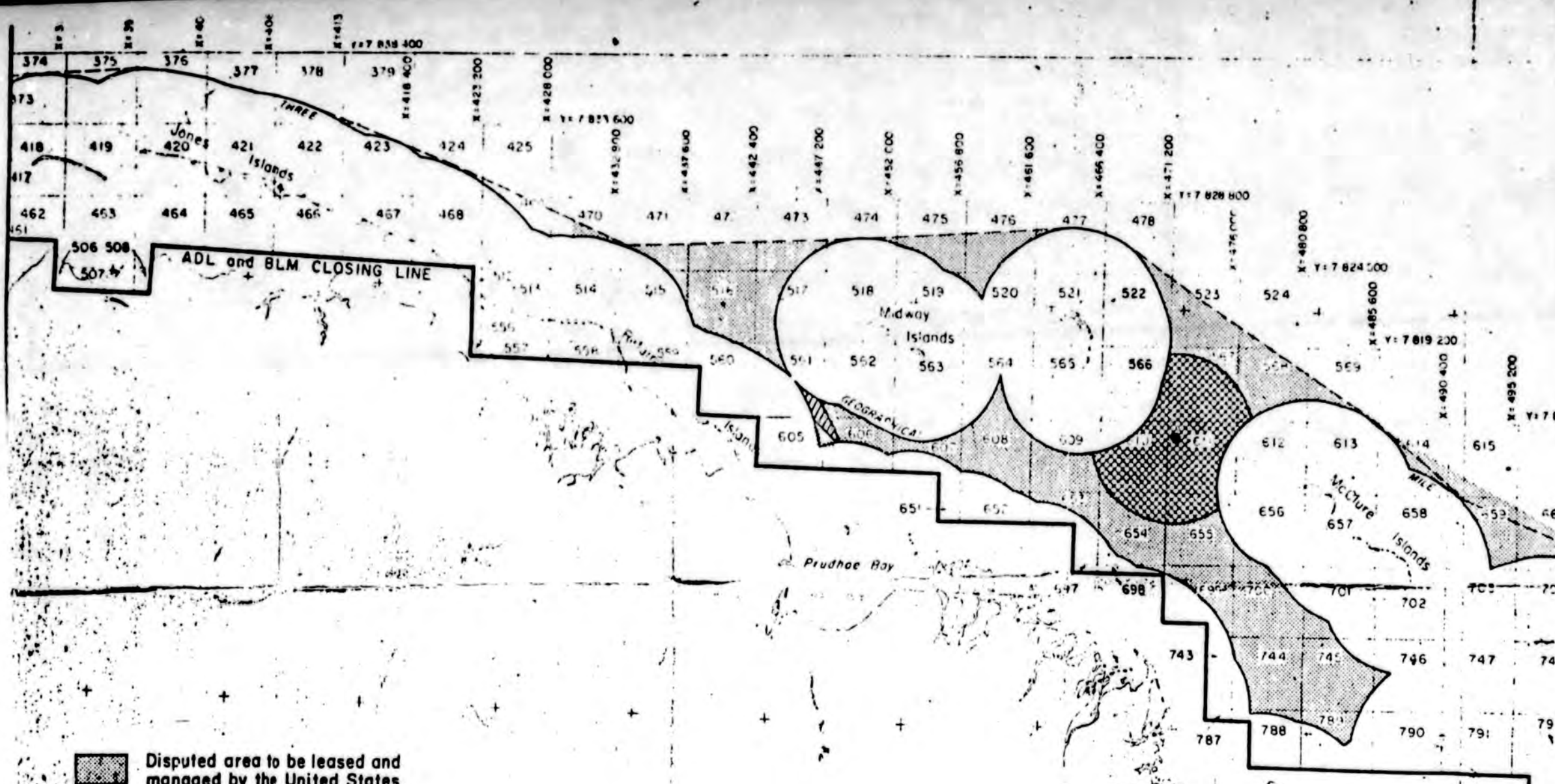
The evaluation of proposed sales in accordance with the criteria and the public hearing process is to enable the Board to more effectively carry out its purpose to "facilitate the wise development of Alaska's oil and gas royalty interests by providing means and procedures for sales, exchanges or other disposition of those interests in ways calculated to promote private economic growth consistent with applicable environmental standards and public fiscal stability...." AS 38.06.010. The Board is required to recommend to the State Legislature whether the proposed sale to GVEA should be approved or rejected. AS 38.06.050




The Board solicits comments from the public concerning this proposed sale. You are invited to present a statement, oral or written, at the hearing or send it directly to the Chairman, Alaska Royalty Oil and Gas Development Advisory Board, c/o Kay Brown, Director, Division of Oil and Gas, Department of Natural Resources, Pouch 7-034, Anchorage, Alaska 99510.

Copies of the proposed meeting agenda, applicable Alaska statutes, regulations, and other information relating to the proposed sale may be obtained by contacting Sandra Schwartzbauer at 265-4274.

