

288

HRES

HB

57

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HB

132

508

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CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811



VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETHA DONNER~~
Ruth I. Allington
PHONE: 465-3715
465-3781

House Resource Committee

FRED BROWN

ALVIN OSTERBACK

DICK ELIASON

LEO RHODE

MIKE HERSHBERGER

LESLIE (RED) SWANSON

JAMES HUNTINGTON

Feb. 26, 1976

Dimitri T. Johnson, Village Administrator

Koliganek, Alaska 99576

Dear Sir;

Be assured that I am as concerned about the Wood-Tikchik area as you are. I have enclosed a Resolution that my committee has passed stating their intentions in the Wood-Tikchik situation. We will continue to work for retaining subsistence activities.

Thank you for your concern,

Nels A. Anderson, Jr.
NAA/ra
Encl.



CHOGGIUNG LIMITED

P.O. BOX 247 • DILLINGHAM, ALASKA 99576 • PHONE (907) 842-3083

February 26, 1976

Mr, Nels Anderson
District #16 Representative
Pouch V
Juneau, Alaska 99811

RE: Wood-Tikchik Fish Preserve & State
Park

Camai Nels:

We reviewed the amended Wood-Tikchik Park Bill that you circulated through the BBNA. We are in general agreement with the increased role of Fish & Game in the management scheme and the emphasis on continuing the subsistence harvest in that area. We feel that the bill should be further amended however. Unless the legislation clearly states that fish are first we fear that the Division of Parks will place undue emphasis on the recreation and scenic values in the area.

As far as the Advisory Council is concerned we vigorously concur with this concept. Cooperative management of State land is a theme heard often these days. We feel that such a mechanism will provide an excellent forum for balancing local & state requirements. We appreciate the opportunity to offer our comments to you.

Sincerely,

William M Tennyson
William Tennyson
President

TH:WT/RMH

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, GOVERNOR

Pouch M
Juneau, Alaska 99811

March 3, 1976

The Honorable Pat Kohler
Mayor, Aleknagik City Council
Aleknagik, Alaska 99555

Dear Mayor Kohler:

Commissioner Jim Brooks of the Department of Fish and Game has asked that I respond to your letter as it is the Department of Natural Resources that is the basic sponsor of the bill creating a park in your area. I am particularly pleased to respond, as Aleknagik is the town I visited on several occasions and feel that it is one of the most beautiful locations in the State of Alaska.

I appreciate very much the purpose of your resolution, and believe that we share a common goal with regard to the use of the valuable Tikchik Lake area. Representative Nels Anderson of your area, has been extremely helpful in encouraging discussion of these issues, and representing the views of area residents regarding protection of subsistence uses and lifestyles.

Recent discussions held in Dillingham regarding the possibility of a park in this area indicate that it may well be possible that a park is not only an acceptable method but may be the best possible method of insuring the subsistence is protected for the future. Director of the Division of Parks Russell Cahill has made a promise to the people of the area that he would work with them to formulate a cooperative plan for such a park so that the values which are there now are protected as a part of any future park plan. Since approval of a park will ultimately be within the hands of those who live in the area, I believe it is in everyone's best interest to work together to achieve a plan that will guarantee this beautiful area is protected for generations of Alaskans in the future.



"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"



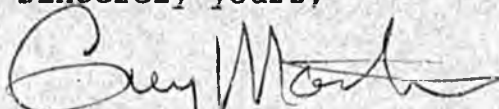
The Honorable Pat Kohler -2-

March 3, 1976

I will make certain that Mr. Cahill of the Division of Parks has been made aware of your concern, and that he includes you as a cooperative plan for this area is considered.

Best regards, and than you for writing.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Guy Martin".

Guy R. Martin
Commissioner

Wood River, Talsituk

File HB 57

Nushagak Electric Co-operative, Inc.

P. O. BOX 197
DILLINGHAM, ALASKA 99576

March 4, 1975

Honorable Theodore G. Smith
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99801

RE: House Bill 57

Dear Mr. Smith:

Back in 1961, the Dillingham Public Utility District No. 1 filed an application with the Federal Power Commission to explore the possibility of developing a potential hydro site at Lake Elva in the Wood River Lake system to supply power requirements for Aleknagik, Kakanak, Nelsonville and Dillingham.

Interest in the project died over the years probably due to high initial investment required, to the low cost of diesel fuel and to the low demand for electrical energy.

Unfortunately, none of the reasons listed above are valid to the extent they once were. The high initial investment required for hydro approaches that of a diesel generating unit of like capacity. In addition, the diesel unit produces a significant amount of atmospheric pollutants each year. Costs of middle distillate fuels have skyrocketed forcing the utility to pass on the increased costs to the consumer, thus fueling the rampant inflation already present in the economy. Last but not least, more people are upgrading their homes and enjoying the benefits of electric energy. Still, the average household consumption of electrical energy in the Dillingham area has been and remains less than half of the national average. (See chart enclosed). We feel this to be a very important point because we cannot in good conscience advocate the reduction of the individual's power requirements when his standard of living is so low that he has not yet enjoyed all of the advantages of twentieth century technology.

This brings us back to the Lake Elva project in which this community could conceivably reap the benefits of hydro power were it made available. This hydro site is located in the area proposed to be included in the state park (or related) system. Nushagak Electric Cooperative has made application to the Federal Energy Office for a grant which would provide for the necessary engineering and environmental studies. Therefore, we ask that you give favorable consideration to our needs and include in your H.B. 57 the right to develop the Lake Elva Site if it proves economically and environmentally feasible.

In the event you are in need of further information in this respect, our engineers, R. W. Retherford Associates, will be instructed to forward such documentation that is available.

Thank you.

Yours very truly,
David F. Bouker
David F. Bouker, Manager

cc: Nels Anderson, Jr.

Nushagak Electric Co-operative, Inc.

P. O. BOX 197
DILLINGHAM, ALASKA 99576

RESIDENTIAL AVERAGE MONTHLY USE (KWH)

<u>YEAR</u>	<u>DILLINGHAM AVERAGE USE PER CUSTOMER KWH PER MONTH</u>	<u>** NATIONAL AVERAGE USE PER CUSTOMER KWH PER MONTH</u>
1963	154	370
1964	155	392
1965	171	411
1966	194	439
1967	194	465
1968	207	505
1969	221	548
1970	240	589
1971	262	630
1972	293	641
1973	311	673

**ELECTRICAL WORLD Magazine, September 15, 1974, Page 52

Rear. Nels,

Wood-River
Tahiti file

Mar. 10 1957

In your last letter you said that you could use any help you could get. Well it is a direct quotation from the book The Three Hundred Year War by William O. Douglas, Associate Justice of the Supreme Court. It is directly related to the problem in Dillingham.

"Many of our sanctuaries are fragile places. They could be trampled to dust by people who came reverently, especially if they came by the tens of thousands. That is true of Bryce, Zion, Mesa Verde, the Grand Canyon, and Canyonlands National Park in Utah. It is also true of our high alpine meadows where lichens and the bilberry grow. It is also true of the Guadalupe in West Texas that are waterless on top but which nurture a relic Douglas Fir Forest from the ~~Pliocene~~ Pleistocene age.

Yet the Park Service wants to pour the public into those areas, where the fire hazards are enormous, and it wants to pave the lower canyon, where priceless botanical specimens and zoological specimens exist. The National Park Service - like other Federal agencies - services people, people, people. But the other members of the ecological community go largely unprotected."

"When we resolve to ~~preserve~~ ^{or protect,} preserve these sanctuaries we put them in real danger. They have been preserved to date only because few people frequented them. But the desire to maximize visitors puts them in jeopardy. "They belong to all of us, don't they? Then we need roads to get into them. And how can a person be expected to enjoy them without the comforts of life?" So here come the

motels, roads, shops, dance halls,
and restaurants that mark the
demise of the sanctuary. Peter ~~Parnell~~
Parnall has written on and illus-
trated the theme in his book, The
Mountain.

This is all from William O.
Douglas' book except the middle of the
second paragraph where he quotes Peter
Parnall. I think this very well shows
what may be the fate of the Wood-
Tikchik area. The only reason ~~the~~
this area hasn't changed or been
spoiled is because few people frequent
the area. I hope you can use this.

Your Friend,
Brian

P.S. I would have typed it but I
can't type.

CHOGGUING LIMITED

P. O. BOX 216
DILLINGHAM, ALASKA 99576

March 13, 1975

Mr. Nels Anderson
Chairman, House Resource Committee
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

We reviewed the Master Plan for the Woodriver/Tikchik Lakes area. We found many shortcomings in the plan and the resource evaluation. The board feels the emphasis on recreation and tourism rather than salmon and subsistence reflects a misunderstanding of the economic realities of the area. The board also objects to the level of development proposed in the plan, particularly that associated with promotion and advertising to attract tourists from outside. We believe a higher emphasis should be placed on wilderness values or no development. We question the economic value of this project to the local economy. Another worrisome aspect of the plan is its transportation and highway emphasis. Finally, the lake system is rich in cultural and historical values for the native people of this region. The plan threatens these values. We would like to explore each of these issues in more depth.

First, the board feels that the plan places tourists ahead of salmon and recreation in front of subsistence. In my opinion both of these priorities are reversed. The area is worth an estimated \$6 million per year for its salmon spawn. With rehabilitation and restoration this value could double. The primary development concept of the park, expressed on page 30 of the report, puts salmon secondary in importance. You must realize that 75% of the region's people depend on that salmon harvest. Then on page 31 the report explains that it does not intend to preclude fish rehabilitation projects but it goes on to describe how they must not conflict with the recreation values. We fear that tourists might negatively impact the salmon values and feel they should be placed first and any development spending should be directed towards the restoration of the run.

