

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86 / 2

2878 SRES SB 503 - SR 3

ANALYSIS of FISCAL NOTE  
CSSB 503 AMENDED  
April 12, 1984

A. Details of the costs for recommending the site and type of state owned/sponsored hazardous waste management facility.

Assumptions:

- a) The project will take six to seven years to complete through contracts managed by the Department of Environmental Conservation.
- b) In the first year, develop the specific details of siting criteria, the appropriate types of facilities to be evaluated based on industries regulated and types of waste, and five or more general areas for evaluation. (75.0)
- c) In the second year, identify five potential sites and the type(s) of facility to be located at each. (50.0)
- d) In the next three to four years, conduct detailed evaluations of the five sites, including such parameters as meteorology, geology, hydrology, access, and socioeconomic factors. The cost could range from 500.0 to 2 million per site - an average of 1.25 million is estimated to justify each site to the public. Excess funds would be reserved for the design of the facility after approval of the site by the governor and legislature. (6,425.0)
- e) Conduct the public review of at least two sites. (50.0)
- f) Prepare recommendation for the governor and legislature.
- g) No inflation of costs or salaries.

Staffing Needs:

1	Environmental Engineer	(Range 19)	50.0 plus support costs
1	Administrative Assistant	(Range 12)	31.7 plus support costs
1	Clerk Typist III	(Range 8)	25.5 plus support costs

B. Details of the costs for a collection and transportation service for disposal of hazardous wastes from small quantity generators and households.

Assumptions:

- a) The project will be for at least three and one half years.
- b) There will be four "cleanups" per year, each one in one or more cities. Estimated cost per cleanup is 75.0.  
4 cleanups per year x 75.0 per cleanup x 3 years (900.0)

- c) No inflation of transportation or disposal costs.
- d) An aggressive program of technical assistance to the small quantity generator to assure conformance to RCRA (Applicable Federal Hazardous Waste regulations)
- e) A comprehensive public information campaign each year to maximize legal collection and disposal of hazardous wastes.
- f) Analysis of the types, quantities and sources of hazardous wastes to provide information for the state hazardous waste facility siting project.
- g) Site for the collection activity and security will be provided by local government.

Staffing needs:

1 Environmental Engineer III (Range 19) 50.0 plus support costs

C. Details of the estimated support costs for four positions.

Travel Costs:	<u>1st year</u>	<u>2nd &amp; 3rd years</u>
Moving costs -- of the 2 Environmental Engineer IIIs: the department has found that the specialized expertise required cannot be found in Alaska.	16.0	--
Travel in support of project work (technical assistance and public information)	9.0	18.0
Travel to meet with contractors, local governments, public meetings	3.0	6.0
 Contractual Costs:		
Office costs (5.6 per person -- telephone, xerox, janitor)	22.4	22.4
Printing costs	5.0	5.0
 Supplies:		
Replace expendable laboratory, safety materials	6.0	4.0
Office	2.0	2.0
 Equipment:		
Office equipment (desks, chairs, word processor)	11.0	--
Safety equipment and replacements	11.5	4.5

U.S. ENVIRONMENTAL PROTECTION AGENCY

REGION X

1200 SIXTH AVENUE  
SEATTLE, WASHINGTON 98101



REPLY TO  
ATTN OF: M/S 533

MAY 14 1984

Honorable Bettye Fahrenkamp  
Chairman  
Senate Committee on Resources  
Pouch V  
Juneau, Alaska 99811

Dear Ms. Fahrenkamp:

In your letter of April 30, 1984, you requested that the Environmental Protection Agency review Alaska's proposed hazardous waste legislation to determine whether it meets Federal requirements for authorization of State programs. The following discussion is offered relative to the May 7, 1984 draft of Senate Bill 503.

It is our belief that the bill as proposed will provide adequate statutory authority for Alaska to develop and implement a program which can receive authorization under the Resource Conservation and Recovery Act. We have had numerous discussions with the Alaska Department of Environmental Conservation (ADEC) and the Department of Law regarding the requirements for statutory authority. Most recently, we have provided several comments to ADEC (copies enclosed) on aspects of Senate Bill 503 which might benefit from clarification. However, none of the issues we raised would appear to necessitate further amendments to the bill in order to establish adequate statutory authority.

We wish to note that a formal opinion on Alaska's statutory authority can not be rendered until a complete application for final authorization has been submitted by the State. In particular, we will look to the Attorney General's statement, a required component of the application, to demonstrate the adequacy of statutory and regulatory authority. However, we do not envision encountering any problems with Alaska's statutory authority if Senate Bill 503 is adopted.

Sincerely,

*Alexandra B. Smith*

Alexandra B. Smith, Director  
Air & Waste Management Division

Enclosures

MAY 17 1984

M/S 533

MAY - 2 1984

Commissioner Richard Neve  
Alaska Department of Environmental  
Quality  
Pouch 0  
Juneau, Alaska 99811

Dear Commissioner Neve:

In our letter to you of April 24, 1984, we provided several comments on the April 13, 1984 work draft of Senate Bill 503. Having reviewed a newer version of the bill dated April 24, 1984, we find that the first three comments from our previous letter remain applicable to the newer version.

The fourth comment, pertaining to small quantity generators of hazardous waste, is still generally applicable, but must be modified in light of changes to the bill. Specifically, AS 45.03.299(d) appears to define small quantity generators as those who generate less than 220 pounds of hazardous waste in any month. However, this same section also appears to establish authority only over those generators who generate 220 pounds or more a month. Thus, the proposed provision omits reference to the fact that even though hazardous waste from small quantity generators are excluded from full regulation, they should nonetheless be regulated. See 40 CFR 251.5(g).

Please keep us advised as any future changes are proposed to Senate Bill 503.

Sincerely,

/s/ Kenneth D. Feigner

Kenneth D. Feigner, Chief  
Waste Management Branch

cc: Douglas K. Mertz, Alaska Department of Law

M/S 533

APR 24 1984

Commissioner Richard Neve'  
Department of Environmental Conservation  
Pouch 0  
Juneau, Alaska 99811

Dear Commissioner Neve':

We have reviewed the work draft of Senate bill 503 dated April 13, 1984. The version of the bill under review is simpler and clearer than the previous draft, and is in general consistent with the Federal requirements for authorization of State hazardous waste programs. Following are a few specific concerns:

1. The date of the Federal regulations which are proposed for adoption by reference in AS 46.03.299(a)(1) is not specified. Presumably, the State is not intending to adopt future changes to the Resource Conservation and Recovery Act (RCRA) regulations prospectively, and it has been the Environmental Protection Agency's (EPA) experience that such prospective adoptions are in general prohibited by State constitutions. Clarification on these issues is needed. On the other hand, Alaska's hazardous waste statutory authority must allow for modifications to the State regulations to ensure that future modifications in the RCRA regulations can be adopted by the State. Otherwise, the State program could not remain equivalent to the Federal program.
2. In AS 46.03.299(a)(1) the Federal regulations are adopted by reference, and the Federal regulations already have established requirements for management of waste defined as hazardous because of identified characteristics. We suggest that all of the sentence after "waste" be deleted.

AS 46.03.299(a)(2) calls for the Alaska Department of Environmental Conservation to adopt "other regulations for the management of hazardous waste, including waste that exhibits the characteristics of toxicity, persistence, or carcinogenicity, or other characteristics identified as hazardous by the Environmental Protection Agency." The latter part of this requirement is confusing.

3. AS 45.03.313(b) and (g) establish procedures for applying for permits for hazardous waste management facilities, and public participation in site selection. It should be noted that the Federal regulations, proposed for adoption by reference, already enumerate procedures which would apply to issuance of permits. The relation between the new statutory provisions and the Federal regulations is unclear.
4. Section 8 proposes to amend the existing definition of hazardous waste so that wastes are defined as hazardous if the amounts generated are above certain minimum quantities. This approach is somewhat confusing and potentially inconsistent with the Federal requirements. First of all, hazardous wastes from small quantity generators, though not regulated according to the full set of Federal hazardous waste regulations, are nonetheless regulated by virtue of 40 CFR 261.5(g). The proposed definition appears to preclude such regulation. Secondly, under the Federal program a generator's status as a small quantity generator is determined by the total amount of hazardous waste generated, not by whether each waste is generated in excess of a minimum amount. The language in Section 8 implies that each waste is considered independently of other wastes in determining whether it is "hazardous," and therefore subject to regulation. Finally, by specifying small generator cutoffs in statutory form, Alaska is reducing its flexibility to alter these cutoffs in response to any future changes in the Federal regulations. In view of these concerns, it is EPA's recommendation that no changes be made to the existing statutory definition, and that the State rely on regulatory provisions to establish small quantity generator cutoffs.

If you wish to discuss these or any other issues regarding Senate bill 503, please contact David Hanline of my staff at (206) 442-2958, or Ted Rogowski of our Office of Regional Counsel at (206) 442-4155.

Sincerely,

/s/ Alexandra B. Smith

Alexandra B. Smith, Director  
Air & Waste Management Division

cc: Douglas K. Mertz, Alaska Department of Law

## CSSB 503 - An Act Relating to Hazardous Waste

### A Brief History.

In 1981, legislation (SB 29) was passed that directed the state to seek EPA authorization to administer and enforce a hazardous waste program in Alaska. The program would otherwise be managed by EPA.

Over two years later at the end of 1983, with the proposed regulations and other aspects of the authorization package nearly completed, it became apparent that the penalty sections of the current Alaska statute would have to be amended to meet EPA specifications.

Two bills SB 498 - Rules by Request of the Governor and SB 503 Resources were introduced at the beginning of the session to meet this obligation. The Governor's legislation provided the amendments to the penalty sections only, and as such was an endorsement of the hazardous waste regulation developed by the Department of Environmental Conservation. In its proposed regulations, DEC was attempting to develop a hazardous waste management program that made sense for Alaska and did not simply mimic the federal approach. SB 503 also included similar language regarding changes to the penalty codes, but limited the development of the state hazardous waste program to be the same as the federal program.

These two bills represented divergent and contradictory approaches. All interested agreed that the state should take over the management of the hazardous waste program. However, there was disagreement as to how this should be accomplished.

## CSSB 503 Hazardous Waste Legislation, History

In addition, two other bills relating to hazardous waste were introduced at the start of this session. These are SB 450 - Vic Fischer regarding the disposal of hazardous waste, and SB 486 - Josephson providing the public the right to know about the storage and disposal of hazardous materials and wastes.

All four items were referred to Senate Resources Committee, which combined them into one mega-workdraft in the form of a committee substitute for SB 503. The workdraft was sent to over 30 groups and individuals to seek their comments including business, labor, environmental, health, resource development, government, and civic interests. After this review was complete, the Resources Committee then convened a meeting on April 9, 1984 of these same interested parties to hammer out compromise legislation.

After a full day of intense negotiation, agreement was reached by all the work group participants. Alaska Oil and Gas Association, Associated General Contractors, environmentalists, Alaska District Council of Laborers, Municipality of Anchorage, and various legislative and state government offices were represented. The result is the committee substitute for SB 503 before this committee.

# Alaska State Legislature

SENATOR BETTYE FAHRENKAMP  
CHAIRMAN, RESOURCES COMMITTEE

4016 EVERGREEN  
FAIRBANKS, ALASKA 99701

907-479-3550



Senate

WHILE IN JUNEAU  
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JUNEAU, ALASKA 99811  
OFFICE 907-465-7633  
RESOURCES COMMITTEE  
907-465-3834  
HOME 907-769-9162

## CSSB 503 - AN ACT RELATING TO HAZARDOUS WASTE

### SECTIONAL ANALYSIS

#### Section 1. Regulation of Hazardous Waste

(a) This section directs the Department of Environmental Conservation to adopt regulations for the management of hazardous waste. These regulations must meet minimum EPA requirements as well as regulate those hazardous wastes that are toxic, persistent, or carcinogenic. The federal program ignores the carcinogenic and toxic effects of a waste on human health and the environment. Regulations should be developed no later than July 1, 1986 and effective on July 1, 1987.

(b) Mining waste, oil and gas production wastes are temporarily excluded in this section until federal studies on these wastes have been completed. DEC will consider the report results in the development of regulations for these wastes.

(c) This section instructs the state to take actions necessary to receive EPA authorization for the hazardous waste program.

(d) The quantities of waste are established in this section.

(e) This section requires the Department to conduct an education program about the regulations for those affected.

#### Section 2. Transportation of Hazardous Waste.

Before a hazardous waste can be transported, a manifest (already required under federal law) which includes information about the type of material, disposal site, and handling procedures must be sent to DEC. DEC then sends a copy of this manifest to the highest local elected official and the local and state public safety agencies.

#### Section 3. Temporary Collection of Hazardous Waste.

This section institutionalizes the very successful program currently offered by DEC, known as "hazardous waste clean-ups". Temporary collection and transfer operations will be held for small quantity and household generators of hazardous waste four times a year.

#### Section 4. Hazardous Waste Management Facilities and Sites.

This section outlines the criteria and public comment procedures DEC should use to determine hazardous waste management sites and facilities in Alaska. Recommendations to the Governor and Legislature should be submitted not later than July 1, 1987. Final sites and facilities should be submitted two years later.

#### Sections 5 - 8. Penalties for Violations.

These sections include the technical amendments needed to satisfy federal requirements to obtain final authorization of the hazardous waste program.

#### Section 9. Definitions.

This section defines certain terms found in the legislation.

## CSSB 503 - AN ACT RELATING TO HAZARDOUS WASTE

IN 1981, LEGISLATION (SB 29) WAS PASSED THAT DIRECTED THE STATE TO SEEK EPA AUTHORIZATION TO ADMINISTER AND ENFORCE A HAZARDOUS WASTE PROGRAM IN ALASKA. THE PROGRAM WOULD OTHERWISE BE MANAGED BY EPA.

OVER TWO YEARS LATER AT THE END OF 1983, WITH THE PROPOSED REGULATIONS AND OTHER ASPECTS OF THE AUTHORIZATION PACKAGE NEARLY COMPLETED IT BECAME APPARENT THAT THE PENALTY SECTIONS OF THE CURRENT ALASKA STATUTE WOULD HAVE TO BE AMENDED TO MEET EPA SPECIFICATIONS.

TWO BILLS SB 498 - (RULES BY REQUEST OF THE GOVERNOR) AND SB 503 (RESOURCES) WERE INTRODUCED AT THE BEGINNING OF THE SESSION TO MEET THIS OBLIGATION. THE GOVERNOR'S LEGISLATION PROVIDED THE AMENDMENTS TO THE PENALTY SECTIONS ONLY. SINCE 1981 DEC HAS ATTEMPTED TO DEVELOP HAZARDOUS WASTE MANAGEMENT REGULATIONS WHICH VARIED GREATLY FROM THE FEDERAL APPROACH, SB 503 ALSO INCLUDED SIMILAR LANGUAGE REGARDING CHANGES TO THE PENALTY CODES, BUT LIMITED THE DEVELOPMENT OF THE STATE HAZARDOUS WASTE PROGRAM TO BE THE SAME AS THE FEDERAL PROGRAM.

