

285 HRES MISCELLANEOUS - OUTER CONTINENTAL SHELF

T 3 N, R 17-20 W, S.M.

T 3 N, R 21 W (Secs. 31-36, and 25-30
in the Tuxedni River Watershed)

T 2 N, R 18-20 W, S.M.

T 2 N, R 21 W (North and East of the
Tuxedni River and Bay)

- D. By mutual consent of the Secretary and CIRI, Village Corporations within the Region may exchange selections or selection rights under section 12 of ANCSA for acres, or acre/equivalents contained in the pools established under paragraphs I-C 2(a)(3)(1) of this document, of lands in the pool established out in paragraph I-C(2)(a) of this document.
- E. Up to two townships without the exterior boundaries of Cook Inlet Region to be mutually agreed upon by the Secretary, CIRI, and the State may be made available for 12(b) selection. To the extent acreage is allocated to a Native village pursuant to this subparagraph E. The village must have an equal amount of acreage, in

section units, from 12(a) selections in the hereinafter described acres on an acre-for-acre basis outlined in this subparagraph in the out of Region townships identified in this paragraph.

T 4 S, R 23 W (N $\frac{1}{2}$) S.M.

T 3 S, R 20, 21, and 23 W, S.M.

T 2 S, R 19-21 W, S.M.

T 1 S, R 19-21 W, S.M.

T 1 N, R 20 W, S.M.

Provided that should the respective village not have any 12(a) selections in the above, 12(a) selection for the following shall be traded under the provision of this paragraph.

T 2 N, R 18-21 W, S.M.

T 3 N, R 18-20 W, S.M.

T 4 N, R 19-21 W, S.M.

T 5 N, R 19-20 W, S.M.

VIII. A. CIRI and the Secretary shall publicly support the establishment of a unit of the National Park System surrounding the Lake Clark area including those lands withdrawn under section 17(d)(2) of ANCSA and those lands described in paragraph VI-A of this agreement. The Secretary and CIRI shall also agree to seek a provision in said legislation that would provide that before entering into any contract arrangement to provide new revenue producing services within the proposed Lake Clark Unit of the National Park System within the boundaries of the Cook Inlet Region, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days. CIRI and the Secretary shall recommend that such legislation provide that the United States may acquire lands selected by Village Corporations within the boundaries of the Lake Clark proposal, but only with the consent of the appropriate Village Corporation.

B. CIRI and the Secretary shall publicly support the establishment of the Caribou Hills, Swanson River, Mystery Creek, and Andy Simons Wilderness Areas within the Kenai National Moose Range. CIRI and the Secretary shall seek a provision in such legislation that would provide that before entering into any contract or agreement to provide new revenue producing services within the Kenai National Moose Range, the Secretary shall offer to CIRI in cooperation with Village Corporations within the Region when appropriate, the right of first refusal to provide such services, the right to remain open for a period of ninety days.

IX. Lands conveyed to CIPF and/or its Village and Group Corporations in accordance with this document, notwithstanding their source (whether Federal or State), shall upon conveyance to CIRI and/or the appropriate Village or Group Corporation, be considered and treated as conveyances under and pursuant to ANCSA, except as may be expressly provided otherwise in this document.

- X. As soon as practicable after any estate or interest in Federal lands to be patented to CIRC in accordance with this document is identified, CIRC and the Secretary shall review all leases, contracts, permits, rights-of-way and easements covering or concerning such estate or interest to determine whether the administration thereof may be waived by the Secretary, in his discretion, in accordance with the provisions of section 17(g) of ANCSA.
- XI. Effective the date that State lands to be conveyed for CIRC are designated by CIRC pursuant of paragraph II of this document, the State, if so authorized, shall place all revenues received from such lands in escrow to be transferred to the Region when appropriate. The administration of all leases, contracts, permits, rights-of-way and easements prior to the conveyance of such lands to the United States shall be by the State, except that all decisions concerning modification, conversion, or renewal or appraisal of such interests will be with the concurrence of the Region. Effective the date of conveyance of such lands from the State to the Secretary, the State shall waive in favor of CIRC administration of all

leases, contracts, permits, rights-of-way and easements totalling embraced by such lands. The State shall give timely written notice of the change of ownership and administration to the holders of rights on such lands.

XII. The responsibilities and benefits accruing to the Secretary, the State and CIRI under this document shall become binding only when such legislation as is necessary to effect this agreement has been enacted. Upon passage of such legislation, CIRI and all plaintiffs/appellants shall, with the consent of the Secretary, dismiss its pending appeal in Cook Inlet Region vs. Kloppe, No. 75-2232, (9th Cir.) by executing and filing pursuant to Rule 42(h) of the Federal Rules of Appellate procedure an agreement that the proceeding may be dismissed.

XIII. For the purposes of this document, a township shall be considered 23,040 acres.

APPENDIX A

T. 1 N., R 11 W S.M.

Secs. 1-4, 9-12, 16, W $\frac{1}{2}$ S17-comprising approx. 6,050 acres, more or less

T. 2 N., R 11 W S.M.

Sec. 9, approx. 70 acres in the SW $\frac{1}{4}$ lying south and west of the high water mark on the south and west bank of the Kasilof River

Sec. 16, approx. 430 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River.

Sec. 21, all

Sec. 22, approx. 130 acres comprising all moose range lands in this section lying south and west of the high water mark on the south and west bank of the Kasilof River

Sec. 27, approx. 330 acres comprising all moose range lands in this section lying west of the high water mark on the west bank of the Kasilof River and those lands in this section lying south and west of the high water line on the south and west shore of Tustemena Lake

Sec. 28, all

Sec. 33, all

Sec. 34, approx. 600 acres comprising all moose range lands in this section lying south and west of the high water line on the south shore and west shore of Tustemena Lake

Sec. 35, approx. 290 acres comprising all moose range lands in this section lying south of the high water line on the south shore of Tustemena Lake

Appendix A (continued)

Sec. 36, approx. 360 acres comprising
all moose range lands in this section
lying south of the high water line on
the south shore of Tustemena Lake

Comprising approximately 4,160 acres, more or less.

APPENDIX B

Appendix B-1

82,560 acres of the specified mineral estate to be selected from the following described lands*

Priority

- | | | |
|---|--------------------|--|
| 1 | T. 8 N., R. 9 W., | Secs. 1-8; Sec. 9 excluding E/2 SE/4, NW/4 SE/4, SE/4 NE/4; Sec. 10 excluding SW/4, S/2 SE/4, NW/4 SE/4, S/2 NW/4, NW/4 NW/4; Secs. 11-14; Sec. 16 W/2; Secs. 17-20; Sec. 21 excluding NE/4, E/2 NW/4, NE/4 SW/4, N/2 SE/4, SE/4 SE/4; Secs. 23-26; Sec. 27 excluding N/2, SW/4, W/2 SE/4; Sec. 28 excluding SE/4, E/2 SW/4, E/2 NE/4, SW/4 NE/4; Secs. 29-31; Sec. 32 excluding S/2 SE/4, NE/4 SE/4, Sec. 33 excluding S/2, NE/4, S/2 NW/4, NE/4 NW/4; Sec. 34 excluding W/2, W/2 NW/4; Secs. 35-36-comprising approx. 18,440 acres |
| 1 | T. 8 N., R. 10 W., | Secs. 1; 12-14; 23-26; 32-36-comprising approx. 7,680 acres |
| 1 | T. 7 N., R. 9 W., | Sec. 3, E/2; Sec. 5 excluding S/2, NE/4; Secs. 6; 7; 8 excluding E/2, E/2 SW/4, E/2 NW/4, NW/4 NE/4; Sec. 10 excluding W/2 SW/4, W/2 NW/4, NE/4 NW/4; Sec. 14 excluding NE- /4; Sec. 15; Sec. 16 excluding NW/4, N/2 NE/4, SW/4 NE/4; Sec. 17 excluding NE/4 NE/4; Secs. 18-36-comprising approx. 16,560 acres |
| 1 | T. 7 N., R 10 W., | Secs. 1-5; 7-25; Sec. 26 excluding W 1/2 SW 1/4; Sec. 27 excluding S 1/2 N 1/2; Sec. 28 excluding S 1/2 NE 1/4, SE 1/4, E 1/2 SW 1/4; Secs. 29-32; Sec. 35 excluding W 1/2, S 36 comprising approx. 19,920 acres |
| 2 | T. 6 N., R 10 W, | Sec. 1; Sec. 2 excluding W/2 NW/4; Sec. 4 excluding N/2, SE/4, E/2 SW/4; Sec. 5-8; Sec. 9 excluding N/2 NE/4; Sec. 12; 16-17; 20-21-comprising approx. 7,600 acres. |
| 4 | T. 7 N., R 11 W., | Sec. 23-26; 35; 36-comprising approx. 3,840 acres |

Appendix B-1 (continued)

- | | | |
|---|-----------------|--|
| 3 | T. 6 N., R 11 W | Sec. 1-2; 11-14-comprising approx. 3,840 acres |
| 3 | T. 10 N., R 7 W | Sec. 19-21; 23 (N/2); 29-32-comprising approx. 4,800 acres |

*These lands total approximately 82,630 acres (3.58 townships). Any unselected portions of the above described lands shall be first priority selection for in-lieu selections from appendix B-2 below.

Appendix B-2

Up to 138,240 acres (6.0 townships) of specified mineral in lieu estate to be selected from the following described lands by priority ranking and in the order listed.