Secondly, the board objects to the level of development proposed in the Master Plan. We aim this objection primarily at the exaggerated demand figures that depend so heavily on public relations hucksterism. The native people of this area do not want to compete with hordes of wealthy tourists for fish and game. This food is basic to our subsistence oriented life style. We do not want to see connector roads opening the park to an elbow to elbow sport fishery. In short, this threat to native subsistence and social values is unacceptable. We agree that the area should be protected but do not feel that development and advertising will accomplish this protection.

CHOGGUING LIMITED

P. O. BOX 216

DILLINGHAM, ALASKA 99576

Mr. Nels Anderson
March 13, 1975
Page 2

Third, we question the economic value of this plan to the local community. We pointed out earlier the value of this area in salmon terms. Now we read on page 29 of the report that this project could generate \$1.5 million per season. Can we have both? Or will increased use of the area while the salmon are spawning result in a diminished fish harvest. Even more important is the question WHO will benefit? Certainly the airlines and the existing lodge owners will, but is it fair to benefit essentially non-local residents and place the costs on native people. We feel that it is not. We have learned from the pipeline that local hire does not work. We can see that the plan has no provisions to utilize the local labor force through job training or other programs. We have no desire to see the lakes become the backbone of another non-resident industry.

Fourth, we must discuss briefly the issue of roads into this area from Anchorage. The plan stresses the importance of a good transportation network to the park. It goes on to point out that all that is needed to bring a road to Dillingham would be increased economic justification. The park would provide the cornerstone of this economic base. The people of this area do not want roads linking them to the hordes of campers that would soon follow. We resent this domino theory of state empire building. Listen to the people. They do not want a road net link to the outside.

Finally, we would like to emphasize that the lakes area is rich in historical and cultural values for the native people of this region. Park planners clearly overlooked these values when they committed less than .0025 per cent of the included acreage to their preservation. But more important to native people is the protection of this natural area so that we may continue hunting, trapping, and fishing here as generations of our people have done. We just cannot believe that vigorous tourist use of this area is in our best interest. Preservation, promotion, tradition, and development don't mix.

We ask the State to weigh these comments and recognize the values that we wish to protect. An alternative proposal that stressed salmon rehabilitation, subsistence lifestyles and wilderness preservation or no development would be infinitely more suitable. As it stands the costs are here and real while the benefits are not.

Thank you for your interest.

Sincerely,



Herman Schroeder
CHOGGIUNG LIMITED
DILLINGHAM NATIVE COUNCIL

TH:HS/RMH

HB 57

THOMAS E. MEACHAM
ATTORNEY AT LAW
SUITE 300
360 "K" STREET
ANCHORAGE, ALASKA 99501
(907) 274-1451

File under Wood-Tikchik

April 1, 1975

COPY

The Honorable Theodore G. Smith
State Representative
Pouch "V"
Juneau, AK 99801

Re: Lake Elva Hydroelectric Project and
House Bill No. 57

Dear Ted:

I represent Nushagak Electric Co-Operative, Inc., a non-profit electric cooperative which supplies electric power to the City of Dillingham and neighboring communities. It has recently come to my attention that the proposed Wood-Tikchik Bicentennial State Park Bill, which is House Bill No. 57, may have a direct, though perhaps unintentioned effect upon future plans of the electric cooperative to secure low-cost, dependable hydroelectric power.

In 1961 the Dillingham Public Utility District No. 1, which was the predecessor of the electric cooperative, filed an application before the Federal Power Commission to withdraw for possible power project uses a small lake and related stream which is within the boundaries of the now-proposed state park. That lake is Lake Elva, the stream is unnamed, and they both drain into Lake Nerka. The withdrawal was made, under Power Project Withdrawal No. 2295, and it has remained on the land status records of the BLM and of the State Division of Lands since August 21, 1961. However, the Dillingham Public Utilities District No. 1 was not able at that time to pursue the hydroelectric project further, and the City of Dillingham continued to rely on the uncertainties of diesel power generation, which it has done until the present time.

Approximately one year ago, with the rising prices and uncertainty of supply of diesel fuel, serious interest

The Honorable Theodore G. Smith
April 1, 1975
Page two.

was revived in Dillingham concerning the Lake Elva project, and a consulting engineer, Robert W. Retherford Associates, was retained to study the present feasibility of such a project. That preliminary study has been completed, and has been offered to the Alaska Public Utilities Commission for consideration. Unknown to the planners, the Power Site Withdrawal No. 2295 was vacated by the BLM on its official records on August 1, 1974. The State of Alaska, which had state selections pending on the lands surrounding the project withdrawal, but which were subject to the project withdrawal, notified the BLM on August 15, 1974 that it had amended its selections to include the lands which had apparently become available by reason of the vacation of Power Project No. 2295. Though I have not researched the public land records and the chain of events leading up to our present situation, it would appear that, unless Nushagak Electric Co-Operative can obtain a recognition of the long-standing power project withdrawal, and of the need for cheap, dependable power in the Dillingham area, the combination of the vacation of the power site withdrawal, the amended state selections, and the bill to create Wood-Tikchik State Park may combine to forever foreclose the possibility of construction of this power project.

I noted in the booklet describing the proposed Wood-Tikchik State Park, the map on page 27 indicates that a hydroelectric project is proposed adjacent to Makuk Arm of Lake Nerka, which in actuality is the location of Lake Elva. The "Management Plan" does not indicate what criteria would be used to coordinate the use of this site, and other proposed hydroelectric sites, with the overall purposes of the state park. However, the mere fact that such sites were identified in the park proposal indicates that some consideration was given the power site withdrawals which existed within the proposed park boundaries.

The power project, as proposed, would be the least-damaging, from an environmental standpoint, of any proposed hydroelectric project of which I am aware. The stream upon which the dam would be placed, below Lake Elva, does not contain spawning salmon. The power transmission line between

The Honorable Theodore G. Smith
April 1, 1975
Page three.

Lake Elva and the City of Dillingham would be laid under the waters of Lake Nerka and Lake Aleknagik, and would be placed above the surface of the land only at a narrow neck, comprising approximately two to three miles in width, between Lake Nerka and Lake Aleknagik. This above-ground portion is not within the principal proposed boundaries of the state park, but is within the southern alternative boundary. The electric cooperative proposes to build no road to the power project, and would construct and maintain the project by use of over-snow vehicles in the winter, and by aircraft in the summer. The frozen lakes in the area furnish a convenient means of winter access, without the maintenance problems and land-management conflicts which would be introduced by a permanent road.

Because your proposed bill does not make specific mention of the identified hydroelectric sites in the proposed state park, I felt that you should be made aware of the interest of the City of Dillingham and the electric cooperative in going forward with feasibility studies, and financing proposals with the Rural Electrification Administration, regarding the Lake Elva site. It is quite unrealistic to believe that more than one hydroelectric site within the proposed state park would be developed, since the demand simply does not exist for the Grant Lake site or any other identified hydroelectric site, with the exception of the Lake Elva site. Thus a recognition of the desirability of the Lake Elva project, and its compatibility with existing and future park needs, would not "open the door" to other future water power proposals for the state park.

At this point we are requesting, in your consideration of House Bill No. 57, that you take note of the long-standing recognition of Lake Elva as a desirable hydro-power site, and of the great need of the City of Dillingham and adjacent communities for low-cost, reliable electric power which is not subject to uncontrolled variables such as availability and price. At the least, we would request that, if the Wood-Tikchik State Park Bill becomes law, the possibility of development of this one site not be foreclosed forever by the language of the Act.

Any information or advice you might be able to offer

The Honorable Theodore G. Smith
April 1, 1975
Page four.

regarding your proposed park bill, and the relationship of that bill to the Lake Elva hydroelectric project, would be very much appreciated.

Very truly yours,

Thomas E. Meacham

TEM/bja

cc: The Honorable Kay Poland
The Honorable Nels Anderson
David F. Bouker

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 57

Title: An Act creating the Wood-Tikchik Bicentennial State Park, and providing for a

Requested by: effective date. Ted Smith Date: 2-25-75

Return Date Requested: _____

Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

B. FUNDING: (Thousands of dollars)

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

C. POSITIONS:

PERMANENT/TEMPORARY	/	0	/0	/0	/0	/0
MAN MONTHS (P./T.)	/	/0	/0	/0	/0	/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Work would be absorbed by the existing staff.

IV. ATTACHMENTS

V. DATE: February 25, 1975

PREPARED BY: Kathy Jacobson

Kathy Jacobson for
BILL SACHECK

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) L

HB

58

Memorandum on authority over interconnections to facilitate the purchase of crude oil by the State, its political subdivisions or private parties in the vicinity of the pipeline.

Under the provisions of current statutes and the State Right-of-Way Lease, authority exists to permit the installation of inter-connections for the purpose of transporting crude oil from the pipeline to purchasers located adjacent to the pipeline route. Such potential purchasers would include the State of Alaska, its political subdivisions and private individuals or entities. In order to energize this process, there must be a potential buyer of crude oil in commercial quantities. This buyer can be the State, a political subdivision or private individual or entity. Once a potential buyer of crude oil offers to purchase, discussions would be held between the purchaser, Alyeska Pipeline Service Company and the owners of the oil being transported in the pipeline. Generally, such meetings would lead to an agreement to install an interconnection at an appropriate point with a capacity sufficient to transport the amount of oil which will be purchased by the buyer and to apportion the costs of such an installation. However, if such an agreement cannot be negotiated among the parties, the Alaska Pipeline Commission upon petition of any interested person has the requisite authority to compel the installation of the interconnection and to apportion the costs of installation.