THESE TWO BILLS REPRESENTED DIVERGENT AND CONTRADICTORY APPROACHES. ALL INTERESTED AGREED THAT THE STATE SHOULD TAKE OVER THE MANAGEMENT OF THE HAZARDOUS WASTE PROGRAM. HOWEVER, THERE WAS DISAGREEMENT AS TO HOW THIS SHOULD BE ACCOMPLISHED.

IN ADDITION, TWO OTHER BILLS RELATING TO HAZARDOUS WASTE WERE INTRODUCED AT THE START OF THIS SESSION. THESE ARE SB 450 - VIC (FISCHER) REGARDING THE DISPOSAL OF HAZARDOUS WASTE, AND SB 486 - (JOSEPHSON) PROVIDING THE PUBLIC THE RIGHT TO KNOW ABOUT THE STORAGE AND DISPOSAL OF HAZARDOUS MATERIALS AND WASTES.

ALL FOUR BILLS WERE REFERRED TO THE SENATE RESOURCE COMMITTEE, WHICH COMBINED THEM INTO ONE WORKDRAFT IN THE FORM OF A COMMITTEE SUBSTITUTE FOR SB 503. THE WORKDRAFT WAS SENT TO OVER 30 GROUPS AND INDIVIDUALS TO SEEK THEIR COMMENTS INCLUDING BUSINESS, LABOR, ENVIRONMENTAL, HEALTH, RESOURCE DEVELOPMENT, GOVERNMENT, AND CIVIC INTERESTS. AFTER THIS REVIEW WAS COMPLETE, THE RESOURCE COMMITTEE THEN CONVENED AN INFORMAL MEETING ON APRIL 9, 1984 OF THESE SAME INTERESTED PARTIES TO HAMMER OUT COMPROMISE LEGISLATION.

AFTER A FULL DAY OF INTENSE NEGOTIATION, AGREEMENT WAS REACHED BY ALL THE WORK GROUP PARTICIPANTS. ALASKA OIL AND GAS ASSOCIATION, ASSOCIATED GENERAL CONTRACTORS, ALASKA CENTER FOR THE ENVIRONMENT, ALASKA DISTRICT COUNCIL OF LABORERS, MUNICIPALITY OF ANCHORAGE, AND VARIOUS LEGISLATIVE AND STATE GOVERNMENT OFFICES WERE REPRESENTED. THE RESULT IS THE COMMITTEE SUBSTITUTE FOR SB 503 BEFORE YOU TODAY.

THE MAIN SECTIONS OF THE BILL INCLUDE:

1. SECTION ONE DIRECTS THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION TO ADOPT REGULATIONS FOR THE MANAGEMENT OF HAZARDOUS WASTES AT THE END OF TWO YEARS. IT ALSO DIRECTS THE DEPARTMENT TO IMPLEMENT AN EDUCATIONAL PROGRAM ABOUT THE REGULATIONS AFTER THE REGULATIONS ARE ADOPTED.
2. SECTION 2 DEALS WITH THE TRANSPORTATION OF HAZARDOUS WASTE.
3. SECTION 3 SETS OUT CRITERIA FOR THE ESTABLISHMENT OF A HAZARDOUS WASTE DISPOSAL FACILITY.
4. SECTIONS 4-8 DEALS WITH THE CRIMINAL AND CIVIL PENALTIES FOR VIOLATIONS OF HAZARDOUS WASTE STATUTES.

THE BILL, IN MY OPINION, IS A GOOD PIECE OF LEGISLATION AND I ENCOURAGE YOUR SUPPORT.

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# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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## Senate

### Committee on Resources

#### MINUTES

March 9, 1984  
3:08 pm

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice Chair  
Senator Eliason  
Senator Vic Fischer  
Senator Mulcahy

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#### CALENDAR

SB 375, An Act relating to land disposal and management.

SB 222, An Act relating to the organization of DNR, substituting references in the Alaska statutes to the Department and the Commissioner for the references to the Division of Lands and the Director of the Division of Lands.

SJR 32, Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects and to provide equity for power cost assistance.

SB 423, An Act relating to the Alaska Power Authority.

SB 522, An Act specifying how revenues dedicated to the major projects fund shall be expended; and providing for an effective date.

SB 523, An Act making appropriations from the Major Projects Fund; and providing for an effective date.

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SB 222

Sandra Schubert, Aide to Senator Fahrenkamp, explained that SB 222, which was prepared by the Revisor of Statutes, reflects changes in drafting style. The second Committee Substitute includes changes made to conform with the passage of SB 41, which awarded the University of Alaska ownership and management of certain state lands, and the changes proposed in SB 375, the lands bill.

Senator Mulcahy moved to adopt the second CS SB 222, and move it from committee with individual recommendations. There was no objection.

SB 375

Senator Eliason proposed an amendment to SB 375 that would change the effective date on the quitclaim section of the bill. He moved to adopt the amendment. There was no objection.

Senator Mulcahy moved CS SB 375 from committee with individual recommendations. There was no objection.

SJR 32

SB 423

SB 522

SB 523

Senator Gilman proposed that SJR 32 contain a provision for construction of the Bradley Lake hydroelectric project.

Dave Hutchens, Alaska Rural Electric Cooperative Association, proposed authorizing and funding the Bradley Lake project, and addressed problems associated with a delayed effective date on the repeal of the Susitna "blackmail" clause.

George Matz, Special Assistant, Department of Commerce and Economic Development, presented testimony on the status of negotiations with the four dam pool communities on signing power sales agreements.

Sterling Callagher, John Nureen and Company, reviewed the problems associated with "roll-over" of APA's short term debt, citing pending Congressional legislation, higher future interest rates, and the assurances bonders would need to be willing to roll the debt.

Senator Halford urged that the language to be inserted in the Constitution be simplified.

Mike Scott, Aide to Senator Ferguson, explained how the power cost assistance provision in the resolution would provide rural Alaska with some benefits of the energy program and thereby gain equity statewide.

Gordon Harrison, Office of Management and Budget, submitted a proposed Committee Substitute to SJR 32. He suggested that funds be dedicated for a limited number of years and that the power cost assistance language be clarified. He expressed concern that with Constitutional authorization of the Susitna project, there would be no avenue of retreat.

The meeting adjourned at 4:37 pm.



## Senate

### Committee on Resources

March 5, 1984

SB 522 AN ACT SPECIFYING HOW REVENUES DEDICATED TO THE MAJOR PROJECTS FUND SHALL BE EXPENDED.

- Sec. 1 (a) 70% of revenues paid into the fund is reserved for hydroelectric development, which is defined as construction and rate stabilization. Qualifies the first hydro project to be financed from the fund.
- (b) 10% of revenues is reserved for power cost assistance, for equalizing rates statewide (mean of Anchorage, Juneau, Fairbanks as calculated by the Alaska Public Utility Commission).
- (c) Specifies that APUC will annually submit through the Alaska Power Authority the request for power cost assistance monies.
- (d) Authorizes the legislature to appropriate additional monies to the power cost assistance program in any year in which the revenues in section (b) are insufficient to meet the program's needs.
- Sec. 2 The legislature will designate the agency to administer each project.
- Sec. 3 The designated agency will make determinations of grace period, interest rate, payback period, and value of public worth that might be credited against money appropriated from the fund.
- Sec. 4 Clarifies that repayments on projects financed from the fund will be deposited into the major projects fund.
- Sec. 5 A contractual agreement between the executive branch and a project's sponsor governing repayment that has been entered into prior to the effective date of this act satisfies the requirements of this act.
- Sec. 6 Specifies grace period and payback period for the Watana hydroelectric project.
- Sec. 7 Clarifies that any excess funds appropriated to a project lapse back to the major projects fund.
- Sec. 8 Clarifies that appropriations made from the fund are for capital projects and do not lapse.
- Sec. 9 Grants the Permanent Fund Board the authority to invest and manage the assets of the major projects fund.
- Sec. 10 Repeals the so-called "Susitna equity clause", which requires that \$5 billion be invested in the state's energy program by 1991, or state grants to other hydro projects must be repaid as interest bearing loans.
- Sec. 11 Takes effect upon passage of the Constitutional amendment creating the major projects fund.

Introduced: 3/5/84  
Referred: Resources and  
Finance

C.S.

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS SENATE BILL NO. 522

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act specifying how revenues dedicated to the major  
7 projects fund shall be expended; and providing for an  
8 effective date."

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

10 \* Section 1. As established in Article IX, Section 17 of the Constitu-  
11 tion of the State of Alaska, the revenues dedicated to the major projects  
12 fund are for financing the construction of hydroelectric and other capital  
13 projects that exceed \$100,000,000 in cost, and an account for the financing  
14 of the power cost assistance fund program. Of the money in the fund:

(a) Not less than seventy percent of the annual revenues dedi-  
cated to the fund shall be reserved for hydroelectric energy develop-  
ment. Hydroelectric energy development consists of capital constru-  
tion costs and rate stabilization funds for hydroelectric projects  
the state. The hydroelectric project for which a FERC license  
application has been accepted by 12/31/83, that will serve the  
greatest percentage of the state's population per month and will  
produce the greatest number of kilowatt hours shall be the first  
project funded under this subsection.

13 (b) [Not more than] ten percent of the annual revenues dedicated  
14 to the fund shall be used for the power cost assistance program as  
15 provided in AS 44.83.162.-.164. However, at no time may disbursements  
16 to the power cost assistance program fund exceed what is necessary to  
17 provide for power cost stabilization statewide equal to the mean of  
18 the cost per kilowatt hour in Anchorage, Fairbanks, and Juneau as  
19 calculated by the Alaska Public Utility Commission.

1 (c) The Power Cost Assistance Program account shall be used to  
2 fully fund the Power Cost Assistance Program established under AS  
3 44.33.162-164. The Alaska Public Utilities Commission shall calculate  
4 the amount necessary to fully fund the Power Cost Assistance Program  
5 each fiscal year and shall submit through the Alaska Power Authority  
6 the appropriate budget request for consideration by the legislature.

7 (d) During any fiscal year in which the revenues in subsection  
(b) are fully insufficient to meet the obligations in  
AS.44.83.162 - .164, the legislature may appropriate the amount  
necessary to satisfy the obligation in AS 44.83.162 - .164.

1 \* Sec. 2. PROJECT AGENCY. The legislature by appropriation or other-  
2 wise shall designate the appropriate agency to administer a project under  
3 the major projects fund.

4 \* Sec. 3. PROJECT PAYBACK. For each project under Article IX, Section  
5 17 of the Constitution of the State of Alaska, the legislature shall  
6 designate a state agency to determine a grace period, if any; rate of  
7 interest, if any; length of term over which the fund shall be repaid;  
and public worth or other values of the project and allow a credit  
for these values against money appropriated from the fund.

1 \* Sec. 4. REPAYMENT TO MAJOR PROJECT FUND. All repayments and interest  
2 on projects financed from the Fund shall be deposited into the major  
3 projects fund.

4 \* Sec. 5. PRIOR AGREEMENTS. If the executive branch has entered into a  
5 contractual agreement with the project sponsors on a repayment schedule for  
6 a project prior to the enactment of a constitutional amendment creating the  
7 major project fund the agreement satisfies the requirements of this Act.

\* Sec. 6. In Article IX, Section 17, the project entitled the Watana  
hydroelectric development project shall have a grace period from the date  
of operation with a payback period with no interest.

\* Sec. 7. Unexpended and unobligated portions of appropriations from the fund shall lapse back to the major projects fund account from which the appropriation was made except as otherwise provided in this Act.

\* Sec. 3. The appropriations made under Article IX, Section 17 of the Constitution of the State of Alaska are for capital projects or are otherwise not one-year appropriations and do not lapse under AS 37.25.010.

\* Sec. 9. AS 37.13.120 is amended by adding a new subsection to read:  
(m) invest and manage the assets of the major projects fund.

\* Sec. 10. AS 44.83.398(b)(2) is repealed.

\* Sec. 11. This Act takes effect upon passage of a constitutional amendment creating the major projects fund and a bill appropriating \$2,535,000,000 for the Watana Dam.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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## Senate Committee on Resources

### MINUTES

May 11, 1984  
3:08 pm

Beltz Room  
Room 211, Capitol

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### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice-chairman  
Senator Eliason  
Senator Paul Fischer  
Senator Vic Fischer  
Senator Mulcahy  
Senator Sturgulewski

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### CALENDAR

SB 522, An Act specifying how revenues dedicated to the major projects fund shall be expended.

SJR 32, Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects.

HB 509, An Act relating to aviation fuel refiners.

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### HB 509

Bob Rutschman, Chevron, USA, spoke in support of the bill.

Larry Vavra, Union Oil Company, spoke in support of HB 509.