Priority

- | | | |
|---|-----------------|---|
| 2 | T. 9N., R 9 W | Sec. 13; 23 excluding SE/4 SE/4; Sec. 24 excluding W/2 SE/4, SW/4; Sec. 25 excluding W/2 E/2, W/2; Sec. 26 excluding E/2 E/2; Sec. 27; Sec. 31 E/2; Sec. 32-35; Sec. 36 excluding W/2 SE/4, NW/4, and N/2 SW/4-comprising approx. 6,120 acres |
| 3 | T. 9 N., R 8 W | Sec. 1-5; 7-36-comprising approx. 22,400 acres |
| 2 | T. 6 N., R 9 W | Sec. 1-17; 20-29; 34-36-comprising approx. 19,200 acres |
| 3 | T. 8 N., R 8 W | All-comprising approx. 23,040 acres |
| 2 | T. 4 N., R 10 W | Sec. 9-10; 13-30-comprising approx. 16,640 acres |
| 2 | T. 4 N., R 11 W | Sec. 25; 36-comprising approx. 1,280 acres |
| 3 | T. 1 N., R 11 W | Sec. 17 (E/2); Sec. 21-28; Sec. 33-36-comprising approx. 6,720 acres |
| 3 | T. 3 N., R 11 W | Sec. 1; 12-15; 22-27; 34-35-comprising approx. 8,320 acres |
| 3 | T. 3 N., R 10 W | Sec. 1-30-comprising approx. 19,200 acres |
| 3 | T. 4 N., R 9 W | Sec. 2 excluding SE/4; 3-10; 11 excluding E/2; Sec. 14 excluding E/2; 15-20; 21 excluding SE/4; 29-34-comprising approx. 12,480 acres |

APPENDIX C

If and only if CIRI has on or before January 12, 1976 presented evidence satisfactory to the State that the villages of Knik, Chickaloon, Alexander Creek, Ninilchik and Salamatof have withdrawn selection applications for and relinquished all claims to land in the Lake Clark, Lake Kontrashibuna and Mulchatna River areas, the State shall convey under Part II of

this document to the United States for reconveyance to CIRI all of the state lands identified or to be identified in this Appendix C. All conveyances of lands made in accord with this document shall pass all of the State's right, title and interest in the lands, including the minerals therein, as if these conveyances were made pursuant to section 22(f) of the Alaska Native Claims Settlement Act, except that dedicated or platted section line easements and highway or other rights-of-way may be reserved to the State.

1. Acreage from each of the five pools identified in this paragraph in the amounts therein set forth. Out of each such pool, the required acreage shall be determined to the extent possible by mutual agreement of the State and CIRI. For so many of the required acres as have not been so determined by agreement in each pool within eighteen months following implementation of this document, those remaining required acres shall be identified by CIRI's selecting acreage in that remaining amount from an array of $1\frac{1}{2}$ that many acres within the pool, said array to be identified to CIRI by the State.

A. Point McKenzie. 3,200 acres must be identified from state lands

within the following areas:

T 15 N, R3 W through 5W, W.M.^S

T 14 N, R4 W through 5W, S.M.

T 13 N, R4 W S.M. (North of Knik Ann)

B. Knik-Willow Pool. 4,480 acres must be identified from statelands

within the following areas:

T 16 N through 18 N, R 2W through 5W, S.M.

C. Kahuitna Pool. 38,400 acres must be identified from statelands

within the following areas:

T 21 N through 25 N, R2^N and 4W, S.M.
(or other necessary lands)

D. Chickaloon Pool. 4, 480 acres must be identified from state lands

within the following areas:

T 19 N, R3 E through 5E, S.M.

T 20 N, R4 E through 7E, S.M.

E. Kenai Pool. 115,200 acres must be identified from state lands on the
Kenai Peninsula.

Provided, however that the State may with CIRI's concurrence supplant
acreage otherwise to be identified from the Kenai pool in subparagraph E
on an acre-for-acre basis with lands chosen in respect of acres attributable
to Alexander Creek, Ninilchik and Salamatof in the manner described by

paragraph 3 of this Appendix. Supplanting lands may not exceed that number to which the State is obligated under paragraph 3 to provide in respect of each of those three villages.

2.(a) Thirteen and one-half townships of lands in the Beluga Area Townships listed in this paragraph. The identity of those lands shall be determined by CIRC within eighteen months following the implementation of this document by nomination of compact units no less than 1/4 township in size lying along township lines, provided that where constrained by selection pool boundaries or water bodies they may be smaller; Provided, however that if Tyonek Corporation desires to trade the surface estate it holds in the Kenai National Moose Range for State surface lands within the vicinity of its village lands but within CIRC's selection pool, it may obtain up to one township of such lands. If Tyonek Corporation does trade for CIRC's selection pool lands, CIRC shall select an equivalent acreage of other surface estate from within its selection pool.

T. 16 N., R. 14 W., S.M.;

T. 16 N., R. 13 W., S.M.;

T. 16 N., R. 12 W., S.M., Secs. 7, 16, 17, 18, 19, 20, 21, 22, 25, 26,
27, 28, 29, 30, 31, 32, 33, 34, 35, 36;

T. 16 N., R. 11 W., S.M., Secs. 20, 21, 25, 26, 27, 28, 29, 30, 31, 32,
33, 34, 35, 36;

T. 15 N., R. 14 W., S.M.;

T. 15 N., R. 13 W., S.M.;

T. 15 N., R. 12 W., S.M.;

T. 15 N., R. 11 W., S.M.;

T. 15 N., R. 10 W., S.M., W-1/2, excluding Sec. 4;

T. 14 N., R. 15 W., S.M.;

T. 14 N., R. 14 W., S.M.;

T. 14 N., R. 13 W., S.M., W-1/2;

T. 14 N., R. 11 W., S.M.;

T. 14 N., R. 10 W., S.M., W-1/2;

T. 13 N., R. 15 W., S.M.;

T. 13 N., R. 14 W., S.M.

T. 13 N., R. 10 W., S.M., E-1/2 excluding lands east of the west bank
of the Beluga River

T. 12 N., R. 15 W., S.M.;

T. 12 N., R. 14 W., S.M., excluding Secs. 23, 24, 25, 26, 29, 31, 32,
33, 36

T. 12 N., R. 10 W., S.M.;

T. 11 N., R. 13 W., S.M., Secs. 12, 13 excluding W-1/2 SW-1/4; 24 NE/4 NE/4.

T. 11 N., R. 12 W., S.M., Secs. 18, 19 excluding SW-1/4, S-1/2 SE/4; 20.

(b) Provided, However, that the following described lands shall
not be available for CIRI's selection of subsurface estate:

Beluga

T. 13 N., R. 10 W., S.M., Secs. 11, E-1/2; 12, 13, 14, 22, 23, 24,
25, 26, 27, 34, 35, 36.

T. 12 N., R. 10 W., S.M., Secs. 2, 3, 4, 5, 8, 9, 10;

Nicolaick

T. 11 N., R. 12 W., S.M., Secs. 16, SW-1/4; 17, SW-1/2; 18, SE-1/4;
19, E-1/2, E-1/2 W-1/2; 20; 21, W-1/2; 28, W-1/2; 29, 30, 31, 32.

(c) The State shall provide a floating, public, 300 foot wide transportation easement from T. 13 N., R. 14 W., S.M. to the shore of Cook Inlet in T. 11 N., R. 12 W., S.M. Said easement to be determined upon the ground at such future time as a need exists and there are adequate field data available upon which the State may finally plan and locate the corridor.

3. Lands in an amount equal to 1/4 of the acres to which each of the villages of Knik, Chickaloon, Alexander Creek, Ninilchik, and Salamstof are or would be entitled under ANCSA Sec. 12(a), under selection applications on file with the BLM as of July 18, 1975, in the Lake Clark, Lake Kartrashibuna and Mulchatna River areas. Each acre identified for conveyance by the State hereunder must be located within or near the 11(a)(1) withdrawal of the village to which the displaced ANCSA acreage to which that acre corresponds would otherwise have passed under ANCSA. The lands so identified in respect to displaced acres attributable to Alexander Creek and Salamstof shall be conveyed by the State if and only if the village to which the displaced acres are attributable retains its village eligibility status under ANCSA.

APPENDIX D

LANDS IN THE LAKE
ILLIAMA AREA AND IN THE
NUSHAGAK RIVER AND LAKE CLARK DRAINAGES
(paragraph (1)) IV (B.1)

- I. The Secretary shall convey to the State at least 22.8 townships and no more than 27.0 townships of land from those presently withdrawn under section 17(d)(2) of the Alaska Native Claims Settlement Act in the Lake Illiama area and within the Nushagak River or Lake Clark drainages near lands heretofore selected by the State.
- II. The following townships shall be conveyed to the State as part of the minimum of 22.8 townships to be conveyed to the State from lands identified in paragraph I.
 - T 4N, R 36 W, S.H.
 - T 3N, R 36 W, S.H.
 - T 2N, R 36 W, S.H.
 - T 1N, R 36 W, S.H.
 - T 1S, R 37 and 38 W, S.H.
 - T 2S, § 37 and 38 W, S.H.
 - T 3S, R 37 and 38 W, S.H.
 - T 4S, R 37-39 W, S.H.
 - T 5S, R 40-42 W, S.H.
 - T 6S, R 40 W, S.H. (except 21-28, 33-36)
 - T 6S, R 41 and 42 W, S.H.
 - T 7S, R 42 W, S.H. (secs. 3-10, 15-18)
- III. For each acre of valid village 12(a) selections relinquished in the Lake Clark, Lake Kontras, and Mulchatna river areas pursuant to paragraph II of the document to which this forms an Appendix, the

Secretary shall convey to the State, on an acre for acre basis, lands from within the 17(d)(2) area described in Paragraph 1 up to a total of 4.2 townships.

- IV. To the extent that lands to be conveyed to the State pursuant to Paragraphs II and III above are not specifically identified in this Appendix, they shall be identified by mutual consent of the State and the Secretary from lands described in Paragraph I within 60 days of the date the State becomes bound to this document, or within 60 days of the date that any entitlement vests in the State pursuant to Paragraph III of this Appendix, whichever shall come first.
- V. All lands granted to the State of Alaska pursuant to this Appendix D shall be regarded for all purposes as if conveyed to the State under and pursuant to section 6 of the Alaska Statehood Act: Provided, however, that this grant of lands shall not constitute a charge against the total acreage to which the State is entitled under section 6(b) of the Alaska Statehood Act.

Appendix B-2 (continued)

4 T. 3 N., R 9 W Sec. 3-6; Sec. 7 excluding SE/4-comprising
approx. 3,040 acres

All townships in Appendix B are Seward Meridian.

APPENDIX E

LANDS IN THE
TALKEETNA MOUNTAINS, KAMISHAK BAY
AND TUTNA LAKES AREAS
(paragraph (2))

The Secretary shall convey to the State the following described lands, subject to valid village selections under section 12(a), but not 12(b), of ANCSA.

