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2904 SRES HB 680 - HCR 15

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680

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: *CS HB 680 (L/C)*

BILL NAME: *Recovery and production of oil and natural gas*

SPONSOR(S): *Governor*

RELATED BILLS PENDING:

DATE INTRODUCED: *3/9/84*

REFERRALS: *Resources
Finance*

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:

AOGFA - Dave Sears 272-1481

PROPOSED AMENDMENT NO. 1
FOR
CS House Bill No. 680 L & C

Add to the Bill a new Section 4 as follows and renumber subsequent Sections accordingly:

* Sec. 4 AS 31.05.170 is amended by adding a new subsection to read:

- (14) regular production means continuing production of oil or gas from a well into production facilities and means for transportation to market, but does not include short term testing, evaluation, or experimental pilot production activities which have been approved by permit or order of the commission.

ARCO Alaska, Inc.
Legal Division
Post Office Box 350
Anchorage, Alaska 99510
Telephone 907 265 6540
Stephen M. Williams
Senior Attorney



RECEIVED
Department of Law
FEB 28 1984
Office of the Attorney General
Anchorage Branch
Anchorage, Alaska

February 28, 1984

Barbara Herman, Esquire
Deputy Attorney General
Alaska Department of Law
Resolution Tower
Anchorage, AK 99510

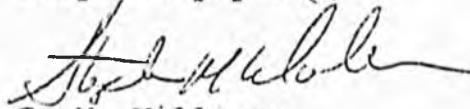
RE: Petition for Rehearing, ARCO Alaska, Inc. to the
Alaska Oil and Gas Conservation Commission

Dear Barbara,

Attached for your review is the Stipulation and Settlement in the above-entitled matter. This document includes the comments we reviewed on Monday, February 27, 1984. I have executed 2 original copies of the settlement on behalf of ARCO. After you and the members of the Commission have executed the settlement, please transmit a copy to me.

If you have any questions, please advise me. Thank you for your assistance in resolving this matter.

Very truly yours,


S. M. Williams

SMW/ksm

Attachment

Before the Alaska Oil and Gas
Conservation Commission

In the matter of)
ARCO Alaska, Inc.) Stipulation and Settlement
)

This Stipulation and Settlement is entered into by ARCO Alaska, Inc. (ARCO) and the State of Alaska Oil and Gas Conservation Commission (AOGCC);

WHEREAS ARCO is the owner of certain acreage located on the North Slope of Alaska, including Section 35 of ADL 25649, located within the boundaries of the Kuparuk River Unit; and

WHEREAS ARCO applied to the AOGCC for approval to conduct the West Sak Sands Pilot Project to determine the optimum techniques for development of the West Sak Reservoir, and gather data for use in pool rules hearings; and

WHEREAS the AOGCC approved the West Sak Sands Pilot Project by Conservation Order No. 191; and

WHEREAS, since that time, ARCO has conducted the West Sak Sands Pilot Project in accordance with Conservation Order No. 191; and

WHEREAS oil and gas test production has ensued from the West Sak Sands Pilot Project Area; and

WHEREAS ARCO has filed confidential reports setting forth the production levels on the West Sak Sands Pilot Project Area for the month of December 1983, and January 1984; and

WHEREAS there is a dispute between ARCO and the AOGCC on whether the test production must be reported on Form 10-405; and

WHEREAS the AOGCC, by Order dated January 25, 1984, ordered ARCO to file the December 1983 production data on Form 10-405; and

WHEREAS ARCO, on February 10, 1984, petitioned the AOGCC for rehearing and reconsideration in accordance with the provisions of AS 31.05.080; and

WHEREAS it is the desire of both the AOGCC and ARCO to settle these matters;

NOW THEREFORE, ARCO and the AOGCC agree to stipulate and settle these issues as follows:

1. Until the date the pilot production facility to be located at the West Sak Sands Pilot Project Area commences normal operations and processes, and treats production from West Sak Sands Pilot production wells, or July 1, 1984, whichever date is earlier, ARCO shall file a monthly report on or before the 20th day of the month, commencing with a report on March 20, 1984 showing the test production levels, injection levels, and other test production data and information gathered by ARCO for the previous month. Such report shall be in the form and provide the specific information included in the reports filed by ARCO for December 1983, and January, 1984. These reports will be kept and maintained confidential by the AOGCC in accordance with AS 31.05.035(d). Such reports shall be in addition to the quarterly report

required by Conservation Order No. 191, Rule 11.

2. Upon commencement of normal operations of the West Sak pilot production facility or July 1, 1984, whichever is earlier, ARCO must file all previously filed production reports on Form 10-405, or appeal to the Superior Court within 20 days of July 1, 1984 pursuant to the provisions of AS 31.05.080(b).

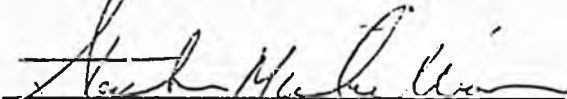
3. The AOGCC agrees to not claim, contend, or bring any action against ARCO under AS 31.05.150 of the Alaska Oil and Gas Conservation Commission statutes, or contend that ARCO violated AOGCC regulations for failure to file Form 10-405 showing West Sak Pilot test production information so long as ARCO is in compliance with the provisions of this Stipulation and Settlement, Conservation Order No. 191, and the AOGCC Regulations.

4. Because a dispute exists between ARCO and the AOGCC, this settlement shall not be construed as setting precedent or prejudicing any claims, arguments, or contentions of either ARCO or the AOGCC with respect to any of the issues set forth in this stipulation. Both the AOGCC and ARCO agree not to use this settlement as evidence in any proceeding before any court of law or administrative body, except as necessary to enforce the provisions set forth in this stipulation and settlement.

5. The AOGCC order issued January 25, 1984 is hereby amended to conform to this Stipulation and Settlement.

Agreed to and approved this 27th day of February,
1984.

ARCO ALASKA, INC.

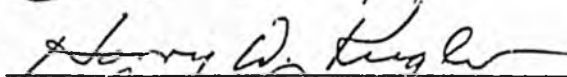
By 
Stephen M. Williams, Attorney

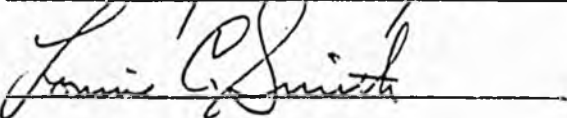
ALASKA DEPARTMENT OF LAW

By 
Barbara Herman

ALASKA COAL AND GAS CONSERVATION COMMISSION

By 

By 

By 

PROPOSED AMENDMENT NO. 3
FOR
CS House Bill No. 680 L & C

Add to the Bill a new Section 3 as follows and renumber subsequent sections accordingly:

* Sec. 3 AS 31.05.030 is amended by adding a new subsection to read:

(j) The commission in accordance with I.R.C. Section 4993(d)(5)(A)(i) shall have the authority to act as the state jurisdictional agency over applications involving tertiary recovery projects on lands in Alaska not under federal jurisdiction, pursuant to requirements of I.R.C. of Section 4993(c)(2)(A), (B), and (C) of the "Crude Oil Windfall Profits Tax Act" of 1980 and applicable regulations.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

September 23, 1980

The Honorable W. Michael Blumenthal
Secretary of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Mr. Secretary:

Pursuant to the requirements of Section 4993 (d) (5) (A) of the recently enacted Crude Oil Windfall Profits Tax Act of 1980, I have appointed the Alaska Oil and Gas Conservation Commission (AOGCC) as the jurisdictional agency over applications involving tertiary recovery projects on lands in Alaska not under federal jurisdiction. The AOGCC will review and take suitable action on any application for a tertiary recovery project within the stipulations of the Crude Oil Windfall Profits Tax Act of 1980, and applicable regulations.

This notification fulfills the responsibilities of the Governor of Alaska to provide a written submittal of agency designation in accordance with Section 4993 (d) (5) (A) of the Act.

Acknowledgement of receipt of this letter is requested.

Sincerely,

Jay S. Hammond
Governor

cc: Hoyle H. Hamilton, Chairman/Commissioner
Alaska Oil and Gas Conservation Commission

The Honorable William P. Clements, Governor of Texas
Interstate Oil Compact Commission

William W. Hopkins
Alaska Oil and Gas Association

The Honorable Robert E. LeResche, Commissioner
Department of Natural Resources

Amendments:	Sec. as amended effective:
P.L. 96-223, § 101(a)(1)
P.L. 96-223, § 101(a)(1):	
Added Code Sec. 4992 to read as above. For the effective date and transitional rules, see P.L. 96-223, § 101(ii), following Code Sec. 4986.	

[Sec. 4993]

SEC. 4993. INCREMENTAL TERTIARY OIL.

[Sec. 4993(a)]

(a) **IN GENERAL.**—For purposes of this chapter, the term "incremental tertiary oil" means the excess of—

- (1) the amount of crude oil which is removed from a property during any month and which is produced on or after the project beginning date and during the period for which a qualified tertiary recovery project is in effect on the property, over
- (2) the base level for such property for such month.

Source: New.

[Sec. 4993(b)]

(b) **DETERMINATION OF AMOUNT.**—For purposes of this section—

(1) **BASE LEVEL.**—The base level for any property for any month is the average monthly amount (determined under rules similar to rules used in determining the base production control level under the June 1979 energy regulations) of crude oil removed from such property during the 6-month period ending March 31, 1979, reduced (but not below zero) by the sum of—

(A) 1 percent of such amount for each month which begins after 1978 and before the first month beginning after the project beginning date, and

(B) 2½ percent of such amount for each month which begins after the project beginning date (or after 1978 if the project beginning date is before 1979) and before the month for which the base level is being determined.

(2) **MINIMUM AMOUNT IN CASE OF PROJECTS CERTIFIED BY DOE.**—In the case of a project described in subsection (c)(1)(A), for the period during which the project is in effect, the amount of the incremental tertiary oil shall not be less than the incremental production determined under the June 1979 energy regulations.

(3) **ALLOCATION RULES.**—The determination of which barrels of crude oil removed during any month are incremental tertiary oil shall be made—

(A) first by allocating the amount of incremental tertiary oil between—

- (i) oil which (but for this subsection) would be tier 1 oil, and
- (ii) oil which (but for this subsection) would be tier 2 oil,

in proportion to the respective amounts of each such oil removed from the property during such month, and

(B) then by taking into account barrels of crude oil so removed in the order of their respective removal prices, beginning with the highest of such prices.

Source: New.

[Sec. 4993(c)]

(c) **QUALIFIED TERTIARY RECOVERY PROJECT.**—For purposes of this section—

(1) **IN GENERAL.**—The term "qualified tertiary recovery project" means—

(A) a qualified tertiary enhanced recovery project with respect to which a certification as such has been approved and is in effect under the June 1979 energy regulations, or

(B) any project for enhancing recovery of crude oil which meets the requirements of paragraph (2).

(-) REQUIREMENTS.—A project meets the requirements of this paragraph if—

(A) the project involves the application (in accordance with sound engineering principles) of 1 or more tertiary recovery methods which can reasonably be expected to result in more than an insignificant increase in the amount of crude oil which will ultimately be recovered,

(B) the project beginning date is after May 1979,

(C) the portion of the property to be affected by the project is adequately delineated,

(D) the operator submits (at such time and in such manner as the Secretary may by regulations prescribe) to the Secretary—

(i) a certification from a petroleum engineer that the project meets the requirements of subparagraphs (A), (B), and (C), or

(ii) a certification that a jurisdictional agency (within the meaning of subsection (d)(5)) has approved the project as meeting the requirements of subparagraphs (A), (B), and (C), and that such approval is still in effect, and

(E) the operator submits (at such time and in such manner as the Secretary may by regulations prescribe) to the Secretary a certification from a petroleum engineer that the project continues to meet the requirements of subparagraphs (A), (B), and (C).

Source: New.

[Sec. 4993(d)]

(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

(1) TERTIARY RECOVERY METHOD.—The term "tertiary recovery method" means—

(A) any method which is described in subparagraphs (1) through (9) of section 212.78(c) of the June 1979 energy regulations, or

(B) any other method to provide tertiary enhanced recovery which is approved by the Secretary for purposes of this chapter.

(2) PROJECT BEGINNING DATE.—The term "project beginning date" means the later of—

(A) the date on which the injection of liquids, gases, or other matter begins, or

(B) the date on which—

(i) in the case of a project described in subsection (c)(1)(A), the project is certified as a qualified tertiary enhanced recovery project under the June 1979 energy regulations, or

(ii) in the case of a project described in subsection (c)(1)(B), a petroleum engineer certifies, or a jurisdictional agency approves, the project as meeting the requirements of subparagraphs (A), (B), and (C) of subsection (c)(2).

(3) PROJECT ONLY AFFECTS PORTION OF PROPERTY.—If a qualified tertiary recovery project can reasonably be expected to increase the ultimate recovery of crude oil from only a portion of a property, such portion shall be treated as a separate property.

(4) SIGNIFICANT EXPANSION TREATED AS SEPARATE PROJECT.—A significant expansion of any project shall be treated as a separate project.

(5) JURISDICTIONAL AGENCY.—The term "jurisdictional agency" means—

(A) in the case of an application involving a tertiary recovery project on lands not under Federal jurisdiction—

(i) the appropriate State agency in the State in which such lands are located which is designated by the Governor of such State in a written notification submitted to the Secretary as the agency which will approve projects under this subsection, or

(ii) if the Governor of such State does not submit such written notification within 180 days after the date of the enactment of the Crude Oil Windfall Profit Tax Act of 1980, the United States Geological Survey (until such time as the Governor submits such notification), or

(B) in the case of an application involving a tertiary recovery project on lands under Federal jurisdiction, the United States Geological Survey.