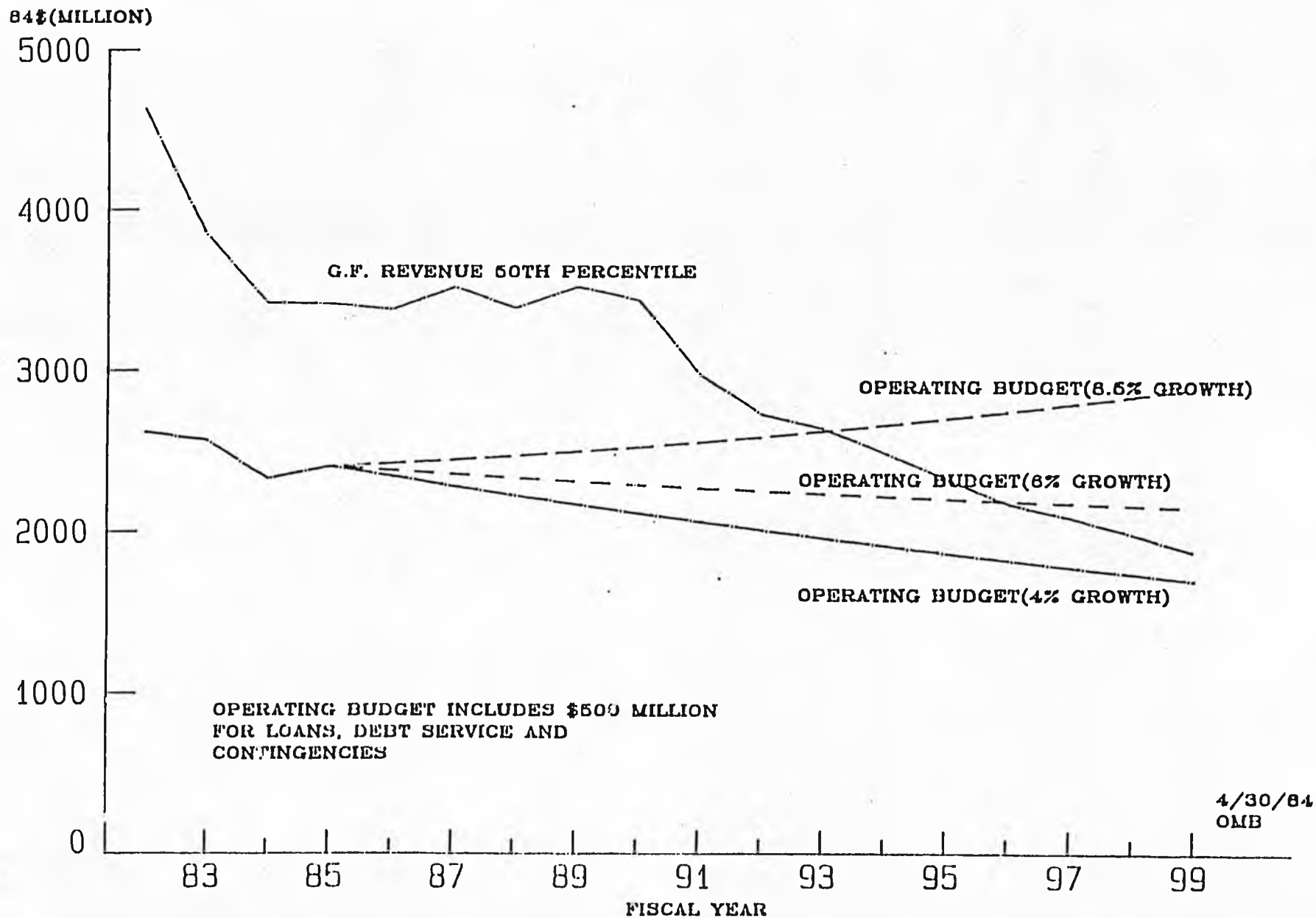
Ray Plummer, Chevron, USA, spoke in support of the bill, and answered questions on the meaning of "mislabeled", and the liability of producers and suppliers if HB 509 were enacted.

SJR 32  
SB 522

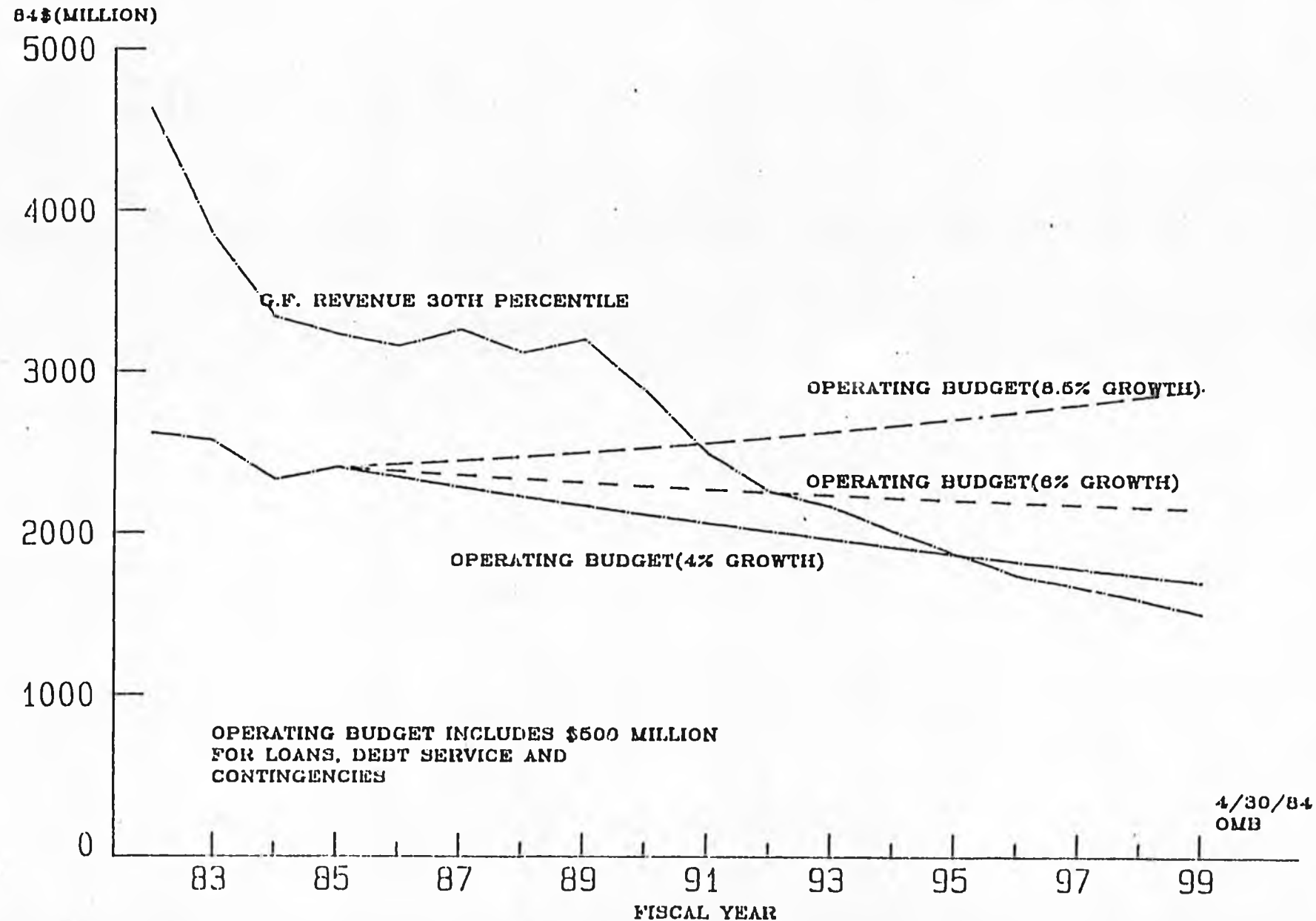
Pete McDowell, Director, Office of Management and Budget, spoke in support of both bills, which propose an amendment to the Constitution creating a major projects fund, and set up a corporation to manage and invest the fund's assets. He answered questions on revenue projections, the "major project" definition and review process, and the effect of SJR 32 on the proposed "four-dam pool" legislation.

The meeting adjourned at 4:32 pm.

TABLE 3. REVENUE PROJECTION AND EXPENDITURE TRENDS - 84 DOLLARS



**TABLE 4. REVENUE PROJECTION AND EXPENDITURE TRENDS - 84 DOLLARS**



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# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
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## Senate

### Committee on Resources

#### MINUTES

March 9, 1984  
3:08 pm

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice Chair  
Senator Eliason  
Senator Vic Fischer  
Senator Mulcahy

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#### CALENDAR

SB 375, An Act relating to land disposal and management.

SB 222, An Act relating to the organization of DNR, substituting references in the Alaska statutes to the Department and the Commissioner for the references to the Division of Lands and the Director of the Division of Lands.

SJR 32, Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects and to provide equity for power cost assistance.

SB 423, An Act relating to the Alaska Power Authority.

SB 522, An Act specifying how revenues dedicated to the major projects fund shall be expended; and providing for an effective date.

SB 523, An Act making appropriations from the Major Projects Fund; and providing for an effective date.

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SB 222

Sandra Schubert, Aide to Senator Fahrenkamp, explained that SB 222, which was prepared by the Revisor of Statutes, reflects changes in drafting style. The second Committee Substitute includes changes made to conform with the passage of SB 41, which awarded the University of Alaska ownership and management of certain state lands, and the changes proposed in SB 375, the lands bill.

Senator Mulcahy moved to adopt the second CS SB 222, and move it from committee with individual recommendations. There was no objection.

SB 375

Senator Eliason proposed an amendment to SB 375 that would change the effective date on the quitclaim section of the bill. He moved to adopt the amendment. There was no objection.

Senator Mulcahy moved CS SB 375 from committee with individual recommendations. There was no objection.

SJR 32

SB 423

SB 522

SB 523

Senator Gilman proposed that SJR 32 contain a provision for construction of the Bradley Lake hydroelectric project.

Dave Hutchens, Alaska Rural Electric Cooperative Association, proposed authorizing and funding the Bradley Lake project, and addressed problems associated with a delayed effective date on the repeal of the Susitna "blackmail" clause.

George Matz, Special Assistant, Department of Commerce and Economic Development, presented testimony on the status of negotiations with the four dam pool communities on signing power sales agreements.

Sterling Gallagher, John Nureen and Company, reviewed the problems associated with "roll-over" of APA's short term debt, citing pending Congressional legislation, higher future interest rates, and the assurances bonders would need to be willing to roll the debt.

Senator Halford urged that the language to be inserted in the Constitution be simplified.

Mike Scott, Aide to Senator Ferguson, explained how the power cost assistance provision in the resolution would provide rural Alaska with some benefits of the energy program and thereby gain equity statewide.

Gordon Harrison, Office of Management and Budget, submitted a proposed Committee Substitute to SJR 32. He suggested that funds be dedicated for a limited number of years and that the power cost assistance language be clarified. He expressed concern that with Constitutional authorization of the Susitna project, there would be no avenue of retreat.

The meeting adjourned at 4:37 pm.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

March 5, 1984

SB 523

AN ACT MAKING APPROPRIATIONS FROM THE MAJOR PROJECTS FUND.

Sec. 1

Appropriates \$2,535,000,000 from the major projects fund for construction of and rate stabilization for the Watana dam project in the Susitna River hydro project, and establishes an annual appropriation schedule.

Sec. 2

Takes effect upon passage of the Constitutional amendment creating the major projects fund.

Funding Information

General Fund \$2,535,000,000  
Other Funds -0-  
\$2,535,000,000

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 SENATE BILL NO. 523

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations from the Major Projects  
7 Fund; and providing for an effective date."

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

9 \* Section 1. The sum of \$2,535,000,000 is appropriated from the major  
10 projects fund for hydroelectric energy development for construction and  
11 rate stabilization connected with the Watana dam project in the Susitna  
12 River hydroelectric project and the appropriation schedule is as follows:

13 (1) \$178,000,000 in each of the state fiscal years between  
14 July 1, 1984 and June 30, 1989;

15 (2) \$110,000,000 in each of the state fiscal years between  
16 July 1, 1989, and June 30, 2003;

17 (3) \$79,000,000 in the state fiscal years that begins July  
18 1, 2003 and ends June 30, 2004;

19 (4) \$26,000,000 in the state fiscal year that begins July  
20 1, 2004 and ends June 30, 2005.

21 \* Sec. 2. This Act takes effect upon passage of a constitutional  
22 amendment creating the major projects fund and a bill establishing the  
23 procedures of administering the fund.  
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# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone: (907)

Address:

OFFICE OF THE COMMISSIONER  
POUCH O  
JUNEAU, ALASKA 99811

(907) 465-2600

May 4, 1984

The Honorable Bettye Fahrenkamp  
Senator  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Fahrenkamp:

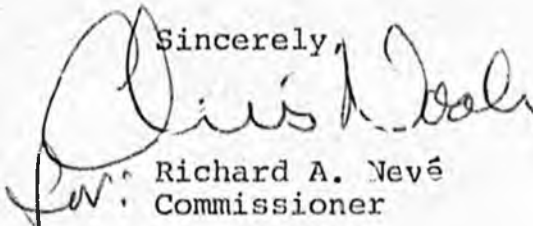
I appreciate very much your introduction of SB 534 relating to detention of vessels as security for oil pollution damages. As evidenced by the recent difficulties resulting from the CEPHEUS spill, present statutory language could result in serious and costly environmental problems for Alaska.

The most recent Coast Guard estimate of the CEPHEUS spill puts it at 268,000 gallons. Even with no other violations, penalties under AS 46.03.758 would total \$249,240. Under the present law, the state could require a bond in the amount of only \$100,000.

Another difficulty has arisen through settlement negotiations, and that is the language of AS 46.03.826(5). The words "owning or" should be deleted from the definition, so that "owning" would retain its usual meaning under law. The present definition limits the meaning of the word and is creating a stumbling block for the state's attorney.

If we can assist you in any way with the progress of this important legislation, we'd be pleased to do so. Thank you again for your assistance.

Sincerely,



Richard A. Nevé  
Commissioner

RAN:BT/bt

cc: Ms. Madeleine R. Levy  
Mr. Paul O'Brien  
Ms. Billie Trent

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# Alaska State Legislature

## Senate

### Resources Committee

Official Business

Bettye Fahrenkamp  
Chairman

Pouch V  
State Capitol  
Juneau, Alaska 99811

January 28, 1983  
3:05 p.m.

Beltz Room  
211 - Capitol

#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman.  
Senator Ziegler, Vice Chairman  
Senator Eliason  
Senator Paul Fischer  
Senator Vic Fischer  
Senator Mulcahy  
Senator Sturgulewski

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Hearing: SR1 - to establish a Special Agriculture Committee

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Meeting was called to order by Chairman Fahrenkamp.

Rick Johnson, aide to Senator Moss; Richard Ramsey, aide to Senator Kerttula; and Senator Kerttula presented testimony in support of establishing a Special Agriculture Committee. The Special Committee will operate both during the session and interim, and will expire after the 13th Legislature (Jan. 20, 1984). Also the Committee will be looking at broad problem and issue areas, making recommendations for needed legislation, and studying current ag implementation efforts. The Committee will not be getting referrals or taking actions on pending legislation--that function will remain with the Resources Committee. Senator Kerttula stated that the Sheffield Administration has voiced support for getting Alaskan agriculture to the point of producing some of our own food needs. Therefore, it is necessary that the Legislature take a leadership position. The Committee would function as an informational arm and an adjunct to the standing committee.

Senator Ziegler moved SR 1 with individual recommendations and asked unanimous consent. The Committee unanimously passed the bill from Committee.

Senator Fahrenkamp stated that all chairmen will be notified by letter of bills to be referred to their subcommittee.

Senator Fahrenkamp appointed Senator Mulcahy as chairman along with Senator Eliason and Senator Gilman to serve on the Fisheries Subcommittee of the Resource Committee.

Senator Fahrenkamp invited all members of the Senate Resources Committee to attend the International Conference on Coal, Minerals and Petroleum meeting in Anchorage, February 16 - 17, 1983

Meeting adjourned 3:20 p.m.