T 22N, R 2W, S.M.

T 23N, R 2W, S.M.

T 24N, R 1 and 2 W, S.M.

T 26N, R 1 and 2 W, S.M.

T 27N, R 2W, S.M.

T 29N, R 2W, S.M.

T 7S, R 26W, S.M. secs. 29-31

T 7S, R 27-29 W, S.M.

T 8S, R 26-29 W, S.M.

T 9S, R 26-30W, S.M.

T 10S, R 28-30 W, S.M.

T 11S, R 28-30 W, S.M.

T 4N, R 33-35 W, S.M.

T 3N, R 34 and 35 W, S.M.

T 2N, R 34 and 35 W, S.M.

APPENDIX F

(Far North Bicentennial Park)

T 12 N, R 3 W, S.M.

Section 1

Section 2

Section 3 (except SW 1/4)

Section 10 (except S 1/2)

Section 11 (except S 1/2)

Section 12

T 13 N, R 3 W, S.M.

Section 34 (except N 1/2 NE 1/4 NE 1/4)

Section 35 (except NW 1/4 N 1/2 SW 1/4 NE 1/4 NE 1/4)

Section 36 (except NE 1/4 SE 1/4 SE 1/4 NE 1/4)

APPENDIX G

TALKEETNA MOUNTAIN - KOKSETNA RIVER LANDS

(paragraph (c)) -- 17 (c)

The Secretary is authorized and directed to make available for selection by the State, in its discretion, under section 6 of the Alaska Statehood Act, 12.4 townships of land to be selected from lands within the Talkeetna Mountains and Koksetna River areas as described below.

T 4N, R 31 W, S.M. (W 1/2)

T 4N, R 32 W, S.M.

T 3N, R 31 W, S.M. (W 1/2)

T 3N, R 32 and 33 W, S.M.

T 2N, R 31-33 W, S.M.

Subject to valid village 12(a) and 12(b) selections under ANCSA, the following lands located south of the Susitna River:

T 29N, R 11E - 1 W, S.M.

T 30N, R 11E - 2 W, S.M.

T 31N, R 9E - 1 W, S.M.

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

Alaska State Legislature

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REPRESENTING DISTRICT 16
BRISTOL BAY - LOWER KUSKOKWIM

CHAIRMAN
RESOURCES COMMITTEE

House of Representatives

MEMORANDUM

To: The House Resource Committee

From: Nels A. Anderson, Jr.
Chairman-House Resource Committee

Subject: Limited Entry hearings in Dillingham, Togiak, Naknek, Nondalton.

INFORMATION

DILLINGHAM— Attendance— 40 people

- A. 23 people testifying
1. In favor of limited entry
 - a. felt that it was needed
 2. Worried about the fact that there was no provision for young people to enter into fisheries.
 3. Not in favor of moratorium
 4. Suggested an alternate source of income for the young similar to Farmers Subsidy.

B. Wood-River Tickchik proposed park

15 people testifying

1. All buth of the people against
2. Feel they subsistence hunting and fishing might be hurt
 - a. Feel that vigorous use of the area is not in the best interest of the local people
 - b. Against the master plan- Feels that it is much different than the bill as written.
 - c. Returns from the park would not be worth the possible economic gains
 - d. Spoke toward "Local Control" of the park
 - e. Discussed the Functions of Fish and Game Division vs. the State Park System. In the state park

C. Wanton waste bill and committee substitute

10 people testifying

1. People in favor of the committee substitute
2. Make it illegal to transport horns at all
 - a. do away with trophy hunting completely.
 - b. "Airborn on the same day" makes it difficult for subsistence hunter.
 - c. Make subsistence hunting and fishing a priority over trophy hunting and sport fishing.
 - d. Guides who accompany hunters who violate the law should be heavily penalized.
 1. 1st time heavy fine and revokation of license for one year
 2. 2nd time completely revoke license
 - e. Make sure bill provides that meat can be left in the village
 - f. Create mandatory check points
 - g. More protection officers.

TOGLAK--

Attendance- 40 people

A. Limited Entry

1. Many questions
2. Make sure young people can get into fisheries
3. More points for where a person was born
4. All Bristol Bay watershed area residents receive permits
5. Native people felt that laws were passed before Natives had a chance to review them- No hearings held- no input from the people.

B. Wanton waste of game meat

1. Feels that Fish and Game leave trophy hunters alone and pick on natives
2. Natives are not used to having a license.

NAKNEK---

Attendance- 33 people

A. Limited Entry

1. Testimony on why Limited Entry treats all parts of the state the same, not by individual areas.
2. Allow young people to enter the fishing industry
3. Any person born and raised in the Bristol Bay watershed area should be issued a lifetime permit.
4. Why should non-residents be equal to a resident.
5. Alaska Dept. of Fish and Game and Limited Entry Commission should be based in Nakanek where the fisheries are, on a year round basis

6. Japanese fisheries was discussed
7. Feels Limited Entry has disrupted a way of life
8. People are tired of no public input from the smaller of the state, especially when the bills affect the local areas
9. Lifetime permits for proven residents of the area.
10. Why doesn't the state conduct its own research instead of using University of Washington staff

B. Wanton waste of game meat.

1. In favor of bill
2. Increase surveillance personnel to enforce regulations

NEW HALEN- (People attending from: Kokhanok, Pedro Bay, Illiamna, Igiugig, Nondalton)

Attendance- 27 people

A. Limited Entry

1. In favor of Limited Entry
2. Wanton provision for young people

B. Wanton waste of game meat

1. Last year was the worst year ever for the slaughter of animals in Illiamna-Nondalton area. Not much meat was seen
2. Should be a limit on the number of animals taken.
3. Should establish a radius around a village where trophy hunting is not allowed
4. Asked for more enforcement officers
5. The villages want the meat if the hunters and guides don't
6. Mandatory check points
7. Discussed the amount of animal slaughtered when hunting and transporting were allowed on the same day - caribou especially
8. Only allow two caribou per day to be taken

NONDALTON- Attendance 16 people

A. Limited Entry

1. Questioned how much money was spent on helping people outside the state with Limited Entry
2. Watershed people should be allowed permits
3. Basically for Limited Entry, but allow the young people to enter the fisheries

B. Wanton waste of game meat

1. Radius around village where there should be no trophy hunting
2. Price of trophy tags should be raised
3. Department should keep track of how many animals are taken out

- out of a lodge.
4. If game is short stop trophy hunting and allow only subsistence
5. For the bill, but with more controls and enforcement personnel

ANDERSON HOLDS HEARING

The Controversial Limited Entry Law was strongly supported by Dillingham area residents at a hearing held last week at the Youth Center, in Dillingham. Representative Nels Anderson, of the House Resources Committee, had come to Bristol Bay to seek advice on a proposed year moratorium on implementation of the law. The statements heard not only rejected the moratorium, but questioned the results of such an act.

Forty people attended the meeting, which also aired statements on the Proposed Woodriver-Tikchiks State Park and Wanton Waste Legislation. Representative Ted Smith of Anchorage, a major proponent of the proposed park, chaired that hearing.

Also attending the hearings were Darwin Biver of the Limited Entry Commission, and Guy Van Doren, Representative Anderson's Staff Assistant.

Among those speaking in opposition to the year moratorium were Trefon Angasan, Jr., Executive Director, BBNA; Henry A. Cavallera, Alaska Legal Services; Jake Gregory, Egegik Village Council, and Sam Fortier, BBNA.

Mr. Angasan stated that the position of Bristol Bay Native Association is unalterably opposed to the proposed year moratorium. He cited the delay in implementing the law, and the damages to the Bristol Bay region already incurred. Mr. Angasan also stated that there is a need to develop a program to include young fishermen, and outlined the lengthy years of apprenticeship most young fishermen of Bristol Bay must pass through. He also stated that the real concern of the BBNA is the young fisherman who may not qualify. No solution exists, but the people of Bristol Bay, traditionally fishermen, must be afforded some chance to continue their chosen life styles. The Limited Entry Law was seen by Mr. Angasan as perhaps the only way to save the fisheries.

Mr. Hick D. Gregory of Egegik, expressed concern for future generations of Bristol Bay fishermen. He also mentioned the old people who have not held gear licenses in many years, emphasizing the part they played in the development of a Bristol Bay fishing community. Mr. Gregory stated that he did support the law as a means of stabilizing the fishery. (Cont. on Pg. 9, Col 1)

From

Bristol Bay
By-Lines, Mar. 20
'75

The Commission representative, Darwin Biber, was questioned by Henry Cavallera and Sam Fortier. Cavallera requested that the Commission comply with letters asking information on status of applications. Fortier pointed out that while the letters were duly signed by all applicants wishing BBNA to receive the information, compliance appeared arbitrary.

Opposition to the Woodriver-Tikchik State Park was strong. Representative Ted Smith, who chaired that portion of the hearings, heard statements from Bristol Bay Native Association; Choggiung, Ltd; Henry Cavallera on behalf of New Stuyahok; Fred Torrisi of Alaska Legal Services, and Dan O'Brien.

Bristol Bay Native Association stated opposition to the Park because development in the area would destroy the subsistence economy, be an avenue to bring roads and pipelines from Anchorage, and because the plan did not answer the needs of the local economy. Bristol Bay Native Association resolution 75-17, calling for opposition to the park, and opposition to further development that would hinder the life styles and local control of the Bristol Bay area. BBNA spokesman stated that the Park proposal is not justified either from a human resources or economic view, and that the expansion of the park authorities into the area would "bring about detrimental effects to the prosperity and happiness of the people."

Choggiung statements in opposition to the Park were read by Nels Anderson. It was stated that the detrimental effects of such a proposal would far outweigh any gains, and that the ready access of roads would spell the end of any real choice and development. Choggiung stated that the State domination was resented; that the proposal disallowed the people from making decisions that would effect their lives and generations to come. "It was further stated that "preservation, promotion, and subsistence don't mix."

William Johnson of Choggiung said that the tourism would have adverse effects on salmon and meat sources, and opposed the park plan.

Henry Cavallera, speaking for New Stuyahok, summarized the issue; the State must determine what is to be done with renewable food resources, the game and fish of the area. He also stated that the claim by the state that tourism would enrich the state is patently false; that very little real income would be realized, and that the plan is vague.