(6) BASIS OF REVIEW OF CERTAIN QUALIFIED TERTIARY RECOVERY PROJECTS.—In the case of any project which is approved under subsection (c)(2)(D)(ii) and for which a certification is submitted to the Secretary, the project shall be considered as meeting the requirements of subparagraphs (A), (B), and (C) of subsection (c)(2) unless the Secretary determines that—

Sec. 4993(d)

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(A) the approval of the jurisdictional agency was not supported by substantial evidence on the record upon which such approval was based, or

(B) additional evidence not contained in the record upon which such approval was based demonstrates that such project does not meet the requirements of subparagraph (A), (B), or (C) of subsection (c)(2).

If the Secretary makes a determination described in subparagraph (A) or (B) of the preceding sentence, the determination of whether the project meets the requirements of subparagraphs (A), (B), and (C) of subsection (c)(2) shall be made without regard to the preceding sentence.

(7) **RULINGS RELATING TO CERTAIN QUALIFIED TERTIARY RECOVERY PROJECTS**—In the case of any tertiary recovery project for which a certification is submitted to the Secretary under subsection (c)(2)(D)(ii), a taxpayer may request a ruling from the Secretary with respect to whether such project is a qualified tertiary recovery project. The Secretary shall issue such ruling within 180 days of the date after he receives the request and such information as may be necessary to make a determination.

Source: New.

Amendments:	Sec. 25 amended effective:
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P.L. 96-223 § 101(c)(1)

P.L. 96-223, § 101(a)(1):

Added Code Sec. 4993 to read as above. For the effective date and transitional rules, see P.L. 96-223, § 101(i) following Code Sec. 4986.

[Sec. 4994]

SEC. 4994. DEFINITIONS AND SPECIAL RULES RELATING TO EXEMPTIONS.

(a) **QUALIFIED GOVERNMENTAL INTEREST**.—For purposes of section 4991(b)—

(1) **IN GENERAL**.—The term "qualified governmental interest" means an economic interest in crude oil if—

(A) such interest is held by a State or political subdivision thereof or by an agency or instrumentality of a State or political subdivision thereof, and

(B) under the applicable State or local law, all of the net income received pursuant to such interest is dedicated to a public purpose.

(2) **NET INCOME**.—For purposes of this paragraph, the term "net income" means gross income reduced by production costs, and severance taxes of general application, allocable to the interest.

(3) **AMOUNTS PLACED IN CERTAIN PERMANENT FUNDS TREATED AS DEDICATED TO PUBLIC PURPOSE**.—The requirements of paragraph (1)(B) shall be treated as met with respect to any net income which, under the applicable State or local law, is placed in a permanent fund the earnings on which are dedicated to a public purpose.

Source: New.

[Caution: Code Sec. 4994(b), below, as amended by P.L. 97-34, is applicable to taxable periods beginning after December 31, 1980.—CCH.]

[Sec. 4994(b)]

(b) **QUALIFIED CHARITABLE INTEREST**.—For purposes of section 4991(b)—

(1) **IN GENERAL**.—The term "qualified charitable interest" means an economic interest in crude oil if—

(A) such interest is—

(i) held by an organization described in clause (ii), (iii), or (iv) of section 170(b)(1)(A) which is also described in section 170(c)(2),

(ii) held by an organization described in section 170(c)(2) which is organized and operated primarily for the residential placement, care, or treatment of delinquent, dependent, orphaned, neglected, or handicapped children, or

(iii) held—

(i) by an organization described in clause (i) of section 170(b)(1)(A) which is also described in section 170(c)(2), and

(ii) There has been a material change of circumstances since the time that the project or expansion was initiated; and

(iii) The project is certified under the criteria and pursuant to the procedures provided in paragraph (d). For purposes of determining eligibility for certification, an existing project shall be examined prospectively, on the basis of the circumstances existing at the time such certification is sought.

(c) *Definitions.* For purposes of this section—

A "qualified tertiary enhanced recovery project" is a project for the enhanced recovery of crude oil, to the extent that such project involves the application of one or more of the following techniques and is certified pursuant to paragraph (d) of this section as being uneconomic at the otherwise applicable ceiling prices:

(1) Miscible fluid displacement, *i. e.*, an oil displacement process in which gas or alcohol is injected into an oil reservoir, at pressure levels such that the injected gas or alcohol and reservoir oil are miscible. The process may include the concurrent, alternating, or subsequent injection of water. The injected gas may be natural gas, enriched natural gas, a liquefied petroleum gas slug driven by natural gas, carbon dioxide, nitrogen, or flue gas. Gas cycling, *i. e.*, gas injection into gas condensate reservoirs, is not a miscible fluid displacement technique nor a tertiary enhanced recovery technique within the meaning of this section.

(2) Steam drive injection, *i. e.*, the continuous injection of steam into one set of wells (injection wells) or other injection source to effect oil displacement toward and production from a second set of wells (production wells).

(3) Microemulsion, or micellar/emulsion, flooding, *i. e.*, an augmented waterflooding technique in which a surfactant system is injected in order to enhance oil displacement toward producing wells. A surfactant system normally includes a surfactant, hydrocarbon, cosurfactant, an electrolyte and water, and polymers for mobility control.

(4) *In situ* combustion, *i. e.*, combustion of oil in the reservoir, sustained by continuous air injection, to displace unburned oil toward producing wells.

(5) Polymer augmented waterflooding, *i. e.*, augmented waterflooding in which organic polymers are injected with the water to improve areal and vertical sweep efficiency.

(6) Cyclic steam injection, *i. e.*, the alternating injection of steam and production of oil with condensed steam from the same well or wells.

(7) Alkaline (or "caustic") flooding *i. e.*, an augmented waterflooding technique in which the water is made chemically basic as a result of the addition of alkali metals.

(8) Carbon dioxide augmented waterflooding, *i. e.*, injection of carbonated water, or water and carbon dioxide, to increase waterflood efficiency.

(9) Immiscible carbon dioxide displacement, *i. e.*, injection of carbon dioxide into an oil reservoir to effect oil displacement under conditions in which miscibility with reservoir oil is not obtained.

(10) Specific variations of any of the above-listed general techniques, as determined in any particular case by the certifying authority.

"Certifying authority" means the Administrator, Economic Regulatory Administration, Department of Energy, or any officer of the Department of Energy to whom the Administrator has delegated such functions.

"Incremental crude oil" (resulting from the implementation of a qualified tertiary enhanced recovery project) means, in the case of a new project, the amount of crude oil which is or will be produced as a result of such a project and which is in excess of the amount of crude oil ("nonincremental crude oil") which could have been produced from the property or project area through continued maximum feasible production from methods of production employed on the property prior to the receipt of the certifications provided for in paragraph (d) of this section. As applied to expansion of existing tertiary enhanced recovery projects, the term means the amount of crude oil which is or will be produced as a result of the expanded project and which is in excess of the amount of crude oil ("nonincremental crude oil") which could have been produced from the property or project area through continued maximum feasible production from the methods of production employed on the property prior to the receipt of the certification provided for in paragraph (d) of this section. As applied to an existing project within the meaning of paragraph (b)(2) of this section, the term means the amount of crude oil which is or will be produced as a result of the continuation of the project or of the particular highest phase of the project and which is in excess of the amount of crude oil ("nonincremental crude oil") which could have been produced from the property or project area through continued maximum feasible production from methods of production (other than the tertiary method, or that phase of such method, that would be discontinued in the

PROPOSED AMENDMENT No. 2
FOR
CS House Bill No. 680 L & C

Add to the Bill a new Section 2 as follows and renumber subsequent sections accordingly:

* Sec. 2 AS 31.05.030 is amended by adding a new subsection to read:

(i) The commission shall have the authority to act as the jurisdictional agency over applications involving natural gas price determinations for all wells in Alaska not under federal jurisdiction, pursuant to the "Natural Gas Policy Act" of 1978, Public Law 95-621 and applicable regulations.

**Subpart E—Identification of State and Federal
Jurisdictional Agencies****[¶ 24,451]****Sec. 274.501 Jurisdictional agency.**

(a) *Definition.* Except as provided in paragraph (b), "jurisdictional agency" means:

(1) with respect to a well the surface location of which is on the OCS, the Federal or State agency having regulatory jurisdiction with respect to the production of natural gas. The following agencies have notified the Commission of their authority in this regard.

(i) for OCS wells located in the Gulf Coast Region:

Area Oil & Gas Supervisor
Suite 336
3301 N. Causeway Blvd.
Metairie, LA 70010

(ii) for OCS wells located in the Atlantic Region:

Area Oil and Gas Supervisor
Atlantic OCS Operations
Suite 204
1725 K Street, N.W.
Washington, DC 20244

(iii) for OCS wells located offshore Alaska:

Area Oil & Gas Supervisor
P.O. Box 259
Suite 109
800 A Street
Anchorage, AK 99510

(iv) for OCS wells located offshore California:

Area Oil & Gas Supervisor
160 Federal Building
1340 W. 6th Street
Los Angeles, CA 90017

(2) with respect to a well the surface location of which is on lands within the boundaries of a State (including Federal lands and offshore State lands), the Federal or State agency having regulatory jurisdiction with respect to the production of natural gas. The following agencies have notified the Commission of their authority in this regard:

Jurisdictional agency for wells on

State in which well is located	Federal lands	Other lands
Alabama	Area Oil & Gas Supervisor, Suite 204, 1725 K St., N.W., Washington, D.C. 20006.	Oil & Gas Supervisor, State Oil & Gas Board, Drawer O, University, AL 35486.
Alaska	Area Oil & Gas Supervisor, P.O. Box 259, Suite 109, 800 A Street, Anchorage, AK 99510.	Oil & Gas Conservation Commission, 3001 Porcupine Drive, Anchorage, AK 99501.
Arizona	Area Oil & Gas Supervisor, P.O. Box 261, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	Oil & Gas Conservation Commission, Suite 420, 1645 N. Jefferson, Phoenix, AZ 85007.
Arkansas	Area Oil & Gas Supervisor, 6136 E. 32nd Place, Tulsa, OK 74135.	Oil & Gas Commission, A Division of the Arkansas Dept. of Commerce, 314 East Oak, El Dorado, AR 71730.
California	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Department of Conservation, Division of Oil & Gas, 1416 Ninth St., Rm. 1316, Sacramento, CA 95814.
Colorado (except for the west ranges of the New Mexico Principal Meridian).	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Building & Post Office, Casper, WY 82602.	Oil & Gas Conservation Commission, 1313 Sherman Street, Rm. 721, Denver, CO 80203.
(c)		
Colorado (only the west ranges of the New Mexico Principal Meridian)	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	
Florida	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Administrator of Oil & Gas, Bureau of Geology, Department of Natural Resources, 903 W. Tennessee Street, Tallahassee, FL 32304.
Georgia	Area Oil & Gas Supervisor, Suite 204, 1725 K St., N.W., Washington, D.C. 20006.	Department of Natural Resources, Geologic & Water Resources Division, 19 Martin Luther King Drive, S.W., Atlanta, GA 30334.
Idaho	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Idaho Public Utilities Commission, Statehood Mail, Boise ID 83720.
Illinois	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Mines and Minerals, Oil & Gas Division, 704 Stratton Office Building, 400 S. Third Street, Springfield, IL 62766.
Indiana	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Natural Resources, Oil & Gas Division, 606 State Office Bldg., 100 N. Senate Avenue, Indianapolis, IN 46204.
Kansas	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Corporation Commission, State Office Building, Topeka, KS 66612.
Kentucky	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Mines and Minerals, Oil & Gas Division, Box 680, Lexington, KY 40501.
Louisiana	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Office of Conservation, Box 44275, Baton Rouge, LA 70804.
Maryland	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Energy and Coastal Zone Administration, Department of Natural Resources, Texas State Office Bldg., Annapolis, MD 21404.
Michigan	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Natural Resources, Box 30028, Lansing, MI 48909.
Mississippi	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	State Oil & Gas Board, Box 1332, Jackson, MS 39205.
Montana	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg & Post Office, Casper, WY 82602.	Oil & Gas Conservation Division, Department of Natural Resources and Conservation, 2535 St. Johns Ave., Billings, MT 59102, or P.O. Box 217, Helena, MT 59601.

Jurisdictional agency for wells on

State in which well is located	Federal lands	Other lands
Nebraska.....	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg. & Post Office, Casper, WY 82402	Oil & Gas Conservation Commission, Box 393, Sidney, NE 68162.
Nevada.....	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017	Department of Conservation and Natural Resources, Division of Mineral Resources, Capitol Complex, 201 S. Fall Street, Carson City, NV 89710.
New Mexico.....	Area Oil & Gas Supervisor, P.O. Box 26124, Marquette Ave., N.W., Albuquerque, NM 87125.	Department of Energy and Minerals, Oil Conservation Division, Box 2089, Santa Fe, NM 87501.
New York.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Environmental Conservation, Bureau of Mineral Resources, 50 Wolf Road, Albany, NY 12233.
North Carolina.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Natural Resources and Community Development, 512 N. Salisbury Street, Raleigh, NC 27611.
North Dakota.....	Area Oil & Gas Supervisor, P.O. Box 2159, 2002 Federal Bldg. & Post Office, Casper, WY 82602	Geological Survey, University Station, Grand Forks, ND 58202.
Ohio.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006	Ohio Department of Natural Resources, 1932 Delcher Drive, Fountain Square, Columbus, OH 43224.
Oklahoma (except the Osage Reservation).	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135	Corporation Commission, Jim Thorpe Building, Oklahoma City, OK, 73105.
(or)		
Oklahoma (Only the Osage Reservation)	Superintendent, Osage Indian Agency, Bureau of Indian Affairs, U.S. Department of the Interior, Pawhuska, OK 74056.	
Oregon.....	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017	Department of Geology & Mineral Industries, 1069 State Office Bldg., Portland, OR 97201.
Pennsylvania.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Environmental Resources, Division of Oil & Gas Regulation, 1205 Kossman Bldg., 100 Forbes Avenue, Pittsburgh, PA 15222.
South Carolina.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006	South Carolina Public Service Commission, P.O. Drawer 11649, Columbia, SC 29211.
South Dakota.....	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg. & Post Office, Casper, WY 82602.	Geological Survey, Science Center University, Vermilion, SD 57069.
Tennessee.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006	State Oil & Gas Board, G-5 State Office Bldg., Nashville, TN 37219.
Texas (East of the 100th Meridian)	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Railroad Commission, Drawer 12067, Austin, TX 78711.
(or)		
Texas (West of the 100th Meridian)	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	
Utah (except San Juan County).....	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg. & Post Office, Casper, WY 82602.	Division of Oil, Gas and Mining, Utah Department of Natural Resources, 1589 West North Temple, Salt Lake City, UT 84116.
(or)		
Utah (only San Juan County).....	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	
Virginia.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006	Division of Mines and Quarries, P.O. Drawer V, Big Stone Gap, VA 24219.
Washington.....	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017	Oil & Gas Supervisor, Department of Natural Resources, Olympia WA 98504.
West Virginia.....	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006	Oil & Gas Division, Department of Mines, State Capitol, Charleston, WV 25305.
Wyoming.....	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg. & Post Office, Casper,	Oil & Gas Conservation Commission, Box 2640, Casper, WY 82602.