JUSTIFICATION OF NEED  
SENATE SPECIAL COMMITTEE FOR  
ALASKAN AGRICULTURE

In 1975, economist J. Edwin Paris and Farm Foundation Director R. J. Hildreth submitted a report to the Federal State Land Use Planning Commission recommending the development of a large-scale agricultural demonstration area in Alaska to test the feasibility of large scale grain production.<sup>1</sup> This recommendation resulted in the development of the Delta I Agricultural Project in the interior of Alaska. In short, this project showed that large-scale grain production in Alaska is feasible, if an agriculture infrastructure which allows economies of scale is developed. Since that time, the Governor's office and the Legislature have further committed themselves to the financing and administration of the development of the integral parts of an infrastructure. However, working under the handicap of a paucity of agronomic data for Alaskan lands, and the lack of a single strong renewable resource development department within the state administration, development has reached a point where there is strong disagreement between the Governor and the Legislature concerning the necessity of individual infrastructural components.

<sup>1</sup> Faris and Hildreth, Considerations for Development of Alaska's Agricultural Potential, Commission Study number 14, Federal-State Land Use Planning Commission for Alaska, 1977. J. Edwin Faris is head of the Department of Agricultural Economics and Rural Sociology at Clemson University. R. J. Hildreth is managing director of the Farm Foundation, Chicago, Illinois.

This disagreement is an example of possible future conflicts in other agricultural areas if a knowledgeable working relationship is not developed. In order to facilitate this relationship, and yet allow each branch to maintain its own autonomy, it is proposed that there be created a Senate special committee on Alaskan agriculture.

This committee would, if approved, have the authority to research projects, hold public hearings, and initiate investigations concerning implementation of legislative intent regarding agricultural development.

The purpose of this authority is to enable the committee to determine the needs of the industry and introduce legislation which would expedite the smooth development and completion of Alaska's agriculture industry.

Example of this committee's work would be: first, to determine problem areas in the agriculture loan programs. Second, to hold public hearings in the various agricultural communities to determine if the borrowing requirements of the industry are being met. Third, to conduct investigations to determine if legislative intent is being followed by the concerned state loan agencies. Fourth, to research the more successful agriculture loan programs in other states. Last, to determine the need for legislatively mandated changes in current programs.

It will be necessary for this committee to work during the interim as well as the session. The majority of all research hearings and investigations will be conducted during the interim. During the session, the committee

will have legislation drafted and introduced. Support for legislation would be provided by back-up materials and witness testimony.

Problem areas and issues which could be considered are:

1. The aforementioned loan programs for farmers and processors.
2. Land disposal means (agriculture use).
3. Development of reindeer herds.
4. Agriculture research needs, University of Alaska.
5. Agriculture transportation, needs and facilities.
6. Livestock development means and methods.
7. Red meat processing facilities, inspection and grading.
8. Work up factual agriculture revenue forecasts.
9. Creation of a marketing agency for Alaskan products.
10. In-state fertilizer development.
11. Make recommendations concerning creation of a department to handle agriculture concerns.
12. Work with the Department of Fish and Game concerning conflicts.

The ultimate goal and objective of this committee is to improve and expedite the development of an Alaskan Agricultural Industry. It should not be construed as reflection upon the work performed in the House and Senate Resources Committees. Both have worked extremely hard to bring Alaskan Agriculture to its present level. However, it is deemed that the industry has developed to the point where further growth will warrant the complete attention of a special committee.



Official Business

# Alaska State Legislature

## Senate

### Resources Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Resources Committee

FROM: Senate Resources Committee Staff

RE: Committee Meeting, January 28, 1983

DATE: January 26, 1983

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The Committee will meet at 3:00 PM in the Beltz Room on Friday, January 28 to address the following:

- 1) SR 1, Establishing a Senate Special Agriculture Committee. A hearing will be held on the resolution. Witnesses thus far include Senator Moss and Senator Kerttula. It is hoped that final action by the Committee could be taken at this time.

The resolution would authorize a special committee to conduct hearings and investigations into the problems and opportunities involved in agricultural development in Alaska, to make recommendations to the Legislature regarding possible administrative and legislative actions and to track implementation of on-going projects and programs.

The Special Agriculture Committee would operate during and between sessions until January 20, 1985. Members of the Special Committee would be appointed by the President of the Senate.

Possible issues and problems to be studied by the Special Committee are identified in the attached statement by the bill's sponsor. Also attached for your information are copies of a report to the Governor from the Agricultural Policy Task Force, an article on subarctic agriculture by Dr. Lewis and Dr. Thomas and an article on the history of American Agriculture by Hiram Drache.

- 2) Establishment of a Fisheries Subcommittee of the Resources Committee. It is hoped that members could be appointed, and an initial referral of bills from the Committee dealing with fisheries issues could be completed at the meeting.
- 3) International Conference on Coal, Minerals and Petroleum, Anchorage, February 16-17. A discussion of Committee members attendance at the conference is scheduled.



Official Business

# Alaska State Legislature

Senate

Office of the President

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM

February 3, 1983

Subject: Senate Special Agricultural Committee

To: Senator John Sackett, Chairman  
Finance  
Senator Jan Faiks, Chairman  
Rules

From: Senator Jay Kerttula, Senate President

Please note the attached memorandum for today's bill. The source of funding is the interim standing committee's lapsed funds. The Senate Special Agricultural Committee allocation through June 30th is \$30,000.00. Enclosed is a rough draft of their budget.

# Alaska State Legislature



SENATOR  
H. PAPPY MOSS  
P.O. BOX 182  
DELTA JUNCTION, ALASKA 99737  
(907) 895-4384

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 465-4921

## State Senate

### MEMORANDUM

DATE: February 1, 1983

SUBJECT: FY 83 Budget - Senate Special Agricultural Committee

TO: The Honorable Jalmar Kerttula  
President of the Senate

FROM: Senator H. Pappy Moss, Chairman  
Senate Transportation Committee

Following is the proposed budget for the Senate Special Committee on Agriculture for the remainder of FY 83:

#### Code 100

##### Personal Services

(Includes Salaries for Admin. Assist., Secretary and Researcher).

\$44,000 \*  
(see note)

*19A*  
Admin. Assist. at \$151.18/day for 120 days during the session and \$3,253.50/month for the months of May and June = \$18,648.00

*1/2-* Secretary at \$71.15/day for 120 days of the session. No interim work = \$8,538.00

~~Researcher at \$88/day for 120 days of the session and \$2,823.50/month for the months of May and June. = \$16,207.00~~

*1/2*  
\$18,648.00  
8,538.00  

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\$27,186.00  

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\$43,393.00

*- 1-19A. Not*  
*1/2 19A.*  
*total for program*  
*\$25!*

#### Code 200

##### Travel

(Includes an estimated need of 25 round trip tickets between Fbks and Jno and 25 days per diem).

~~Airfare = 25 times \$382.00/round trip ticket = \$9,550.00~~

*12,000*  
*- 3 times*

Per diem = 25 times \$80/day = \$2,000.00

<del>\$9,550.00</del>
<del>2,000.00</del>
<del>\$11,550.00</del>

Code 300

Contractual

(Includes \$250.00/month for office space in Delta. May and June 1983).

Code 400

Supplies

(Includes supplies for the Delta office)

Code 500

Equipment

(Estimate of needed equipment, i.e. desks, typewriters, chairs, etc.).

TOTAL BUDGET:

ok.  
 500 - if we  
 own  
 of mission  
 1,000  
 6,000 - ?  
~~\$63,800~~

\* These salaries include an anticipated 7% increase.

up to

25 (+) delta  
 Code 300  
 " 400  
 " 500  
 -----  
 31,500  
 amount  
 thru  
 June 30



Official Business

# Alaska State Legislature

## Senate

### Office of the President

MEMORANDUM

SR1  
Pouch V  
State Capitol  
Juneau, Alaska 9981

To: The Honorable Governor Sheffield  
Office of the Governor

From: Agricultural Policy Task Force

Jalmar Kerttula	Wally Kubley
Donald Dinkel	Graydon Nichols
James Drew	Bob Palmer
Bill Heim	Roland Snodgrass
Paul Huppert	

Date: December 15, 1982

Re: Long-term Agricultural Development

Senate Concurrent Resolution Number 77 states that "the Legislature, in cooperation with the Governor, shall establish a task force, composed of representatives of agriculture, business, and consumer interests, which shall be responsible for the study of legislative options for implementing the policies enunciated in this resolution."

The Task Force met November 12, 1982, to prepare the report which is attached. Since it is a primary goal of the State to develop renewable resource industries which are economically viable, the following points are considered key to agricultural development during the next eight years.

1. Accelerate the rate of transfer of agricultural land from State ownership to private ownership so that the goal of 500,000 acres can be achieved by 1990. Priority order of disposals is:

- a. Nenana-Totchaket - beginning in fiscal 1984;
- b. Delta Creek - beginning in fiscal 1985;
- c. Fish Creek - beginning in fiscal 1985;
- d. Deep Creek grazing leases in fiscal 1984.

2. Accelerate final soil classification work as follows:

- a. Complete Copper Center work in 1983;
- b. Complete Kantishna work in 1983;
- c. Complete Yukon Flats classification work in 1983.

3. Use disposal methods that will:
  - a. Protect agricultural rights of land;
  - b. Provide moratorium on land payments during early development years;
  - c. Classify all State owned Class II, III, and IVw soils for agriculture. The Alaska Agricultural Action Council shall be responsible for disposition of the land to private owners;
  - d. Provide access to all agricultural disposals;
  - e. Establish a clearing loan fund for all land sold for agricultural development.
  
4. Support and encourage livestock industry development by:
  - a. Assuring a feed supply by establishing a feed grain reserve;
  - b. Strengthening the University of Alaska's research, teaching and extension capabilities;
  - c. Providing marketing assistance to the emerging meat industry;
  - d. Stimulating livestock production in all areas where feasible: examples - Kenai Peninsula, Interior, Kodiak, Aleutians, and Seward Peninsula.
  
5. Support Marketing System Development by:
  - a. Completing the Seward terminal elevator and the grain transfer facility at North Pole;
  - b. Establish a State funded grain-price-support system patterned after the federal plan so that after history is established, the federal program can be adopted easily;
  
6. Strengthen the University of Alaska's agricultural programs by:
  - a. Combining agricultural research, teaching and extension under one chancellor;
  - b. Appointing chancellors with renewable resource development orientation;
  - c. Establishing degrees in agriculture;
  - d. Increasing staff as outlined in the Ten-Year Plan.
  
7. The State should establish financing policies that will:
  - a. Provide for accelerated agricultural development;
  - b. Stimulate the private sector to increase its involvement in agricultural financing;
  - c. Provide for a four or five year moratorium on payments for land that is undeveloped;

- d. Provide for emergency financing to farmers when unforeseen or unavoidable factors cause financial hardship.

The above items are explained further in the attached report. Also attached is a copy of the Alaska Agricultural Action Council's Transportation Committee Report of 1980. If you wish further information, the task force members will be pleased to respond.

  
Chairman

REPORT TO THE GOVERNOR  
FROM THE AGRICULTURAL POLICY TASK FORCE

Introduction:

November 12, 1982, the Agricultural Policy Task Force met at the Matanuska-Susitna Community College to prepare a report for Governor-Elect Sheffield which would concisely describe where Alaska has been, is now, and should go agriculturally during the next eight years. The report with a cover letter and addendums as appropriate will be distributed to the State Legislature, Alaska's Congressional Delegation, University of Alaska Regents and administrators, Alaska State government officials and other thought-and-action leaders in the State.

The meeting was chaired by Senator Jalmar Kerttula. Task-force members present at the November 12 meeting were: Donald Dinkel, James Drew, Bill Heim, Paul Huppert, Wally Kubley, Graydon Nichols, Bob Palmer, and Roland Snodgrass. Others present were Carl Amstrup, Charlie Marsh, Tom Mitchell, Pat Mulligan, and Richard Ramsey.

Major areas of discussion were: (A) land and land disposals; (B) livestock industry development; (C) marketing system development; (D) University of Alaska needs to fulfill research, teaching and extension mandates of a land-grant institution; and (E) funding needs for all of the above.

A. Land and land disposal:

1. A primary goal of the State of Alaska is "to develop renewable resource industries which are economically viable and fulfill objectives which include:
  - a. Job creation on a continuous basis;
  - b. Crop and livestock production of those varieties, classes, and species which Alaska can produce competitively;
  - c. Stimulate the expansion of private ownership of productive resources; and
  - d. Provide a better quality of life for Alaskans with less reliance on outside food sources."
2. The key specific objective to achieving a viable agriculture industry in Alaska is "to expedite the transfer of agriculture capable land from State to private ownership so that a minimum of 500,000 acres can be in production by 1990." Some facts about the current land situation are:
  - a. Total surface area of Alaska is approximately 370,000,000 acres of which the State of Alaska has ownership

of approximately 104,000,000 acres or about 28 percent of the land surface;

- b. Alaska has approximately 20,500,000 acres of soil classified as agriculture capable or about 5-1/2 percent of total land area;
- c. The State of Alaska has selected approximately 4,799,000 acres of agriculture capable soils or about 23% of Alaska's total agriculture capable soils;

Further, the State of Alaska has classified approximately 2,000,000 acres of the 4,799,000 acres for agricultural use or about 2% of State's total entitlement or about 1/2 percent of Alaska's surface area;

- d. The 500,000 acre objective by 1990 is an acreage needed to economically support an agricultural infrastructure;
- e. Progress to date to reach the 500,000 acre goal includes the Delta I disposal of 60,000 acres, the 1982 Delta II disposal of 25,000 acres, the 1982 Point MacKenzie disposal of 15,000 acres and smaller agricultural disposals of 30,400 acres for a total of 130,000 acres;
- f. Additionally up to 120,000,000 acres of Alaska's land mass have grazing potential and the State has selected in excess of 20,000,000 acres of the 120,000,000 acres;

To reach the goal of 500,000 acres in production by 1990, further land sales need to be expedited. Priority order for disposal is:

- 1. Nenana-Totchaket sale of a minimum of 150,000 acres; this land has been classified agriculture, the soils have been identified as mostly Class II and III, and there are virtually no conflicts for its use. The total area could be ready for sale in 1983 if funds are made available;
- 2. Delta Creek sale of approximately 40-50,000 acres. This area is bordered on the east by the Delta River, the north by the Tanana River and the south-southwest by the Fort Greely military reservation. The total area is nearly 200,000 acres; soil classification will be completed by January 1, 1983 so that a precise acreage figure can be determined. There are other acreages of agriculture capable land in the greater

Delta area that can add approximately another 25,000 acres of farmland. It is recommended that a total Delta land disposal package be planned for 1984. This is important to spread infrastructure costs over more production units thus reducing burden per acre;

3. The Fish Creek agriculture development project is close to the Point MacKenzie Project and will add to the viability of the total agriculture industry in the area. The project is approximately 20,000 acres in size with about 60% of the land currently owned by the Matanuska-Susitna Borough and 40% by the State of Alaska. The area is presently being studied and if funds are made available and work is expedited, a disposal could be held as early as fiscal 1985;
4. A combination of smaller disposals during the next three years can add up to at least 48,000 additional acres. It is important that these smaller disposals be provided with access and that farm size be large enough to be economically viable;
5. On the Kenai a disposal on a lease basis of grazing lands in the Deep Creek area totalling 19,627 acres is planned for 1983. Access funds are needed for the area. In addition the Ninilchik Native Association has about 70,000 acres of land to the west of the Deep Creek disposal that may be utilized as grazing land.