Fred Torrisi, Alaska Legal Services, questioned Ted Smith on the status of allotments in the proposed park. Smith was unable to provide an answer.

Mr. Dan O'Brien, speaking as a resident stated that the basic structure of the Master Plan presented very real questions. He stated "artificial growth and use is brought forth by advertising, and advertising brings tourists, and encourages more and more people to come to the area."

The Park was opposed by all speakers; tourism and roads were opposed, and concern raised for the people and land.

Representative Smith promised to take comments into consideration.

The Mutton Waste Legislation, sponsored by Nels A. Anderson received support. Anderson's bill would make it difficult for people to trophy hunt, and further, to lighten Title 46 to Alaska Statutes so that meat would not be wasted.

Speakers pointed out that meat was a resource, a food supply. The legislation should require all meat be used, and impose stiff fines on misuse of meat.

Guests

FOR

HOUSE

RESOURCES

Comm. mtgs

Guests

3-27-75

Sen John Huber

Rep. Keith Specking

Jeff HAYNES. Att. General's
office

FRANK JONES Director Game
Division - Dept of
Fish + Game.

^(SF)
Fred Walkstedth - Director - ~~Fish +~~
Game - Div. Dept of
Public Safety -

KATHY? - Dept of Natural
Resources

HOUSE RESOURCE COMMITTEE MEETING

May 1, 1975

GUESTS:

| Name | Representing | Phone |
|------------------|--|---------------------------------|
| WILSON COMBON | Department of Law Department of Nat. Res. | 465-3600 465-3600 |
| R. P. KERNS | DEPT. OF LAW AND DEPT OF HIGHWAYS | 279-4568 ANCH. |
| L. T. MAIN | DIVISION of Lands | 279-5577 |
| Dennis M. Dooley | Dept of Hwys | anchorage 364-2121-111 |
| F. A. Honsinger | Dept of Nat. Res | 465-2420 |

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|---------------------------------------|--|--------------------|
| ✓ Robert H. Tracy | U.S. Forest Service | Juneau |
| ✓ JEFF HAYNES | DEPT OF LAW | 465-3600 |
| ✓ G F Kramer | Alaska Loggers Assoc | Sitka |
| GG Rob Blodgett | Teller Commercial Co. Teller Mining Co. | Teller |
| J A Pyneason | Alaska Lumber & Pulp | 747-2325 Sitka |
| James F. Clark | AWP | 586-3340 Juneau |
| Dale E. Hankins | SELF | 364-2281 |
| A1 Ardernog | AWP | 6-1091 |
| Elkoyen | KETCHIKAN PULP | 586-3737 |
| Joanne Trump - Commissioner Brooks | Alaska Miners Dept. F+G | -789-9883 |

HOUSE RESOURCES COMMITTEE

MARCH 25, 1975

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|------------------|---------------------|--------------|
| John O'Brien | Trappers | 6-3212 |
| R.F. Slinicki | Trappers | 9-9412 |
| Raymond E. Barto | Trapper | 9-7346 |
| E. J. BUCHANAN | TRAPPER | 4 377 P |

House Resource Committee

MARCH 20, 1975
MARCH 20, 1975

Guests:

| NAME: | Representing: | Phone: |
|------------------|-------------------------|----------|
| NORMAN GORSUCH | ALYESKA PIPELINE CO. | 6-3210 |
| WACO Shelley | Mobil Oil Corp | 364-2438 |
| ROBERT J. WALKER | EXXON | 586-2660 |
| W.C. Bishop | Bristol Bay Native Corp | 277-9511 |

HOUSE RESOURCE COMMITTEE MEETING

March 19, 1975

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|---------------------|----------------------|--------------|
| RADM G. O. THOMPSON | US COAST GUARD | 586-7345 |
| BG W Latham | US Army | ANC 862 2112 |
| MG JACK K GAMBLE | US AIR FORCE | 752-4100 |
| Col. KING D. SIMON | US AIR FORCE | ANC 752-6261 |
| FCED WOLDSTAD | DEPT. PUBLIC SAFETY | 465-4300 |
| Clype Andrews | Dept. of Fish & Game | 465-4188 |
| Carl L. Rosier | Dept of Fish & Game. | 465-4214 |

House Resource Committee Meeting

March 18, 1975

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|-------------|---------------------|--------------|
| J. HAYNES | DEPT OF LAW | 465-3665 |
| Jim Brooks | Dept. Fish + Game | 584-3203 |

HOUSE RESOURCE COMMITTEE MEETING

February 27, 1975

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|---------------|---------------------|--------------|
| FRED WOLDSTAD | DEPT. PUBLIC SAFETY | 465-4300 |

February 24, 1975

House Resource Committee Meeting Guest List

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|------------------|---|-------------------|
| Debra Welch | U. S. Forest Service | 586-7484 |
| Peter Scholer | | 2. 9-3908 (Anch.) |
| Alie Frankfort | Alenali Citizens Council | |
| P. W. Borgen, Jr | KETCHIKAN PULP CO. / KETCHIKAN SPRUCE MILLS | 586-3737 |
| RICHARD L. DAVIS | U S FOREST SERVICE | 586-7271 |
| Kathy Jacobson | Dept. Nat. Res | 465-2416 |
| L. A. Dutton | Dept. NAT RES | 465-2416 |

House Resource Committee

February 13, 1975

Guests:

| Name | Representing | Phone |
|-----------------|--------------------------|------------------|
| Bob PAUSCH | Dept. fish & Game | 465-4190 |
| Kathy Jacobson | Dept. of Nat. Res. | 465-2416 |
| Dee Frankfort | Interested | |
| Cheryl Probst | Anchorage Times | |
| Neil Johannsen | Div. of Parks | 274-4676 (anch.) |
| C. H. ROSENTHAL | ALASKA NORTHWEST PUB. CO | 279 1723 (ANCH) |
| Williams | Senate Resources | 3217 |

House Resource Committee Meeting

February 12, 1975

Guests:

Name

Representing

Phone

Art Peterson

Joel BARNETT

Legislative
Affairs

Rep. - Speaking

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|------------------|---------------------|--------------|
| Cheryl Probst | Anchorage Times | 586-6150 |
| Kathy Jacobson | Dept. Nat. Res. | 465-2416 |
| ERNST W. MUELLER | Dept ENV. CON. S. | 586-6721 |
| SARAH Eppenbach | | |
| Rep. Tom Jink | | |

House Resource Committee Meeting

February 11, 1975

Guests:

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|----------------|---------------------|--------------|
| Kathy Jacobson | Dept. Nat. Res. | 465-2416 |
| Fred Honsinger | Dept Nat. Res | 465-2420 |

House Resource Committee Meeting

February 6, 1975

Guests for meeting:

Name

Representing

Phone

Paul Eppelbach

586-1784

Lee Frankfort

Interested citizen

Representative
DEPT PUBLIC SAFETY
" " "
Dept. of Natural Resources

Address
450 WILLIAMS ST.
" "
" "

NAME
FRED WOLDSTAD
C. A. WEBERG
" King B. Wilbur

Guests for House Resource Committee Meeting

February 5, 1975

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|-----------------|---------------------|--------------|
| R. J. Blimiecki | Trappers | 9-9412 |
| John O'Brien | | 6-3212 |
| Mike Harrison | | 9-9412 |

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|-----------------|---|------------------------|
| Cheryl Probst | Anchorage Times | 586-6180 |
| Sarah Espehaach | — | 586-1784 |
| Keith Spuk | Legislative Affairs | 465-3800 |
| Joel Bennett | German Chapter Alaska Parks & Recreation Council Visiting Rep. Berner | 789-9393 279-0222 A |
| H. E. Beyer | — | |
| Shaci Pleasant | | |
| Stuart Hall | | |

Guests for the House Resources Committee Meeting

February 3, 1975

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|-----------------|---|--------------|
| SARAH EPPENBACH | _____ | 586-1784 |
| David Ackley | | 586-1493 |
| H. E. BEYER | JUNEAU CHAPTER ALASKA PARKS AND RECREATIONAL COUNCIL | 789-9393 |
| HILTON WOLFE | ALASKA DIVISION OF PARKS | 465-2421 |
| Judith Maier | Juneau American Youth Hostel Comm. | 789-9229 |

Guests for House Resource Committee Meeting

January 30, 1975

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|-------------------------------------|--|-----------------------------|
| Katherine Allred | Office of Governor Div. of Policy Dev. & Planning | 465-3512 |
| David T. Walker | - Legis Affairs | 3802 |
| Neil Miller | Legis. | |
| Sandra Lindstrom | self | 586-3534 |
| Commissioner brooks | Fish: game | 364- 2100 113 |
| Jan Braton - speaking advisic | fishermen leg. ex directa | |
| Jan owers owes | | |

Guest at House Resource Committee Meeting

January 31, 1975

| <u>Name</u> | <u>Representing</u> | <u>Phone</u> |
|-------------|---------------------|--------------|
| Rick Union | Birds & Bees | |
| Frank Jones | ADFGG | 586-4190 |

OUTER

CONT.

SHELF

Alaska State Legislature

SENATOR
KAY POLAND
DISTRICT G.
P.O. BOX 45
KODIAK ALASKA 99615



KODIAK-ALEUTIAN
DISTRICT

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99801

Senate

TO: All members of the Senate

FROM: Senator Kay Poland, Chairman *KP*
Senate Resources Committee

DATE: February 11, 1975

The Bureau of Land Management sponsored hearings relative to the leasing of the Outer Continental Shelf were attended by the Chairman and Vice-Chairman of the Senate Resources Committee. Also present at the hearings in Anchorage on the 3rd and 4th of February were administrative and consultative staff available to the Committee.

Matters aired at the hearings can be categorized into four basic positions, as follows:

- A. The position of the U.S. Department of the Interior.
- B. The position of the Governor of the State of Alaska
- C. The position of the Oil and Gas Industry
- D. The position of the opposition.

Not aired at the hearings was any position the Legislature may take in developing and implementing a policy on the OCS leasing.

Attached to this message is a summary of the position statements of the parties enumerated above, plus some suggested starting guidelines for Senate action through its standing and interim committees. Detailed notes of the hearing are available at the Committee Office.