(b) *Waiver.* In the case of any determination to which a waiver under Subpart C of Part 274 is applicable, "jurisdictional agency" means the Commission.

(c) *Federal lands.* For purposes of this section, "Federal lands" means

(1) all lands leased under

(i) the Mineral Lands Leasing Act, as amended, 30 U.S.C. § § 181 *et seq.*; and

(ii) the Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. § § 351 *et seq.*; and

(2) all Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221); and

(3) all Indian lands which are under the supervision of the Osage Indian Agency, Bureau of Indian Affairs, U.S. Department of the Interior.

(d) *Divided-interest leases.* Unless an agreement under paragraph (f) of this section provides otherwise, where a well is located on a divided-interest lease involving Federal (or Indian) and private (or State) ownership:

(1) the Federal jurisdictional agency shall make the determination where the majority lease interest is Federal (or Indian);

(2) the State jurisdictional agency shall make the determination where the majority lease interest is private (or State); and

(3) the State jurisdictional agency shall make the determination where the lease is divided equally.

(e) *Drilling units.* Unless an agreement under paragraph (f) of this section provides otherwise, where a drilling unit is drained by two or more wells, the Federal jurisdictional agency shall make the determination if the completion location of the well in question is located on a Federal (or Indian) lease, and the State jurisdictional agency shall make the determination if the completion location of the well in question is located on a private (or State) lease.

(f) *Agreements.* If the United States Geological Survey and any State jurisdictional agency enter into an agreement authorizing such State agency to make determinations under Subpart A of this part with respect to wells located on Federal lands, or authorizing the U.S. Geological Survey to make such determinations with respect to wells located on State lands, such agreement shall be filed with the Commission. Upon the filing of such an agreement the agency so authorized in the agreement shall be considered the jurisdictional agency with respect to wells on the designated lands to the extent provided in the agreement.

.01 44 F.R. 48664 (August 20, 1979).

.05 *Historical record.*—Section 274.501 originated in 43 F.R. 56448 (12/1/78), effective 12/1/78.

Subsection (a), appearing in 43 F.R. 56448 (12/1/79), effective 12/1/78, read as

follows until its amendment in 44 F.R. 48664 (8/20/79), effective 8/1/79:

(a) *Definition.* Except as provided in paragraph (b), "jurisdictional agency" means:

¶ 24,451 § 274.501

Federal Energy Guidelines
051-24

(1) With respect to a well on the OCS, one of the following offices of the United States Geological Survey:

(i) for OCS wells located in the Gulf Coast Region:

Area Oil & Gas Supervisor
Suite 336
3301 N. Causeway Blvd.
Metairie, LA 70010

(ii) for OCS wells located in the Atlantic Region:

Area Oil & Gas Supervisor
Atlantic OCS Operations
Suite 204
1725 K Street, N.W.
Washington, DC 20044

(iii) for OCS wells located offshore Alaska:

Area Oil & Gas Supervisor
P.O. Box 222
Suite 109
800 A Street
Anchorage, AK 99510

(iv) for OCS wells located offshore California:

Area Oil & Gas Supervisor
160 Federal Building
1340 West 6th Street
Los Angeles, CA 90017

(2) With respect to a well the surface location of which is on lands within the boundaries of a State (including Federal lands and offshore State lands), the agency specified in the following table:

[Note: the list of jurisdictional agencies, appearing in 43 F.R. 56448 (12/1/78), effective 12/1/78, is not reproduced.]

Subsection (c), appearing in 43 F.R. 56448 (12/1/78), effective 12/1/78, read as follows until its amendment in 44 F.R. 48664 (8/20/79), effective 8/1/79:

(c) *Federal lands.* For purposes of this section, "Federal lands" means

(1) all lands leased under:

(i) the Mineral Lands Leasing Act, as amended, 30 U.S.C. § § 181 *et seq.*; and

(ii) the Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. § § 351 *et seq.*; and

(2) all Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221).

Subsections (d) and (e) newly originated in 44 F.R. 48664 (8/20/79), effective 8/1/79.

Subsection (f) (formerly designated as subsection (d)), appearing in 43 F.R. 56448 (12/1/78), effective 12/1/78, read as follows until its amendment in 44 F.R. 48664 (8/20/79), effective 8/1/79:

(f) *Agreements.* If the United States Geological Survey and any state jurisdictional agency enter into an agreement authorizing such state agency to make determinations under Subpart A with respect to wells located on Federal lands, such agreement shall be filed with the Commission. If such an agreement is filed, then such state agency shall be considered the jurisdictional agency with respect to wells on Federal lands in such state to the extent provided in the agreement.

[Part 275 begins on page 14,541.]

(b) *Waiver.* In the case of any determination to which a waiver under Subpart C of Part 274 is applicable, "jurisdictional agency" means the Commission.

(c) *Federal lands.* For purposes of this section, "Federal lands" means

(1) all lands leased under:

(i) the Mineral Lands Leasing Act, as amended, 30 U.S.C. § 181 *et seq.*; and

(ii) the Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. §§ 351 *et seq.*; and

(2) all Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221).

(d) *Agreements.* If the United States Geological Survey and any state jurisdictional agency enter into an agreement authorizing such state agency to make determinations under Subpart A with respect to wells located on Federal lands, such agreement shall be filed with the Commission. If such an agreement is filed, then such state agency shall be considered the jurisdictional agency with respect to wells on Federal lands in such state to the extent provided in the agreement.

[Part 275 begins on page 14,541.]

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL
 PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)
 (Sections 102, 103, 107 and 108)

GENERAL INSTRUCTIONS

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA.

Complete each appropriate item on the reverse side of this page. The code numbers used in items 4 and 6 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Also enter any additional remarks in the space below. The data reported on this form are not considered to be confidential and will not be treated as such.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 274.501. If there are any questions, call (202) 357-8585.

SPECIFIC INSTRUCTIONS

Use the codes in the table below for type of determination in item 2.

Section of NGPA (a)	Category Code (b)	Description (c)
102	1	New OCS lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1000 feet deeper test)
✓ 102	4	New onshore reservoir
102	5	New reservoir on old OCS lease
✓ 103	-	New onshore production well
107	0	Deep (more than 15,000 feet) high cost gas
107	1	Gas produced from geopressed brine
107	2	Gas produced from coal seams
107	3	Gas produced from Devonian shale
107	5	Production enhancement gas
107	6	New tight formation gas
107	7	Recompletion tight formation gas
108	0	Stripper well
108	1	Stripper well -- seasonally affected
108	2	Stripper well -- enhanced recovery
108	3	Stripper well -- temporary pressure buildup
108	4	Stripper well -- protest procedure

Enter the appropriate information regarding other Purchasers/Contracts.

Line No.	Contract Date (Mo, Da, Yr) (a)	Purchaser (b)	Buyer Code (c)
1			
2			
3			
4			
5			
6			

Remarks: 1/ A gas sales contract has not as yet been agreed upon and/or executed. It is anticipated, however, that it will contain pricing provisions that will permit ARCO to collect the maximum lawful price.

**APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)**

1.0 API well number: (If not assigned, leave blank. 14 digits.)	50- 029 - 20585 -				
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	102 Section of NGPA		4 Category Code		
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	_____ feet				
4.0 Name, address and code number of applicant. (35 letters per line maximum. If code number not available, leave blank.)	ARCO Alaska, Inc., a corporation duly organized under the laws of the State of Delaware Name P. O. Box 2819 (22-108 DAB) Street Dallas, Texas 75221 City State Zip Code				000969 Seller Code
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	Kuparuk River Oil Pool Field Name North Slope Borough Alaska County State				
(b) For OCS wells:	Area Name _____ Block Number _____ Date of Lease: _____ Mo. Day Yr. OCS Lease Number _____				
(c) Name and identification number of this well: (35 letters and digits maximum.)	Kuparuk River Unit #1C-8				
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	_____				
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	None Contract Pending Name Buyer Code				
(b) Date of the contract:	N/A Mo. Day Yr.				
(c) Estimated total annual production from the well:	302.8 Million Cubic Feet				
		(a) Base Price as of 2-1-84	(b) Tax Estimated	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	S/MMBTU	0.000	0.000	0.000	0.000 ^{1/}
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	S/MMBTU	3.609	0.361	0.000	3.970
9.0 Person responsible for this application:	Dottie J. Martinson Director, Name Gas Regulations Title Signature <i>Dottie J. Martinson</i> February 16, 1984 (214) 880-3650 Date Application is Completed Phone Number				
Agency Use Only Date Received by Juris. Agency Date Received by FERC					

FLOOR NOTES

CSHB# 680

29 MARCH, 1984

THANK YOU MR. SPEAKER, THE BILL BEFORE US IS AN IMPORTANT OPPORTUNITY FOR THE STATE TO HAVE AUTHORITY FOR REGULATION OF INJECTION WELLS ASSOCIATED WITH OIL & NATURAL GAS PRODUCTION. UNDER A NEW SECTION (300H-4) THE EPA IS ALLOWING TRANSFER OF AUTHORITY TO STATES THAT DEMONSTRATE AN EFFECTIVE PROGRAM TO PREVENT UNDERGROUND INJECTION WHICH ENDANGERS DRINKING WATERS SOURCES. THIS BILL WOULD GIVE THE STATE AUTHORITY TO APPLY TO THE EPA FOR THE TRANSFER OF CONTROL, WITH THE ALASKA OIL & GAS COMMISSION BECOMING THE REGULATORY AGENCY. IF THE APPLICATION IS APPROVED BY THE EPA, THE STATE WOULD THEN ASSUME CONTROL AND REGULATION OF INJECTION WELLS, SUCH AS SALT WATER DISPOSAL OR ENHANCED RECOVERY OF NATURAL GAS OR OIL. MR. SPEAKER, THIS TRANSFER IS SUPPORTED BY ALL CONCERNED, AND IN TESTIMONY IT HAS BEEN MADE CLEAR THAT REGULATION OF OIL AND GAS OPERATIONS BY THE ALASKA OIL & GAS COMMISSION WOULD BE AN EXAMPLE OF REGULATORY CONTROL BASED ON WELL-ESTABLISHED KNOWLEDGE OF THE REGULATED ACTIVITY.

IT HAS ALSO BEEN BROUGHT OUT IN TESTIMONY MR. SPEAKER THAT THE FEDERAL PROGRAM, AS PROPOSED, WOULD REDUCE THE PRODUCTION RATE OF SECONDARY RECOVERY PROJECTS...WATER FLOODS...BY REQUIRING THAT CURRENT INJECTION PRESSURE BE REDUCED. THE EPA'S BASIS FOR LOWER PRESSURES IS NO MORE THAN A "RULE-OF-THUMB" WHICH THEY ACKNOWLEDGE MAY BE CHANGED ON A CASE BY CASE REVIEW. HOWEVER, UNTIL THAT REVIEW WOULD BE COMPLETED, PRESSURE WOULD HAVE TO BE REDUCED TO COMPLY WITH THE REGULATIONS. THIS REDUCTION WOULD NOT ONLY REDUCE CURRENT PRODUCTION RATES, BUT EVEN IF ONLY TEMPORARY, WOULD REDUCE THE ULTIMATE TOTAL PRODUCTION OF THE FORMATION CAUSING REVENUE LOSSES TO BOTH THE STATE AND PRODUCER. THEREFORE, MR. SPEAKER, THIS BECOMES A VERY IMPORTANT PIECE OF LEGISLATION, FOR IF THE PROPOSED FEDERAL RULES ARE PUT INTO EFFECT IN THE ABSENCE OF STATE INTENT AND ABILITY TO ASSUME THE PROGRAM THERE WILL BE A PROBABLE FINANCIAL LOSS TO THE STATE AND INDUSTRY.

MR. SPEAKER THE ORIGINAL BILL WAS AMENDED IN LABOR & COMMERCE COMMITTEE TO INCLUDE A DEFINITION OF "REGULAR PRODUCTION" SO THAT SHORT TERM TESTING, EVALUATION, OR EXPERIMENTAL PILOT PRODUCTION ACTIVITIES APPROVED BY PERMIT OR ORDER OF THE OIL & GAS COMMISSION, WILL NOT BE INCLUDED AS REGULAR PRODUCTION. THIS ALLOWS COMPANIES TO RETAIN AS CONFIDENTIAL, DATA, RELATING TO A TEST WELL UNTIL THE TIME OF "REGULAR PRODUCTION".

THIS IS IMPORTANT TO INDUSTRY FOR OBVIOUS REASONS, AND TO THE STATE.,MR. SPEAKER., BECAUSE SEVERANCE TAXES AND ROYALTIES WILL BE COLLECTED ON OIL & GAS THAT OTHERWISE WOULD BE REINJECTED DURING TESTING CYCLES TO PROTECT SUCH DATA.