In addition, the State of Alaska can compel the installation of interconnections and interchange facilities at State expense at such places it considers necessary if the State determines to take all or a portion of its royalty oil in kind rather than selling it.

The State Right-of-Way Leasing Act under the provisions of AS 38.35.120 (10) provides as follows:

It (the lessee carrier) will provide, where economically feasible and consistent with the primary function of the line, connections and facilities on the pipeline subject to the lease, both on State land and other land in the State, for the purpose of delivering crude oil or natural gas, depending upon the kind of pipeline involved, to persons desiring to purchase who are located in municipalities in the vicinity of the pipeline:

The Alaska Pipeline Commission, described in Title 42 of the Alaska Statutes, was created for the purpose of regulating the operations and activities of oil and gas pipelines. The Pipeline Commission has the authority to order interconnections for the transportation of oil from the pipeline to adjacent purchasers. A.S. 42.06.340 provides as follows:

Order for Joint Use or Connection. When there is failure to agree upon the joint use or interconnection of oil or gas pipeline facilities or the conditions or compensation for joint use or interconnections, any interested person may apply to the Commission for an order requiring the interconnection. If, after investigation and opportunity for hearing, the Commission finds that public convenience and necessity require the joint use or connection, and that the use or connection will not result in substantial injury to the oil or gas pipeline facility or its customers, or in substantial detriment to the services furnished by the oil or gas pipeline facility, or in the creation of safety hazards, it shall (1) order that the use be permitted; (2) describe reasonable conditions and compensation for the joint use; (3) order the interconnection to be made; (4) determine the time and manner of the interconnection; (5) determine apportionment of costs and responsibility for operation and maintenance of the interconnection.

This authority found in Title 38 and 42 to compel interconnections under certain circumstances for the transfer of oil from the line to purchasers in the vicinity of the line has been made an express condition of the State Right-of-Way Lease currently held by the owner companies of the Trans-Alaska Pipeline.

Section 7 of the State Right-of-Way Lease provides as follows:

Connections for Delivery

Lessees shall provide connections as determined by the Alaska Pipeline Commission, under AS 42.06.340, to facilities on the pipeline subject to the lease both on State land and on other land in the State, for the purpose of delivering crude oil to persons (including the State and its political subdivisions) contracting for the purchase at wholesale of crude oil transported by the pipeline when required by the public interest.

Section 8 of the Right-of-Way Lease provides as follows:

Connections for State Owned Oil

Lessees shall, notwithstanding any other provisions, provide connections and interchange facilities at State expense at such places the State considers necessary if the the State determines to take a portion of its royalty or taxes in oil.

Section 9 of the Right-of-Way Lease requires the lessees to construct and operate the pipeline in accordance with applicable State laws and lawful regulations and orders of the Alaska Pipeline Commission.

Therefore, the public interest in obtaining access to commercially reasonable quantities of crude oil transported through the pipeline is protected by the State statutes and the terms of the State Right-of-Way Lease granted to the owners of the Trans-Alaska pipeline. In addition, the Alaska Pipeline Commission has the clear authority to compel connections upon application of an interested party if the potential oil purchaser, Alyeska Pipeline Service Company and the owner companies are unable to reach a mutual agreement concerning the terms and conditions of the interconnection.

W. J. LEVY CONSULTANTS CORP.

30 ROCKEFELLER PLAZA
NEW YORK, N. Y. 10020

ROOM 3232

TEL. 212-588-5263-4
CABLE "WALTLEVY"

February 24, 1975

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Nels:

As you requested, I am setting down some comments on the various bills before your Committee.

House Bill No. 30

It is our feeling that the proposed Bill is probably too restrictive insofar as it would be mandatory upon the Board to require that royalty oil or gas be processed within the state as a condition of sale by the State. It is impossible to anticipate the various circumstances under which the State may want to use its control over royalty oil or gas and the disposition thereof in order to effect the interests of the State. It might be better to leave some considerable discretion with the Board.

House Bill No. 34

This really goes beyond our area of competence. It involves questions of administrative practice, the realistic limits and costs of insurance, etc. Given the purpose of the Bill, its administration ought not to be overwhelmed with impracticabilities.

✓ House Bill No. 58

We have no way of judging the significance of this particular location for a pipeline connection and interchange facility. Presumably Fairbanks will be served by Alyeska, and in any event the Alaska Pipeline Commission does have authority in this matter. Is there specific reason to legislate such a requirement? Or should the whole question of pipeline connections be left to your regulatory commission?

House Bill No. 60

We feel that the basic intent of this Bill is good, but the specific requirement for "checkerboarding" would be too restrictive. This subject is discussed in our Report on Leasing Policy (February, 1970). On page 10, for example, we recommend that "first-round leasing of exploratory acreage should be spaced in such a manner, while not necessarily according to checkerboard pattern as usually defined, such that substantial and varied acreage which may appreciate in value as knowledge develops will continue to be held by the State for future leasing." You may want to have a look at that Report for the discussion of the amount of acreage that would have to be offered in order to provide a reasonable basis for an exploration effort, while not so extensive that it undercuts the State's opportunity for subsequent leasing.

House Bill No. 102

I believe the "Oil in Place" bills were discussed fairly thoroughly before your and other Committees, so I will not go into it at length at this time. I would call your attention, however, to two specific matters in this particular Bill.

First, Sec. 15 refers to both oil and gas leases, but it is unclear in the Bill itself whether the ad valorem tax will be assessed against oil reserves alone or also against gas reserves. You will recall our concerns that the problems of assessment become magnified to the extent that more oil fields than Prudhoe would be encompassed, and even more so when gas fields as well have also to be assessed on an equitable basis. But in equity, why should gas fields not be covered?

Second, the Bill provides that the ad valorem tax is abated when the production tax becomes applicable. On this basis the ad valorem tax becomes a net addition to the companies' aggregate tax burden. The alternative would be for the ad valorem tax to carry forward as a credit against the companies' subsequent production tax liability.

I suspect that your legislative calendar is moving ahead, compared with its status when I was with you in Juneau. We had looked upon that as a preliminary visit, and will be quite prepared to review further the legislation that comes before your Committee as things shape up more concretely.

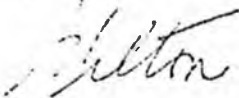
Representative Nels A. Anderson, Jr.
February 24, 1975

Page 3

Meanwhile, please don't hesitate to call or write if we can be of any further help.

With best regards,

Cordially,



Milton Lipton
Executive Vice President

ML:aj

HB

60

W. J. LEVY CONSULTANTS CORP.

30 ROCKEFELLER PLAZA
NEW YORK, N. Y. 10020

ROOM 3232

TEL. 212-586-5263-4
CABLE "WALTLEVY"

February 24, 1975

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

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This really goes beyond our area of competence. It involves questions of administrative practice, the realistic limits and costs of insurance, etc. Given the purpose of the Bill, its administration ought not to be overwhelmed with impracticabilities.

✓ House Bill No. 58

We have no way of judging the significance of this particular location for a pipeline connection and interchange facility. Presumably Fairbanks will be served by Alyeska, and in any event the Alaska Pipeline Commission does have authority in this matter. Is there specific reason to legislate such a requirement? Or should the whole question of pipeline connections be left to your regulatory commission?

AGO 935592 +

✓ House Bill No. 60

We feel that the basic intent of this Bill is good, but the specific requirement for "checkerboarding" would be too restrictive. This subject is discussed in our Report on Leasing Policy (February 1970). On page 10, for example, we recommend that "first-round leasing of exploratory acreage should be spaced in such a manner, while not necessarily according to checkerboard pattern as usually defined, such that substantial and varied acreage which may appreciate in value as knowledge develops will continue to be held by the State for future leasing." You may want to have a look at that Report for the discussion of the amount of acreage that would have to be offered in order to provide a reasonable basis for an exploration effort, while not so extensive that it undercuts the State's opportunity for subsequent leasing.

House Bill No. 102

I believe the "Oil in Place" bills were discussed fairly thoroughly before your and other Committees, so I will not go into it at length at this time. I would call your attention, however, to two specific matters in this particular Bill.

First, Sec. 15 refers to both oil and gas leases, but it is unclear in the Bill itself whether the ad valorem tax will be assessed against oil reserves alone or also against gas reserves. You will recall our concerns that the problems of assessment become magnified to the extent that more oil fields than Prudhoe would be encompassed, and even more so when gas fields as well have also to be assessed on an equitable basis. But in equity, why should gas fields not be covered?

Second, the Bill provides that the ad valorem tax is abated when the production tax becomes applicable. On this basis the ad valorem tax becomes a net addition to the companies' aggregate tax burden. The alternative would be for the ad valorem tax to carry forward as a credit against the companies' subsequent production tax liability.

I suspect that your legislative calendar is moving ahead, compared with its status when I was with you in Juneau. We had looked upon that as a preliminary visit, and will be quite prepared to review further the legislation that comes before your Committee as things shape up more concretely.

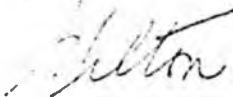
Representative Nels A. Anderson, Jr.
February 24, 1975

Page 3

Meanwhile, please don't hesitate to call or write if we can be of any further help.

With best regards,

Cordially,



Milton Lipton
Executive Vice President

ML:aj

HB

65

AB65
File

KENAI PENINSULA BOROUGH

Box 850

Phone 262-4444

SOLDOTNA, ALASKA 99669

STAN THOMPSON
MAYOR

March 14, 1975

Sen. Clem Tillion
Rep. Keith Specking
Rep. Hugh Malone
Rep. Leo Rhode
Pouch Y
Juneau, Alaska 99801

Re: Sponsor Substitute for House Bill No. 65 "An Act
Relating to Assessment of Real Property for
Local Taxation"

Gentlemen:

This bill seems to me one of the most valuable bills to appear this session of the legislature. Our rapidly rising land assessments due to speculation, and other factors, are driving Alaskans from their land. The present situation is requiring them to subdivide in order to pay their taxes, whether it be farm land or undeveloped land.