I have made arrangements to receive verbatim copies of all testimony given, identified by the presenter and the organizations represented. These are available to any member of the Legislature upon request.

It is my feeling that Committee sponsored legislation may evolve as a result of the OCS leasing matter in those areas under State control. Input from all members of the Senate is most welcome.

AGO 935535

REPORT OF
B.L.M. SPONSORED HEARINGS
ON THE
OUTER CONTINENTAL SHELF LEASING

HELD FEBRUARY 3 and 4, 1975

at

ANCHORAGE, ALASKA

* * * * *

SENATE NATURAL RESOURCES COMMITTEE

SENATOR KAY POLAND

CHAIRMAN

FEBRUARY 11, 1975

GALLIETT AND SILIDES
CONSULTANTS

A. POSITION OF THE DEPARTMENT OF THE INTERIOR.

GENERAL

The position of the U.S. Department of the Interior is based on its fundamental credo that "Natural considerations must prevail", and on the statement that it intends to "develop all available oil resources to the benefit of the entire nation while protecting environmental quality.

NEED

Despite attempts at energy conservation, crude oil and gas production is now declining at 8% per year. OCS is designed to protect current production rather than for any real hope of getting ahead of consumption.

DRAFT ENVIRONMENTAL IMPACT STATEMENT

The Department made no attempt to define ^{and} the many alleged inadequacies of the present Draft Environmental Statement. According to Undersecretary Royson Hughes, "We recognize that the present Draft Environmental Impact Statement is general in nature and should be regarded as a starting place for discussion on consideration to lease. If a decision is made to lease, specific Environmental Impact Statements and hearings will be carried out for each site.

PARTNERS IN DECISION - SHARED REVENUES

To the Governor's request that the State be made a "partner in decision", Undersecretary Hughes commented that "We probably cannot accomodate you under the Act". To the Governor's request that the Federal Government share the Outer Continental Shelf revenue with the State, he stated that, "This is impossible until the law is changed by the Congress to permit such sharing".

INCREASED LIABILITY

To the State's charge that the presently stated limits of liability by the Federal Government and Industry for environmental damage are too low, the Secretary indicated that this was not inflexible and that increased limits of liability would be studied.

EXPLORATORY LEASING

The Department cannot make a distinction between exploratory leasing and development leasing. The comment was made that Industry wishes development leasing only as a safeguard to individual company investment (note: This was verified by Industry spokesmen.)

FUTURE

At the close of the hearings, a statement from Secretary Rogers Morton was made public, to the effect that, "The Secretary has indicated that he wishes to adopt a posture of cooperation with the involved states, and wishes to investigate the concept of a Shared Revenue Formula". It was again pointed out that Shared Revenue must go through a complicated process and eventually to the Congress for decisions.

B. POSITION OF THE GOVERNOR OF THE STATE OF ALASKA

NEED

Governor Hammond stated that he recognizes the need for development and the taking of acceptable risks. The what, where, how and why of the development and the attendant risks are not now known.

ENVIRONMENTAL DANGER

Degradation will occur. Enhancement will not. The how and why has not been adequately addressed in the Draft Environmental Statement. The Governor's greatest stated fear is the destruction of fisheries, and he asks the question, "Are there not areas whose value as a food source exceeds the value to be derived from oil and gas development. If this is so", the Governor asserts, "the thrust should change."

SOCIAL IMPACT

Problems will be visited upon the state by virtue of shore based support facilities. The Department of Community and Regional Affairs estimated that the public service impact could amount to as much as \$600,000,000. (note: This is a highly extrapolated figure based on projected costs at Lost River.) In any event, the impact will be great and

and redress must be demanded from the Federal Government and Industry. The Governor pointed out that the problems to be visited upon the State should be reflected in any future Environmental Impact Statements.

POSITION SUMMARY

In summarizing, the Governor and his administrative spokesmen repeated their concern about the quantitative effect on the marine ecosystems. They pointed out that any imbalance caused could be global and certainly hemispheric in scope. Their important, unanswered question is "What will be the cost as opposed to gain?"

The Governor listed four demands:

1. The State of Alaska wishes to be a serious partner in decision making.
2. Cooperation from the government in analysis of public service impact, including funding through shared revenues to offset this impact.
3. Increase liability for environmental damage. The Federal Government to make up the time difference if Industry cannot or is not required to under the Act.
4. That the Federal Government seek alternative solutions to OCS leasing.

The Governor's closing statement was that, "The State of Alaska must not be shunted aside in the name of national consideration and that he would oppose - not delay - any OCS leasing until all factors are known."

C. POSITION OF THE OIL AND GAS INDUSTRY

NEED

The Gulf of Alaska cannot be ignored. There is a need to confirm or refute potential reserves through exploratory drilling.

If oil is there, it will significantly reduce the nation's dependence on foreign crude and restore balance of trade deficits and national economic security. Industry stated that the existing national economic chaos is due to the outflow of money to foreign governments.

If the reserves are not there, major alternatives must be undertaken. Thus, time gained by early exploratory drilling

is essential and a firm leasing schedule is needed. (note: In anticipation that such a schedule will be announced by the U. S. Government, Industry has 350 million dollars worth of new offshore drilling rigs and vessels under construction.)

SOCIAL IMPACT

Local economic benefits will outweigh the problems of impact. A socio-economic impact study of the Gulf of Alaska area has been underway for some time and will be available in May of 1975.

ENVIRONMENTAL AND RESOURCE PROTECTION

Industry recognizes the need for the protection of renewable resources, and strongly expresses its desire to afford that protection. They admit that some damage is inevitable. Nevertheless, concurrent development of renewable and non-renewable resources is essential.

Industry spokesmen affirmed that they have both the desire and the technological skills to cope with and keep any adverse effects to acceptable minimums. They cited long term studies on wind, wave, current (especially shoreward drift), geological and seismic conditions. The participating companies will form an oil spill cooperative with full capacity before exploratory drilling begins. "All Site Environmental Impact statements and all environmental considerations will be met."

TECHNOLOGY

Because of the North Sea operations where they have coped with 100 mph winds and 70 foot waves, their technology exists to cope with the Gulf of Alaska. They are not yet prepared to cope with the Beaufort Sea where severe ice conditions exist.

D. POSITION OF THE OPPOSITION

CONSERVATIONIST

Opposition in this context is not meant opposition to specific points but, rather, to the entire concept of oil exploration and development on the continental shelf. This opposition was inflexible in nature. Testimony for total abandonment was eloquent with lofty sentiments as to the preservation of Alaska.

This is not to belittle their concern which was shared by all Alaskans, and their comments did clearly focus on the deficiencies of the Draft Environmental Impact Statement. Unfortunately, their characteristic opposition was also

characterized by a distinct lack of concern for social or economic impact or of suggested alternatives. The entire concept of OCS leasing was branded as a fraud perpetrated on the people of America.

OTHER FEDERAL AGENCIES

Testimony was also presented quoting a report published earlier by the National Council on Environmental Quality. In the report, the Council indicated that, in their opinion, the Gulf of Alaska was the "least desirable" area for exploratory drilling and development.

Since the Anchorage hearings, it has been publicized that the Federal EPA has opposed OCS leasing on environmental grounds, as early as February 1973.

MONETARY CONSIDERATIONS

Former Attorney General John Havelock presented testimony relating to the capital necessary to carry out the OCS development program, and its economic and social effects. The testimony was cogent enough to warrant special comment here and as a topic for further exploration.

The testimony given was to the effect that internally available funds were not sufficiently available to the oil companies and thus must be borrowed. In Mr. Havelock's view, this condition made the published schedule precipitous since all bids, Federal and State, would be depressed to the eventual enrichment of the developers. He also opined that the use of such vast sums of money at this time would dry up housing, water and sewer projects, etc, and that the drag on money would cause more inflation.

E. LEGISLATIVE POSITION

The Legislature should evolve and publicly define its own position on OCS leasing, either as support to the Administration's position, or as an autonomous statement, or both.

Some action to be considered by the Senate Resources Committee could include:

1. Resolutions in support of the administration as to shared revenues, and increased limits of liability.
2. Legislation pertaining to the development, adoption and implementation of a statewide land use plan to cope

- with shore based support facilities and upland impact.
3. Implementation of the Coastal Zone Act as it pertains to Alaska
 4. Examine how areas under State's control can be used to strengthen our position and legislate to make it effective. As an example, tidelands must be crossed or leased. Existing and proposed facilities can be additionally taxed through ad-valorem, etc.
 5. Develop and adopt an Alaskan Energy Plan
 6. Establish a Gulf of Alaska Advisory Board
 7. Examine the necessity of a further NEPA implementation as it pertains to the State in relation to OCS.

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

OCS Oil Development
- Costs To Alaska

Copy of Draft is available in
the State Library in Juneau.
Historical Library. HD242.5
U5
08

Assessment of the Northern Gulf of Alaska
Draft Environmental Impact Statement for Sale No. 39

I. Objective summary:

The purpose of this assessment is to document the gross inadequacies of the draft environmental impact statement (EIS) entitled, "Outer Continental Shelf--Proposed Oil and Gas Leasing in the Northern Gulf of Alaska--Sale No. 39", which has been prepared by the U.S. Department of Interior, Bureau of Land Management, Alaska Outer Continental Shelf Office, Anchorage, Alaska.

The cumulative shortfalls existent in this draft EIS demonstrate that the Department of Interior, Bureau of Land Management has not yet completed the responsible environmental impact analysis required under provisions of the National Environmental Policy Act (NEPA) of 1969. Barring the proper conclusion of this mandatory environmental impact analysis, the Department of Interior cannot legally proceed with the proposed Northern Gulf of Alaska--Sale No. 39 which is tentatively scheduled for December, 1975.