IT ALSO SHOULD BE NOTED MR. SPEAKER THAT THE STATE WILL BE ELIGIBLE FOR FEDERAL FUNDS THAT WILL COVER THE COST OF ADMINISTERING THIS PROGRAM IF THE AUTHORITY IS TRANSFERRED TO THE STATE.

THANK YOU MR. SPEAKER, THIS IS A GOOD BILL, AND I WOULD URGE ALL MY COLLEAGUES TO SUPPORT IT.

land. The authority of the commission further applies to all land included in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(m). (§ 1 ch 158 SLA 1973)

Sec. 31.05.030. Powers and duties of commission. (a) The commission has jurisdiction and authority over all persons and property, public and private, necessary to carry out the purposes and intent of this chapter.

(b) The commission shall investigate to determine whether or not waste exists or is imminent, or whether or not other facts exist which justify or require action by it.

(c) The commission shall adopt rules, regulations and orders and take other appropriate action to carry out the purposes of this chapter.

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information, and the required reports and information shall be filed within 30 days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing and plugging of wells in a manner which will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste;

(5) the operation of wells with efficient gas-oil and water-oil ratios, and may fix these ratios;

(6) the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas;

(7) every person who produces oil or gas in the state to keep and maintain for a period of five years in the state complete and accurate records of the quantities of oil and gas produced, which shall be available for examination by the Department of Natural Resources or its agents at all reasonable times;

(8) the measuring and monitoring of oil and gas pool pressures;

(9) the filing and approval of a plan of development and operation for a field or pool in order to prevent waste, insure a greater ultimate recovery of oil and gas, and protect the correlative rights of persons owning interests in the tracts of land affected.

(e) The commission may regulate, for conservation purposes

(1) the drilling, producing and plugging of wells;

(2) the shooting and chemical treatment of wells;

(3) the spacing of wells;
 (4) the disposal of salt water, nonpotable water and oil field wastes;
 (5) the contamination or waste of underground water;
 (6) the quantity and rate of the production of oil and gas from a well or property; this authority shall also apply to a well or property in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(m).

(f) The commission may classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.

(g) When the commission finds sufficient likelihood of an unexpected encounter of oil, gas, or other hazardous substance as a result of well drilling in an area of the state, the commission may, by regulation, designate the area and specify a depth in the area as one in which wells or any boring into the soil in excess of the specified depth but not otherwise subject to this chapter are subject to the regulations and requirements adopted under this section. No designation of an area or specification of a depth under this subsection constitutes a certification that no hazardous substance will be encountered in another area or at a lesser depth, and the state is not liable for any damages arising from such an unexpected encounter of a hazardous substance. (§ 4 ch 40 SLA 1955; am § 2 ch 75 SLA 1960; am § 1 ch 209 SLA 1970; am § 1 ch 87 SLA 1977; am § 5 ch 158 SLA 1978; am §§ 1, 2 ch 160 SLA 1978)

Effect of amendments. — The 1977 amendment added subsection (g).

The first 1978 amendment substituted "commission" for "department" throughout the section.

The second 1978 amendment added paragraphs (8) and (9) of subsection (d) and added paragraph (6) of subsection (e).

Applied in *Bradley v. State*, 2 Alaska L.J. No. 6, pg. 88 (June-July, 1964).

Sec. 31.05.035. Confidential reports. (a) For all wells for which a permit to drill has been issued by the commission since January 3, 1959, the commission may require:

(1) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information; and

(2) the filing of flow test information and all logs, except experimental logs and velocity surveys run on a well and not required by (1) of this subsection;

(3) the operator to make available for copying the digitized log information, if it is available, on any log required to be filed under (1) or (2) of this subsection.

(b) Reports and information required under (a)(1) and (2) of this section shall be filed within 30 days after the completion, abandonment, or suspension of a well. However, under (a)(1) of this section, the commission may not require the making of a log on a well completed, abandoned or suspended before June 19, 1970.

(c) The reports and information required in (a) of this section shall be kept confidential for 24 months following the 30-day filing period unless

Sec. 46.03.090. Plans for pollution disposal. The department may require the submission of plans for sewage and industrial waste disposal or treatment or both for a publicly or privately owned or operated industrial establishment, community, public or private property subdivision or development. (§ 3 ch 120 SLA 1971)

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation which results in the disposal of solid or liquid waste material heated process or cooling water into the waters or onto the land of the state must procure a permit from the department before disposing of the waste material or water. The permit must be obtained for direct disposal and for disposal into publicly operated sewerage systems.

(b) This section does not apply to a person discharging only domestic sewage into a sewerage system.

(c) A permit for disposal of a hazardous waste may not be issued under this section unless the applicant for the permit has furnished proof to the commissioner of financial ability to control the hazardous waste. Proof of financial responsibility may be demonstrated by self-insurance, insurance, surety, or guarantee, under regulations issued by the department. Acceptance of proof of financial responsibility under this subsection expires

(1) one year from its issuance for self-insurance;

(2) on the effective date of a change in the surety bond, guarantee, or insurance agreement; or

(3) on the expiration or cancellation of the surety bond, guarantee, or insurance agreement. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976; am § 9 ch 93 SLA 1981)

Cross references. — As to compliance with financial responsibility requirements, see AS 46.03.833.

Effect of amendments. — The 1981 amendment added subsection (c).

Opinions of attorney general. — This section confers upon the Department of Environmental Conservation permit authority over dredge or fill activities including residential subdivisions, wetlands, estuaries, and inland and coastal marshes periodically inundated by discernible bodies of fresh or salt water upland from the mean high tide line to the

extent of the aquatic or salt water vegetation line. November 13, 1975, Op. Att'y Gen.

Dredge or fill activities in coastal and fresh water wetlands shoreward to the aquatic vegetation line to result in the disposal of solid waste material into the waters of the state within the meaning of this section and thus, to the extent that these activities are of a commercial or industrial nature, do require a permit from the Department of Environmental Conservation. November 13, 1975, Op. Att'y Gen.

Sec. 46.03.110. Waste disposal permit procedure. (a) An application for a permit shall be made on forms prescribed by the department or on forms prescribed by the United States Environmental Protection Agency and shall contain the name and address of the applicant, a description of his operations, the quantity and type of waste material sought to be disposed of, the proposed method of disposal, and

AOGA PROPOSED TESTIMONY ON HOUSE BILL NO. 680

HOUSE LABOR AND COMMERCE COMMITTEE

MARCH 7, 1984

Good morning. I'm Dave Yesland, Senior Staff Environmental Engineer with Shell Western E & P. I'm representing the Alaska Oil and Gas Association this morning and I will comment on the proposed Committee Substitute for HB680.

Our Association supports the intent of CSHB680, which is to provide the legislation necessary to enable the State to be the sole administrator of a permitting program for underground injection wells related to oil and gas production activities, or Class II wells, as they are identified in the Federal program. I will discuss the reasons for our support.

Without State preemption of the Federal program there will be redundant State and Federal programs with nothing but duplicated record-keeping and administrative delay as a result.

We have had a concern that existing statutes might prevent the State from preempting the Federal program because confidentiality provisions and penalty imposition limits may not meet the Federal requirements. We believe this bill will eliminate that concern.

Our Association prefers that the permitting process for injection wells, related to oil and gas operations, be controlled by the

state. The regulation of oil and gas operations by the Alaska Oil and Gas Conservation Commission is an example of regulatory control based on well-established knowledge of the regulated activity.

Therefore, we believe the Alaska Oil and Gas Conservation Commission is the appropriate administrator of regulations that bear on the technical elements of oil and gas operations and it should be the sole administrator of Class II wells in the state.

Finally we have seen that the Federal program, as proposed, would reduce the production rate of secondary recovery projects (water floods) by requiring that current injection pressure be reduced. The EPA's basis for lower pressures is no more than a "rule-of-thumb" which they acknowledge may be changed on a case-by-case review. But, until that review is completed, pressure would have to be reduced to comply with the regulations. This reduction would not only reduce current production rates, but even if only temporary, would reduce the ultimate total production of the formation causing revenue losses to both the State and producer. It is therefore a matter of mutual urgency.

If the proposed Federal rules are promulgated in the absence of State intent and ability to assume the program there will be a loss with no measure of compensation.

We urge the State to assume primacy in the regulation of Class II injection wells and we believe this bill contains specific statutory language which will serve this purpose.

Thank you.

H

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ons.

projects of the enter

ional obstacle to Alaska subject to d in this title. Atty Gen.

r appropria- tion autho- fiscal year for encumbrance) he fiscal year h the Depart- fiscal year. ch the appro- r's appropria- apsed; and (2) ars from the

Sec. 37.25.020. Unexpended balances of appropriation for capital projects. An appropriation made for a capital project is valid for the life of the project and the unexpended balance shall be carried forward to subsequent fiscal years. Between July 1 and August 31 of each fiscal year, a statement supporting the amount of the unexpended balance required to complete the projects for which the initial appropriation was made and the amount that may be lapsed shall be recorded with the Department of Administration. (§ 2 ch 113 SLA 1962)

Sec. 37.25.030 Appropriations for projects of the Alaska energy center. An appropriation to the Alaska Energy Center for a research, development, or demonstration project under AS 46.12.120(2) is valid for the duration of the project and the unexpended balance for the project shall be carried forward to subsequent fiscal years. (§ 6 ch 148 SLA 1980)

Chapter 30. Local Government Bonding.

Section

100. Prohibited bidding on bonds

Secs. 37.30.010 — 37.30.090. Anticipatory borrowing. [Repealed, § 1 ch 118 SLA 1972.]

Sec. 37.30.100. Prohibited bidding on bonds. (a) No person who provides financial programming or marketing assistance to a political subdivision of the state, whether home rule or otherwise, in connection with the issuance or sale of general obligation bonds, revenue bonds or bond anticipation notes of the political subdivision may bid on the bonds or notes if offered at public sale, or negotiate for their purchase if sold at private sale.

(b) The sale of general obligation, revenue bonds or bond anticipation notes of a political subdivision to a person prohibited from bidding on, or negotiating for the sale of bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (§ 2 ch 102 SLA 1974)

7/2/87

DRAFT
Law

<u>Funding Information</u>	
General Fund	\$259,000,000
Other Funds	\$ -0-
	<hr/>
	\$259,000,000

1 IN THE HOUSE

BY THE RESOURCES
COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 684 (Resources)

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 special appropriations to the Alaska
7 Power Authority; and providing for an effective
8 date."
9

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

11 * Section 1. The sum of \$49,000,000 is appropriated from the general
12 fund to the Alaska Power Authority for the purpose of of rate stabilization
13 in accordance with the terms of power sales agreements and bond covenants
14 for the issuance of revenue bonds for the Lake Tye, Swan Lake, Terror
15 Lake, and Solomon Gulch hydroelectric facilities.

16 * Sec. 2. The sum of \$200,000,000 is appropriated from the general fund
17 to the Alaska Power Authority power development fund for the purpose of
18 financing the Watana Dam phase of the Susitna hydroelectric project.

19 * Sec. 3. The sum of \$10,000,000 is appropriated from the general fund
20 to the power cost assistance fund established in AS 44.83.162.

21 * Sec. 4. The appropriations made in secs. 1 and 2 of this Act are for
22 one-year appropriations and do not lapse under AS 37.25.010.

23 * Sec. 5. Section 1 of this Act takes effect the day after all of the
24 power purchasers served by the Lake Tye (City of Petersburg and City of
25 Wrangell), Swan Lake (City of Ketchikan), Terror Lake (Kodiak Electric
26 Association), and Solomon Gulch (Copper Valley Electric Association) hydro-
27 electric projects have entered into power sales agreements with the Alaska
28 Power Authority.

29 * Sec. 6. Sections 2 and 3 of this Act takes effect immediately in
accordance with AS 01.10.070(c).

FOR DISCUSSION:

Dzinich

BY

IN THE _____

_____ BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to hydroelectric financing; and providing for an effective date."

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

* Section 1. AS 44.83 is amended by adding a new section to read:

Sec. 44.83.383. CONTINUING APPROPRIATION. The sum of \$200,000,000 is appropriated on July 1 of each fiscal year from the general fund to the Alaska Power Authority for deposit in the power development fund (AS 44.83.382) for the purpose of equity investment ~~construction~~

in and rate stabilization for the Susitna hydroelectric project.

Section 2. AS 44.83 is amended by adding a new section to read:

Sec. 44.83.384. CONTINUING APPROPRIATION. The sum of \$50,000,000 is appropriated on July 1 of each fiscal year from the general fund to the Alaska Power Authority for deposit in the power development fund (AS 44.83.382) for the purpose of equity investment in and rate stabilization for the Bradley Lake hydroelectric project.

Section 3. This Act takes effect July 1, 1984.

Sec. 4 AS 44.83.383 is repealed on June 30, 1991.

Sec. 5 AS 44.83.384 is repealed on June 30, 1988.

Sec. 6 Sections 1 and 2 of this Act make appropriations for capital projects and lapse in accordance with AS 37.25.020.

1

Funding Information

General Fund	\$487,200,000
Other Funds	-0-
	<u>\$487,200,000</u>

684 adopted 18-0
1 ye

adopted

SENATE AMENDMENT

BY Josephson-Ferguson-Fair

TO: SCS CSHB 684(Fin)

Delete all material, Page 1, lines 10-29; Page 2, lines 1-8; and insert following:

* Section 1. The sum of \$210,000,000 is appropriated from the general fund to the power development revolving loan fund established by AS 44.33.600, for loans to be made to the Alaska Power Authority.

* Sec. 2. The sum of \$21,700,000 is appropriated from the general fund to the Alaska Power Authority for deposit in the power cost equalization fund (AS 44.83.162).