We certainly feel this is an excellent designed bill and extremely needed in our state today. I am very pleased that this bill includes undeveloped land as many Alaskans have a piece of property they wish to live on without development of any kind and should not have to pay excessive taxes in order to retain their right to use such undeveloped land.

My only suggestion might be on the undeveloped land to require residency of the owner thereof. I am not sure this is a necessity, but it might contain some merit.

Although this bill, if passed, will cost this borough some taxes for the next few years its value to the people of the borough far outweighs the monetary loss.

Thank you for introducing a bill such as this, and I hope you follow it through to its fruition.

Sincerely,



Stan Thompson
Borough Mayor
ST/tb

Sen. Clem Tillion et al

March 14, 1975

Page 2-

cc: Willard Bowman, Chairman, Rules Committee
Terry Gardiner, Chairman, Judiciary Committee
Susan Sullivan, Chairman, Health, Edu. & Soc. Services
Nels Anderson, Chairman, Resources Committee
William Parker, Chairman, State Affairs Committee
Bob Bradley, Chairman, Commerce Committee
Joseph McKinnon, Chairman, Labor & Management

Samuel Cotten, Chairman, Community & Reg. Affairs Comm.
Alaska Municipal League, Attn: Don Berry
Department of Community & Regional Affairs
Attn: John B. Chenoweth, Director
Lee McAnerney, Commissioner

HB

68

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 68
 Title: An Act Creating the Alaska Youth Hostel System
 Requested by: Ted Smith Date: 1-24-75
 Return Date Requested: 2-3-75
 Agency: Division of Parks Program: Parks & Recreation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES *	--	151.1	155.0	197.0	204.0	216.0
200 TRAVEL	--	--	--	--	--	--
300 CONTRACTUAL	--	14.0	14.0	19.0	19.0	19.0
400 COMMODITIES	--	15.0	5.0	11.0	7.0	7.0
500 EQUIPMENT	--	17.5	5.0	12.0	7.0	7.0
600 LAND & STRUCTURES	--	372.0	--	145.0	--	--
700 GRANTS, CLAIMS, ETC.	--					
TOTAL						

* 12 mo. at 7 days per week

B. FUNDING: (Thousands of dollars)

GENERAL FUND	--	569.5	184.0	384.0	237.0	249.0
FEDERAL FUNDS	--					
OTHER	--					

C. POSITIONS:

PERMANENT/TEMPORARY	/	10/	10/	14/	14/	14/
MAN MONTHS (P./T.)	/	120/	120/	168/	168/	168/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(SEE ATTACHED)

IV. ATTACHMENTS

V. DATE: 2-3-75 PREPARED BY: George A. Hall

Original: Legislative Finance
 cc: Budget and Management
 Print Sponsor (First Legislator Named)

III Analysis (HB 68)

Assumptions

- (1) Construction would begin in FY 76.
- (2) Demand is estimated as 24 per day in Anchorage and Fairbanks and 6 per day in the other three areas. Two additional units would be added in FY 78.
- (3) Caretakers would live-in the facility and a husband-wife team would work best to meet the needs.
- (4) Utilization of existing structures and state land would affect the "Land and Structures" figure.

Program Summary

Full time positions or positions functioning twelve months of the year would be required at level 13 and level 7 at each hostel. Quarters would be furnished. Existing positions of District Superintendents would provide day to day supervision. A coordinator would be designated in the Director's office.

#68

THE JUNEAU CHAPTER OF THE ALASKA PARKS AND RECREATION COUNCIL

January 31, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Committee on Natural Resources
1975-76 Alaska State Legislature
Pouch V, Alaska State Capitol Bldg.
Juneau, Alaska 99801

Dear Mr. Anderson:

The Juneau Chapter of the Alaska Parks and Recreation Council, composed of representatives of planning agencies, park boards, recreation-related organizations and interested citizens of our community, has for some time been aware of the need for legislation to create a youth hostel system in Alaska.

By unanimous action taken at our January 29, 1975 meeting, I have been directed to ask that the Committee on Natural Resources give full support to House Bill #68.

Cordially yours,



Rev. H. E. Beyer, Chairman
The Juneau Chapter of the Alaska
Parks and Recreation Council
P. O. Box 1066
Juneau, Alaska 99802

"An Act creating the Alaska youth hostel system."

1/24/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker:

Date 2/4/75

The Committee on Resources has had HB 68

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 68 AND THAT

CS FOR DO PASS

"and" recommends it BE REFERRED TO THE

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Walter Anderson Jr.</u>	<u>Mike Thompson</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

<u>Walter Anderson Jr.</u>	recommends:	<u>3 not pass</u>
_____	recommends:	
_____	recommends:	
_____	recommends:	
_____	recommends:	

Walter Anderson Jr. Chairman

HB

99

April 12, 1973

Representative Keith Specking ←
Hope
Alaska 99605

Dear Keith:

In preparing the session laws for publication in the Alaska Statutes, I find that your guide-licensing Act, ch. 17, SLA 1973 (copy enclosed), raises some questions which should be taken care of by legislative action next session.

- (1) Joel tells me that it was the intent in the final versions of the bill (HB 1) to have the occupational licensing division of the Department of Commerce handle administrative matters for the Guide Licensing and Control Board, under AS 08.01 (the chapter on centralized licensing). However, the bill (and now, Act) makes no provision for this, and in the absence of this board from the list in AS 08.01.010 the Department of Commerce has no authority and no obligation with regard to this board. If that was in fact the intent, the following amendment should be offered:

"AS 08.01.010 is amended by adding a new paragraph to read:

(19) Guide Licensing and Control Board."

- (2) In AS 08.54.210(b) ("Unlawful Acts"), in this Act, there are three inaccurate citations of "sec. 200(e) of this chapter". As you know, your bill this session (HB 1) was based on last legislature's FCCS SCS CSMB 185. The language containing the erroneous citations was added as a Senate floor amendment to SCS CSMB 185 (see 1972 Senate Journal, pages 741 -- 742, 4/24/72), in which version of the bill sec. 200(e) was a provision quite different from the final version. The free conference committee on that 185 changed sec. 200(e) but did not the citations in sec. 210(b). That error was then perpetuated in your bill this year. (I don't think those citations were altogether accurate at the time that amendment

April 12, 1973

was adopted either, but when the FCC made its change in sec. 200(e) the citations became completely inaccurate. [In SCS CSHB 185, that subsec. (e) read: "No person who is disciplined under this section may engage in outfitting or guiding activity during the period of disciplinary action."]]

Therefore I am requesting the publisher to put the following note under AS 08.54.210:

"Revisor's note (1973). AS 08.54 was enacted by ch. 17 SLA 1973, which was derived from the Eighth Alaska State Legislature's CSHB 1 am S which in turn was based on a portion of the Seventh Legislature's FCCS SCS CSHB 185. AS 08.54.210(b)'s inaccurate references to sec. 200(e) can be traced back to a 1972 Senate amendment to the Seventh Legislature's SCS CSHB 185, in which bill sec. 200(e) was a different provision. In FCCS SCS CSHB 185, sec. 200(e) was changed but these references to it were not."

AS 08.54.210(b) should be amended next year and then this revisor's note deleted. Taking something of a wild guess, I believe the following amendment would be appropriate (but be sure to let Joel or me know if you would prefer some other amendment):

"AS 08.54.210(b) is amended to read:

(b) A person who violates this section is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$1,000 or imprisonment for not more than one year, or by both, and may have his license revoked for a period up to five years. However, a person who engages in [OUTFITTING OR] guiding activity during the period his license is suspended or revoked under [OF DISCIPLINARY ACTION UNDER SEC. 200(e) OF] of this chapter is guilty of a felony punishable, upon conviction, by a fine of not more than \$5,000 or [AND] by imprisonment for not less than one year nor more than three years, or by both fine and imprisonment. In addition to punishment for a felony [UNDER SEC. 200(e) OF THIS CHAPTER], all guns, fishing tackle, boats, aircraft, automobiles or other vehicles, camping gear and other equipment and paraphernalia used in, or in aid of, guiding activity engaged in during the period of suspension or revocation [A VIOLATION OF SEC. 200(e) OF THIS CHAPTER] shall be confiscated by persons authorized to enforce this chapter."

I am not sure exactly what that Senate amendment (adding the second sentence of what is now AS 08.54.210(b)) intended. Since the first sentence of sec. 210(b) makes violation of "this section" a misdemeanor, and sec. 210(a)(3) lists guiding without a guide

license as an unlawful act, it would appear that the only conduct to be regarded as felonious under this chapter (AS 08.54) is guiding during the period of suspension or revocation, and the amendment proposed here makes that interpretation clear. (Perhaps it would be suggested that the reference to "period of disciplinary action" in the present language of the second sentence of sec. 210(b) was intended to include sec. 200(b)'s denial of renewal. But what would the period of "denial of renewal" be? If the intent is to treat as a felony guiding without a license any time after renewal of the license was denied, then language to that effect should be inserted. But if such language were interpreted as applying a long time after the date of denial you might run in to constitutional problems of equal protection, due process, and cruel and unusual punishment; and setting a time period for such cases might be impractical.)

*also see
§ 200(d)*

Note that the amendment proposed here also deletes the now inappropriate reference to outfitting, and puts the basic felony penalty statement in Alaska's standard form. It also makes clear that guiding during a period of revocation is felonious whether the license is revoked by the board, under sec. 200(b) or (c), or by the court, under the first sentence of sec. 210(b).