II. Organizational format:

To support the statement of fact that the draft EIS is inadequate for NEPA compliance purposes, the State of Alaska Department of Revenue will present evidence according to the following topical outline:

1. Discussion of the authors' self-admission that the draft EIS is inadequate,
2. Discussion of the negative socio-economic and financial "benefits" of the proposed draft EIS action, and
3. Discussion of general oversights, omissions, and contradictions inherent in the proposed draft EIS action

III. Analysis:

Topic 1. "Discussion of the authors' self-admission that the draft EIS is inadequate NEPA compliance"

The responsibility for preparation of the draft environmental impact statement for Sale No. 39 rests with the Department of Interior, Bureau of Land Management, Alaska Outer Continental Shelf Office located in Anchorage, Alaska. This was not an easy task. Moreover, in its efforts to complete this environmental analysis, the Alaska Outer Continental Shelf Office (AOCSO) did not undertake to share responsibilities or coordinate its activities with State of Alaska, Department of Revenue in order to simplify its research responsibilities. The AOCSO acted completely independent of the State of Alaska, Department of Revenue. Thus, it is not surprising

to find that the resultant draft EIS is inadequate, incomplete, and in error as to the socio-economic and financial impacts (hardships) caused by the proposed Sale No. 39.¹

Despite what appears to be a diligent effort to meet tight deadlines inherent in the BLM accelerated leasing schedule, the AOCSO recognized that its socio-economic and financial analysis was unfinished even as the Department of Interior, Bureau of Land Management in Washington, D.C. released the draft EIS for public review. An official BLM news release on July 14, 1975, announced the availability of the draft EIS as of June 27, 1975, and called for public hearings in Anchorage on August 12-3, 1975.² Given this July, 1975, action on the part of BLM officials in Washington, D.C., it is extremely interesting to review the AOCSO fiscal year 1976 and 1977 research budget requests, which were drafted sometime during June, 1975.

In the same month as the draft EIS was released (June 1975), the AOCSO produced a detailed "DRAFT STUDY PLAN OF STUDIES REQUIRED TO ANALYZE ASSESSMENT OF POTENTIAL SOCIAL AND ECONOMIC IMPACTS OF PETROLEUM DEVELOPMENT ON THE ALASKAN OUTER CONTINENTAL SHELF." While the draft EIS was published and distributed to the public, the above draft research proposal was not generally available.

The research and budgetary proposal begins by stating the rationale behind NEPA EIS analysis.

¹ AOCSO, draft EIS of Sale No. 39, page iii omits Department of Revenue from the list of State agencies consulted.

² Department of Interior, BLM NEWS RELEASE, July 14, 1975.

"Environmental Policy Act (NEPA) has required all federal agencies to ensure that adequate consideration is given to major federal actions affecting the environment. The intent of the act defines environment broadly to include the economic-social environment along with the natural environment.

Title I: Declaration of National Environmental Policy

101(a). The Congress ... declares that it is the continuing policy of the Federal gov't [sic] ... to use all practicable means and measures ... in a manner calculated to foster and promote the general welfare... and fulfill the social, economic and other requirements of present and future generations of Americans [emphasis is that of AOCSSO].

102. The Congress authorizes and directs that, to the fullest extent possible: (1) the policies, regulations and public laws of [omission] with the policies set forth in this Act, and (2) all agencies of the Federal government shall (A) utilize a systematic, inter-disciplinary approach which will insure the integrated use of the natural and social sciences and the environmental arts in planning and in decision-making which may have an impact on man's environment [emphasis is that of AOCSSO]."³

After explaining the requirements of NEPA to its superiors in the Department of Interior, Bureau of Land Management who were in Washington, D.C., the AOCSSO research proposal continues:

"BLM, in response to the CEQ guidelines and through its own directives, realizes the importance of anticipating social and economic impacts as a result of offshore development. In order to meet information requirements associated with the above legislation, the Bureau of Land Management is proposing to conduct a program of social and economic data acquisition and analysis of sections of Alaska which may be impacted by OCS now under consideration for oil and gas development... The draft study plan may be amended following intensive scientific and public planning workshops to be organized by BLM in August of this year."⁴

³AOCSSO, Draft Study Plan and Budget, June, 1975, pp. 2-3.

⁴Ibid., p. 3.

From the preceding paragraph, it is abundantly clear that the AOCSO had not even entered the data analysis stage of responsible EIS compliance with NEPA provisions. This conclusion is borne out by subsequent statements made by the AOCSO regarding the availability of economic data for the Alaskan economy.

"Research on Alaska's economic and social structure is in its infancy. An often repeated and overly used statement that Alaska is the "last frontier," describes why many people feel that the social and economic studies are required in Alaska as the result of offshore petroleum development. Other areas in the United States which may be impacted by petroleum development off their coasts already have large and well-established cultural and economic infrastructures which for all intents and purposes, can more easily absorb the impacts brought about by petroleum development. Alaska, on the other hand, is a new and emerging state lacking a large population base and intricate social and economic infrastructure. Most communities in the state of Alaska consist of less than 500 persons, while the bulk of the State's population is located in two cities--Anchorage and Fairbanks. Consequently, impacts that are considered nominal in most American Communities outside of Alaska will be quite pronounced because of the difference in human population scale"

"To compound the problem of polarized community development, i.e., Anchorage vs. the village, information regarding the various social and economic aspects of these communities is for the most part lacking. Without this information the BLM is unable to adequately anticipate impacts, therefore, studies must be initiated to gather needed information"
 (emphasis is added by State of Alaska, Department of Revenue).⁵

A state, regional, and national tragedy will occur should these statements, which were made by the AOCSO, be ignored by the decision-makers in the U.S. Department of Interior in Washington, D.C.

⁵Ibid., pp. 4-5

In Part III of the draft research proposal and budget, the AOCSO continued to demonstrate the need for additional research before the impacts of Sale No 39 could be known with reasonable certainty.

"The research program described in the following sections is anticipated to require four to five years to complete. Very generally, within this period, the objectives are to:

- 1) describe aspects of the economic and social structures of Alaska;
- 2) use this baseline information as a basis for anticipating impacts caused by petroleum development on the Alaskan OCS;
- 3) provide information on how these structures may be impacted by OCS petroleum development;
- 4) determine how rapidly impacts will cause changes in social and economic structures;
- 5) suggest alternatives which may mitigate impacts." [emphasis added by State of Alaska, Department of Revenue]⁶

Following this exposition of basic areas of inadequacy, the AOCSO presents in concise form a 23 page list of major research projects which need to be completed before the BLM can continue in the NEPA EIS process for Sale No. 39 or any other lease sale in the Alaskan OCS area.⁷

Given the fact that AOCSO raises such serious questions concerning the completeness of its own work (June, 1975), it is amazing to note that high Department of Interior

⁶Ibid., p. 12.

⁷Ibid., pp.12-34. After reading the questions that the AOCSO states remain unanswered, one asks what was answered?

officials deny the State of Alaska (and congressional leaders) the right to delay Sale No. 39 by claiming that proper EIS analysis has already been done by the AOCSSO. The budget request in the draft research proposal reveals the dollar cost of only two years of the four to five year project that AOCSSO depicts as remaining in the EIS process.

PROPOSED BUDGET SUMMARY BY DISCIPLINE
X1000

| | Beaufort Sea | | Bering Sea | | Gulf of Alaska | | Cook Inlet | | Total | |
|--------------------|--------------|------|------------|------|----------------|------|------------|------|-------|------|
| | FY | | FY | | FY | | FY | | FY | |
| | 1976 | 1977 | 1976 | 1977 | 1976 | 1977 | 1976 | 1977 | 1976 | 1977 |
| Social | 500 | 500 | 500 | 500 | 1000 | 1000 | 750 | 150 | 2250 | 2150 |
| Economics | 100 | 200 | 200 | 200 | 300 | 300 | 150 | 50 | 750 | 650 |
| Transportation | 100 | 100 | 100 | 100 | 150 | 150 | 125 | 50 | 475 | 400 |
| Land Use | 250 | 250 | 500 | 500 | 500 | 500 | 700 | 150 | 1450 | 1400 |
| Impacts | 175 | 80 | 375 | 175 | 500 | 250 | 250 | 125 | 1300 | 650 |
| Recreation | 50 | 50 | 100 | 75 | 100 | 100 | 125 | 60 | 375 | 265 |
| Cultural Resources | 100 | 200 | 250 | 250 | 175 | 110 | 100 | 75 | 600 | 535 |
| TOTAL | 1275 | 1100 | 1975 | 1500 | 2725 | 2450 | 1800 | 690 | 7175 | 6050 |

source: AOCSSO, Draft Research Proposal, June, 1975, p. 35.

It should be noted that for the Gulf of Alaska alone, FY 1976-1977 estimates show need for an additional \$5.2 million dollars in research.

III. Analysis: (continued)

Topic 2. "Discussion of the negative socio-economic and financial 'benefits' of the proposed draft EIS action"

To evaluate a proposal, such as that advocated in the Northern Gulf of Alaska draft EIS, State of Alaska, Department of Revenue officials employ standardized methods used long ago by business managers who were faced with capital investment alternatives. Among these analytical techniques are cash flow analysis and net present value analysis.

While the draft EIS never addresses the question of the cost/benefit of Sale No. 39 to State and local governments in Alaska, it is possible to project revenue and expenditure patterns which result from the draft EIS proposal. Taxes flowing to Alaskan governments are generated by petroleum property and general property taxes onshore, income taxes onshore and offshore (Alaskan residents), and federal income sharing under provisions of measures such as S.B. 586 (k). Expenditure estimates can be projected based on per capita current costs of State and local government in Alaska. Following this methodology and using the draft EIS capital, labor force, and population estimates, net cash flows resultant from Sale No. 39 to State of Alaska and other local governments are projected in Table 1. Given the assumptions of Table 1., the cash flow patterns are unfavorable until 1985 when S.B. 586 (k) revenue sharing would generate seven years of positive net cash flows.

By discounting the cash flows in Table 1., present values can be estimated for cash inflows from revenues,

for cash outflows caused by expenditures, and for the net cash flows to the State and local governments of Alaska. Using a 10% discount rate in Table 2, the present value of cash expenditures by State and local governments is \$99.9 million and the present value of cash revenues is \$80.7 million. Thus, the proposed EIS action has a negative net present value to Alaska of \$19.2 million or roughly -\$55.00 per capita. If, for sake of comparison, an 8% discount rate is used, the resultant net present value of Sale No. 39 to Alaska is \$22.8 million or about -\$65.00. Independent of the discount rate used, the cash flow pattern is adverse, federal revenue sharing is too little and too late, and the net present value is negative. These results are obtained by analyzing the draft EIS economic development model as presented.