* Sec. 3. The sum of \$200,000,000 is appropriated from the general fund to the Alaska Power Authority for deposit in the power development fund (AS 44.83.382) for the purpose of equity investment in, and rate stabilization for, the Susitna River hydroelectric project.

* Sec. 4. The sum of \$50,000,000 is appropriated from the general fund to the Alaska Power Authority for deposit in the power development fund (AS 44.83.382) for the purpose of equity investment in, and rate stabilization for, the Bradley Lake hydroelectric project.

* Sec. 5. The sum of \$5,500,000 is appropriated from the general fund to the Alaska Power Authority for the purpose of contracting with the City of Seward for the Seward to Davies Creek intertie and electrical system.

* Sec. 6. The appropriations made by this Act are considered capital projects or are otherwise not one-year appropriations and do not lapse under AS 37.25.010.

* Sec. 7. This Act takes effect July 1, 1984.

STATE OF ALASKA
THE LEGISLATURE

HOUSE OF REPRESENTATIVES
STATE OF ALASKA
LEGISLATIVE AGENCY

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 13, 1984

SUBJECT: Application of appropriation limit to HB 684

TO: Senator Bettye Fahrenkamp
Chairman
Senate Resources Committee

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You have furnished us with a copy of a proposed change in HB 684 relating to the appropriation for the Watana phase of the Susitna Hydroelectric Project and asked whether in our opinion the total appropriation would be considered as part of the appropriation required to be under the appropriation limit established by sec. 16 art. IX Constitution of the State of Alaska for this year.

Although the question is close and there is no authoritative construction of the appropriation limit in my opinion the entire \$1,400,000,000 would be included in the limit for this year.

Under the proposed change \$1,400,000,000 is appropriated for the Watana phase of the Susitna Hydroelectric Project. The bill also provides a funding mechanism for the appropriation and specifies that not more than \$500,000,000 nor less than \$200,000,000 shall be deposited in the fund created by the bill annually. The bill does not however restrict the amount expended to those amounts.

It is clear that expenditure of the entire amount is not contemplated during the next fiscal year. Further as a practical matter it appears impossible for the entire amount to be expended since spending is limited to amounts appropriated by law and to revenue available by necessity. However, the constitutional limit is an appropriation limit, not a spending limit except that spending is limited by appropriations. As a matter of law, even with the proposed

Hutchens

HOUSE BILL 684

I. Amendments necessary to separate funding for Bradley and Watana, and to make the multiyear appropriations constitutional.

*Sec. 2. The sum of \$1,400,000,000 is appropriated from the general fund to the Alaska Power Authority power development fund for the purpose of equity investment in and rate stabilization for the Watana phase of the Susitna Hydroelectric Project. Beginning July 1, 1984, the commissioner of revenue shall make monthly deposits to the power development fund of the appropriation made by this Section. A monthly deposit shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. Not more than \$500,000,000 nor less than \$200,000,000 shall be deposited to the power development fund in each fiscal year beginning with fiscal year 1985 and the entire amount shall be deposited no later than June 30, 1991.

*Sec. 3. The sum of \$200,000,000 is appropriated from the general fund to the Alaska Power Authority power development fund for the purpose of equity investment in and rate stabilization for the Bradley Lake Hydroelectric Project. This appropriation shall be deposited in the

power development fund at the rate of \$50,000,000 in each fiscal year beginning with fiscal year 1985 and ending with fiscal year 1988.

- II. Amendment necessary to clear up effective date problems on Watana appropriation.

Delete section 5 or amend it to read:

*Sec. 5. Section 2 of this Act takes effect immediately in accordance with AS 01.10.070 (c); however, these funds may not be expended until power sales agreements have been obtained by the Alaska Power Authority which provide for the sale of all firm power to be produced by the Watana project.

Senator Bettye Fahrenkamp
Page 2
April 13, 1984

change the entire amount is available for expenditure during the next fiscal year. Lack of available money to allow the expenditure is a factual limit. In my opinion therefore, even with the proposed change, the appropriation is "for a fiscal year" as that term is used in section 16.

As I have pointed out above the constitutional amendment is not clear on this question and I have found no authority which is helpful in construing the limit here. Any opinion therefore must be given with caution.

With that rather substantial caveat I would suggest that the appropriation limit would not apply to the total amount if the appropriation were limited. Possible language to be added at the end of sec. 2 would be:

"This appropriation is a continuing appropriation. The appropriation for a fiscal year during the period of the continuing appropriation may not exceed the balance available for expenditure of the amounts deposited in the power development fund under this section."

With language such as this it is my opinion that the amount \$500,000,000 which is the maximum amount deposited during the first fiscal year would be the amount of the appropriation for purpose of the appropriation limit for the next fiscal year.

BGB:ojb
J6/037

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 2, 1984

SUBJECT: Constitutional spending limit
in relation to HB 648 ⁶⁸⁴

TO: Senator Vic Fischer

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You have asked a series of questions concerning the constitutional spending limit established by Sec. 16, Article IX, Constitution of the State of Alaska with specific reference to CSHB 684 (Fin) am. You indicated that a speedy response was essential and that a partial response would be acceptable if a comprehensive opinion cannot be completed immediately. All of the questions are complex matters of constitutional law and of procedure. This opinion will therefore be conclusionary and at best only a partial answer. I will follow this with a fuller opinion but I fear some of the questions cannot be adequately answered.

1. You have asked whether the total appropriation made in the bill would be considered as part of the appropriations required to be under the spending limit for this year. In my opinion it would.

It is clear that expenditure of the entire amount is not contemplated during the next fiscal year. However, the constitutional limit is an appropriation limit, not a spending limit except that spending is limited by appropriation. As a matter of law the entire amount is available for expenditure in the next fiscal year. In my opinion therefore the appropriation is "for a fiscal year" as that term is used in Section 16.

It could be argued that on the facts it is clear that the entire amount can not be spent during the fiscal year and therefore only the amount which will become available for expenditure should be considered as being within the

appropriation limit. In my opinion that position suffers from two substantial defects. First appropriations are authorizations to expend money up to a stated or ascertainable amount. That amount here is \$1,400,000,000. Second if this position is taken a determination of whether the limit is exceeded in a given year becomes an after the fact determination based on events which occur during the year. It would not be possible at this time to do more than estimate that amount.

Therefore in my opinion an appropriation for a multi-year program must be counted as within the appropriation limit for the year in which the appropriation could legally be expended regardless of whether it will be actually expended that year.

2. You have asked a series of questions which related to the procedures involved in applying the spending limit. The spending limit is computed by multiplying the base amount by cumulative change derived from federal indices as prescribed by law in population and inflation. No indices have been prescribed by law. In my opinion failure to prescribe the indices cannot prevent operation of the limit since otherwise the legislature could effectively nullify the constitution by inaction. There are several indices which could be considered applicable. The question of which index is appropriate is therefore a matter of judgment. Since the determination is essentially a factual question it would appear that a court would give some deference to a legislative judgment it considered reasonable.

If an appropriation is to be placed on the ballot as one exceeding the debt limit in my opinion the appropriation bill must require this and either identify or require to be identified the operation and maintenance cost. The procedure to identify the costs should be by general law. While in my opinion the question is close it would appear that lack of a general law would not invalidate placement of the question of exceeding the debt limit on the ballot if the law making the appropriation provides for identification of these costs and informing the voters of them.

The constitutional amendment and the law are silent on the question of which specific appropriations exceed the limit where the total limit is exceeded but no appropriations are identified as being in excess of the limit. While limited research has discovered no authority on the subject the

logical method would be that the appropriations would be considered in a time sequence, that is those appropriations which are adopted and signed before the limit is reached would be valid while those which come later would not be. This is unsatisfactory however since it does not take into account the priority among appropriations, the reasonable expectation of the legislature nor address the priority of items within a major appropriation bill when the total appropriation of that bill causes the limit to be exceeded. However I can think of no other test which is more satisfactory.

In my opinion the constitutional debt limit does not require this appropriation to be placed on the ballot since, as discussed above, if the debt limit is exceeded, it cannot be said as a matter of law that this is the appropriation which exceeded the limit unless the legislature identifies it as such.

You have asked whether if the limit is exceeded the governor has an obligation to veto appropriations down to the limit. In my opinion the governor does. The constitution is binding on both the governor and the legislature and just as the legislature has the constitutional obligation not to make appropriations which exceed the limit except as authorized the governor has the same obligation not to approve such appropriations.

The legislature has a plenary power of appropriation except as limited by the constitution. There is no balanced budget requirement in our constitution. The legislature therefore may make appropriations beyond the money available for a fiscal year. If this occurs the governor may direct the withholding of appropriations under AS 37.07.080(g)(1).

There is also no prohibition of on-going appropriations. This does not bind future legislatures since each legislature has full power to repeal any action taken by prior legislatures. I realize there is a certain constraint on future legislatures since they must act to repeal the continuing appropriation but in my opinion this does not cause a dedication of funds prohibited by Sec. 7 of Article IX of the constitution even as broadly as our court has interpreted the provision since the appropriation may at any time be altered by law and since no earmarking of revenue is involved.

Senator Vic Fischer

Page 4

April 2, 1984

In my opinion the Commissioner of Revenue would be bound by the requirement that monthly deposits be made to the fund. However it should be noted that earnings of the fund do not become part of the fund and any balance in the fund which has not been expended or obligated may be used for other purposes if that is provided by law.

The amount deposited is the lesser of \$200,000,000 or the amount the Commissioner of Revenue determines to be "in excess of the general fund revenue necessary to finance state government operations". That term is very broad and gives the commissioner wide latitude in determining the amount to be deposited. In my opinion a determination by the commissioner that certain costs are within or outside the term "state government operation" would be sustained unless the determination was clearly unreasonable.

EGB:ojb

J5/042

Senator Vic Fischer

Alaska State Legislature
1024 W. 6th Avenue, Suite 204C
Anchorage, Alaska 99501 (907) 278-3554
During Session • Pouch V • Juneau, Alaska 99811 (907) 465-4954



March 31, 1984

TO: Billy Berrier
Division of Legal Services
Legislative Affairs Agency

FROM: *W. for*
Senator Vic Fischer

RE: Request for legal opinion of attached appropriation (HB 684)

The House of Representatives recently passed HB 684, appropriating \$1.4 billion to the Alaska Power Authority for the purpose of funding the construction of the Susitna and Bradley Lake Hydroelectric Projects. I would like your legal opinion concerning the legality and constitutionality of such a multi-year appropriation and the applicability of the spending limit.

1. Can the legislature legally appropriate more money than is available in the fiscal year for which it is appropriating? Can we authorize an on-going appropriation that would require payments to be made from the revenues of subsequent years (restricting future legislatures)? Would the Commissioner of Revenue be legally bound to make such deposits as are ordered? How would "state government operation" be defined? What would happen if less than \$200 million were available in excess of that needed for state government operation in a given year, or if the entire amount were not appropriated by 1991?

2. Would the spending limit require that this \$1.4 billion appropriation be placed on the ballot? For application of the spending limit, would the total appropriation be considered an appropriation for the fiscal year, or would it be considered as being made in the fiscal year for a number of fiscal years? To place the appropriation on the ballot as one exceeding the spending limit, must legislation be passed specifying a public vote and providing for notification to voters of project o&m costs? If the legislature appropriates over the spending limit without specifying which projects are over the limit and providing for their consideration on a public ballot, is the governor required to veto down to the spending limit? If no law passes clearly defining the spending limit, what definition applies?

If you need further clarification on any of these questions, please contact my aide, Nancy Lord. Because prompt action on this bill is expected, I would appreciate a speedy response. A partial response would be acceptable if a comprehensive opinion cannot be completed immediately.

CSHB 684(Fin)am

Representative M. M. Miller objected.

Amendment No. 3 by Bussell and Bettisworth:

Page 1, lines 15-17:

Remove Sec. 2 and add new section:

"*Sec. 2. The sum of \$1,400,000,000 is appropriated from the general fund to the Alaska Power Authority power development fund for the purpose of funding the completion of the Watana Dam in the Susitna Hydroelectric Project and the Bradley Lake Power Project. Beginning July 1, 1984, the commissioner of revenue shall make monthly deposits to the power development fund of the appropriation made by this Section. A monthly deposit shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. Not less than \$200,000,000 shall be deposited to the power development fund in each fiscal year beginning with fiscal year 1985 and the entire amount shall be deposited no later than June 30, 1991."

The Speaker lifted the call.

Representative Vaska placed a call of the House on CSHB 684(Fin)am.

Representative Vaska lifted the call.

Representative Hayes placed a call of the House and stated that the call had been satisfied.

The question being: "Shall CSHB 684(Fin)am be returned to second reading for the purpose of specific amendment?" The roll was taken with the following result:

CSHB 684(FIN)AM MOTION

Yeas: 21 Abood, Barnes, Bettisworth,
Bussell, Clocksin, Cowdery, Fritz,
Furnace, Hayes, Larson, Lindauer,
Malone, Martin, Miller, M.W.,
Pestinger, Ringstad, Shultz,
Szymanski, Tischer, Uehling, Ward

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

April 18, 1984

Honorable Arliss Sturgulewski
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: CS for HB 684 (Finance) am

Dear Senator Sturgulewski:

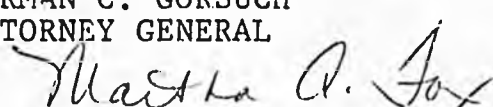
You have asked for our comments concerning the constitutionality of the appropriation of 1.4 billion dollars to the power development fund which is contained in section 2 of Committee Substitute for House Bill 684 (Finance) am.

In a memorandum of advice dated April 2, 1984, our office addressed the question whether the entire \$1.4 billion multi-year appropriation should be included with the other appropriations enacted for the fiscal year ending June 30, 1985, for the purpose of determining the spending limit for that fiscal year. 1984 Inf. Op. Att'y Gen. (April 2, 366-494-84). A copy of that memorandum is attached for your information. We concluded in the memorandum that, as worded in section 2, the entire \$1.4 billion must be included in the determination of the spending limit.