- (3) AS 08.54.220 (Injunction Against Unlawful Action), in this Act, contains a questionable reference to "secs. 100 -- 200 of this chapter" and a clearly inaccurate reference to "sec. 210 of this chapter". With regard to the latter, I plan to change (under AS 01.05.031(b)(8)) the reference to read "sec. 50 of this chapter" and request the publisher to put the following note under AS 08.54.220:

"Revisor's note (1973). In ch. 17 SLA 1973, AS 08.54.-220 referred to 'regulations promulgated under sec. 210'. Since sec. 210 does not provide for promulgating regulations, and sec. 50 does, the citation has been corrected here. (This correction makes this provision comparable in this respect to the former AS 16.50.225, upon which it is based.)"

However, I cannot handle the other citation similarly; there is no clear error to point to. But the following should be considered by those persons interested in the operation of this Act and in determining exactly what action may be enjoined under AS 08.54.220: (a) By citing secs. 100 -- 200,

April 12, 1973

the section listing conduct which is grounds for discipline (sec. 200) is included but the section listing unlawful acts (sec. 210) is not. In the old AS 16.50, upon which this new AS 08.54 is more or less based, just the opposite obtains -- the section on unlawful acts is included and the one on grounds for discipline is not. (See the former AS 16.50.225.) (b) By citing sec. 100 -- 200, we are not merely citing a complete article (in conformity with Alaska drafting style), because that article continues on through sec. 220, but we are including the sections (170 -- 190) which merely set out fees and specify renewal periods.

The present citation of secs. 100 -- 200 may accurately reflect the intent, but I wonder if the matter has been considered.

If you have any question on this, don't hesitate to write. If you would like to pre-file a bill making these corrections or other changes, let us know.

Yours truly,

Arthur H. Peterson
Revisor of Statutes

AHP:lmk

cc: Joel F. Bennett
Legislative Counsel

HB

102

HB1022
SB 103

HB102
SB103

File

MEMORANDUM

TO: Senator Kay Poland, Chairman
Senate Natural Resources Committee

FROM: Charles Naughton *Chas*
Assistant Director
Dept. of Natural Resources
Koniag, Inc.

DATE: April 16, 1975

RE: House Bill 102, and Senate Bill 103

For the purpose of clarification of my use of "potential" as it relates to the context of my testimony yesterday, I submit this comment:

To our Region, "proven reserve", and "potential" are synonymous. A reserve is just that; the benefits of which are not felt until the reserve is tapped.

We believe that a reserve has the capability of providing for use, a stored resource upon demand. When a reserve of known capacity is not drawn upon, its ability to provide is not reduced. Its contributing ability therefore still remains.

We recommend that an accurate definition of "proven reserve" be provided, so that in the future, it is not confused with "potential"; and also that the word "potential" in the context of my testimony not be equated with the word "speculation".

STATEMENT OF JACOB ADAMS, VICE-PRESIDENT-
LANDS, ARCTIC SLOPE REGIONAL CORPORATION
ON H.B. 102

My name is Jacob Adams. I am appearing before the Committee on behalf of the Arctic Slope Regional Corporation in my capacity as Vice-President in charge of Land Selection and Conveyance.

ASRC is strongly opposed to legislation which would impose a tax on proven oil and gas reserves. The proposed legislation would constitute an extremely damaging burden to ASRC and could very well bankrupt the corporation.

ASRC recognizes and appreciates the Legislature's concern over imminent near-term deficits in the State Treasury arising out of predictable imbalance between revenues and expenditures. Expenditures in recent years including revenue sharing with local governments has been a mainstay of supporting their local budget requirements especially in education.

While the Inupiat people of the Arctic Slope have benefited to some degree by State financial support, it has not been to the same extent that more urban areas have benefited.

At the present time, the present cash reserves and future anticipated revenues arising from the Alaska Native Claim Settlement Act, as well as programmed receipts

under various exploration and development agreements with major oil companies, have been heavily committed to produce a viable economy in the Arctic based on a profit motivated, free enterprise system. ASRC, without special assistance or subsidy from the State, is underwriting many commercial business ventures, which will ultimately provide revenues to the State in the form of income and business taxes. If prevented from developing on its own initiative because of a new tax burden on proven reserves, which ASRC shall shortly inherit under its mineral in-lieu selection entitlement, the economic future of the Arctic will be seriously impaired.

A tax on reserves is a regressive tax in that it is not gauged on the ability to pay. True, large oil companies can accommodate such taxes by passing on to consumers those costs, but not every corporation, organization or individual can pay. Contrary to the bulk of public opinion there are others in the State of Alaska, in addition to large oil companies, that have a stake in ownership of oil and gas reserves. This other category includes individual lessees, royalty owners, and independent companies.

As you are also aware, at least six native regional corporations have entered into oil and gas exploration agreements which, in addition to base royalties as a land owner, provide for other benefits including net profits provisions,

joint ventures or participations, carried working interests, or a combination of all three.

Although we are not here to argue the legal interpretation of Section 21(d) of the Alaskan Native Claim Settlement Act whereby a twenty year tax exemption applies to certain property interests of native corporations and individuals, there are those who believe that native interests in leases in the form of participations as well as royalty interests would be subject to a property tax in the same manner and to the same degree as oil company lessees.

We submit that the property tax being considered would depress the value of unleased native corporation lands as well as those that are presently leased or that shall be leased in the near future. The time of payout in order to receive benefits under a net profits interest would be much delayed. From the regional corporations' standpoint, paying taxes today with the uncertainties of developing a market and unknown future wellhead value of crude oil and natural gas, could create financial havoc if not bring upon the economic demise of the corporations.

A specific example will serve to illustrate our concern. ASRC previously filed in-lieu selections on approximately 18,000 acres within the boundary of the known geologic structure of the Kemik Unit. The Kemik Unit has one completed and shut-in gas well. A second exploratory well is currently drilling and a permit for a third exploratory well is pending. No development wells have been drilled;

however, the U.S. Geological Survey has indicated that the discovery probably is commercial based on the KGS classification. The Survey and the original operator, Forest Oil Company, indicates a probable produceable volume of 475 bcf of gas. This is certainly no "barn burner" or as we call it "igloo melter" in terms of North Slope operations.

ASRC filed selections within the Kemik Unit because it has over 1.2 million acres of in-lieu subsurface entitlement and the Board of Directors believes such selections should be made first in proven areas of production where fee ownership is not important in order to maximize the spread of its overall land ownership throughout the Arctic Slope.

ASRC's interest in the Kemik Unit upon transfer of the subsurface estate from the Department of the Interior ranges from 12-1/2% royalty under existing Federal leases to 100% mineral interest under unleased lands within the unit boundary.

Based on the reserves attributable to ASRC's interests derived from the operators volumetric calculations, the volume of produceable gas is 213 bcf. Assuming an arbitrary value at the time production commences of \$.50/MCF, the value of so-called proven reserves owned by ASRC is \$106MM. A 20 mil property tax levy would amount to \$2.1MM annually until production commenced.

Since ASRC will probably lease its 100% mineral interest lands reserving a 16-2/3% royalty thereby decreasing its royalty reserves to 64 bcf, the amount of ad valorem taxes paid in the first few years after the tax is imposed may never be recouped as a credit against production taxes. This would be true unless ASRC receives title to the subsurface estate and leases its interest prior to the effective date of the tax law. Actions which force ASRC to land management decisions in haste due to factors (the new tax) beyond its control are unreasonable and patently unfair.

Another problem that we consider likely to develop that would be harmful to ASRC relates to the contract provisions of our several oil and gas exploration agreements. The agreements provide for, among other things, a reasonable continuous drilling provision in the event of discovery on a lease. It is almost a certainty that we would have to waive the continuous drilling provision until the law expires (if ever) thereby extending the period of field development for many years which would not only affect our cash flow projections but deprive the State of production taxes from ASRC lands.

Although reserves could be assessed under a single discovery well, you would obviously be inviting litigation.

We believe that the Legislature should carefully explore all alternatives to raising sufficient revenues to offset near-term deficits and compare the impact against the obvious detrimental effects of the tax on reserves.

Several alternatives that have been advanced in recent weeks that should be thoroughly considered include the following:

1. Indirect borrowing against future oil and gas royalties through an "ABC" type transaction. Selling only a specified quantity of royalty reserves commits only that amount necessary to repay the loan. Royalty production thereafter is free from encumbrances. While further investigation of the applicability of "ABC" financing is needed, we believe it would avoid the question of constitutionality raised by opponents to funding through borrowing. Arlon Tussing, noted University of Alaska economist, has compared the cost effect of taxing reserves against borrowing at low interest rates and concluded that if the State wants to maximize the value of its oil revenues it would be far better off to issue revenue bonds rather than tax reserves in the ground.

2. Another alternative that should be considered is advance payment of severance taxes. Since the producers will be paying severance taxes based on gross wellhead price of oil or gas on a predictable declining basis, payment of advance severance taxes on production with a recapture provision after royalty revenues close the gap between receipts and expenditures should encourage

operators to produce a property beyond what would otherwise be its economic limit. The time of abandonment of marginal properties should be extended for a number of years which would benefit the State and promote good conservation practices.

3. A third alternative that should be considered is a purchase option on State royalty gas with the actual value to be determined at the time of transfer. An option of this nature could be made attractive to large gas utility companies who may be able to accommodate the option payment in their rate base. In any event, the State would not be committing its gas reserves at a fixed price in advance of what the actual value may be at the time production commences. It appears to ASRC that this alternative may be superior to all others.

4. Additional competitive lease sales should be programmed to coincide with calendar year budgets of major oil companies to maximize revenues. If the majority of the potential participants in a sale adopt a budget as of the first of a calendar year then it is unwise to schedule a sale for the fourth quarter of a year.