It is unlikely, however, that petroleum development would follow the draft EIS economic model in terms of onshore terminal facilities and labor force employed in development drilling. The State of Alaska, Department of Natural Resources, Division of Geophysical and Geological Survey has pointed out that source documents have been altered in the draft EIS statement so as to reduce the number of onshore terminals from 3 to 1. In addition, this Division has pointed out that the proposed well completion schedule and well completion matrix implied by the draft EIS is unrealistic and illogical. For these reasons, the Department of Revenue has adjusted the original draft EIS

economic model to show the effects of additional onshore oil terminals, larger construction forces and support forces onshore, and larger development drilling forces. In all cases, the incremental changes were based on the draft EIS economic model personnel requirements. The net effect resulting from these modelling changes is seen in Table 3. Once again, the cash flow profile is adverse. However, by discounting the cash flows by 10% (in Table 4) and by 8% (in Table 4A), the real effect of expanded plant and associated labor forces can be shown. Surprisingly, while the socio-economic impact associated with the OCS development increases approximately \$20 to \$25 million dollars, the adjusted EIS economic model generates sufficient new tax revenues to offset the increased level of cash outflows. While the net present value per capita was -\$55.00 at 10% and -\$65.00 at 8% in the draft EIS case, the new respective values resulted from the corrected draft EIS case are -\$53.00 and -\$64.00. As a result of correcting the original draft EIS economic model, the net cash flow pattern remains adverse, federal revenue sharing is again too little and too late, and the net present value per capita is again negative for Alaskans.

After assessing the draft EIS, the Department of Natural Resources, Division of Geophysical and Geological Survey decided that the original draft EIS model was a serious understatement of personnel and population impact. The resulting cash flow projections caused by the DGGS model are depicted in Table 5. These cash flows are discounted

at 10% and 8%, respectively, in Tables 6 and 6A. Under the assumptions of this alternative OCS petroleum development scenario, the socio-economic impact associated with Sale No. 39 is approximately five times greater than in the base and corrected draft EIS economic model cases. The economic "benefit", actually a cost, of the proposed draft EIS lease sale ranges between -\$271.00 and -\$304.00, in terms of net present value per capita in Alaska.

The net cash flow patterns available to the United States Government after the lease sale and the net present value of those flows are revealed in Tables 7, 8, and 8A. It should be noted that Table 7 shows that at no time in the proposal does the United States government face an adverse cash flow pattern. Little difference is seen by changing the discount rates between Tables 8 and 8A. In each case the net present value of the proposed sale is approximately \$1940 million and \$1960 million, respectively.

The stark difference in situation confronted by the United States government and the State and local governments of Alaska is emphasized by Table 9. The State of Alaska acquires the vast majority of the liabilities associated with OCS development off its coast, but inadequate revenues to support that activity, even assuming federal revenue sharing such as SB 586(k). In essence, the United States government is requiring the State of Alaska to subsidize OCS exploration, development, and production. The inequalities of this kind of federal action have already been documented

by other coastal states adjacent to federal OCS producing areas. For example, the negative economic benefits projected by the State of Alaska, Department of Revenue, are very similar to those projected by the State of Texas. Texans estimate that federal OCS operations cost their state and local governments \$62 million per year.⁸ The cost of state and local government in Alaska is significantly higher than in Texas.

III. Analysis: (continued)

Topic 3. "Discussion of general oversights, omissions, and contradictions inherent in the proposed draft EIS action"

Because of the numerous issues which have not yet been adequately addressed by the draft EIS, the general oversights, omissions, and contradictions in the proposed Sale No. 39 will be addressed in the form of questions:

1. In presenting the draft EIS analysis for Sale No. 39, did AOCSSO quantify the effect of multiple OCS lease Sales in an accelerated schedule or merely view the first Northern Gulf of Alaska Sale proposal in disaggregated isolation?
2. Did the BLM or AOCSSO analyze how increased supplies of petroleum and natural gas would reach energy short consumer markets in the U.S. Midwest and East Coast? If only limited West-East oil pipelines exist in Canada and lower California by the year 1985, how will increased exports of energy to Japan free the U.S. economy from dependence on OPEC oil?

⁸William C. McCray and Herbert W. Grubb, Management Science Division, Office of Information Services, Office of the Governor, State of Texas, "Benefits and Costs to the State and Local Governments in Texas Resulting from Offshore Petroleum Leases on Federal Lands", November, 1974, pp.1,3,6,8.

3. Why does the BLM continue to advocate an accelerated transfer of public assets to the privately-owned major oil companies when it is apparent to the General Accounting Office that such a program is not needed? GAO reports in its March 19, 1975 study, "Outlook for Federal Goals to Accelerate Leasing of Oil and Gas Resources on the Outer Continental Shelf", that:
- a. the goal of BLM is unrealistically high.
 - b. the goal is not related to Project Independence.
 - c. the goal was hastily conceived.
 - d. the goal is being implemented without proper EIS safeguards.
 - e. the goal jeopardizes an already weak BLM valuation program for lease sale evaluation.

It is apparent that the Department of Interior has ignored these criticisms in continuing to pursue its present accelerated program, especially in the Alaskan OCS area.

In addition, the comments of the Environmental protection Agency point to the fact (letter of 10 January 1975) that Department of Interior, Bureau of Land Management has also disregarded the advice of the CEQ report and failed to take proper environmental analysis before continuing the "accelerated leasing program."

4. Why does the Department of Interior, Bureau of Land Management conduct its EIS analysis in isolation and in apparent total disregard for the legitimate economic and social concerns of States adjacent to proposed OCS development areas?

Is BLM attempting to force all coastal states to adopt restrictive tidelands pipeline control measures? Is BLM attempting to force coastal states impacted by federal OCS development to tax onshore producers and onshore facilities at higher rates?

TABLE 1

Projected Net Cash Flows Generated from the North Gulf of Alaska OCS Sale to the State of Alaska and Other Local Governments based on the draft EIS economic model.

(in thousands of dollars)

| <u>Year</u> | <u>Cash Outflow</u> | <u>Cash Inflow</u> | <u>Net Cash Flow</u> |
|-------------|---------------------|--------------------|----------------------|
| 1975 | | | |
| 76 | 9000 | | (9000) |
| 77 | 6000 | | (6000) |
| 78 | 3626 | 700 | (2926) |
| 79 | 626 | 1320 | 694 |
| 1980 | 5935 | 4140 | (1795) |
| 81 | 10346 | 5200 | (5146) |
| 82 | 12893 | 9120 | (3773) |
| 83 | 13553 | 14275 | (4278) |
| 84 | 20677 | 20640 | (37) |
| 1985 | 20677 | 22340 | 1663 |
| 86 | 18900 | 25155 | 6255 |
| 87 | 18900 | 25690 | 6790 |
| 88 | 17100 | 25405 | 8305 |
| 89 | 17100 | 24840 | 7740 |
| 1990 | 15300 | 23995 | 8695 |
| 91 | 14940 | 23130 | 8190 |
| 92 | 14580 | 8625 | (5955) |
| 93 | 14216 | 8340 | (5876) |
| 94 | 14216 | 8055 | (6161) |
| 1995 | 14216 | 7770 | (6446) |
| 96 | 14216 | 7485 | (6731) |
| 97 | 14216 | 7200 | (7016) |
| 98 | 14216 | 6875 | (7341) |
| 99 | 14216 | 6550 | (7666) |
| 2000 | 14216 | 6245 | (7971) |
| 01 | 14216 | 5940 | (8276) |
| 02 | 14216 | 5635 | (8581) |
| 03 | 14216 | 5330 | (8886) |
| 04 | 14216 | 4985 | (9231) |
| 2005 | 14216 | 4600 | (9616) |

Assumptions:

1. State impact funds of \$9.0, \$6.0, and \$3.0 million are granted to the impacted communities in 1976, 1977, and 1978.
2. Per capita cost of state and local government is estimated to be \$1800 (1975 dollars). Note: due to bureaucratic lag and organizational inefficiencies cost and scale of government does not fall off as quickly as the population, 1984-1994.
3. Government cash inflow is comprised of: property taxes, petroleum property taxes, state income taxes, and federal OCS income sharing.
4. State and Local Cash Outflow projections make no allowance for locally generated funds. Thus, cash outflow figures are understated.

TABLE 2

Projected Present Value of the North Gulf of Alaska OCS
Sale to the State of Alaska and Other Local Governments
based on the draft EIS economic model.

(in thousands of dollars)

| <u>Year</u> | <u>Present Value of Cash Outflows</u> | <u>Present Value of Cash Inflows</u> |
|-------------|---|--|
| 1975 | | |
| 76 | 7434 | |
| 77 | 4506 | |
| 78 | 2477 | 478 |
| 79 | 389 | 820 |
| 1980 | 3347 | 2335 |
| 81 | 5307 | 2668 |
| 82 | 6021 | 4259 |
| 83 | 7866 | 6053 |
| 84 | 7981 | 7967 |
| 1985 | 7237 | 7819 |
| 86 | 6029 | 8024 |
| 87 | 5481 | 7450 |
| 88 | 4497 | 6682 |
| 89 | 4087 | 5937 |
| 1990 | 3335 | 5231 |
| 91 | 3029 | 4580 |
| 92 | 2689 | 1552 |
| 93 | 2391 | 1368 |
| 94 | 2118 | 1200 |
| 1995 | 1919 | 1049 |
| 96 | 1749 | 921 |
| 97 | 1592 | 806 |
| 98 | 1450 | 701 |
| 99 | 1308 | 602 |
| 2000 | 1194 | 525 |
| 01 | 1080 | 451 |
| 02 | 981 | 309 |
| 03 | 896 | 336 |
| 04 | 810 | 284 |
| 2005 | 739 | 239 |
| TOTAL | 99,939 | 80,726 |

Thus, the Net Present Value of this project (based on the uncorrected EIS base case assumption) is a negative \$19,213,000 or -\$55 per capita.

Assumption: All cash flows are discounted at 10%.

TABLE 2A

Projected Present Value of the North Gulf of Alaska OCS
Sale to the State of Alaska and Other Local Governments
based on the draft EIS economic model.