Another potential question is whether the appropriation may result in expenditures in excess of receipts to the state or in deficit financing. In 1981, we advised that an appropriation to the permanent fund, which contained language very similar to the \$1.4 billion appropriation, did not result in deficit financing. 1981 Inf. Op. Att'y Gen. (June 24, J77-159-81). It appears that the same reasoning would apply to the \$1.4 billion appropriation. A copy of that memorandum is also attached for your information.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL


By: Martha A. Fox
Assistant Attorney General

MAF/mg

MEMORANDUM

State of Alaska

TO: John Shively, Chief of Staff
Office of the Governor

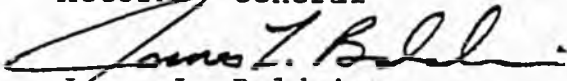
DATE: April 2, 1984

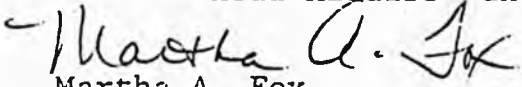
FILE NO: 366-494-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: HB 684, multi-year
appropriation; and
HB 589, Bradley Lake
and Susitna


By: James L. Baldwin
Assistant Attorney General
Governmental Affairs-Juneau


Martha A. Fox
Assistant Attorney General
Commercial Section-Juneau

Amendments to HB 684, multi-year appropriation

You have requested our advice whether the entire \$1.4 billion multi-year appropriation added in the House of Representatives to HB 684 by floor amendment #3 would be included with the other appropriations enacted for the fiscal year ending June 30, 1985 for purposes of determining the spending limit (Alaska Const. art. IX, sec. 16) for that fiscal year. We believe that the entire appropriation must be included with other fiscal year 1985 appropriations if the spending limit has been exceeded. Our reasoning follows.

Your question raises the issue of how to interpret the words "appropriation ... made for a fiscal year" in article IX, section 16 of the Alaska Constitution. AS 37.25.020 provides "An appropriation made for a capital project is valid for the life of the project and the unexpended balance shall be carried forward to subsequent fiscal years." This provision recognizes that capital projects often span more than one fiscal year before completion. The balance of the appropriation remains available in subsequent fiscal years and is carried forward to those succeeding fiscal years. According to the Department of Administration, as of June 30, 1982, the total of all "carry forward" capital appropriations was: approximately \$1,591,000,000, and the total of all "carry forward" operating appropriations was \$1,862,000,000.

The free conference committee (FCC) which proposed the final version of the spending limit debated the intent of the limit concerning this issue. Transcript of the proceedings of the second free conference committee considering SJR 4, Eleventh Alaska State Legislature (a copy is on file with the Legislative Reference Library, Legislative Affairs Agency, Juneau) page 47-55

(hereafter "Transcript"). The FCC was aware that multi-year appropriations are made. During the deliberations of the FCC, there was an attempt by Representative Hugh Malone to amend the proposal so that a legislature could not appropriate for a fiscal year subsequent to the upcoming fiscal year. This amendment was not adopted. Senator Bill Ray observed that the intent of the amendment was to include only those appropriations which are expended during the fiscal year. According to Senator Ray, appropriations which remain unexpended at the end of a fiscal year should lapse. Transcript at 52. Representative Rick Halford interpreted the proposed amendment to make multi-year appropriations count against the limit each year because each succeeding legislature could amend or repeal these appropriations at will. During all of these discussions, no distinction was made between operating and capital appropriations. However, these comments probably referred only to multi-year operating appropriations. See Transcript at 65-66.

The debate on this issue discloses that the FCC was confused about the operation of carry forward appropriations. They formulated the \$2.5 billion base by taking the fiscal year 1982 appropriation total and reducing that amount by \$60 million. Transcript at 2-5. However, 1982 appropriations were made based on forecasts of anticipated surplus for that fiscal year, reduced by expected expenditures for "carry forward" appropriations. We assume, therefore, that the drafters did not intend to count carry forward appropriations in the limit established for each fiscal year.

We believe that a commonsense way to interpret the appropriation limit, which is supported by past practice, is to count appropriations that are available for expenditure in a fiscal year only against the limit for the first fiscal year during which they could be completely expended. This should be done even if an unexpended balance is carried forward into the next fiscal year. That balance must be considered obligated for the purposes of the appropriation limit. Unexpended balances of a prior year appropriation should not be counted with the current year appropriations in complying with the limit for the current year. If the legislature provides that an appropriation may not be expended until a later fiscal year, the appropriation should be counted only against the limit for that later fiscal year.

Amendments to HB 589 -- authorizing Bradley Lake and Susitna

During reconsideration of the vote on HB 589, the House of Representatives approved a floor amendment which removed the sections placing Bradley Lake and Watana Dam in the energy

program for Alaska for the purpose of receiving money from the power development fund. These sections were replaced by two sections authorizing Bradley Lake and the Watana phase of Susitna under AS 44.83.185(c) and other sections of the Alaska Power Authority (APA) statutes.

AS 44.83.185 provides that no money can be spent on final design work and construction of a project until it has been approved by the legislature. The wording of that section does not absolutely require completion of a feasibility study and plan of finance before legislative approval, however the intent of the general statutory scheme is to require completion of a feasibility study and plan of finance before money is spent on final design and construction.

Legislative approval at this point ignores the statutory procedures set up by the legislature to ensure that only economically and financially feasible projects will be approved and built. However, all expenditures of appropriated money after approval appear to be permissive, not mandatory. Therefore, the APA could keep to its adopted policy of not spending money on final design and construction until a final plan of finance is completed which incorporates agreements with purchasing utilities on cost of power.

Bradley Lake is also approved under AS 44.83.384(c). This subsection permits expenditures from the power development fund for a project which was constructed or owned by the United States if the Office of Management and Budget (OMB) reviews a feasibility study and plan of finance which comply with the requirements set out in other sections of the APA statutes. It is debatable whether Bradley Lake qualifies for approval under this subsection, however the effect is much the same as approval under AS 44.83.185(c).

The preliminary report on Susitna is also approved in accordance with AS 44.83.320(b). This report was submitted several years ago, I believe, but has never been approved. The effect of approval under this section is to authorize the entry into a contract for construction of the project within one year after approval of the preliminary report. Again, the language is permissive. The authority is not absolutely required to enter into a contract for construction. The provisions on the Susitna project, AS 44.83.300 -- 44.83.360, do not track well with the feasibility and finance plan provisions in other sections of the APA statutes. However, the Susitna provisions do appear to be in addition to, not in place of, the feasibility and finance plan requirements. The authority should be able to stick to its pol-

John Shively, Chief of Staff
Office of the Governor
366-494-84

April 2, 1984
Page #4

icy on expenditures for final design and construction in spite of legislative approval.

Specific construction costs for both Bradley Lake and Susitna are also authorized by the amendment. The cost for Bradley Lake is close to the cost given by the authority in HB 683, which was expressed in 1985 bid price dollars. The cost for the Watana Dam, \$1,500,000,000, is low. It is not clear from the statutes what the effect is of authorizing a project at a construction cost below the actual cost. Possibly the project would have to come back for further approval after it reached the approved limit.

The amendment suggested by Dave Hutchins authorizes both projects under AS 44.83.185. The effect would be basically the same as the amendment which was approved. Dave's cost of construction figure looks like it is probably much more realistic for Watana than the version which was approved.

JLB/NF/pjg

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K -- STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

June 24, 1981

Hon. M.E. Dankworth
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Dankworth:

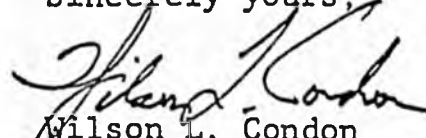
You have asked whether the appropriation of \$1.8 billion to the permanent fund may result in expenditures in excess of receipts to the state or in deficit financing.

The short answer is no.

First, the appropriation of \$1.8 billion is made subject to conditions which limit deposits from the appropriation to receipts which are in excess of the amount of money required each month to meet other costs to the state. Second, the total amount to be appropriated need not be deposited completely into the permanent fund until June 30, 1983. That allows for an additional fiscal year of receipts to the state to meet the expense of the appropriation. Under those conditions, it would be impossible for the appropriation to be in excess of receipts or to result in deficit financing.

The latest amendments to the bill were designed precisely to provide that no over-appropriation or deficit could occur and yet to permit the entire amount of the appropriation to be deposited into the permanent fund during fiscal year 1982 if the receipts to the state during the fiscal year permit that result.

Sincerely yours,


Wilson L. Condon
Attorney General

WLC:pjg

Original sponsor: Rules/Governor

Funding Information

General Fund	\$487,200,000
Other Funds	-0-
	<u>\$487,200,000</u>

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 684 (Finance)

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 special appropriations to the Alaska
7 Power Authority; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$210,000,000 is appropriated from the general
11 fund to the power development revolving loan fund established by AS 44.33.-
12 600, for loans to be made to the Alaska Power Authority.

13 * Sec. 2. AS 44.83 is amended by adding new sections to read:

14 Sec. 44.83.165. CONTINUING APPROPRIATION FOR POWER COST EQUALI-
15 ZATION. The sum of \$21,700,000 is appropriated on July 1 of each
16 fiscal year from the general fund to the power cost equalization fund
17 (AS 44.83.162).

18 Sec. 44.83.410. CONTINUING APPROPRIATION FOR SUSITNA RIVER
19 ^{→1991} HYDROELECTRIC PROJECT. The sum of \$200,000,000 is appropriated on
20 July 1 of each fiscal year from the general fund to the authority for
21 deposit in the power development fund (AS 44.83.382) for the purpose
22 of equity investment in, and rate stabilization for, the Susitna River
23 hydroelectric project.

24 Sec. 44.83.420. CONTINUING APPROPRIATION FOR BRADLEY LAKE HYDRO-
25 ^{→1988} ELECTRIC PROJECT. The sum of \$50,000,000 is appropriated on July 1 of
26 each fiscal year from the general fund to the authority for deposit in
27 the power development fund (AS 44.83.382) for the purpose of equity
28 investment in, and rate stabilization for, the Bradley Lake hydroelec-
29 tric project.

1 * Sec. 3. The sum of \$5,500,000 is appropriated from the general fund
 2 to the Alaska Power Authority for the purpose of contracting with the City
 3 or Seward for the Seward to Davies Creek intertie and electrical system.

4 * Sec. 4. The appropriations made in secs. 1, 2 and 3 of this Act are
 5 not one-year appropriations and do not lapse under AS 37.25.010.

6 * Sec. 5. AS 44.83.410 is repealed June 30, 1991.

7 * Sec. 6. AS 44.83.420 is repealed June 30, 1988.

8 * Sec. 7. This Act takes effect July 1, 1984.
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ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

March 8, 1984

The Honorable Arliss Sturgulewski
Senate Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

The Alaska Power Authority is attempting to accomplish several very important objectives in the take-out of the Swan, Tyee and Terror Project notes which total \$200 million. The stated objectives are:

- To avoid default;
- Establish a credit rating for the Power Authority of an "A" or better by both Moody's Investors Services and Standard and Poors;
- Move forward with the Energy Program for Alaska
- Solve the problem without a \$200 million state appropriation; and
- Prove that the State and the Power Authority can conduct their affairs in a businesslike manner.

In order to meet these objectives, the Power Authority must obtain approved Power Sales Agreements from the Four Dam Pool Participants and issue bonds in the near future. Funds must be available to take-out the notes as follows:

May, 1984	\$ 35,000,000
October, 1984	50,000,000
February, 1985	115,000,000
TOTAL	<u>\$200,000,000</u>

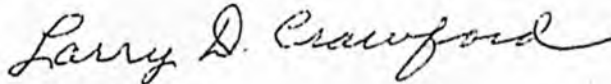
The amendment to House Bill No. 589 by the Labor and Commerce Committee requiring a Constitutional Amendment by a vote of the people in November 1984, would create additional problems for the Power Authority in the take-out of the notes. Problems that may be encountered by having to wait until early 1985 to market bond are:

- Payment on, or extension of, \$85 million in notes coming due in 1984;

- Provision for payment of \$115 million in notes next year if the election is unsuccessful;
- Provision for the sale of power from the Projects from now until after the election;
- Possible additional interest cost on the bonds due the anticipated general upward trend of the bond market from now until the end of the year; and
- Possible negative investor perception of Alaska and the Power Authority as the result of not solving problems in a timely manner.

All of the potential problems can become a reality in the event possible action is not taken at an early date. There are several steps which could be taken to eliminate or alleviate the potential impact on the Power Authority and bolster the credibility of the State on Wall Street. The most desirable would be the passage of House Bill No. 589 as originally drafted.

