

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4951 HRES HB 164 (FILE 3) (see ELF) - HB 176

523

Declaration

I declare that Parts 1, 2 and 3 of this return, including the attached schedules, are correct and complete.

Signed _____ Date _____

Status of signatory _____

Full name of participator _____

UK registered office address _____

_____ Postcode _____



Inland Revenue Petroleum Revenue Tax

Oil Taxation Office
Melbourne House
Aldwych
London
WC2B 4LL

Tel. 01-432 6525

Return by Participator

Under the provisions of paragraph 2, Schedule 2, Oil Taxation Act 1975, you are required to complete this form and deliver it to me within two months after the end of the chargeable period.

The return, including the schedule sheets attached, must contain a complete account of all oil, as defined in Section 1(1) of the Act, (i.e. all substances won other than methane gas won in the course of operations for making and keeping mines safe) which is or was included in your share of any oil won from the field. If appropriate, include information about oil won in an earlier chargeable period.

Throughout this form statutory references are to the Oil Taxation Act 1975, unless otherwise stated.

The notes within will help you complete the form. If you need further information please apply to this office.

R M Elliss
Controller

Notes

General

This return is in three parts. Part 1 consists of the summary printed on page 3; the supporting schedules; and the Declaration which relates to the entire return. Part 2 consists of monthly reconciliations of nominations; a summary of reconciliations and/or a statement in respect of nominations made for the chargeable period; and a reconciliation in respect of blended oil which has been nominated. Part 3 consists of details relating to tariff and disposal receipts; qualifying receipts and exploration and appraisal expenditure.

Throughout this return references to the following should be read as shown below:

- | | |
|--------------------------|---|
| 'the period' | the chargeable period which ended on the date stated above. |
| 'Secretary of State' | includes the Department of Commerce, Northern Ireland. |
| 'licences' | licences granted under the Petroleum (Production) Act 1934. It includes licences under Section 2 of that Act as applied by Section 1(3), Continental Shelf Act 1964 and the Petroleum (Production) Act (Northern Ireland) 1984. |
| 'disposal crude' | the disposal of oil whether or not it has undergone initial treatment (Section 12(1)). |
| 'market value' | except as otherwise stated, as defined in paragraphs 2, 2A and 3 Schedule 3 (as amended by Section 62 and Schedule 11 Finance Act 1987). |
| 'assumed delivery place' | as defined in paragraph 2(2)(b), Schedule 3. |

Penalties

The Act provides penalties for

- failure to complete the return within the statutory period *paragraph 3, Schedule 2*
- fraudulent or negligent delivery of an incorrect return *paragraph 8(1) and (2), Schedule 2*

Completing Part 1 of the Return

Schedule sheets are provided on which details of disposals, appropriations and 'stocks' are to be entered. Additional copies of the schedule sheets are available on request from the Oil Taxation Office. If you do not use the sheets provided you must ensure that

- all the required information is given, and
- the information is presented in the same order.

Date of delivery

Enter deliveries or appropriations in chronological order beginning with the earliest.

Nomination number

Enter the nomination number in the space provided where appropriate.

Quantities

Where quantities are requested, information is required in terms of the customary commercial measures, and, where these are different, in measures relevant for oil allowance purposes and for reconciliation with the responsible person's return (PRT2). Will you therefore please use the following measures -

- crude oil: barrels (at 60°F) and metric tonnes
- liquified petroleum gases: metric tonnes and cubic metres ('000)
- condensates: metric tonnes
- other hydrocarbons in a gaseous state: therms or megajoules, and cubic metres ('000).

Volumes of LPGs and other gaseous hydrocarbons must be calculated at 15°C and a pressure of one atmosphere - 1.0132 bar.

Ethane should be included as a liquified gas, if sold by the tonne, or as a gaseous hydrocarbon if sold by the therm or megajoule. Provisions relating to the alternative valuation of ethane used for petrochemical purposes are contained in Section 134 and Schedule 18 Finance Act 1982 and provisions relating to the alternative valuation of light gases are contained in Section 109 and Schedule 21 Finance Act 1986. If (an) election(s) has/(have) been made the fact should be stated on the relevant Schedule Sheet and your calculation of the market value(s) in accordance with the price formula(s) in the election(s) should be supplied with this return.

Foreign currency

Where disposals, appropriations or 'stocks' are, by contract or accounting practice, designated in a currency other than sterling, show prices and market values in the foreign currency. In the case of arm's length disposals enter the date of payment, the exchange rate used and the sterling equivalent in the columns provided. In other cases enter the exchange date and rate used and the sterling equivalent.