In addition to the five specific disposal programs listed above, soil classification work is in progress or planned for the following areas:

1. Copper Center has substantial acreage in the SCS soil classification work for 1983 and 1984. Most of the land with forage producing potential and maybe some grain crop production potential is owned by the Ahtna Native Association. It is recommended that the soil classification work be expedited so it can be completed in 1983;
2. The Kantishna area west and northwest of the Nenana-Totchaket area is scheduled for soil classification in 1983. Preliminary work indicates that substantial acreage in the Kantishna area will be capable of producing grain crops;

3. The Yukon Flats area appears to have substantial potential for grain crop production. If soil classification work planned for 1983 supports preliminary estimates, the Yukon Flats area could be the largest grain-producing area in the State by the year 2000.

Land with potential for new or intensified grazing exists in several areas. The Seward Peninsula has large acreages for reindeer grazing; the Kenai Peninsula, as described earlier, is in developmental stages, and Kodiak and several Aleutian Islands have good grass for grazing purposes.

Disposal methods currently used by the State for farmland are "lottery" and "auction." A "fair market value" is determined and a minimum sales price established. Another disposal method to consider is "lease with purchase option". The Matanuska-Susitna Borough held a "lease with purchase option" sale in October, 1982 which appears to have gone well. The Task Force recommends that the strengths and weaknesses of the three methods (lottery, auction, and lease with purchase option) be studied to select the best method. Regardless of method of sale used, some specific procedures should be adhered to.

1. The agriculture rights of the land must be protected;
2. A moratorium of at least 4 years should be established for land payments;
3. Production credits should be established so that new owners can work off most or all of their land payments;
4. All State-owned land with agriculture capability (Class II, III, IVw) shall be classified for agriculture and the AAC shall have the responsibility for disposal and shall be assisted by other appropriate agencies;
5. All agriculture disposals shall have at least minimum access (example: pioneer trails);
6. A clearing loan fund shall be established for all land sold for agriculture development;
7. All agriculture land sales will include a development and production plan so that production is assured.

## B. Livestock Industry Development

Ninety-eight percent of red meat consumed in Alaska is imported; 85 percent of the fluid milk and nearly all manufactured dairy products are imported; Alaska's population is growing; and with the proven capability of producing feed grain, the livestock industry will expand. The State of Alaska, in accordance with its goal of establishing renewable resource industries, has taken some action and should take more action to support the livestock industry.

It is a truism that livestock production, processing and marketing need to be developed concurrently. Farmers will not expand animal numbers if they don't see a processing facility in place. And conversely, the processing industry won't be developed unless some effort is made to stimulate production. What has the State done and what can it do to help the industry develop?

1. An assured feed supply at reasonable costs must be assured each year. The State is selling land to farmers on which they can grow feed grain; the State should establish a "feed-grain reserve" to assure a one year's supply of feed (this program should be established in 1983 and maintained for five years; after five years, the grain industry should be mature enough to assure feed-grain supplies);
2. The University of Alaska should strengthen its animal industry research and extension programs so that advice can be supplied to livestock farmers and maximum use can be made of in-state feed products such as barley, wheat, fish by-products and meat by-products;
3. The State has appropriated money to upgrade the meat processing industry in the State by providing loans on good terms to people who present the best plans for red meat processing and marketing;
4. The State should assist the in-state meat processors with marketing; it could be required that federal, state, borough, and city agencies use in-state meat when available;
5. The Point MacKenzie land sale is a direct effort to increase milk production in Alaska. The Fish Creek land sale will provide additional dairy industry opportunities in the Greater Anchorage milk-shed area. The Nenana-Totchaket, the smaller interior land disposals and Delta also provide dairy opportunities. An important secondary crop from dairies are meat animals; cull cows, bull calves, and heifer calves not needed for replacement enter the red meat market;

6. Confinement hog operations have good potential, as feed grain becomes available;
7. Reindeer are now an important class of livestock in Alaska; the industry will likely grow in numbers and quality during the next ten years;
8. The beef and sheep industry will grow to utilize available rangelands and to utilize high fiber and low-quality grain output;
9. As feed supplies stabilize, we can expect the chicken business to expand in Alaska; egg production will likely develop first followed by a broiler industry;
10. The State should expand its support of loan programs to stimulate the growth of the livestock industry in Alaska.

### C. Marketing System Development

The foundation of a viable agricultural industry for Alaska is a "feed-grain base": The State has provided loans for grain storage and initial test marketing.

Key portions of a grain-marketing system are country grain elevators, transfer facilities, transportation equipment and export elevators. Feed mills also are a significant part of the grain marketing chain.

Presently, grain marketing facilities in Alaska are as follows:

1. A key part of the grain marketing system is a terminal elevator at the Port of Seward. A special transportation committee selected Seward as the best location for a terminal after considering four locations—Anchorage, Seward, Valdez, and Whittier;

Construction of the Seward elevator began in 1981 but was halted by court action. The Second Session of the Twelfth Legislature passed new legislation to continue building the Seward terminal; construction is now proceeding with completion scheduled for July, 1983.

The City of Valdez has built a grain terminal at their new port facility. They are looking to the Delta area and Copper Center area for grain to handle through their terminal elevator. Presently, the total agriculture base at Delta is about 100,000 acres with a potential for another 50-75,000 acres. Valdez may be able to attract a portion of that grain on a

truck back-haul basis. In addition, Valdez is counting on grain that may be produced in the Copper Center area at some future date.

The Agricultural Policy Task Force encourages the completion of the Seward facility as planned.

2. A facility to transfer grain from trucks to railroad hopper cars is planned for the North Pole area, but due to court actions and costs of those court actions, funds aren't available to build a transfer facility at this time. The Task Force recommends funding and building a transfer facility in the near future;
3. Twenty railroad hopper cars have been purchased for use in Alaska;
4. At Delta Junction, there is an Alaska Farmers' Cooperative, Incorporated (AFCI) grain elevator in operation which has the capacity of more than 10,000 tons. Another elevator has been built and likely will be operated during 1983 by the Alaska Grain Company;

Special attention should be given to improving the service provided by the State ferry system to Kodiak. Of special concern is the method of handling loads of grain.

#### D. University of Alaska Needs and Mandates

The Land Grant University system in the United States which provides agriculture research, teaching, and extension is regarded world wide as a classical example of successfully providing needed knowledge to the agriculture industry. In Alaska, research and teaching is under one chancellor and extension is under another chancellor. This separation of functions is deemed by the Task Force as counter to the best interests of agricultural development in Alaska and recommends that they be coordinated in the proven manner of other states.

Specific concerns exist in each of the three areas of University work. In the research area, there is a definite shortage of research people. With only twenty agricultural scientists in the entire University system, it is apparent that more are needed. For example, Alaska critically needs at least one plant breeder to supplement the work of the federal plant breeder in the State. Plant breeding programs are vital in developing varieties that will do well in Alaska. Alaska does not have an entomologist to work on the insect problems of the State. It is critical to study insect control methods in our unique sub-arctic environment.

The University has one animal scientist at Fairbanks to do research, teach, and do extension work. As a result, he is spread so thin that his work can't be thorough. Further, the staff at the Homer Research Center should be enlarged and the University land at Kodiak should be developed to do livestock and range research for the Aleutians.

In the "teaching" area of University work, agricultural degrees should be offered. Agriculture is an important

renewable resource, and degrees in agriculture are necessary so that we don't have to always look to other states for agricultural specialists.

Extension workers in agriculture are now spread very thin. Livestock, crops, insect, and fertilizer specialists are needed in the systems now.

During 1983, Governor Sheffield will appoint four members of the University Board of Regents. It is the recommendation of the task force that the new appointees be "renewable resource development" oriented and at least one be specifically agricultural oriented.

#### E. Financing Policy and Needs

Under normal, mature agricultural-production scenarios in other states, farmers have access to several financing sources including the Federal Land Bank for land purchases, Production Credit Administration (PCA's) for operating, chattel and capital loans, Farmers Home Administration loans for farm homes, cooperative banks to support business development, and commercial banks with agricultural loan departments. In Alaska where agriculture is in the early development stage, these traditional financing sources are nearly non-existent. Therefore, it is appropriate for the State to supply funding for renewable resource development. The Agriculture Revolving Loan Fund (ARLF) and Commercial Fisheries and Agriculture Bank (CFAB) supply a loaning structure for agriculture development. The goal of State financing should be "to provide funding for agriculture development and to plan for a system to withdraw from agriculture financing in favor of traditional financing methods as agriculture matures."

Major areas of identified agricultural-financing policy and needs are:

1. Land clearing loans for large project disposals estimated at \$200 per acre. These loans to have a moratorium of four years and interest forgiveness for four years because no significant production will be realized until the fourth year after the sale of new

land. Clearing loans for smaller acreages should be estimated at \$300.00 per acre; smaller tracts cost more to clear on a per acre basis.

It is recommended that a land-clearing loan fund be established on a continuing revolving basis and funded adequately to provide loans for clearing lands for production;

2. Funds for access development:

- a. In fiscal 1984, a bridge across the Nenana River should be funded. This will be a multi-purpose bridge to provide access to State-owned agricultural lands, timber resources along the Kantishna owned by Doyon, agricultural lands owned by Toghoththele Association, and for gas and oil survey and exploration teams;
- b. In fiscal 1984, funds to supplement the existing appropriation for access roads to Nenana-Totchaket agriculture tracts;
- c. In fiscal 1984, funds for access to the Deep Creek grazing tracts on the Kenai;
- d. In fiscal 1984 and 1985, funds for access and development of the Fish Creek Project;
- e. In fiscal 1985, a bridge across the Delta River to access the agricultural area known as Delta Creek. If possible, the bridge should be located so that it will provide access to the agricultural area, can be used to bring out timber from the area, can be used for a railroad crossing when the Alaska Railroad is extended, and can be used to control a serious erosion problem threatening the City of Delta Junction;
- f. In fiscal 1985, funds for roads in the Delta Creek area.

3. Grain marketing systems:

- a. Additional funds in fiscal 1984 should be provided to complete the Seward Grain Terminal. (Appropriated funds will fall short due to court costs incurred);
- b. Marketing-support funds in fiscal 1984 to maintain a feed-grain reserve in the State and to provide a storage loan programs to farmers;

- c. Funds in the fiscal 1984 to build a grain elevator to serve the Nenana-Totchaket Project;
- d. Funds for a transfer facility in fiscal 1985 to build a grain-transfer facility in the North Pole area.

4. Alaska University Recommendations:

- a. The task team recommends that funds be supplied at an accelerated rate so that the University agricultural programs in research, teaching, and extension can be built-up to an effective level. The staffing levels have been identified in the Ten-Year Agricultural Development Plan prepared by the Alaska Agricultural Action Council.

5. Other financing policy and funding recommendations:

- a. Establish a policy of deferred loan repayment during the early years of loans because returns to farmers won't be realized generally until the fourth year after sale of the land;
- b. Emergency financing should be made available to farmers when unforeseen or unavoidable factors make payments on ARLF loans impossible;
- c. The Task Team recommends that the State subsidize federal crop insurance premiums until the goal of 500,000 acres of land in production is achieved.

# COMMITTEE REPORT

## SENATE

FURTHER:

1/18/83

Date: 1-28-83

Mr. President:

The Committee on RESOURCES has had SR. 1

Establishing a Senate Special Agriculture Committee.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass                       do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"     New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*[Handwritten signatures]*

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

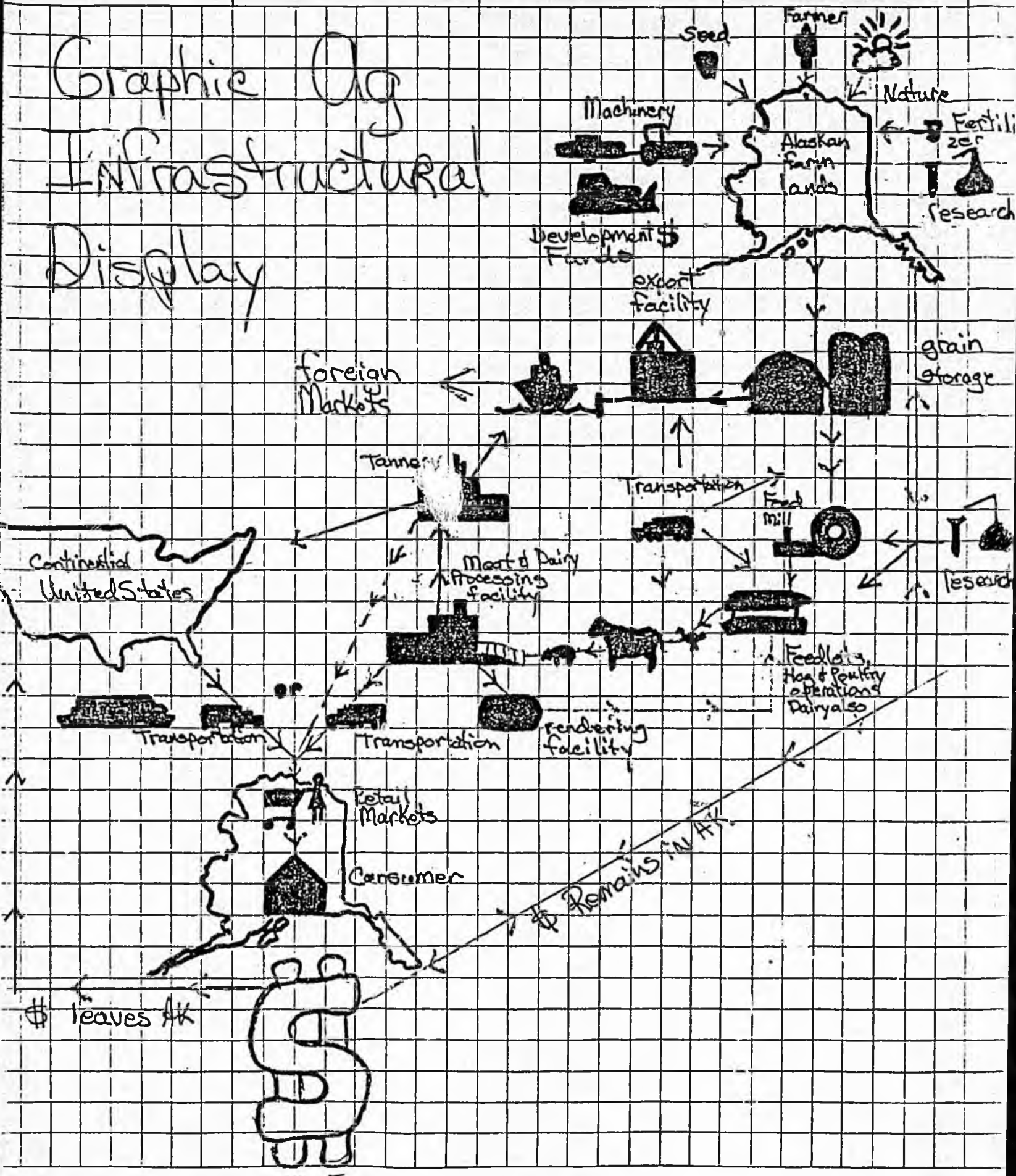
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CHAIRMAN

# Graphic of Infrastructural Display





Official Business

# Alaska State Legislature

## Senate Resources Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

To: Bettye

From: Pat

Subject: Committee hearing, January 28, Friday

We have three things on the agenda: 1) A hearing on Moss' Resolution (SR 1) to establish a Special Agriculture Committee; 2) An announcement/discussion about the Fisheries Subcommittee; 3) An announcement/discussion about the Coal Conference in Anchorage, February 16-17

### SR 1--Special Ag Committee

Witnesses: Senator Moss  
Senator Kerttula

It is quite possible that Senator Moss will be unable to make it. If that happens, his Ag aid, Rick Johnson, will give his testimony.