5. Another alternative that has been suggested is advance sale of royalty oil. This appears the least advisable at this time since the value would be heavily discounted by prospective purchasers. However, as an alternative it should be considered.

We wish to thank you for the opportunity to present our viewpoint on the proposed property tax on reserves. Although such a tax may be relatively easy to administer, it has gross inequities and applications. Therefore, if there are other means to raise revenues without inequities, they should be thoroughly investigated and only as a last resort should serious consideration of a tax on reserves be implemented.

One factor that begins to worry ASRC is that the anticipated revenues from Prudoe Bay may not cover rapidly escalating costs of State government at the time production begins. If this occurs, we believe that the tax on reserves will not be phased out as provided for in the various bills with the result that exploration and development on native lands will be further impaired.

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 18, 1975

Mr. Nels A. Anderson, Jr.
Pouch V
Juneau, Alaska 99801

Dear Nels:

You asked for our views on HB 102, the oil-in-place tax. In my opinion, the bill would slow oil exploration and production throughout the State and it would not produce any net gain in state revenues. It would cause severe problems for our Native regional corporations. In fact, it could easily push one or more of them under.

The tax is aimed at Prudhoe, but that is not where it will hit. HB 102 would not take effect until 1976. The Prudhoe fields will be paying gross production tax by 1977 if Alyeska stays on schedule, and those taxes will be in the neighborhood of a billion dollars a year by the end of the third year.

Five or eight years ago was the time to start taxing the field up there. Today is not.

Now, an oil-in-place tax will mainly hit the Native corporations, particularly the ones that have signed exploration and production contracts. Take BBNC, for example. Our contract provides:

- (1) Phillips Petroleum explores our land for oil. We do not get any direct payment for the exploration, and we cannot stop it at this time without breaching the whole contract.
- (2) Once oil is found, Phillips pays us a one-time bonus equal to 1% of the value of the field.
- (3) Phillips and BBNC will form a joint operating company to get the field into production and market the product. BBNC and Phillips will each own 50% of the JOC, and it will own the leases.

Mr. Nels A. Anderson, Jr.
February 19, 1975
Page 2

Getting a field into production might not take very long around Kenai, but in a remote area such as Bristol Bay it will take at least three years. In the NANA Region it might take even longer. It took nine years on the Arctic Slope.

Suppose Phillips finds a one hundred million barrel field. Our consultants tell us that this could be within the ball park. We get a one-time bonus of 1% of the value, which we can use to pay our 50% share of the 2% oil-in-place tax. We break even--the first year.

The second year, the tax would drain our bank account.

The third year, we would owe the State ten million dollars and we would not be able to pay.

I have not read the contracts entered by the other Native corporations, but I think that ours is at least typical and probably the best of the lot. In any case, what happens to any of the regional corporations affects them all, thanks to provisions such as 7(i) of the Land Claims Act.

I know that Doyon, which has enormous oil potential, has been thinking about going into an exploration contract. But if this bill passes, they would be crazy to get into one. That is why I say the bill will slow down oil and gas exploration and in the long run cost the State.

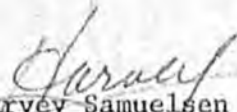
Obviously, we are not about to lay down and die while we wait for bankruptcy. I see that oil-in-place taxes have always meant lots of lawsuits in the States where they have been tried, and it wouldn't be any different here.

There are also good sound environmental conservation reasons for opposing such a tax. For instance, the fastest way of getting proven oil out of the ground might not always be the best way. But with this tax it would surely be the only way.

I hope these views will be of some help to you in your deliberations on this bill.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Harvey Samuelson
President

HIS:ms

AGO 547310 +

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 4, 1975

Rep. Nels A. Anderson
Chairman, House Resource Committee
Pouch V
Juneau, Alaska


Dear Nels:

HB 102, that puts a tax on oil in place, is straight anti-Native legislation. It is going to cost every regional and village corporation shareholder untold sums of money, and at the same time it will force the corporations to tear up the land for mineral exploitation whether they want to do so or not.

Bottle it up in your committee forever.

How are you liking it down there in Juneau?

Sincerely,
BRISTOL BAY NATIVE CORPORATION


Harvey Samuelson

AGO 547311 +

ARCTIC SLOPE REGIONAL CORPORATION

File

PRESIDENT
JOSEPH UPICKSOUN
1ST VICE PRESIDENT
JOHN OKTALIK
2ND VICE PRESIDENT
EDWARD E. HOPSON, SR.
3RD VICE PRESIDENT
WYMAN PANIGEO

P. O. BOX 566
BARROW, ALASKA 99723

PHONE: 852-6930
852-6970

SECRETARY
NELSON AHVAKANA
TREASURER
OLIVER LEAVITT
LAND SELECTION CHIEF
JACOB ADAMS
EXECUTIVE VICE PRESIDENT
LAWRENCE A. DINNEEN

March 13, 1975

The Honorable Nels A. Anderson, Jr.
Alaska State House of Representatives
Pouch V State Capitol Building
Juneau, Alaska 99811

Re: H.B. 102, 297 and S.B. 103

Dear Representative Anderson:

The captioned bills are of major concern to the Arctic Slope Regional Corporation and we believe to virtually all eleven other regions. It is our opinion that the language of the bills, as drafted, is extremely harmful to the interests of the native corporations and could bankrupt ASRC if enacted.

We are confident that you will remain open-minded on the issue of taxing oil and gas reserves at least until you have had the opportunity to hear our views presented. We would like to offer testimony before the House Resource Committee next week at the time to be scheduled by Chairman Anderson.

Sincerely,

ARCTIC SLOPE REGIONAL CORPORATION

By *Oliver Leavitt*
Oliver Leavitt
Treasurer

AGO 547312 +

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

March 6, 1975

HB102
file

Honorable Terry Gardiner
State Representative
Pouch V
Juneau, Alaska 99811

Dear Terry:

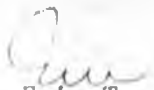
Regarding an oil-in-place tax, the critical years for us will come earlier than 1984. Fred Brown's new section 2(b)(1) is a step in the right direction, but I don't think it solves the problem. BENC will be protected, because of the particular way our contract is set up. But one Regional Corporation, to my own knowledge, could get zapped as early as 1978.

Wouldn't the tax really serve its purpose if it were only operative for two years? This gives the state two hundred million dollars a year during 1976 and 1977, and it does it without threatening the Native Corporations or unhinging orderly development. I enclose a copy of my letter to Fred Brown on the same subject.

On another subject, thank you for sending me Barry Jackson's letter. I agree with him that Native property should not be taxed while it is in its undeveloped state, even after 1991. At the very least, the policy makes the Native Corporations stop and think before rushing ahead with development schemes, and I believe that is to everyone's benefit.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Eric Treisman
General Counsel

ET:ms

AGO 547313 -1

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

March 6, 1975

Honorable Fred Brown
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Fred:

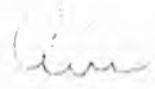
Thank you for your letter of February 25th. I am very glad to learn that you are changing HB 102. I hope you will change it a little more, because I still do not think it is fair to make the bush pay for benefits that the urban centers voted themselves.

I am afraid the damage could all be done--the land devastated and the Native Corporations bankrupted--by 1984. I wonder whether you would consider a lapse on December 31, 1977. This would be adequate for the purpose of tiding over the state budget.

Please don't worry about my plain talk making your colleagues angry. Terry Gardiner is the only other legislator I wrote to. He won't be angry, because he is just a fisherman and sometimes he does not have any more tact than an atomic bomb either.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Eric Treisman
General Counsel

ET:ms

cc: Doyon Limited
Tanana Chiefs Conference
Fairbanks Environmental Center
Terry Gardiner

AGO 547314

BRISTOL BAY NATIVE CORPORATION

File
HB 102

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 14, 1975

Honorable Fred Brown
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: HB 102

Dear Fred:

I just received a copy of HB 102 and was surprised to see you listed as a sponsor.

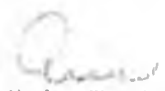
We are opposed to this bill for two reasons. First, it is anti-Native legislation. Under the terms of our contract with Phillips, such a law would begin to cost us money the day it is operative, and the mechanisms of Land Claims would pass this cost along to every Native in the State. What is more, by 1977 the Native corporations will be the main organizations in the State with oil-in-place interests not exempted under Section 3 of the bill or otherwise shielded. Since the benefits on which the State overspent during the past five years were not benefits to the bush, it is manifestly unfair now to make the bush pay for them.

Our second reason for opposing the bill is that it is anti-environmental and anti-planning legislation. It would force us to exploit our petroleum resources more hastily and less carefully, than Alaska's long range interests dictate.

I know that the State's need for money is great but HB 102 as presently written is ill considered. I know that such an anti-Native, anti-planning measure is opposed to your basic philosophy and I hope you will disassociate yourself from it at once.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Eric Treisman
General Counsel

cc: Doyon Limited
Tanana Chiefs Conference
Fairbanks Environmental Center

AGO 547315

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM ALASKA 99576
PHONE (907) 842-3070

February 14, 1975

Mr. Sam Kito
Doyon, Ltd.
527 Third Avenue
Fairbanks, Alaska 99701

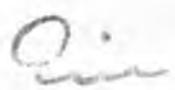
Dear Sam:

This is really a bad tax from our point of view. It means we will be paying one percent annually on the full and true value of anything Phillips finds during the five years or so between discovery and full production.