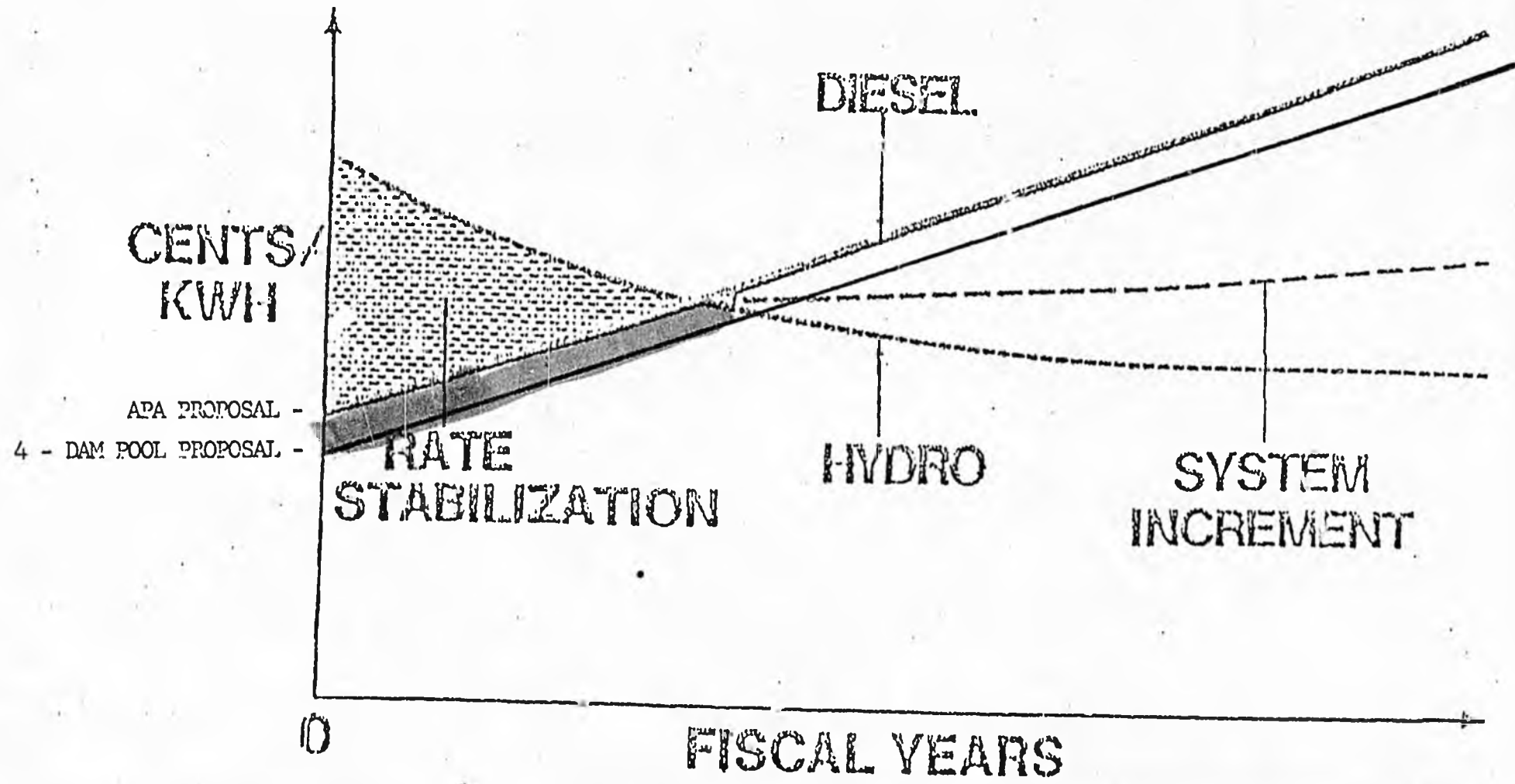
Sincerely,



Larry D. Crawford
Executive Director

WHB/LDC/lm

ALASKA POWER AUTHORITY COMPARATIVE COST OF POWER



3/16/84

REASONS FOR A HIGHER
RATE STABILIZATION FUND

A higher rate stabilization fund produced by an appropriation of \$48 million instead of \$35 million is justified for the following reasons:

1. The resultant rate (although still higher than rates originally projected) will more closely follow the anticipated rate when the projects were conceived and/or sold to the Alaska Power Authority.

2. The rates in the proposed program are set on the so-called diesel alternative (the line). The contracts will last for fifty (50) years and the rate fund will be for 8-10 years. Inherently, there will be some error just because of the long time projections involved.

3. Some of the utilities do not agree with the underlying assumptions (loads and financing costs) in setting the diesel alternative. By setting a rate during the rate stabilization period below the so-called diesel alternative line, such differences will be adequately considered.

4. The Four Dam Pool Concept is based on sharing the load growth of all the dams. It also requires the participating utilities to share some of the risk of the other participants' difficulties such as low load projections, defaults, low water years, and lesser than projected capacity. The higher rate fund will assist in diminishing the effect of these risks.

5. By choosing the diesel line, the participants will lose flexibility in dealing with inflation, etc. The assumption of this risk will be partially compensated for in using the proposed fund.

6. Notwithstanding the higher rate fund, there will be the same rate escalation along the diesel alternative line. Rate increases are not eliminated. They are stabilized.

7. By using this program (the Four Dam Pool Concept), two phenomena occur. First, the utility participants will never effectively get out of debt. Second, it will be difficult, if not impossible, to return the project to communities involved.

8. The program will allow for a reasonable system increment which should return an amount equal on a present value basis to approximately the amount of the rate stabilization fund.

9. The higher fund will be more consistent with the communities' ability to pay and reduce rate shock.

10. All the utilities in the fund are non-profit in character. The rate relief for which the fund is created will directly benefit the customers.

11. The higher rate fund will enhance the ability of the Four Dam Pool participants to plan load growth while giving some semblance of predictable and stable rates in the communities.

12. When negotiations started in earnest on a "Four Dam Pool Concept," the outlook was not favorable. The rate stabilization allows the energy program to work. It also reflects the fact that the utilities must provide alternative power sources, i.e. diesel, in the event of the inability of the hydro projects to produce power.

13. The increased rate stabilization fund allowed the participating utilities to compromise on 17 issues which were preventing final agreements. The direct benefit to the state is a package program which will provide creditable bond financing for the first APA issue. This will enhance the state's ability to bond and finance future hydro electric projects.

14. The diversity of the project locations should also enhance the creditworthiness of the financing, i.e., the sum of the whole is greater than its parts. This too will enhance the bond issue and enhance future bond issues.

Provided by Dave Nease, Kodiak Electric Assoc. 3/16/84

ALASKA POWER AUTHORITY
RATE STABILIZATION FUND REQUIREMENTS

3/15/84 10:29 P.M.

LOW LOAD SCENARIO WITH ADJUSTMENTS TO RATE STABILIZATION FUND

YEAR	ALASKA POWER AUTHORITY RATE STABILIZATION FUND REQUIREMENTS						TOTAL	PRESENT MONTH TO 7/1/84
	COPPER VALLEY	KETCHIKAN	KODIAK	PETERSBURG	WRANGELL	TOTAL		
1985	\$ 3,300,665	\$ 3,203,027	\$ 4,916,356	\$ 1,136,777	\$ 992,392	\$ 13,569,216	\$ 12,937,740	
1986	3,021,458	3,067,923	5,482,576	1,317,958	811,363	13,701,777	11,876,484	
1987	2,779,744	2,818,140	3,664,081	762,097	953,009	10,977,071	8,649,774	
1988	2,535,490	2,581,145	3,163,500	657,760	911,488	9,849,784	7,055,898	
1989	1,638,062	2,270,756	2,449,703	564,979	853,067	8,076,547	5,259,672	
1990	1,655,498	1,909,925	1,660,663	519,827	759,087	6,515,101	3,857,104	
1991	1,404,128	1,516,423	837,887	10,115	652,855	4,421,408	2,379,623	
1992	1,112,790	1,034,600			455,763	2,603,173	1,273,673	
1993	775,423	434,294			314,918	1,524,635	678,754	
1994	437,237					437,237	176,802	
1995	65,647				10,604	76,251	28,030	
TOTALS	\$ 19,037,121	\$ 18,836,234	\$ 22,194,767	\$ 4,969,512	\$ 6,774,565	\$ 71,752,199	\$ 54,172,053	
FROM BOND PROCEEDS							\$ 12,000,000	
NET FROM STATE							\$ 42,172,053	

⊗

List of attendees - SRC hearing on rate stabilization

Attendee	Organization	Phone Number
✓★ - Jim FILLINGAME	COPPER VALLEY ELECTRIC ASSN. Glennallen	822-3211
>★ DAVE NEASE	KODIAK ELECT	486-3261
>★ ^{Went 1st} RICK NEWLANDS	KETCHIKAN PUBLIC UTILITIES	225-3111 7330
TOM FRIESEN	CITY COUNCIL KTN	225-3146
>★ - RICH UNDRKUFER	PETERSBURG CITY MANAGER	772-4511
Kathleen Dalton	Rep. Bettisworth's Office	465-4984
Marge Waring	OMB	5-3568
Neville Bowen	Rep Wendte	5-4949
★ ^{Wing}	ALASKA PUBLIC RADIO	772-3808
ANDREW HIGE	COPPER VALLEY ATTY	276-1726
Bob McDowell	OMB	465-3568
DICK LYON	DCED	465-2500
Don Kubler	K.P.U. GAMBIA BOROUGHS	784-4844
Ernie Hansen	Thomas Bay Committee Petersburg	
>★ Joyce Rastler	City Mgr. Wrangell	874-2381

Hutchens

HOUSE BILL 684

- I. Amendments necessary to separate funding for Bradley and Watana, and to make the multiyear appropriations constitutional.

*Sec. 2. The sum of \$1,400,000,000 is appropriated from the general fund to the Alaska Power Authority power development fund for the purpose of equity investment in and rate stabilization for the Watana phase of the Susitna Hydroelectric Project. Beginning July 1, 1984, the commissioner of revenue shall make monthly deposits to the power development fund of the appropriation made by this Section. A monthly deposit shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. Not more than \$500,000,000 nor less than \$200,000,000 shall be deposited to the power development fund in each fiscal year beginning with fiscal year 1985 and the entire amount shall be deposited no later than June 30, 1991.

*Sec. 3. The sum of \$200,000,000 is appropriated from the general fund to the Alaska Power Authority power development fund for the purpose of equity investment in and rate stabilization for the Bradley Lake Hydroelectric Project. This appropriation shall be deposited in the

power development fund at the rate of \$50,000,000 in each fiscal year beginning with fiscal year 1985 and ending with fiscal year 1988.

- II. Amendment necessary to clear up effective date problems on Watana appropriation.

Delete section 5 or amend it to read:

*Sec. 5. Section 2 of this Act takes effect immediately in accordance with AS 01.10.070 (c); however, these funds may not be expended until power sales agreements have been obtained by the Alaska Power Authority which provide for the sale of all firm power to be produced by the Watana project.

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

SCS CS HB 684 (Res)

AN ACT MAKING SPECIAL APPROPRIATIONS TO THE ALASKA POWER AUTHORITY.

- Sec. 1 \$49 million for rate stabilization for the 4-dam pool.
- Sec. 2 \$200 million to the APA power development fund for financing Watana.
- Sec. 3 \$10 million for power cost assistance.
- Sec. 4 Appropriations in sections 1 and 2 do not lapse.
- Sec. 5 Section 1 takes effect when 4-dam pool communities sign power sales agreements.
- Sec. 6 Sections 2 and 3 take effect immediately.

CHANGES FROM HOUSE PASSED VERSION:

Deletes the \$1.4 billion appropriation for Watana and Bradley Lake, which was to be deposited in monthly installments by June 1991, and appropriates \$200 million for Watana.

The appropriation to Watana is immediate; House version required that power sales agreements be signed first.

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
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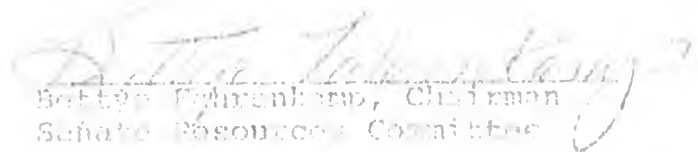
Senate

Committee on Resources

SENATE RESOURCES COMMITTEE
LETTER OF INTENT
FOR
SCS CSNB 684 (Resources)

SCS CSNB 684 (Finance) appropriates funds for construction and rate stabilization for the Bradley Lake hydroelectric project and the Susitna River hydroelectric project.

It is the intent of the legislature that the Alaska Power Authority spend no funds for construction or rate stabilization for either of these projects until power sales agreements have been signed by the utilities which will purchase power from the projects. Further, until compliance with the provisions of AS 44.83.183 and AS 44.83.185, which require submittal by the Alaska Power Authority of a feasibility study, plan of finance and an independent cost estimate, and submittal by the Office of Management and Budget of a review report recommending approval or disapproval, no funds shall be spent. It is the intent of the legislature that the report by the Office of Management and Budget be in a written form.


Bettye Fahrenkamp, Chairman
Senate Resources Committee

HB

709

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: CSHB 709 (SA)
BILL NAME: AN ACT RELATING TO FEES FOR GUIDED TOURS THROUGH
HISTORICAL SITES; EFD (WICKERSHAM).
SP OR(S): H.L.C. RELATED BILLS PENDING:
DATE INTRODUCED: 5-7-84
REFERRALS:

INITIAL RESEARCH:

BILL SUMMARY COMPLETED: SUMMARY BY LEGAL DIVISION:
SPONSOR CONTACTED FOR DEPT. OF LAW SUMMARY:
BACKUP MATERIALS: 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:

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

MINUTES

May 14, 1984
3:13 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

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

CALENDAR

HB 188, An Act relating to big game hunting by nonresidents.

HB 458, An Act relating to agricultural rights to land.

HB 546, An Act relating to harassment of persons lawfully engaged in hunting, fishing, or trapping.

HB 709, An Act relating to fees for guided tours through historical sites.

HB 188

Dave Stancliff, Aide to the House Resources Committee, explained that this bill would allow nonresident hunters of big game to be accompanied by Alaska residents of the second degree of kindred, including "marriage relations". It would also increase the fine for violation of this provision from \$2500 to \$5000.

Paddy McGuire, Alaska Department of Fish and Game, spoke in support of the bill.

Senator Mulcahy moved CS HB 188 (Finance)am from committee with individual recommendations. There was no objection.

HB 709

Carol Wilson, Special Assistant to the Commissioner, Department of Natural Resources, spoke in support of the bill, which would authorize DNR to establish and collect fees for guided tours through historical sites.

Senator Mulcahy moved CS HB 709 (State Affairs) from committee with individual recommendations. There was no objection.

HB 546

Dave Stancliff, Aide to the House Resources Committee, spoke in support of the bill and explained that the problems with HB 163, a similar bill that was vetoed by the Governor last year, have been solved in HB 546.