### Questions:

- 1) For the record you may want to clarify that this is to be a Special Committee which will operate both during the session and interim, and will expire after the 13th Legislature (Jan. 20, 1984);

that the Committee will be looking at broad problem and issue areas, making recommendations for needed legislation, and studying current ag implementation efforts;

that the Committee will not be getting referrals or taking actions on pending legislation--that function will remain with the Resources Committee.

- 2) Contained in the statement by Moss which the members have received is a good list of the possible issues which the Special Committee might or could investigate. In case Moss does not give testimony or Rick does not specifically state these, you might want to ask him to give for the record some of the possible subjects the Committee might examine. (List is on page 3 of Moss' Statement).

### Action:

Following testimony and discussion we want to approve and move the bill out of Committee.

FISHERIES SUBCOMMITTEE

For the record and for public knowledge you should probably announce that you are creating a fisheries subcommittee, similar to last year, which will receive most fisheries-related bills and resolutions referred to the Resources Committee for the purpose of holding hearings and making recommendations to the full Resources Committee.

Announce the Chairman, Sen. Mulcahy and members, Sen. Eliason and Sen. Gilman. You may or may not want to say something in recognition of the fact that Gilman is not a member of the Resources Committee like " although Sen. Gilman is not a member of the Resources Committee, he has had a long-standing interest and knowledge in fisheries issues, was an active member of last year's fisheries subcommittee and will be an asset to this Subcommittee, represents an important commercial and sport fish area.

You might want to announce that you have referred a number of fisheries bills and resolutions to the Subcommittee by letter, which we can then pass out copies to all members for their info.

COAL CONFERENCE, FEB. 16-17, AND POSSIBLE FIELD TRIP

All the members have received notice of the International Conference on Coal, Minerals, and Petroleum in Anchorage.

We need to discuss:

- Who's interested in going?
- How reservations, arrangements will be handled? (Us?)
- Staff participation/pay (no)

Also, you should announce the invitation by Marathon to take a tour of the Kenai LNG plant and oil platforms in Cook Inlet on February 18. Again we need to know:

- who wants to go for sure?
- how travel is to be handled (especially if Kenai might be point of departure).

BETTYE

THURSDAY, FEBRUARY 2, 1983 *passed 11-8*

*up for reconsideration  
(Gilman)*

ON THE SENATE CALENDAR TODAY:

**SR 1 ESTABLISHING A SENATE SPECIAL AGRICULTURE COMMITTEE.  
SPONSORED BY MOSS**

**PASSED OUT OF SENATE RESOURCES COMMITTEE JANUARY 28, 1983.**

THE RESOLUTION WOULD AUTHORIZE A SPECIAL COMMITTEE TO CONDUCT HEARINGS AND INVESTIGATIONS INTO THE PROBLEMS AND OPPORTUNITIES INVOLVED IN AGRICULTURAL DEVELOPMENT IN ALASKA, TO MAKE RECOMMENDATIONS TO THE LEGISLATURE REGARDING POSSIBLE ADMINISTRATIVE AND LEGISLATIVE ACTIONS AND TO TRACK IMPLEMENTATION OF ON-GOING PROJECTS AND PROGRAMS.

THE SPECIAL AGRICULTURE COMMITTEE WOULD OPERATE DURING AND BETWEEN SESSIONS UNTIL JANUARY 20, 1985. MEMBERS OF THE SPECIAL COMMITTEE WOULD BE APPOINTED BY THE PRESIDENT OF THE SENATE.

THE ULTIMATE GOAL AND OBJECTIVE OF THIS COMMITTEE IS TO IMPROVE AND EXPEDITE THE DEVELOPMENT OF AN ALASKAN AGRICULTURAL INDUSTRY. THE COMMITTEE WILL NOT BE GETTING REFERRALS OR TAKING ACTIONS ON PENDING LEGISLATION -- THAT FUNCTION WILL REMAIN WITH THE SENATE RESOURCES COMMITTEE. THIS SPECIAL COMMITTEE WOULD FUNCTION AS AN INFORMATION ARM AND AN ADJUNCT TO THE STANDING COMMITTEE.

-- URGE PASSAGE --

*1-19A - 25,000  
1-17A*

*If not in appropriation  
would not continue*

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2

# Alaska State Legislature

BETTYE FAHRENKAMP  
CHAIRMAN  
ROBERT H. ZIEGLER, SR.  
VICE-CHAIRMAN  
DICK ELIASON · PAUL FISCHER  
VIC FISCHER · BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

TO: Senate Resources Committee Members  
FROM: Senate Resources Committee Staff  
RE: March 25 Hearing  
DATE: March 24, 1983

-----  
On Friday, March 25 at 3:00 pm in the Beltz Room, the following bills will be heard:

SB 120 AN ACT RELATING TO SOIL AND WATER CONSERVATION.

The sponsor of SB 120 has requested that the Committee consider Sponsor Substitute for SB 120 in lieu of the original bill.

SSSB 120 creates the Soil and Water Conservation Board in place of the Soil Conservation Board, and replaces the current system of one Soil Conservation District (which includes the area of the entire state) divided into subdistricts, with a system of Soil and Water Conservation Districts.

The membership of the Board is increased to allow for appointment of 1 member from each of 5 geographic areas of the state; each board member must be a producer of renewable resources and have a cooperative agreement with a soil and water conservation district, rather than possessing land as is currently required. The Board's advisory duties are increased to allow them to hold public hearings and to review appeals. The Commissioner of DNR is authorized to appoint an executive director and clerical staff to assist the Board.

The following 3 bills have passed out of the Resources Subcommittee on Fisheries. Recommendations of the Subcommittee have been incorporated into draft Committee Substitutes, which will be discussed by Senator Mulcahy, Subcommittee Chairman, at the hearing.

CSSB 73 AN ACT RELATING TO COMMERCIAL FISHING LOANS, which changes the residency requirement for a commercial fishing loan from 5 years to 2 years.

CSSB 136 AN ACT RELATING TO THE OPERATION OF STATIONARY FISHING GEAR, which provides exemptions to the present requirement that a permit holder be physically present during the operation of stationary fishing gear.

CSSB 156 AN ACT RELATING TO THE SALE, LEASE OR GRANT OF STATE HATCHERY FACILITIES, which allows the Commissioner of Fish and Game to sell, lease, or grant a state hatchery facility to a qualified regional aquaculture association.

The following two bills will also be heard:

SR 2 RELATING TO THE CROSS ISLAND WELL

SR 2 resolves that the North Slope Borough not impose restrictions in addition to those already required by the state on the operator of the Cross Island Well in the Beaufort Sea.

SB 151 AN ACT RELATING TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES.

The Committee will be considering further a Committee Substitute for SB 151. Additional amendments to the CS are still being prepared, and will be submitted to you under separate cover prior to Friday's hearing.

It is hoped that final Committee action could be taken on several of these bills.

SR 2

BENNETT

RELATING TO THE CROSS ISLAND WELL.

The North Slope Borough has attempted to impose a drilling restriction more severe than what the State requires on the well to be drilled adjacent to Cross Island in the Beaufort Sea. This would add significant costs to the development of those leases, several of which were leased with the State retaining a substantial Net Profit Share, and would reduce potential State income.

SR 2 resolves that the North Slope Borough not impose more stringent provisions on the operator, and that the Attorney General take appropriate legal action to protect the interests of the State and the State's lessee in the Beaufort Sea.

Cross Island Well  
Gulf Oil Company

Latest developments:

1. Gulf appealed the NSB decision to the NSB assembly on March 2, 1983. In the appeal Gulf stated that the appeal needed to be heard by March 9 so Gulf could have time to mobilize equipment and begin drilling by May 1. NSB Assembly responded to Gulf on March 10 stating that a March 16 meeting was possible. Gulf did not pursue the March 16 meeting since it was already too late to mobilize equipment this spring for a May 1 spud date.
2. The gravel well pad is being constructed at this time so that a drilling rig can be mobilized this fall and a well started on November 1.

prepared by Gulf Oil Company  
submitted to DNR/Dmem 2/83

GULF OIL EXPLORATION AND PRODUCTION COMPANY

BEAUFORT SEA - STATE LEASE BLOCK 54

Gulf has always been very desirous to drill the Beaufort Sea Block 54, Cross Island well as soon as possible.

It was our original intention to spud the well November 1982 and staffed our Anchorage Office to do so.

NSB permit was not issued until August 20, 1982 which delayed Corps of Engineers permit until August 23, 1982. As of the August 23 date it was impossible to construct the gravel island by barge during the open water season 1982.

NSB permits, as issued, contain stringent seasonal drilling restrictions, November 1 to March 31, which are inconsistent with State seasonal drilling restrictions. Under existing NSB permit, the earliest possible spud date is November 1, 1983. NSB imposed other stipulations in the form of Resolution No. 15-82 and the Implementation Agreement. Gulf has always accepted the provisions of the Resolution, however, we have diligently sought relief from the NSB seasonal drilling restriction. Gulf has requested the NSB to revise the permit to allow for a May 1, 1983 spud date, which is in complete compliance with the State permit. In a meeting on November 30, 1982 with Mayor Eugene Brower the Mayor agreed to revise NSB restrictions in accordance with this request. Subsequently, the NSB withdrew this agreement.

Gulf is continuing to seek a modification of NSB restrictions. The latest communication from NSB advises us to appeal to the NSB Assembly if we desire to pursue the matter.

Points relative to Beaufort Sea - Block 54

- Tenneco was the designated operator through issuance of all permits. Tenneco Plan of Operations submitted May 1982 assumed permits issued timely to allow for spudding well November 1, 1982.
- Tenneco had been experiencing delays in negotiations with NSB dating back to 1981, because of this experience neither Gulf nor Tenneco could expend any significant funds prior to receipt of final permits. It was logistically impossible to drill in 1982 on permits issued August 23, 1982.
  1. North Slope Sea-lift was in progress, tying up roads, docks, and barges which prevented gravel haul.
  2. September 18, 1982 is the last date that barges effectively operated in Beaufort Sea. Building a gravel pad using barges would have required at least 21 days of operation.
  3. Additional barge days would be required to move rig and equipment to location.
  4. Gulf conducted a survey of all available construction contractors, every one of which confirmed that it was impossible to construct the gravel island and move in drilling rig prior to freeze-up.
- Gulf is not recognized as operator by NSB until January 25, 1983.
  1. Letter from NSB Eugene Brower, to Gulf, dated October 4, 1982 advising of a delay of any action on the transfer of NSB permits from Tenneco to Gulf.
  2. Letter NSB to Gulf dated January 25, 1983 acknowledges Gulf as operator

CROSS ISLAND - CHRONOLOGY OF EVENTS

- Dec. 1979 - Tenneco acquired BF54 in joint Federal/State lease sale
- Feb. 1980 - Tenneco applied to D.N.R. and received permits for seismic testing near Cross Island
- Oct. 28, 1980 - DNR granted Tenneco Permit To Drill on Cross Island
- Nov. 3, 1980 - Tenneco filed application with N.S.B. for Permit To Drill Exploratory Well on Cross Island and made formal presentation to NSB Planning Commission
- Nov. 17, 1980 - NSB Planning Commission denied Permit Application by letter dated Nov. 17, 1980 citing I.Z.O. Sec. 19.27.070
- Dec. 16, 1981 - Application for Variance from Section 19.27.070 I.Z.O. to allow Exploratory Drilling on Northwest Portion Cross Island
- Jan. 5, 1982 - Gulf purchases interest from Tenneco - Cross Island Tenneco to continue Permitting
- Jan. 8, 1982 - Tenneco presentation made to NSB Planning Commission
- Feb. 4, 1982 - Public Hearing (NSB)- Planning Commission, adjourned without taking action
- Feb. 26, 1982 - NSB Planning Commission denied Tenneco application for variance
- March 24, 1982- Tenneco filed Notice of Appeal from NSB decision to deny variance request Appeal hearing
- May 4, 1982 - NSB Assembly meeting - declined to make decision -rescheduled public hearing
- May 19, 1982 - Letter - Tenneco VP Dan Johnson to NSB Mayor Brower - request Permit to Drill Exploratory Well between spit @ Northwest Portion Cross Island. Plan of Operations submitted (Nov. 1, 1982 spud date)
- May 19, 1982 - NSB Assembly met to hear Appeal - Assembly adjourned without taking action
- May 24, 1982 - NSB adopts Resolution 15-82
- June 4, 1982 - Letter - NSB Mayor Brower to Tenneco VP Johnson - request negotiation leading to agreement regarding training and employment 10 NSB citizens and facility
- Aug. 13, 1982 - Tenneco and NSB execute Implementation Agreement