Contracts

Please enter the following details on the schedule sheet in respect of each arm's length delivery -

- the date of the contract
- whether the contract is a term (T) or a spot (S) contract
- the credit period - state the number of days (and the date of commencement if different from the date in column 1).
- whether FOB, C&F, CIF, delivered: and the place of delivery.

Enclose with the return a copy of any contract not previously submitted.

Schedule Sheet A

Use this sheet to give details of all arm's length disposals crude (except deliveries of royalty in kind to the Secretary of State under the terms of a licence granted under the Petroleum (Production) Act 1934).

Use a separate sheet for each type of oil - namely, crude oil; condensates and other hydrocarbons in a liquid state at a temperature of 15°C and a pressure of one atmosphere; butane; propane; ethane; other hydrocarbons in a gaseous state at a temperature of 15°C and a pressure of one atmosphere.

Sale at arm's length is defined in paragraph 1(1) Schedule 3. Each delivery must be entered separately. In the case of gas sold to British Gas under a contract made on or before 30 June 1975 no entries are required in columns 4 and 5.

Schedule Sheet B

Use this sheet to give details of all disposals not at arm's length.

Use separate sheets for each type of oil as described in the note relating to Schedule Sheet A.

Show each delivery separately, and include oil acquired from you and delivered by you under an agreement to which paragraph 6 Schedule 3 applies; tariff in kind payments, identified as such; and disposals by way of exchange for other oil.

The same market value per unit will apply to all deliveries in a given month.

Where the contract fails to satisfy subparagraphs (a), (b) or (c) of paragraph 1 Schedule 3 please provide sufficient additional information to indicate the reason(s) for that failure.

Schedule Sheet C

Use this sheet to give details of all relevant appropriations (Section 12(1)). Use a separate sheet for each type of oil as described in the note relating to Schedule Sheet A.

Schedule Sheet D

Use this sheet to give the information required about oil not disposed of and not relevantly appropriated, and oil disposed of but not delivered ('closing stock'). The market value is the value for the last calendar month of the chargeable period.

Before you return the forms, please make sure you have -

- completed the summary opposite
- attached all the schedules
- completed and signed the declaration on page 4.

Participantor _____
Field _____ Chargeable period ended _____

Part 1 Summary of Schedules

The number of schedules attached is _____ and the totals are as follows -

		Metric tonnes <i>for oil allowance purposes</i>	Sterling value £
A. Arms length disposals of	Crude oil	_____	_____
	Condensates	_____	_____
	Butane	* _____	_____
	Propane	* _____	_____
	Ethane (as a liquid)	* _____	_____
	Ethane (gas)	* _____	_____
	Other gases	_____	_____
	Total		<input type="text"/>
B. Disposals not at arm's length of	Crude oil	_____	_____
	Condensates	_____	_____
	Butane	* _____	_____
	Propane	* _____	_____
	Ethane (as a liquid)	* _____	_____
	Ethane (gas)	* _____	_____
	Other gases	_____	_____
	Total		<input type="text"/>
C. Relevant appropriations of	Crude oil	_____	_____
	Condensates	_____	_____
	Butane	* _____	_____
	Propane	* _____	_____
	Ethane (as a liquid)	* _____	_____
	Ethane (gas)	* _____	_____
	Other gases	_____	_____
	Total		<input type="text"/>
D. 'Closing stocks' of Crude oil and Condensates LPG and other gases		_____	_____
		_____	_____
	Total		<input type="text"/>

* 1100 cubic metres = 1 metric tonne

Royalty and other licence payments and deliveries

Royalty payable for the period _____
 Royalty paid in the period _____
 Royalty repaid in the period _____
 Periodic payments made in the period _____
 Chargeable sums received in the period *S118(2) FA 1981* _____
 Chargeable sums paid in the period *S118(2) FA 1981* _____

The quantity of oil delivered to the Secretary of State was _____
 The excess over 12½% was _____
 The quantity delivered as royalty in kind was _____

Barrels	_____
	* _____

£	_____
	† _____

* Include as arm's length sale on Schedule Sheet A of this return
 † 'nil' if negative

Part 2

Monthly nomination reconciliation

See the notes on completion for guidance on filling in this form

Participant _____ Field _____ Month _____ Year _____

Delivery date 1	Nom. no. 2	Nominal volume		Amount delivered		Effective volume bbls. 7	Equity volume not nominated bbls. 8	Price \$ 9	Exchange rate 10	Nominated Proceeds # 11	MV of equity volume not nominated 12	
		Specific volume 3	Tolerance % 4	Equity 5	Other 6							
Totals			X		Y			Z	S		W	
Market value			Market value of excess (para 11(3) Sch 10 FA 1987)						[W (X - Y) / Z]			T
									Aggregate nominated proceeds [S + T]			