(in thousands of dollars)

| <u>Year</u> | <u>Present Value of Cash Outflows</u> | <u>Present Value of Cash Inflows</u> |
|-------------|---|--|
| 1975 | | |
| 76 | 7713 | |
| 77 | 4764 | |
| 78 | 2665 | 515 |
| 79 | 426 | 898 |
| 1980 | 3739 | 2608 |
| 81 | 6032 | 3032 |
| 82 | 6962 | 4925 |
| 83 | 9277 | 7138 |
| 84 | 9573 | 9556 |
| 1985 | 8870 | 9584 |
| 86 | 7503 | 9987 |
| 87 | 6955 | 9454 |
| 88 | 5814 | 8639 |
| 89 | 5387 | 7825 |
| 1990 | 4468 | 7007 |
| 91 | 4034 | 6245 |
| 92 | 3645 | 2156 |
| 93 | 3298 | 1935 |
| 94 | 3042 | 1724 |
| 1995 | 2829 | 1546 |
| 96 | 2616 | 1377 |
| 97 | 2417 | 1224 |
| 98 | 2246 | 1086 |
| 99 | 2076 | 956 |
| 2000 | 1919 | 843 |
| 01 | 1777 | 743 |
| 02 | 1649 | 654 |
| 03 | 1521 | 570 |
| 04 | 1407 | 494 |
| 2005 | <u>1308</u> | <u>423</u> |
| TOTAL | 125,932 | 103,143 |

Thus, the Net Present Value of this project (assuming the draft EIS economic model) is a negative \$22,789,000 or -\$65 per capita.

Assumption: 1. All cash flows are discounted at 8%.

TABLE 3

Projected Net Cash Flows Generated from the North Gulf of Alaska
OCS Sale to the State of Alaska and Other Local Governments
based on the corrected draft EIS economic model.

(in thousands of dollars)

| <u>Year</u> | <u>Cash Outflows</u> | <u>Cash Inflows</u> | <u>Net Cash Flows</u> |
|-------------|----------------------|---------------------|-----------------------|
| 1975 | | | |
| 76 | 9000 | | (9000) |
| 77 | 6000 | | (6000) |
| 78 | 3626 | 603 | (2818) |
| 79 | 626 | 1528 | 902 |
| 1980 | 6557 | 4934 | (1623) |
| 81 | 13640 | 7262 | (6378) |
| 82 | 18226 | 12422 | (5804) |
| 83 | 23976 | 22659 | (1317) |
| 84 | 24678 | 27220 | 2542 |
| 1985 | 24678 | 27040 | 2364 |
| 86 | 22860 | 29147 | 6285 |
| 87 | 22860 | 29560 | 6700 |
| 88 | 21060 | 29195 | 8135 |
| 89 | 21060 | 28510 | 7450 |
| 1990 | 19260 | 27505 | 8245 |
| 91 | 19260 | 26480 | 7220 |
| 92 | 17460 | 10475 | (6985) |
| 93 | 17460 | 10090 | (7370) |
| 94 | 15660 | 9725 | (5935) |
| 1995 | 15462 | 9360 | (6102) |
| 96 | 15462 | 8995 | (6467) |
| 97 | 15462 | 8630 | (6832) |
| 98 | 15462 | 8205 | (7257) |
| 99 | 15462 | 7760 | (7702) |
| 2000 | 15462 | 7355 | (8107) |
| 01 | 15462 | 6950 | (8512) |
| 02 | 15462 | 6545 | (8917) |
| 03 | 15462 | 6160 | (9302) |
| 04 | 15462 | 5735 | (9727) |
| 2005 | 15462 | 5190 | (10272) |

Assumptions:

1. State impact funds of \$9.0, \$6.0, and \$3.0 million are granted to the impacted communities in 1976, 1977, and 1978.
2. Per capita cost of state and local government is estimated to be \$1800 (1975 dollars). Note: due to bureaucratic lag and organizational inefficiencies cost and scale of government does not fall off as quickly as the population, 1984-1994.
3. Government cash inflow is comprised of: property taxes, petroleum property taxes, state income taxes, and federal OCS income sharing.
4. State and Local Cash Outflow projections make no allowance for locally generated funds. Thus, cash outflow figures are understated.

TABLE 4

Projected Present Value of the North Gulf of Alaska OCS
Sale to State of Alaska and Other Local Governments
Assuming Corrected draft EIS economic model.

(in thousands of dollars)

| <u>Year</u> | <u>Present Value of Cash Outflows</u> | <u>Present Value of Cash Inflows</u> |
|-------------|---|--|
| 1975 | | |
| 76 | 7434 | |
| 77 | 4506 | |
| 78 | 2477 | 552 |
| 79 | 389 | 947 |
| 1980 | 3698 | 2783 |
| 81 | 6997 | 3725 |
| 82 | 8512 | 5801 |
| 83 | 10166 | 9607 |
| 84 | 9526 | 10507 |
| 1985 | 8637 | 9464 |
| 86 | 7292 | 9297 |
| 87 | 6629 | 8572 |
| 88 | 5539 | 7678 |
| 89 | 5033 | 6814 |
| 1990 | 4199 | 5996 |
| 91 | 3813 | 5243 |
| 92 | 3143 | 1886 |
| 93 | 2863 | 1655 |
| 94 | 2333 | 1443 |
| 1995 | 2087 | 1264 |
| 96 | 1902 | 1105 |
| 97 | 1732 | 967 |
| 98 | 1577 | 840 |
| 99 | 1422 | 714 |
| 2000 | 1299 | 618 |
| 01 | 1175 | 528 |
| 02 | 1067 | 452 |
| 03 | 974 | 388 |
| 04 | 881 | 327 |
| 2005 | <u>804</u> | <u>270</u> |
| TOTAL | 118,106 | 99,450 |

Thus, the Net Present Value of this project (based on the corrected EIS base case assumptions) is a negative \$18,656,000 or -\$53 per capita.

Assumption: All cash flows are discounted at 10%.

TABLE 4A

Projected Present Value of the North Gulf of Alaska OCS
Sale to State of Alaska and Other Local Governments
Assuming Corrected draft EIS economic model.

(in thousands of dollars)

| <u>Year</u> | <u>Present Value of Cash Outflows</u> | <u>Present Value of Cash Inflows</u> |
|-------------|---|--|
| 1975 | | |
| 76 | 7713 | |
| 77 | 4764 | |
| 78 | 2665 | 594 |
| 79 | 426 | 1039 |
| 1980 | 4131 | 3108 |
| 81 | 7952 | 4234 |
| 82 | 9842 | 6708 |
| 83 | 11988 | 11330 |
| 84 | 11426 | 12603 |
| 1985 | 10587 | 11600 |
| 86 | 9075 | 11571 |
| 87 | 8412 | 10878 |
| 88 | 7160 | 9926 |
| 89 | 6634 | 8981 |
| 1990 | 5624 | 8031 |
| 91 | 5200 | 7150 |
| 92 | 4365 | 2619 |
| 93 | 4051 | 2341 |
| 94 | 3351 | 2081 |
| 1995 | 3077 | 1863 |
| 96 | 2845 | 1655 |
| 97 | 2629 | 1467 |
| 98 | 2443 | 1296 |
| 99 | 2257 | 1133 |
| 2000 | 2087 | 993 |
| 01 | 1933 | 869 |
| 02 | 1794 | 759 |
| 03 | 1654 | 659 |
| 04 | 1531 | 568 |
| 2005 | 1423 | 477 |
| Total | 149,039 | 126,533 |

Thus, the Net Present Value of this project (assuming the corrected draft EIS economic model) is a negative \$22,506,000 or -\$64 per capita.

Assumption: 1. All cash flows are discounted at 8%.

TABLE 5

Projected Net Cash Flows Generated from the North Gulf of Alaska
OCS Sale to the State of Alaska and Other Local Governments
based on the State of Alaska DiReconomic model.

(in thousands of dollars)

| <u>Year</u> | <u>Cash Outflows</u> | <u>Cash Inflows</u> | <u>Net Cash Flow</u> |
|-------------|----------------------|---------------------|----------------------|
| 1975 | | | |
| 76 | 20599 | 4261 | (16338) |
| 77 | 25661 | 7225 | (18436) |
| 78 | 26594 | 8994 | (17600) |
| 79 | 27180 | 11229 | (15951) |
| 1980 | 32584 | 14543 | (18041) |
| 81 | 32263 | 15609 | (16654) |
| 82 | 33746 | 18281 | (15465) |
| 83 | 48029 | 31051 | (16978) |
| 84 | 45000 | 29421 | (15579) |
| 1985 | 41400 | 29278 | (12122) |
| 86 | 37800 | 29522 | (8278) |
| 87 | 34200 | 31332 | (2868) |
| 88 | 32400 | 32497 | (97) |
| 89 | 28800 | 32072 | 3272 |
| 1990 | 25200 | 31080 | 5880 |
| 91 | 21600 | 30685 | 9085 |
| 92 | 18000 | 30010 | 12010 |
| 93 | 14400 | 9080 | (5320) |
| 94 | 10800 | 8645 | (2155) |
| 1995 | 10139 | 8215 | (1924) |
| 96 | 10139 | 7760 | (2379) |
| 97 | 10139 | 7330 | (2809) |
| 98 | 10139 | 6830 | (3309) |
| 99 | 10139 | 6405 | (3734) |
| 2000 | 10139 | 5950 | (4189) |
| 01 | 10139 | 5500 | (4639) |
| 02 | 10139 | 5030 | (5109) |
| 03 | 10139 | 4555 | (5584) |
| 04 | 10139 | 4065 | (6074) |
| 2005 | 10139 | 3695 | (6444) |

Assumptions:

1. State impact funds of \$9.0, \$6.0, and \$3.0 million are granted to the impacted communities in 1976, 1977, and 1978.
2. Per capita cost of state and local government is estimated to be \$1800 (1975 dollars). Note: due to bureaucratic lag and organizational inefficiencies cost and scale of government does not fall off as quickly as the population, 1984-1994.
3. Government cash inflow is comprised of: property taxes, petroleum property taxes, state income taxes, and federal OCS income sharing.
4. State and Local Cash Outflow projections make no allowance for locally generated funds. Thus, cash outflow figures are understated.