- Cross Island - chronology of events p. 1
- Aug. 20, 1982 - NSB issued Permit and Stipulations including March 31 cutoff date
  - Aug. 23, 1982 - C.O.E. Permit issued
  - Sept. 3, 1982 - Tenneco notifies agencies of Transfer of Operatorship to Gulf
  - Oct. 4, 1982 - Letter - NSB Mayor Brower to Gulf VP J. E. Smith - request confirmation Gulf honor Implementation Agreement and Resolution 15-82
  - Oct. 11, 1982 - Letter - Gulf VP Turner to NSB Mayor Brower - Assure NSB - Gulf will fully comply with Implementation Agreement and Resolution 15-82
  - Oct. 27, 1982 - Letter - NSB Mayor Brower to Gulf VP Turner - Acknowledgment of Gulf assurance
  - Nov. 29, 1982 - Letter - Gulf J.A. Layton to NSB Mayor Brower - Gulf requests NSB reconsider Stipulation 2 and revise it to be consistent with State of Alaska Drilling Stipulations
  - Dec. 14, 1982 - NSB denies Gulf request
  - Jan. 6, 1983 - Gulf submits Plan of Operations to NSB for November 1, 1983 spud date
  - Jan. 19, 1982 - NSB revises Drilling Restriction, Flaxman Island (Exxon)
  - Jan. 25, 1983 - NSB approves Gulf Plan of Operations, acknowledges Gulf as Operator, and understands Gulf will comply with Implementation Agreement and NSB Resolution 15-82 (received letter Jan. 27, 1983)
  - Jan. 27, 1983 - (Prior to receipt of NSB Jan. 25 Letter) Gulf requests reconsideration of drilling restriction based on Flaxman Decision (Jan. 19, 1983)
  - Feb. 4, 1983 - NSB denies Gulf request

# GULF OIL CORPORATION BEAUFORT SEA BLOCK 54 WELL #1 ACTIVITY SCHEDULE

NOVEMBER 1, 1983 SPUD DATE

ACTIVITY	1983												1984					
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	
ICE ROAD DESIGN & PRELIMINARY CONSTRUCTION	IIII																	
ICE ROAD CONSTRUCTION	II	II	II									IIII	II					
HAUL GRAVEL & ISLAND CONSTRUCTION OVER ICE		II	II															
MIRTS & CAMP BY BARGE, MITS & CAMP							II	II										
STANDBY								II	II									
DRILL TO 12,500', LOG, RUN 9 5/8"											II	II						
DRILL TO 15,500', LOG													II					
EVALUATE, TEST, PAA/T&A														II	II			
DEMOLITIZE OVER ICE															II	II		
CLEANUP																II		

\* Exact time frame a function of weather, temperature, and ice conditions.

# GULF OIL CORPORATION BEAUFORT SEA BLOCK 54 WELL #1 ACTIVITY SCHEDULE

MAY 1, 1983 SPUD DATE

ACTIVITY	1983											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
ICE ROAD & ISLAND CONSTRUCTION		■	■									
MI & RU RT'S & CAMP				■								
DRILL TO 12,500'					■	■						
CONTINGENCY							■					
DRILL TO 15,500'							■	■				
TEST									■			
DEMOBILIZE										■		

# NORTH SLOPE BOROUGH

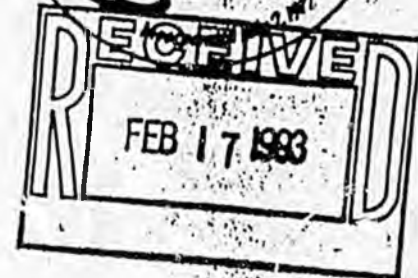
## PLANNING DEPARTMENT

P.O. Box 69

Barrow, Alaska 99723

Phone: (907) 852-2611

George "Bud" Stevens, Director



### M E M O R A N D U M

To : Eugene Brower, Mayor  
North Slope Borough

From : *Tom Barnes*  
Tom Barnes, Special Assistant to Zoning  
Administrator, Permit Section, Planning Department

Subject : Oil and Gas Issues to be Discussed at Special  
Workshop, February 18, 1983

Date : February 17, 1983

In anticipation of the special Assembly workshop which you have requested for Friday, February 18, 1983, Warren Matumeak, myself, Ralph Andersen and Environmental Protection Office staff met on February 14, 1983 to discuss topics of mutual concern to both the State of Alaska and the North Slope Borough.

As requested by you, Warren Matumeak focused on those areas which the State and the Borough presently differ on oil and gas development. These include a) seasonal drilling windows, b) offshore islands exempted from drilling restrictions by the State and c) seismic exploration as it impacts the bowhead whale.

The results of that meeting are as follows:

#### Seasonal Drilling Windows:

##### On/Inside Barrier Islands

1. Drilling - Warren Matumeak does not believe that the Borough should allow exploratory drilling after May 15 because the oil industry has not yet shown that oil can successfully be cleaned up in broken ice conditions. The State DNR presently has what the Borough believes to be an indefensible definition of "open water". That definition says that when the ice cover within a one-mile radius of an offshore well site on or inside the barrier islands is 25 percent or less,

this initiates "open water". There is no provision for stopping drilling operations, even if large quantities of ice re-invade the area. Also, EPO has stated that in a 3-knot wind, floating oil will be blown over retaining a boom and thus cannot contain the oil within a confined area.

2. Well Testing - NSB and State are in agreement on allowing testing, through casing, year-round.

3. Drilling off River Mouths - NSB and State are in agreement that drilling should be allowed only from November 1 - March 31, with possible extensions through May 15.

#### B. Outside Barrier Islands

1. Drilling above threshold depth - NSB is in agreement with State on November 1 - September 1 drilling window except that State DNR should more adequately explain the bowhead whale monitoring program and the term "near" when referring to the distance between migrating bowhead whales and the drill site.

2. Drilling below threshold depth - NSB agrees with State that drilling can occur only from November 1 - May 15.

3. Well Testing - NSB agrees with State that testing below threshold, through casing, can occur from November 1 - September 1 only, provided that an adequate bowhead whale monitoring program is established with NSB participation.

#### C. Specially Exempted Islands

The State had declared that Flaxman, Tigvariak and Pingok Islands are exempt from any drilling restrictions due to their size. The following is the Borough's position on each island:

1. Flaxman - No across-the-board exemption should be granted. Each application should be reviewed on a case-by-case basis with heavy emphasis on design criteria.

2. Tigvariak - No across-the-board exemption should be granted. Rather, each application should be reviewed on a case-by-case basis with

Eugene Brower, Mayor  
February 17, 1983  
Page 3

heavy emphasis on design criteria. The Borough objects principally due to its location directly off of the Shaviok River delta. (The State exemption seems to violate its own restriction on drilling off of river deltas.)

3. Pingok - No across-the-board exemption should be granted due largely to its location next to the Colville River delta.

#### D. Seismic Exploration

The Borough is principally concerned with offshore seismic operations and their effects on the bowhead whale and subsistence fish.

Warren Matumeak is opposed to seismic operations west of Barrow prior to the Spring bowhead migrations, as well as barge movements east of Barrow during the Fall bowhead whale migration.

In summary, the following represent those issues which the Borough and the State need to discuss further:

1. Exploratory drilling on/inside barrier island beyond May 15.
2. Definition of "open water" - Borough prefers 10 percent ice cover versus State's 25 percent.
3. Clarification of bowhead whale monitoring program.
4. Drilling exemptions on Flaxman, Tigvariak and Pingok Islands.
5. Seismic offshore testing as it affects the spring bowhead whale migration west of Barrow.
6. Barge traffic east of Barrow as it affects the fall bowhead whale migration.

cc: George "Bud" Stevens, Director NSB Planning  
North Slope Borough Assembly Members  
Lester Suvlu, Director, EPO  
Warren Matumeak, NSB Zoning Administrator  
Planning Commission Members

TB/mc

RECEIVED

JAN 31 1983

ALASKA TASK FORCE

NORTH SLOPE BOROUGH ASSEMBLY  
SPECIAL MEETING  
JANUARY 19, 1983 1:30 P.M.

A Special Meeting of the North Slope Borough Assembly was held on January 19, 1983 at the North Slope Borough Administration Building, Barrow, Alaska at 1:30 P.M. SPECIAL MEETING

JAMES STOTTS called the meeting to order at 1:43 P.M.

CALL TO ORDER

There were present:

PRESENT

- JAMES STOTTS, presiding
- JACOB ADAMS (Came in 1:58 P.M.)
- NELSON AHVAKANA
- FLOSSIE ANDERSEN
- EDWARD E. HOPSON (Came in 1:52 P.M.)
- DONALD LONG

comprising a quorum of the Assembly. Absent was:

ABSENT

LENNIE LANE JR.

Also present for all or part of the meeting were:

GUESTS

- EUGENE BROWER, Mayor
- Ralph Andersen, NSB/Mayor's Office
- Sandy Sagalkin, NSE/Washington, D.C.
- Jim Arlington, ARCO
- S.R. Jaime, ARCO Alaska, Inc.
- Warren Matumeak, NSB
- Tom Albert, NSB
- Harold J. Curran, NSB
- Victor Hart, ARCO Alaska, Inc.
- John Peter, self
- Johnny Brower, self
- Alice Ahgeak, Borough Clerk
- Kathy Iryant, Deputy Clerk

Alz	
JWS	

Exxon

Discussion of Flaxman Island - Proposed Exploratory Drilling. FLAXMAN ISLAND  
EUGENE BROWER stated that last week before Warren went down to Anchorage, they had discussion with some of the Assembly Members as to how to approach this Flaxman Island issue. And maybe little more time up front, at the tail end of the seasonal drilling and they heavily approached that idea and they contend that this is an upland area and they want to drill all the way through September 1.

WARREN MATUMEAK stated that they met with Exxon and they brought their two Attorneys with them from Houston, you got before you the approval of the permit with the stipulations on Flaxman Island. Main trouble they had on that permit was stipulation Item # 2 and also # 1. Their plan now is to drill beginning March 1 and be done by September 1. This area is little bit different from some of the drillings because State of Alaska is going to get a certain percentage out of the well, if it is a producing well, shared profits. They

got from that notice of appeal until Friday, they wanted an answer by Monday. On the stipulations that was not included was if the Assembly decides to go their way, the map back of you. Pointed out Flaxman Island, the landing strip, the ice roads, the haul road for the area. They are mostly finding gas, but they wanted to make sure whether there is oil down there or not. The reason they are pushing for drilling for March 1 through September 1 is that they got they got to extend on their contract, they are paying some money into it. And they want to utilize that start up on March 1 and after September 1, they want to move that rig and barge it out to another location. And they said they would like to be drilling two wells a year, one well will take 180 days from the start to finish. That's why they don't want to give in, on our drilling window stipulations, on our last meeting they came up with, we were talking about this area where they are going to drill is sloping to one side and we said that this would need a berm around the pad, which would contain 130,000 barrels of oil in case of a spill here, and it has impermeable liner to keep the oil from going below. Except for the drilling window, they would comply with all the other stipulations, but they don't want to give in to our drilling window, they want to drill from March 1 to September 1.

DONALD LONG: Warren, what was the dates that the stipulation had mentioned.

WARREN MATUMEAK: The usual stips that we put in the permit is from November 1 until March 31, with possible extentions beyond March 31 up to May 15th.

DONALD LONG: Ok, my understanding then they want to go from March 1 to September 1.

WARREN MATUMEAK: That Flaxman Island is recognized by State as part of the mainland. Because that is a large Island and it is not a gravel.

JAMES STOTTS: Is that in fact an Island legally, is that an Island, of course it is.

EDWARD HOPSON: It would have to be an Island, it's not part of mainland.

JAMES STOTTS: In fact, could it be considered Upland legally.

HAROLD CURRAN: Their argument is that it is so big, it is like upland, so that is the justification for giving it similar stipulations. They can make any decision as long as it's got a reasonable argument to support it, what I am saying is, I don't think we can go into court to suit the state, saying that there argument is not reasonable. They are not trying to say that our stipulation is unreasonable, they are trying to say that we don't have the authority to do it and if it was a reasonable standard we could differ from their opinion and still get support in court and law. The question is you guys don't have the authority to it at all. That's why they are going that way, because their standards are to apply and get an administrative decision changed.

WARREN MATUMEAK: To my estimation, this would be an area where they would have more support, especially from the state. Because the state is 100% behind them and the State will side with them, this would be an area where they would get more backing, the state will protect their own interest.

DONALD LONG: Have we got the Upland stipulation that they are saying that this is Upland and we have no jurisdiction on that

WARREN MATUMEAK: Most of the permits we pretend that it is not there. Upland drilling is year round, we couldn't put any stipulations there.

JAMES STOTTS: Ok, if we did grant this to Exxon, then I would suggest that in fact we don't have a leg to stand on in the future, on any sort of seasonal drilling stipulations.

WARREN MATUMEAK: I think this Flaxman would be different from all the others, we are dealing only on Flaxman.

DONALD LONG: My understanding is that if we go with Exxon on this we wouldn't have or we would eliminate our ability to issue out stipulations.

JAMES STOTTS: Well, if we give in on this one to Exxon, our seasonal stipulations in fact, we reverse ourselves, then if it happens on another Island, what argument do we have to deny that, since we have done it already.

WARREN MATUMEAK: The other Islands are not considered part of the mainland, the only ones that are considered to be part of the mainland are this Flaxman Island and Tigvariak Island.

DONALD LONG: The reason I asked is Jim, the way I see it, if we don't we also lose our ability to impose stipulations, seasonal stipulations on everything. Where the most important part be offshore drilling. Our ability to apply stipulations offshore would be affected by imposing stipulations onshore. If we lose, that is my greatest fear there, if we lose the ability to impose stipulations anywhere.

WARREN MATUMEAK: If you don't revise this stips on the permit, Exxon would appeal to the Assembly and the deadline for that is this coming Friday. If we answer by 4:00 P.M., would be excluding the stipulations on #1 and #2.

EDWARD HOPSON: How far is Flaxman Island from Mainland, anybody know. The reason why I asked is that nobody is going to tell me that Flaxman Island is part of Mainland, an Island is an Island. Nobody is going to tell me that it's part of mainland, yeah, it might have been part of mainland two centuries ago, say two hundred years ago.

DONALD LONG: I think the point is that they are contesting that it is upland.

WARREN MATUMEAK: That is the state's position.

JOHNNY BROWER: From the State's point of views and from the private corporation as to doing business with the State and I think they are going to use the word self-deceivement within selves and to see how far they can get away with it, if they practice that within themselves then they can practically get away with anything until they are led to believe that they are practicing self-deceivement. That is an Island, that is not part of the Mainland.