James B. Gottstein  
Chairman

Pub: January 17, 1985



-  Disputed area to be leased and managed by the United States.
-  Disputed area to be leased and managed by the United States. (Arco Pier)
-  Disputed area to be leased and managed by the State of Alaska. (Dinkum Sands)

Cartographic representation only. Refer to Supplemental Official OCS Block Diagrams for official details.

Issues of Concern to be Discussed in Washington D.C.

OCS Revenue Sharing - Alaska has been designated the lead state on this issue by the Western Governors' Conference. In the 98th Congress, House-Senate conferees agreed upon legislation to share a small portion of OCS oil and gas receipts with all coastal states. The legislation was then passed by the full House of Representatives, although Reagan Administration opposition prevented Senate consideration of the conference report. It is anticipated that similar legislation will be introduced in the 99th Congress.

8(g) Revenue Sharing - The issue of how to share Section 8(g) revenues may be decided in court, although further discussions between Secretary Hodel and affected governors may occur. A bill introduced late in the 98th Congress by Congressman Breaux would require a 50-50 split of all 8(g) revenues, and it is possible that this bill will be receiving a hearing.

OCS Lease Sale Schedule - The five-year OCS Schedule is due to be updated and presented to Congress for review during the 99th Congress. The key lease sale that might result in Congressional action, including funding moratoriums, is the proposed North Aleutian Shelf Sale now scheduled for December, 1985.

Teshepuk/Utukok National Wildlife Refuge - It is expected that Congressman Dingell will reintroduce his bill to convert the NPR-A into a wildlife refuge. Prudent state policy would therefore be to assess the results of BLM management of the area to date and devise a position accordingly.

Federal Tax Proposals - The Department of the Treasury issued a report which recommends to the President various tax reform measures. Proposals of particular interest include bills dealing with severance tax limitations, oil excise taxes, oil import fees, unitary tax, and limitations on state property taxes on interstate natural gas pipelines.

Jones Act Modifications - Legislation to eliminate the Third Proviso of the Jones Act, which allows foreign carriers to transport U.S. goods to Alaska via Canada, passed the House in 1983 despite strong opposition by the state. The legislation is expected to be reoffered again this year, with similar results. As a result of the approval of the initiative repealing the Alaska Transportation Commission, the State must lobby Congress for repeal of the Jones Act.

90-10 Revenue Sharing Formula for Alaska Wildlife Refuges -

In 1983, Congressman Breaux offered an amendment in committee to repeal the provision of the Statehood Act which grants the state 90% of wildlife refuge mineral lease revenues. He proposed to replace it with the standard nationwide provision, which grants 75% of such revenues to the federal government for wetlands protection and 25% to the local borough or county. Although Breaux later withdrew the amendment, he may offer it again.

Oil Export/Export Administration Act Reauthorization - In the 98th Congress, a major effort to modify the North Slope oil export restrictions of the EAA foundered in the face of maritime industry opposition. Because the necessary reauthorization of the EAA was not passed by Congress, the issue could arise next year. A study of the oil export question by federal agencies is mandated by this legislation, if it passes.

Transportation of Alaska North Slope Gas - Legislation may be sought by the sponsors of the TAGS LNG export proposal to clarify their ability to transport North Slope gas apart from the existing ANGTS project.

Deadline for the Secretary of the Interior's report to Congress -

In 1986, Secretary of the Interior Hodel must make a report of fundings to Congress that identifies those areas within the coastal plain of the Arctic National Wildlife Refuge that have oil and gas production potential, and that evaluates the impact of exploiting oil and gas resources in the refuge area.

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The Alaska Royalty Oil and Gas Development Advisory Board, under AS 38.06.040 (a)(2), is required to "hold public hearings on proposed sales, exchanges, or other disposals of royalty oil or gas to determine whether the proposals comply with AS 38.06.070."

AS 38.06.070 states the "criteria" the Board must consider in the exercise of its powers. These are:

- (1) the revenue needs and projected fiscal condition of the state;
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Introduced: 1/23/85  
Referred: House Special Committee on  
Oil & Gas, Resources and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

HOUSE BILL NO. 103

2

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to royalty oil; and providing for an  
7 effective date."

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

9 \* Section 1. AS 38.05.183 is amended by adding a new subsection to  
10 read:

11 (g) AS 38.05.035(e) does not apply to a sale, exchange, or other  
12 disposal of oil or gas under this section.

13 \* Sec. 2. AS 38.06.055(c) is amended to read:

14 (c) A sale, exchange, or other disposition of oil or gas, other  
15 than by competitive bid, made under (b)(1) of this section may not be  
16 continued after the end of one year or renewed with the same party to  
17 provide relief for market or storage conditions without the prior  
18 approval of the legislature under (a) of this section.

19 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
20 10.070(c).