It's a bad tax from your point of view too, since the money will come off the top before anything goes in the 7(i) pool.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Eric Treisman
General Counsel

ET:ms

cc: Bill Timm

AGD 547316

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3670

February 14, 1975

Mr. Jim Kowalsky
Fairbanks Environmental Center
Box 1796
Fairbanks, Alaska 99701


Dear Jim:

I believe I already told you about HB 102, the bill to tax oil-in-place at the annual rate of 20 mills. Chancy Croft informs me that it stands a good chance of passing in the next three weeks.

I urge you to oppose the bill. From a Native point of view, it is unfair because it is designed to make Regional Corporations pay for the benefits on which the legislature overspent, benefits in which very few of our shareholders participated. From an environmentalists point of view, it is going to force the Native corporations to tear up land for mineral exploitation regardless whether or not it is in the long range interest to do so, and whether or not they want to do so.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Eric Treisman
General Counsel

AGO 547317

BRISTOL BAY NATIVE CORPORATION

P.O. BOX 237
DILLINGHAM, ALASKA 99576
PHONE (907) 842-3070

February 14, 1975

Honorable Terry Gardiner
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: HB 102

Dear Terry:

I just received a copy of HB 102 and was surprised to see you listed as a sponsor.


We are opposed to this bill for two reasons. First, it is anti-Native legislation. Under the terms of our contract with Phillips, such a law would begin to cost us money the day it is operative, and the mechanisms of Land Claims would pass this cost along to every Native in the State. What is more, by 1977 the Native corporations will be the main organizations in the State with oil-in-place interests not exempted under Section 3 of the bill or otherwise shielded. Since the benefits on which the State overspent during the past five years were not benefits to the bush, it is manifestly unfair now to make the bush pay for them.

Our second reason for opposing this bill is that it is anti-environmental and anti-planning legislation. It would force us to exploit our petroleum resources more hastily and less carefully, than Alaska's long range interests dictate.

I know that the State's need for money is great, but HB 102 as presently written is ill considered. It will be difficult for me to convey the total depth of our opposition to this bill, and I hope you will withdraw your sponsorship.

Warm personal regards,

BRISTOL BAY NATIVE CORPORATION


Eric Treisman
General Counsel

ET:ms

AGO 547318

HB

106

FILE IN
HB
#106

February 14, 1975

The Honorable Leslie E. Swanson
Representative
House of Representatives
Pouch V
State Capitol
Juneau, Alaska 99801

Dear Representative Swanson:

The Alaska Division of Lands does have an existing authority that will provide assistance to the fur trappers. Within the Director's authority as provided in AS 38.05.330 and as interpreted in 11 AAC 58.210, permits for temporary use of State land may be negotiated permitting temporary occupancy of State lands with limitations as proposed in your house bill.

Permits can be offered to trappers that exhibit evidence of a legitimate trap line that has been used for a period of at least two years and is presently being used. The permit would include special stipulations as follows:

1. Duration not to exceed five years.
2. Use of a site described may be used for the erection of a cabin not to exceed dimensions exceeding 12' x 12'.
3. Permit is not transferrable or assignable.
4. No preference right to lease or purchase the subject lands inures with this permit.
5. The annual rent is \$100.00.
6. The permit may be terminated upon 30-days written notice for failure to comply with the terms of the permit.

This type of permitting is used for all legitimate applications for land use where the State does not wish to provide any permanent tenure. Actually, the idea of the special land use permit is to legitimize a person's occupancy of State lands, providing him with a document to show other persons that he does have authorization for the described use, and allows the State to keep a handle on use of State lands.

The Honorable Leslie E. Swanson

Page 2

February 14, 1975

Please feel free to contact me if further discussion and clarification is needed.

Sincerely,

Michael C. T. Smith
Director

cc Northcentral District Office
Southcentral District Office
Southeast District Office
Lands Section

EPT:ldd

HB

118

"An Act providing for the licensing of transporters."

2/4/75

COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker:

Date 2/4/75

The Committee on Transporters has had one bill

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

OLSEN

d
b
a

ILIAMNA AIR TAXI



ILIAMNA, ALASKA 99606

File
AB 118

April 4, 1975

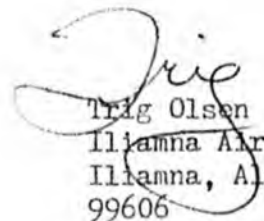
Nels A. Anderson, Jr.
Chairman-House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Nels:

The House Bill No. 118 you mentioned sounds great, however I would like to make a suggestion regarding a "transporter". If a transporter is going to be transporting people by air, he should be subjected to the same aircraft inspection regulations as the air taxi operators, this being primarily for safety reasons. I have seen some of the junk the guides fly around here and I wouldn't let my DOG ride with them!

It was nice to hear from you Nels, and hope to see you soon.

Best Personal Regards,


Trig Olsen
Iliamna Air Taxi
Iliamna, Alaska
99606

TMO/nlp

CHARTER
SERVICE

HUNTING
&
FISHING

AT

ITS

BEST

HB

130

2/7/75

COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker:

Date 3-31-75

The Committee on Resources has had RD 050

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

[Signature] _____

[Signature] _____
[Signature] _____

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

[Signature] Chairman

HOUSE RESOURCE COMMITTEE REPORT

HB #130

In 1972, the decision of the Dept. of Fish and Game to open the Prince William Sound purse-seine fishery was continuously postponed. A relatively small number of operations, some twelve or fifteen, had at that time acquired vessels and gear preparatory to entering that fishery for the first time. They did not, however, acquire gear licenses, because the Dept. of Fish and Game repeatedly advised them and others in the fishery to wait until the decision to open the fishery was made. The fishery never was opened in 1972.

But for the Dept. of Fish and Game's advice to the contrary, each and every one of the persons so affected would have acquired a gear license, and each would have been eligible to apply for an entry permit for the Prince William Sound purse-seine fishery. In other words, because they acted in reasonable reliance on the words and conduct of the government officials, they will now be injured by the government's subsequent adoption of January 1, 1973, as the cut-off date for having possessed a gear license and participated in the fishery.

Under well settled rules of equity, when one is induced by the words or conduct of another to alter his position for the worse, and the action taken was in reasonable reliance on the words or conduct, the court will not allow the other party to repudiate the effects of his words or conduct. Accordingly, those persons induced by the state not to acquire a gear license in 1972 for the Prince William Sound purse-seine fishery should be deemed in equity as having held a gear license in 1972 and should be eligible to apply for an entry permit.

It is not the purpose of this legislation to confer a special benefit but rather to do equity. The committee was advised that the Commercial Fisheries Entry Commission shares the committee's views on the equitable right to apply for a permit under these special circumstances and

HOUSE JOURNAL

Page 2.- House Resource Committee Report

that it is proposing to adopt emergency regulations on the subject.

HB

132

STATE
of-ALASKA

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

TO: Nels Anderson, Chairman
House Resources Committee

DATE : January 29, 1976

FROM: Guy R. Martin,
Commissioner

SUBJECT: Open to Entry Issues

The categories below regarding issues which I think should be addressed in any final open to entry legislation. To one extent or another, all of these have been addressed in one or more of the bills presently pending before the House Resources Committee. I think the major thrust of committee staff work should be to insure that all of these issues are presented for committee consideration so as to allow members of the committee to make policy choices.

1. Purpose of the program

Specific statement of the purpose of the program (or purposes) - widely scattered remote sites, second home sites, low-cost building sites in residential areas, etc.

2. Term of program

Should the program be for an indefinite duration or for some trial period having a termination date?

3. Method and rate of disposal

Should disposal take place on a rotating regional basis or according to whatever planning is done by the Division of Lands taking into account the other statutory responsibilities.

4. Should the rate of disposal be set by planning process or by statute?

5. Specify involvement of local units of government in addition to specifying involvement of local citizens?

This is particularly important in the planning process.

6. What state actions should precede selection and disposal procedures (mineral surveys, soil testing, alternative use consideration).

7. Should the statute or regulation set priorities for areas in which open to entry lands are considered and made available?

8. Should the decision to make lands available for open to entry be balanced against the many other land commitment decisions imposed by statute on the Department of Natural Resources and Division of Lands?

Should the statute make reference to this balance?

9. Should consideration be given either in a statute or regulation to grant only partial title to open to entry properties?

10. Should the statute address the issue of providing a mechanism to mitigate public pressures to enlarge or extend open to entry beyond its beneficial limits?

What limitations should be placed on the rights of OTE owners? (Type of building, requirement to build, access limitations, use limitations, alienation restrictions).

11. Should state or local government have protection against the accrual of service costs from the OTE program?

12. Is it desirable or possible to limit any access rights connected with the OTE ownership interest? (Should the bill make provision for possible demands for construction of a road to OTE sites?)

13. Should an option be included which does not include a requirement to build?

14. If the term "recreational" is a condition for the use, should it be defined?

15. What is the relationship between rights accompanying and OTE site and neighboring subsistence use?

(Should the rights of OTE occupants be equal, superior, or inferior to adjacent occupants for water, timber, game)?

16. Do problems arise from the necessity of the state to upgrade access and maintain access after prescriptive easements are established? Should the obligations of the state or local governments to provide access roads, or services be waived, based on the concept that the purpose of the land conveyed is for recreational?

cc: Rep. Keith Specking, Minority Leader

TELEGRAM

*File HB
132*

MOA ALASKA COMMUNICATIONS, INC.

PHONE 440

JUNEAU, ALASKA 99801

1975 MAR 6 PM 4 55

20005 KENAI ALASKA 35 03-06 230P ADT

0371

PMS REP. NEIL ANDERSON JR. CHAIRMAN HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU

AGREE WITH THE PRINCIPAL OF HB132 BUT BELIVE THERE MAYBE
EXTENUATORY CIRCUMSTANCE .