JACOB ADAMS: What is the recommendation.

EUGENE BROWER: He had a long talk with the Commissioner of DNR and the Attorney General and they are going to protect the interests of the State. And they do whatever it takes, court and they prefer to settle it out of court, but if they have to go to court, they will protect the interest of their lessee which is Exxon, because of the profit making shared they've got, whatever it is leased under. And talking with the Attorney General, he would rather see this thing settled in house rather than in court, but they will not hesitate to protect the interest of the state in court. Right now, they are being pressured by Exxon whether Exxon should sue the State itself, for not taking care of its interest, and the Attorney General is trying to hold them off till they get something resolved here internally. He said they will not hesitate to protect the State's interest from the North Slope Borough.

HAROLD CURRAN: One of the issues that come under this letter, if we grant what Exxon is asking for we will undermine our ability to stipulate to a drilling window elsewhere. The state does that, the state has granted them the right to drill there year round has a stipulation that they have to comply with the terms of drilling elsewhere and the reason for that to get away from that cause they are some things that differ from Gravel Island or small Island. You can fly equipment, men and supplies there during broken ice periods to try to deal with oil spill. You just have a gravel island or a small island, it's difficult to do that cause if you have a blow out, everybody has to get off the Island, there is no platform to deal with. Cause there are some distinctions between Gravel Island and man-made gravel island and small islands as opposed to Flaxman, where you can get people there, you can get support there and those are things that are substantial in terms of the type of protection you provide and that's what the rationales the State has, so would not undermine us in terms of our distinction between Flaxman and the other areas. Flaxman's not as good a case say Cross Island and the reason it is because of the various ways we have characterized Cross Island as being important to the Inupiat people. So what, I guess I am saying is, if we go to court on Flaxman, the facts won't be as good for us, whereas we go to court on as Cross, the facts would be better for us. If I had select which one we would go to court on, I would go for Cross rather than Flaxman. That would be one of the things that would be considered in trying to make a determination as to what we would do in this particular incidence. The facts are important, the law is theoretical, but if you get the facts on your side to help us, they are very important.

JACOB ADAMS: Well, you know, if we are going to extend the drilling season, to the tail end, September and October are critical periods especially on that Island, we've got enough information to share with the fall migration of the bowhead comes close to Flaxman Island. I talk to enough people that done aerial flying in the fall time that the Flaxman Island is one of the critical areas as to where the Bowhead whale migrates in the fall time. Whereas in the spring, they are further out.

WARREN MATUMEAK: Before you entered in, we talked about the Flaxman Island, they plan to start drilling in March 1 and be done by September 1. They want to move their rig to another location, after that. They had planned to start drilling in November, but they have had all kinds of delays and they moved it to March 1.

EUGENE BROWER: They have asked for March 1 to start and get out by September 1, and they plan to move their rig to another location.

JAMES STOTTS: What if they are not done by September 1st.

EDWARD HOPSON: If they are planning to stop by September 1st, the first group of whales will have gone thru Kaktovik.

EUGENE BROWER: They plan to start in March and they will be done by September 1st, they plan to barge the rig and move it to another location.

FLOSSIE ANDERSEN: Not only are we talking about seasonal restriction, it was also brought out that they are also still questioning our ability to grant permits, and then with what, they are wanting to do that is they are going against with what our restrictions are saying on the Interim Zoning and the Comprehensive Plan, and the timing that's my other thing too. What do they have, couldn't they just apply to start this in from November or September after the whales are gone and then go over during winter, I don't think they are that anxious, First of all, they would be going against the dates, they are just opposite of what the restrictions are supposedly to be.

WARREN MATUMEAK: We approached them to start at springtime, but their reason is that they have a plan to drill two rigs a year, if they don't they will just be spending money on the rig that is just standing by. They have the support from the State that Flaxman Island and Tigvariak Island are considered to be part of the mainland. I consider the Gravel Islands and Tapqaq to be different from Flaxman and Tigvariak because the State doesn't consider them to be Uplands.

NELSON AHVAKANA: When did they characterize these two, in the beginning?

WARREN MATUMEAK: Stated he just heard about it not too long ago, too, and doesn't know when.

DONALD LONG: During your meetings with Exxon, how do you think they did, if say no to them they already have the support of the state to go to court.

WARREN MATUMEAK: I think they are ready if we say no, the way I see it, that they would rather go to court. The state already has an interest for profit sharing.

JOHNNY BROWER: On the casing on that Flaxman Island, they already have everything ready to go to court including the papers.

FLOSSIE ANDERSEN: I really hadn't heard much about Flaxman Island being in the Uplands, I'm just wondering what the arguments they had, what are the facts that they use to call it uplands.

WARREN MATUMEAK: One of the reasons they consider it is that it is a very large island.

JAMES STOTTS: I would like to hear a little bit more Mr. Mayor about what this possibility of sitting down with the Department of Natural Resources.

EUGENE BROWER: My discussion with the Attorney General and the newly elected Commissioner of DNR Ms. Wunnicke, they were telling me that some Senators are trying to put into legislation to take our permitting system away from the

North Slope Borough, and one way of taking care of that is setting up permitting system that is uniform across the board, sitting down with the North Slope Borough Assembly, the legislative powers we have here, the state and the Gas and Oil Industry, set up a permitting system that is uniform across, you are going to have to compromise here and there.

JAMES STOTTS: Is the oil and Gas Industry involved?

EUGENE BROWER: Yes, but the initial stages will be with the Assembly here and I've told the new Commissioner in DNR that she should set up an appointment with the Assembly and discuss various issues confronting the permitting system with the Assembly or whatever concerns the state might have in reference to the Natural Resources, and they both had a very good idea and so as Esther Wunnicke gets her schedule straightened out she is going to be writing a letter to either to me or to the Assembly President to set up a date. The state would rather see this settled outside the court, they don't want to see this thing settled in court, they would rather see it settled out of court, if all possible. There is a feeling now if I am not mistaken, one of the Senators is going to introduce a bill to try to take away the permitting system with the North Slope Borough. I think it is Bennett, out of Fairbanks.

JAMES STOTTS: What would be the soonest, she could possibly meet.

EUGENE BROWER: She is looking at her schedule and she is going to be writing a letter, I told her I would rather see this done sometimes this month or next month.

JAMES STOTTS: I would like to entertain a motion to go into Executive Session with the Administrator.

EDWARD HOPSON moved, seconded by DONALD LONG to go into Executive Session.

MOTION FOR  
EXECUTIVE  
SESSION

QUESTION

UNANIMOUS VOICE  
AYES - 6 NAYES - 0

MOTION CARRIED

Executive Session at 2:25 P.M.  
Meeting reconvened at 3:30 P.M.

EXECUTIVE SESSION  
MEETING RECONVENED

NELSON AHVAKANA moved, seconded by JACOB ADAMS that the request of the Administrator be approved, and those those two stipulations be changed to for that one area only and those stipulations be removed, so that Exxon could drill until August 30th. MOTION TO GRANT REQUEST

Discussion: EDWARD HOPSON asked they were requested for March 1st thru August 30th, JAMES STOTTS stated that the still thinks they are doing it wrong, still thinks that Exxon should file an appeal and to be happy to set a date, set a meeting date even on next Friday, which is just a couple days away. I would like to just make that very clear, I think we should let Exxon at least go thru the appeal board process. And I also would like to suggest that if cause I'm reading that this might pass the way it has been proposed that I would like to offer for your consideration an amendment instead of saying August 30 say August 1st and set it back 30 days instead of one day. FLOSSIE ANDERSEN stated she would discuss it further in that Exxon

has the ability to finish that well in minus 30 days, can they do it in 150 days, or are they going to come again after 150 days for another 30 days, do they have the ability to say that they'll do this in 150 days, I think you know the proper place to ask them right with them right in front of us, if we knew the answer to that can they do it in 150 days instead of 180. JAMES STOTTS: I mean what I think you intended to say August 1st or am I wrong a couple days is not that much of a change. And the point you made about if it could be done in 150 days, that backs me up what I suggested earlier that if we had an appeal board with Exxon, we could get more information from the Company itself, maybe they can do it in 150 days, maybe they would agree to do it in 150 days. We haven't talked with them at all. DONALD LONG stated that he would prefer see it with August 30th for the fact he would prefer Exxon not file a lawsuit, I don't know if they are going to file an appeal, the state is right along with them.

QUESTION

VOTE TALLY

MOTION CARRIED

AYES - 4 NAYES - 2 (STOTTS, ANDERSEN)

JACOB ADAMS moved, seconded by DONALD LONG to adjourn the Special Meeting. MOTION TO ADJOURN

QUESTION

UNANIMOUS VOTE

MOTION CARRIED

AYES - 6 NAYES - 0

Meeting adjourned at 3:39 P.M.

ADJOURNMENT

APPROVED: \_\_\_\_\_

\_\_\_\_\_  
PRESIDENT OF THE ASSEMBLY

ATTEST:

\_\_\_\_\_  
BOROUGH CLERK

Respectfully submitted:

\_\_\_\_\_  
RECORDING SECRETARY

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SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SR 3

BILL NAME: *Relating to subdivision plan review regulations.*

SPONSOR(S): *P. Fischer*

RELATED BILLS PENDING: *SB 125 (in  
S. Comm. + Reg. Aff)*

DATE INTRODUCED: *2-15-83*

REFERRALS: *Resources  
Community + Regional Affairs*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR  
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR  
REPS. NOTIFIED: .

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE  
SUBSTITUTES DRAFTED:

SR 3

RELATING TO SUBDIVISION PLAN REVIEW REGULATIONS.

SPONSOR: P. FISCHER

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Requests DEC to adopt regulations that provide for a streamlined system of subdivision plan review and approval in accordance with recommendations of the Alaska Society of Professional Land Surveyors.

Current DEC regulations, 18 AAC 72.065 (which SB 125, also by P. Fischer would annul -- referred to Community and Regional Affairs), require review of subdivisions' proposed wastewater systems by a professional engineer registered in the State of Alaska. According to the bill sponsor, this is duplicative, as lending institutions also require that wastewater systems be reviewed and approved by a registered professional engineer.

(3) Wastewater Engineering: Collection. Treatment, Disposal; Metcalf and Eddy, Inc., 1972; McGraw-Hill Book Company, New York, N.Y.;

(4) Recommended Standards for Sewage Works, Great Lakes-Upper Mississippi River Board of State Sanitary Engineers, Health Education Service, P.O. Box 7283, Albany, New York 12224.

(h) Copies of the referenced materials are on file in the lieutenant governor's office, and may be reviewed in any of the regional offices of the department.

(i) No person may install a package aerobic sewage treatment plant unless the plant, or a similar model in a series of plants, has been certified by the National Sanitation Foundation, unless it can be demonstrated to the department's satisfaction that the plant meets or exceeds the National Sanitation Foundation certification criteria. Approval of package plants will be made only on receipt of acceptable proof of satisfactory operation of similar systems under conditions of proposed use. A list of approved package aerobic sewage treatment plants is available from any of the regional offices of the department. (Eff. 8/10/73, Reg. 47; am 2/3/77, Reg. 61; am 3/4/78, Reg. 65)

Authority AS 16.10.010  
AS 46.03.020(10)(A)  
AS 46.03.050  
AS 46.03.090  
AS 46.03.720

18 AAC 72.065. SUBDIVISION PLAN REVIEW. (a) Before or within five days after the time of the filing of a proposed subdivision plat with a platting authority, or, where no subdivision plat is filed with a platting authority, at least 60 days before subdividing, the person proposing the subdivision, unless the subdivision is an isolated subdivision, shall submit to the department the following information:

(1) a map of the proposed subdivision

showing lot and street layout with lot dimensions and areas, contours sufficient to show topography, drainage, all marshy or muskeg areas, and any existing or proposed improvements or bodies of water within 200 feet of the proposed subdivision;

(2) recommended or proposed type and location of water sources and sewage treatment and disposal systems on a typical lot diagram in relation to water sources and sewage treatment and disposal systems on adjacent lots;

(3) to the extent ascertainable, a statement concerning the possibility of any future community water or sewerage systems and an approximate timetable for their development;

(4) representative soil testing, logs, and borings, prepared by a professional engineer registered in the State of Alaska, in an area sufficient to determine whether soils are suitable for on-site sewage disposal and to determine the area required for soil absorption systems; however, soil tests, logs, and borings are not required if the subdivision plat clearly indicates that the area for which representative tests, logs, and borings will not be made will not be used for residential or other development which would necessitate domestic sewage treatment and disposal; moreover, representative tests, logs, and borings are not required if a means of sewage treatment and disposal other than soil absorption systems is proposed under (2) of this subsection; and

(5) a statement concerning responsibility for construction, operation and maintenance of water supply and sewage treatment and disposal facilities in the proposed subdivision.

(b) No person creating a subdivision after the effective date of this section, except an isolated subdivision, may sell, contract to sell, lease, or otherwise convey an interest in any lot or lots within that subdivision if plan approval has not previously been granted for that subdivision by the department under this section.

(c) It is the responsibility of the subdivider to provide evidence of plan approval under this section to prospective buyers, lessees or promisees.

(d) Within 30 days of submission of complete plans, the department will approve the plans if the applicant demonstrates that

(1) where the person proposing the subdivision assumes responsibility for sewage treatment and disposal within the subdivision, the proposed manner of sewage treatment and disposal will meet the requirements of this chapter and ch. 70 of this title; or

(2) where the person proposing the subdivision does not assume responsibility for sewage treatment and disposal within the subdivision, there will exist practicable means of sewage treatment and disposal within the subdivision which will meet the requirements of this chapter and ch. 70 of this title.

(e) The department will, in its discretion, attach terms and conditions to approved plans necessary to insure compliance with the requirements of this chapter and ch. 70 of this title. (Eff. 2/3/77, Reg. 61; am 3/4/78, Reg. 65)

Authority: AS 46.03.020(10)(A)

AS 46.03.050

AS 46.03.090

18 AAC 72.068. WAIVER OF SUBDIVISION PLAN REVIEW IN QUALIFIED JURISDICTIONS. (a) A platting authority may petition the department to waive the exercise of sec. 65 of this chapter within its jurisdiction. The petition shall contain

(1) a copy of all pertinent ordinances relating to the review of sewage treatment and disposal matters for subdivisions;

(2) a statement of all pertinent administrative and judicial enforcement processes available to the platting authority; and

(3) a statement of administrative organization, staff, funds and other resources available to the platting authority to administer and enforce its sewage treatment and disposal requirements.

(b) Within 90 days of receipt of a completed petition, the department will grant the petition if the applicant demonstrates that, based upon the information submitted under (a) of this