Introduced: 1/14/85  
Referred: Community & Regional Affairs,  
and Labor & Commerce

1 IN THE HOUSE

BY DAVIS

2

HOUSE BILL NO. 12

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the exemption of municipally  
owned utilities from certain provisions of the Alaska  
Public Utilities Act."

7

8

9

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

10

\* Section 1. AS 42.05.711(b) is amended to read:

11

(b) Public utilities owned and operated by a political subdivi-

12

sion of the state and none of whose utilities is in competition with

13

any other utility, are exempt within the boundary of the municipality

14

owning the utility from the provisions of this chapter other than the

15

provisions of AS 42.05.221 - 42.05.281, unless the owner and operator

16

elects to be subject to all provisions of this chapter.

Introduced: 1/23/85  
Referred: house Special Committee on  
State Loans and Health, Education &  
Social Services

BY DAVIS, HURLEY, KOPONEN, LARSON,  
GRUENBERG AND SZYMANSKI

1 IN THE HOUSE

2

HOUSE BILL NO. 96

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the applicability of the scholarship loan program to students attending more than one postsecondary educational institution; and providing for an effective date."

7

8

9

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

11

\* Section 1. AS 14.43.160(2) is amended to read:

12

(2) "full-time student" means an undergraduate or career

13

education student who is enrolled and is in regular attendance at

14

classes for at least 12 semester hours of credit or the equivalent

15

during the semester or a graduate student who is enrolled and is in

16

regular attendance at classes for at least nine semester hours of

17

credit or the equivalent; any combination of semester hours of credit,

18

or the equivalent, aggregating to the requisite number of semester

19

hours and undertaken during a semester at two or more public or private

20

institutions of higher education [OPERATING UNDER A CONSORTIUM]

21

constitutes full-time student status;

22

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

23

10.070(c).

Introduced: 1/14/85  
Referred: Judiciary and  
Finance

1 IN THE HOUSE

BY DAVIS

2 HOUSE JOINT RESOLUTION NO. 2

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska relating to  
7 appropriations of the legislature.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. Article IX, sec. 16, Constitution of the State of Alaska  
10 is amended to read:

11 SECTION 16. APPROPRIATION LIMIT. Except for appropriations for  
12 Alaska permanent fund dividends, appropriations of revenue bond pro-  
13 ceeds, appropriations required to pay the principal and interest on  
14 general obligation bonds, and appropriations of money received from a  
15 non-State source in trust for a specific purpose, including revenues  
16 of a public enterprise of public corporation of the state that issues  
17 revenue bonds, appropriations from the treasury made for a fiscal year  
18 shall not exceed \$2,500,000,000 by more than the cumulative change,  
19 derived from federal indices as prescribed by law, in population and  
20 inflation since July 1, 1981. [WITHIN THIS LIMIT, AT LEAST ONE-THIRD  
21 SHALL BE RESERVED FOR CAPITAL PROJECTS AND LOAN APPROPRIATIONS]. The  
22 legislature may exceed this limit in bills for appropriations to the  
23 Alaska permanent fund and in bills for appropriations for capital  
24 projects, whether of bond proceeds or otherwise, if each bill is  
25 approved by the governor, or passed by affirmative vote of three-  
26 fourths of the membership of the legislature over a veto or item veto,  
27 or becomes law without signature, and is also approved by the voters  
28 as prescribed by law. Each bill for appropriations for capital proj-  
29 ects in excess of the limit shall be confined to capital projects of

1       the same type, and the voters shall, as provided by law, be informed  
2       of the cost of operations and maintenance of the capital projects. No  
3       other appropriation in excess of this limit may be made except to meet  
4       a state of disaster declared by the governor as prescribed by law.  
5       The governor shall cause any unexpended and unappropriated balance to  
6       be invested so as to yield competitive market rates to the treasury.  
7       \* Sec. 2. The amendment proposed by this resolution shall be placed  
8       before the voters of the state at the next general election in conformity  
9       with art. XIII, sec. 1, Constitution of the State of Alaska, and the  
10      election laws of the state.

Introduced: 1/14/85  
Referred: Community & Regional Affairs,  
Resources and Finance

1 IN THE HOUSE

BY DAVIS

2

HOUSE BILL NO. 11

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to taxation of agricultural prefer-  
7 ence land by a municipality; and providing for an  
8 effective date."

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

10 \* Section 1. AS 29.53 is amended by adding a new section to read:

11 Sec. 29.53.036. AGRICULTURAL PREFERENCE LAND. (a) Agricultural  
12 land sold by the state under AS 38.05.069 shall be assessed on the  
13 basis of full and true value for agricultural purposes and may not be  
14 assessed as if subdivided or used for some other nonagricultural  
15 purpose.

16 (b) In this section "agricultural purpose" includes farming,  
17 ranching, grazing, and storage or control of agricultural crops or  
18 livestock.

19 \* Sec. 2. This Act is retroactive to January 1, 1985.

20 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
21 10.070(c).