WHERE DUE DO HEALTH, FINANCIAL CONDITION ETC THE LESSEE OR OWNE
SHOULD BE ALLOWED TO TRANSFER TITLE TO OTHER THAN HEIR.

STAN THOMPSON, BOROUGH MAYOR

STATE
of ALASKA

MEMORANDUM

Department of Natural Resources
OFFICE OF THE COMMISSIONERTO: Nels Anderson, Jr., Chairman
House Resources Committee

DATE :

January 28, 1976

FROM:

Guy R. Martin
Commissioner*Guy*

SUBJECT:

Status Report
Beaufort Sea Lease Sale

As you know, the Governor announced last year, following the preparation of an impact statement and the holding of a series of hearings, that it was his decision that an oil and gas lease sale should be held this year in the State owned areas of the Beaufort Sea. The setting of a date for the sale, and the selection of the sale area were questions left open at that time, and which remain open at the present time.

Since the Governor's decision, several courses of action have been pursued to prepare for such a sale. First, it has been the intention of the Administration from the beginning to hold such a sale utilizing a procedure which is substantially more open and publicly responsive than in the past. The preparation of stipulations for the lease sale have been pursued with this as an objective. An interdepartmental committee of the Administration has worked diligently to prepare new environmental stipulations for such a sale and this process should be completed in the near future. At that time the stipulations will be subjected to public hearing in the area of the sale as well as in at least one other location in Alaska.

At the same time, the Department of Law and the Department of Natural Resources have been attempting to consummate an interim agreement with the Federal Government with regard to the small disputed tracts which appear in certain sale areas the State is considering. Such an agreement would permit the sale to proceed and place proceeds related to the disputed areas in an escrow account subject to later determination of Federal or State ownership. While this agreement is not yet completed, it is my view that satisfactory progress has been made, and that it will be possible to complete an agreement some time during the middle part of 1976.

Still another interdepartmental working group is dealing with certain technical and legal aspects in preparation for sale. These aspects include necessary changes in the lease, the evaluation of bidding methods, and preparation for sale area and tract selection. Again, this work is progressing satisfactorily, and should permit a sale in the middle to late part of 1976.

January 28, 1976

No definition of sale area has yet been undertaken, and the entire area from the eastward boundary of Pet 4 to the Canadian border is under general study. It has been the general intention of the Administration to sell only a portion of this area, and the ultimate choice will depend upon a wide range of factors including jurisdictional difficulties exploration activity, the tract selection process overall, and all of the other factors which should be expected to influence such a choice.

Because there has been no specific definition of the sale area at this time, it is virtually impossible to supply revenue estimates for any sale. Generally speaking, the area in question is one of high interest on the part of industry, and the expectation for such a sale is optimistic. Intervening events may well be the most important determinate for the success of a sale in this area or for the determination to hold a sale on an early schedule. Such events include Federal oil pricing policy, State taxing policy, and the interrelationship of the State program with the Federal Outer Continental Shelf Program. Other factors will also have an effect on the success and viability of the sale.

cc: Commissioner Gallagher, Revenue
Attorney General Gross, Law

Bristol
Bay
Native
Corporation

P.O. BOX 237 / DILLINGHAM / ALASKA 99576 / PH. (907) 842-3070.

January 23, 1976

Mr. Nels A. Anderson, Jr.
Chairman, House Resource Committee
District #16 Representative
Pouch V
Juneau, Alaska 99811

Dear Mr. Anderson:

We have reviewed the proposed Woodriver-Tikchik State Park and also attended the hearings held in Bristol Bay and Anchorage. We have several comments that we hope are considered by your committee. The Bristol Bay Native Corporation is strongly opposed to the creation of a Park in this area at this point in time, despite the fact that several changes have been made to the original bill, for the following reasons:

1. The most important resource of the Bristol Bay Region to its residents is the salmon. The salmon spawning grounds in the proposed park area provide upwards of \$6,000,000.00 worth of salmon to the processor per year, over a twelve year period, according to public statistics. However, the high subsistence values of the salmon must also be considered. The depletion of the harvestable return is the foremost concern of the resident population of the Bay area. Thus, there is a need to increase this harvestable return by whatever means - such as hatcheries and/or predator control measures. If this park becomes a reality, it is unknown how the increased traffic, number of people utilizing the lakes, and development projects will affect the important salmon spawning grounds.
2. The second most important resource of the Bristol Bay Region is the subsistence values of hunting, fishing, berry gathering, and trapping. Although the State indicates that the continuation of the subsistence activities will be allowed within the proposed park, the people feel that the continuation of the subsistence way of life is not assured or guaranteed. The people are afraid that once the park bill is passed, the State will turn around and find some sort of justification for closing the area to subsistence activities. The Native people are very concerned about retaining this traditional right. We feel that the overall impact upon the local residents will be adverse, especially the village people of Aleknagik, Koliganek and other villages surrounding the pro-

posed park boundaries.

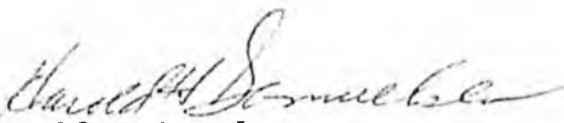
4. We are not in favor of this area being closed to mineral entry as preferred by the Alaska Division of Parks. We feel that the geological reconnaissance is incomplete and the mineral potential is still unknown.
5. The very short tourist season of this area does not justify the creation of a 1.4 million acre playground for the rich nor the expenditure for its maintenance.

In conclusion, we would like to see this area be put to its best possible use without making any significant adverse impacts upon the salmon spawning grounds and on the life style of the people. We are not sure and the people are not sure that a park is the best use of this land. Therefore, we suggest that further in-depth studies be made of this area, before the legislature takes any further action, so that all the possible adverse impacts can be determined in detail. During this study period, the land should not be designated for any other uses such as open to entry.

We further suggest that the S.S. 1357 be tabled indefinitely until the previous questions are answered.

Sincerely,

BRISTOL BAY NATIVE CORPORATION


Harold H. Samuelson
President

HHS/es

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LANDS / 323 E. 4TH AVENUE - ANCHORAGE 99501

February 13, 1976

The Honorable Nels Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Nels:

Guy VanDoren of your House Resources Committee has asked me to list the abuses and problems of the Open-to-Entry (OTE) Program. These tend to fall into two general categories, abuse of the intent of the program and administrative problems.

The intent of the program was to provide the individual with a wilderness site for his recreation use; it was assumed that individuals would be looking for isolated tracts. Abuses of the intent principally involved either the use of the program for speculative real estate ventures or the fostering of a wasteful pattern of land subdivision contrary to responsible land management concepts.

There were a number of different abuses that resulted from the use of the program for speculative real estate ventures:

- * People hired agents to stake their site and assist with paperwork in violation of the requirement that applicants personally stake their property. The Division of Lands required an applicant to sign an affidavit that he had personally staked his land, but it was a requirement which was impossible to check and enforce.

A variation of this was the situation where individual A staked 5 acres of state land, then transported individual B to the site, had him walk around it, then go back to obtain a lease. B paid A for locating the land, then B assigned (sold) the lease to individual C, making a substantial profit.

- * For certain cases, an individual staked a number of parcels and then arranged for their purchase by separate individuals (the law limited patent to one per person, but did not limit the number of parcels on which one person could file for lease).
- * Individuals submitted a property sketch and lease application without ever having visited and staked the land as was required.

- * An individual staked a number of plots, but only certified the best of them, thus denying others the option to stake.
- * Individuals sold or advertised for sale OTE sites on which they had paid only a \$10.00 filing fee and a few years rental at \$40.00 per year. Some known OTE land transactions included the following which occurred in 1973 or earlier: remote fly-in sites in the Matanuska-Susitna Valley, approximately five acres with 400 feet water frontage, \$3,000-\$3,500; similar sites surveyed, \$4,500-\$5,500. Similar sites in superior Matanuska Valley locations, \$12,000. Unsurveyed sites west of Healy in mountainous country adjoining McKinley National Park, \$7,500-\$8,000. Unsurveyed sites on Kachemak Bay \$9,000-\$12,000. Frequently these sites had no improvements.
- * The ability of the OTE lessee to assign his lease resulted in the individual selling a paper entry. For example, the entryman might sell his property based upon 400 feet of water frontage and five acres at \$10,000 to \$20,000, south Kachemak Bay. When the new owner has his property surveyed he may find that the actual staked area includes only 250 feet of frontage and 2.67 acres of land. He has no recourse as the surveyor is not permitted to go outside of lands actually appropriated (staked) by the original entryman.
- * The legislature closed the OTE program to non-residents on June 12, 1973. They took this action because of the high percentage of non-residents filing for open-to-entry sites, often for speculative purposes. An indication of the problem is given by the activity on the last day the OTE program was open to non-residents, June 11, 1973. Eighty-five applications were filed that day. One was by a young man who flew up from southern California on the morning of June 11, chartered a plane, flew to the open-to-entry area, staked the property, returned and filed the application before the 4:30 p.m. deadline. After the legislature changed the law to limit open-to-entry program to one year residents of Alaska, non-residents continued to file and this requirement was abused. This provision was very difficult to enforce even though cooperation from the District Attorney's office was received in investigations regarding residency.

The second category of abuses relates to practices that occurred as a result of the OTE program which were contrary to responsible land management concepts. The program assumed that individuals were looking for isolated tracts. Contrary to this, people tended to cluster their filings in desirable areas. There was no overall plan and individuals staked wherever they pleased. Because of this, individual entries sometimes overlapped or left odd pieces of unusable land between filings. Public access was not provided.

Other related problems:

- * The Fish and Game Department and other departments did not have an opportunity to identify and therefore recommend withholding from entry critical habitat areas and similar public interest lands.