Lisa Nelson, Criminal Division, Department of Law, testified that there is no Constitutional problem with the bill as currently written.

Ron Sommerville, Alaska Outdoor Council, spoke in support of the bill.

Senator Mulcahy moved CS HB 546 (Resources)am from committee with individual recommendations. Senator Sturgulewski objected and then withdrew her objection.

HB 458

Representative Bob Bettisworth, sponsor of the bill, explained that the bill was intended to help those purchasers of "agricultural rights" land who are having difficulty obtaining financing for home construction by issuing a fee simple conditional title to these purchasers.

Senator Kerttula reviewed the history of federal homesteading, the problems of diminishing farm land in other states, and the importance of preserving agricultural land in Alaska.

Betty Cook, Alaska Housing Finance Corporation, Anchorage, testified that even if fee simple title were issued, AHFC's regulations would prohibit loans being made on land that produces significant income, and prohibit refinancing of loans. There would be additional problems if there were other liens on the property and because of AHFC's lack of experience with agricultural loans.

Ralph Bennett, Aide to Representative Bettisworth, testified that his research indicated that banks were willing to make loans on land for which fee simple conditional title was held.

The meeting adjourned at 3:58 pm.

MEMORANDUM

State of Alaska

TO: The Honorable Bettye Fahrenkamp
Chairman
Senate Resources Committee

DATE: May 11, 1984

FILE NO:

TELEPHONE NO:

FROM: *B. Wunnicke, Deputy*
f Esther C. Wunnicke
Commissioner
Department of Natural Resources

SUBJECT: HB 709

The Department of Natural Resources requests the following addition to the CS for HB 709 relating to fees for guided tours through historical sites:

On line 13, following the words "historical site" add
"and for rental of public use cabins."

The addition of these words will allow the department to charge fees for the use of cabins owned by the State. The U.S. Forest Service charges fees for the use of cabins on federal land and their program is extremely popular with the public.

Whether the department can charge for the use of cabins is currently a gray area of State law. The proposed change would clarify the situation.

cc: The Honorable John Cowdery

Would this
require a
title change?

Banner says
definitely
yes.

*Not
adopted.*

Article 1. Administration.

Section	Section
10. Purpose	30. Disposition of funds
10. Duties of Department of Natural Resources	40. Division within department
15. Zoning of private land within state parks	

Collateral references. — 59 Am. Jur. 2d. Parks, Squares and Playgrounds, §§ 1 — 15; 63 Am. Jur. 2d, Public Lands, § 17. 81A C.J.S., States, §§ 138, 145 — 150. Statutes relating to establishment or administration of parks as encroachment on right of local self-government, 88 ALR 228.

Sec. 41.21.010. Purpose. It is the purpose of AS 41.21.010 — 41.21.040 to foster the growth and development of a system of parks and recreational facilities and opportunities in the state, for the general health, welfare, education, and enjoyment of its citizens and for the attraction of visitors to the state. (§ 1 ch 158 SLA 1959)

Revisor's notes. — Formerly AS 41.20.010. Renumbered in 1983.

Sec. 41.21.020. Duties of Department of Natural Resources. The Department of Natural Resources shall

(1) develop a continuing plan for the conservation and maximum use in the public interest of the scenic, historic, archaeological, scientific, biological, and recreational resources of the state;

(2) plan for and develop a system of state parks and recreational facilities, to be established as the legislature authorizes and directs;

(3) acquire by gift, purchase, or transfer from state or federal agencies, or from individuals, corporations, partnerships or associations, land necessary, suitable and proper for roadside, picnic, recreational or park purposes;

(4) control, develop and maintain state parks and recreational areas;

(5) provide for the acquisition, care, control, supervision, improvement, development, extension and maintenance of public recreational land, and make necessary arrangements, contracts or commitments for the improvement and development of land acquired under AS 41.21.010 — 41.21.040;

(6) adopt, in accordance with this section and the Administrative Procedure Act (AS 44.62), regulations governing the use and

designating incompatible uses within the boundaries of state park and recreational areas to protect the property and to preserve the peace;

(7) cooperate with the United States and its agencies and local subdivisions of the state to secure the effective supervision, improvement, development, extension, and maintenance of state parks, state monuments, state historical areas, and state recreational areas, and secure agreements or contracts for the purpose of AS 41.21.010 — 41.21.040;

(8) encourage the organization of state public park and recreational activities in the local political subdivisions of the state;

(9) provide for consulting service designed to develop local park and recreation facilities and programs;

(10) provide clearing-house services for other state agencies concerned with park and recreation matters; and

(11) perform other duties as are prescribed by executive order or by law;

(12) maintain memorials to Alaska veterans located in state parks;

(13) adopt, in accordance with the Administrative Procedure Act (AS 44.62), regulations governing the use of the Chena River State Recreation Area and designating incompatible uses within the boundaries of the Chena River State Recreation Area in accordance with AS 41.21.490. (§ 2 ch 158 SLA 1959; am § 1 ch 233 SLA 1970; am § 3 ch 30 SLA 1981; am §§ 1, 2 ch 78 SLA 1981)

Revisor's notes. — Formerly AS 41.20.020. Renumbered in 1983.

The present second sentence of AS 41.21.490 was originally enacted as part of (13) of this section and was transferred, with appropriate minor word changes in (13) of this section in 1981. Two paragraphs (12) were added by the 1981 amendments. The paragraph added by the second amendment was renumbered as (13).

Cross references. — For power of the department of military affairs to construct

memorials to veterans, see AS 44.35.030.

Effect of amendments. — The first 1981 amendment added paragraph (12).

The second 1981 amendment made minor word changes in paragraph (6) and added paragraph (13).

Collateral references. — Grant of licenses or special privileges in parks, 18 ALR 1263; 63 ALR 484; 144 ALR 486.

Use to which park property may be devoted; power of legislature or state officers, 18 ALR 1266; 63 ALR 484; 144 ALR 486.

Sec. 41.21.025. Zoning of private land within state parks. (a) The department may adopt, under the Administrative Procedure Act (AS 44.62), zoning regulations governing private property within the boundaries of state parks established under this chapter.

(b) Land patented to or under interim conveyance to a regional or village native corporation under 43 U.S.C. 1601-1628 (P.L. 92-203, Alaska Native Claims Settlement Act) which falls within a state park boundary is subject to the zoning regulations provided for under (a) of this section only if the affected regional or village native corporation consents to or fails to reject the zoning regulations within 60 days from the date they are submitted to the effected corporation.

MEMORANDUM

State of Alaska

TO: House State Affairs Committee

DATE: April 4, 1984

FILE NO:

TELEPHONE NO:

FROM: Carol Wilson *aw*
Special Assistant to the Commissioner
Department of Natural Resources

SUBJECT:

HB 709
COPY

The Department of Natural Resources requests the attached changes to HB 709 to further facilitate the ability of the department to charge fees for guided tours of historical sites. Without the requested changes, persons with motor vehicles registered in Alaska would be exempt from paying for tours of historical sites.

Introduced: 3/29/84
Referred: State Affairs

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 709

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fees for guided tours through
7 historical sites; and providing for an effective
8 date."

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

10 * Section 1. AS 41.21 is amended by adding a new section to read:

11 Sec. 41.21.021. FEES FOR GUIDED TOURS THROUGH HISTORICAL SITES.

12 (a) The department may establish and collect fees for guided tours through
13 historical sites.

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

15 10.070(c).

(b) The exemption FROM FEES IN
AS 28.10.411 (e) IS NOT APPLICABLE
to this section.

HCR

15

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: CSHCR 15 (Fin)

BILL NAME: Establishing a Joint House + Senate Committee
on Oil + Gas

SPONSOR(S): Cowdery

RELATED BILLS PENDING:

DATE INTRODUCED: 3-28-83

REFERRALS: Resources
Finance

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:

Hand from 6/20/83

HCR 15 ESTABLISHING A JOINT HOUSE AND SENATE COMMITTEE ON
OIL AND GAS.

THERE IS A SENATE RESOURCES C.S.

HCR 15 WOULD ESTABLISH A JOINT HOUSE AND SENATE COMMITTEE ON
OIL AND GAS DURING THE 13th LEGISLATURE.

OBJECTIVE: TO STUDY ISSUES RELATING TO OIL AND GAS RESOURCES
IN ALASKA. FOR INSTANCE, THE EXPORT OF ALASKAN OIL TO THE PACIFIC
RIM COUNTRIES, MARKETING OF NORTH SLOPE NATURAL GAS, AND
DISPOSAL OF ROYALTY OIL.

RESOURCES COMMITTEE SUBSTITUTE: AMENDED THE RESOLVE CLAUSE
REGARDING MEMBERSHIP ON THE COMMITTEE TO GIVE THE SENATE PRESIDENT
AND SPEAKER OF THE HOUSE DISCRETION IN APPOINTING MEMBERS. THE
ORIGINAL RESOLUTION CALLED FOR 7 HOUSE MEMBERS AND ONLY 3 SENATORS.
RULE 21 OF THE UNIFORM RULES PROVIDES THAT A JOINT COMMITTEE
BE COMPOSED OF EQUAL NUMBERS OF HOUSE AND SENATE MEMBERS.

*Pass 19-0
6/21/83*

1

2 DRAFT SCS CS HOUSE CONCURRENT RESOLUTION NO. 15 (RESOURCES)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 Establishing a Joint House and Senate
6 Committee on Oil and Gas.

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

8 WHEREAS the Legislature of the State of Alaska has established special
9 committees to deal with oil and gas related issues since 1972; and

10 WHEREAS the State of Alaska's almost complete dependence on oil reve-
11 nues demands the continuance of a special committee to deal with oil and
12 gas related issues; and

13 WHEREAS it is critical that the Thirteenth Alaska State Legislature be
14 well informed of all aspects related to the state's oil and gas resources;

15 BE IT RESOLVED by the Alaska State Legislature that a Joint House and
16 Senate Committee on Oil and Gas is established to study issues relating to
17 oil and gas resources in Alaska; and be it

18 FURTHER RESOLVED that the President of the Senate appoint
19 members of the Senate and the Speaker of the House appoint members
20 of the House of Representatives to the Joint House and Senate
21 Committee on Oil and Gas; and be it

22 FURTHER RESOLVED that the Joint House and Senate Committee on Oil and
23 Gas is authorized to meet during and between sessions of the legislature,
24 and is terminated on the convening of the First Session of the Fourteenth
25 Legislature.

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

Bettye Fahrenkamp
Chairman

April 4, 1983
3:20 p.m.

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chair
Senator Ziegler, Vice Chair
Senator Paul Fischer

Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

CSHCR 15 (Fin) Establishing a Joint House
and Senate Committee on
Oil and Gas

As there were no witnesses to testify, the resolution was opened to committee discussion.

Senator Sturgulewski questioned the membership of the Oil and Gas Committee--the House has seven members, and the Senate only three. She said she would vote against the resolution unless the representation was changed.

Senator Fahrenkamp stated that the bill would be held until Wednesday so that Senator Sturgulewski's concern could be answered.

The meeting was adjourned at 3:30 p.m.

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

SENATE RESOURCES COMMITTEE

Bettye Fahrenkamp
Chairman

April 6, 1983
3:07 p.m.

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chair
Senator Ziegler, Vice Chair
Senator Paul Fischer
Senator Eliason

Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

CSHCR 15 (Fin) Establishing a Joint House
and Senate Committee on
Oil and Gas

Senator Fahrenkamp presented a proposed resolution on Natural Gas Utilities and the effect of deregulation on costs for the Committee's review. The Chair also conveyed that the Governor reviewed the CSHB 151, under consideration, and had questions on funding and requested a delay in consideration by the committee.

CSHCR 15

There were no witnesses to testify. The resolution was opened to committee discussion.

Senator Fahrenkamp answered concerns about the committee membership by referring to the Uniform Rule which specifies that joint committees be composed of equal numbers from both bodies. A committee substitute was presented which deleted the specific number of members on the committee. Senator Mulcahy moved that the committee substitute for HCR 15 be adopted and reported out of committee with individual recommendations. There was no objection.

The meeting was adjourned at 3:15 p.m.

Alaska State Legislature

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

Committee on Resources

TO: Senate Resources Committee Members
FROM: Senate Resources Committee Staff
RE: HCR 15
DATE: April 6, 1983

Attached is a draft committee substitute for HCR 15, Establishing a Joint House and Senate Committee on Oil and Gas.

As a result of our April 4 hearing on this resolution, you will note that the resolve clause regarding membership on the committee has been amended to give the President of the Senate and the Speaker of the House discretion in appointing members. However, Rule 21 of the Uniform Rules provides that a joint committee shall be composed of equal numbers of House and Senate members.

It is hoped that final action could be taken on HCR 15 at today's 3:00 p.m. hearing in the Beltz Room.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCR 15
 Title Estab. Joint House/Senate Committee on Oil & Gas
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Legislative Affairs Agency
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	48.640					

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	48.640					
FEDERAL FUNDS						
OTHER (Specify Source)						
	48.640					

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE February 22, 1983 PREPARED BY John Ringstad

Original: Legislative Finance AGENCY _____
 cc: Budget and Management PHONE 465-3715
 Prime Sponsor (First Legislator Named)

Handwritten initials/signature
110
V

Alaska State Legislature

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

Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: HCR 15

DATE: March 30, 1983

House Concurrent Resolution No. 15 establishes a Joint House and Senate Committee on Oil and Gas during the thirteenth session of the Legislature.

The Committee's function will be to study issues relating to oil and gas resources in Alaska. Some of these important issues are possible gas transportation systems, export of Alaskan oil, royalty oil disposals and leasing procedures.

The House of Representatives will have seven members on the Committee; the Senate will have three.

HCR 15 will be heard by the Resources Committee Monday, April 4 at 3:00 p.m. in the Beltz Room.