Part 2

"Nominations of blended oil" - Allocation of "aggregate nominated proceeds" to originating field interests

Participantor _____ Blend _____ Month _____ Year _____

See the notes on completion for guidance on filling in this form

Fields	Volume of equity production ¹	Aggregate nominated proceeds
		²
		³
Total		

Notes

1. For each field enter the volume of "equity production". Note that this does not include the quantity of any excess delivery of RIK.
2. Enter the "aggregate nominated proceeds" for the blend (taken from the appropriate "monthly nomination reconciliation").
3. Enter the share allocated to each field proportional to volumes of "equity production"

Thus for field 1 the above is given by :

$$\text{Total "aggregate nominated proceeds"} \times \frac{\text{Volume for field 1}}{\text{Volume total}}$$

C									
---	--	--	--	--	--	--	--	--	--

Part 1

Participant _____ Field _____ Chargeable period ended _____ Schedule of relevant appropriations of _____

Date of appropriation		Nomi- nation no. 2	Method and manner of appropriation 3	Quantity appropriated Units 4	Market value at the material time					Assumed delivery place 6
day	1 month				Per Unit 5a	Foreign currency 5b	Exchange Date 5c	Rate 5d	Sterling or Sterling equivalent 5e	
							d.	m.		

Total

Total £

Total quantity in tonnes (crude oil and condensates) or '000cu metres (gases) for oil allowance purposes

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Part 1

Participantor _____

Field _____

Chargeable period ended _____

Description 1	Quantity in transit 2	Other quantities		Market value of the quantity in 3.					Assumed delivery place 5
		3(a)	3(b)	Per unit 4(a)	Foreign currency 4(b)	Exchange date 4(c)	Exchange rate 4(d)	Sterling or sterling equivalent 4(e)	
Crude oil	Barrels	Barrels	Tonnes			d m			
Condensates	Tonnes		Tonnes						
								Total £	

Butane	Tonnes	Tonnes	Cubic metres ('000s)						
Propane									
Ethane (as a liquid)									
Other gas	Therms/ Megajoules*	Therms/ Megajoules*	Cubic metres ('000s)						
Ethane (gas)									
Other									
								Total £	

*delete as appropriate

Participator _____ Field _____ Chargeable period ended _____

A Chargeable tariff receipts and chargeable receipts from disposals

Enter below details of all amounts which are chargeable receipts attributable to the field in accordance with the provisions of Sections 6 & 7 and Schedules 1 and 2 OTA 1983, or which are to be treated as such in accordance with Paras 2, 5(3), 7, 11, or 12 Schedule 2 OTA 1983.

If the asset giving rise to a chargeable receipt has been used in connection with more than one field, the receipt should be attributed to one of those fields in accordance with Section 8(3), OTA 1983.

Details of any apportionment under Paragraph 3, Schedule 2 OTA 1983 should be provided on a separate sheet.

Chargeable tariff receipts (Section 6 and Schedule 2 OTA 1983)

If a tariff agreement has not already been supplied to the OTO please attach a copy.

For tariffs payable otherwise than in sterling please indicate, on a separate sheet, the sterling equivalent and the basis of translation. If the tariff was not payable in cash the nature of consideration and the basis used to calculate its value should also be shown.

Nature of use of asset or service/facility provided	Date of receipt	Amount received

Disposal receipts (Section 7 and Schedules 1 and 2 OTA 1983)

If the chargeable asset has been sold to or appropriated by a connected person state, on a separate sheet, the full name of that person and the original cost of the asset.

Nature of, or interest in, the asset	Details of any insurance claims admitted but not received	Date of receipt, admission of claim or cessation of use in connection with the field	Sterling amount or equivalent received and, if applicable, basis of translation

A Summary *from other side*

	Disposal receipts	
	Tariff receipts	
Less	Tariff receipts allowance	
	Total	

Tariff receipts allowance - S9 OTA 1983 - Please set out your computation on a separate sheet.

B Qualifying receipts arising from Schedule 7 expenditure *(Part III Schedule 8 Finance Act 1983)*

Enter particulars of any 'qualifying receipt' as defined in paragraph 10, Schedule 8 FA 1983, whether received by you or a person connected with you. If the sum was received otherwise than in sterling, please state the amount in both the foreign currency and its sterling equivalent and explain the basis of the conversion. Please provide sufficient information about related expenditure to enable the claim to be identified.

Amount received	Date of receipt	Name of recipient (if received by a connected person)	Related expenditure claimed	Date of claim

C Exploration and appraisal expenditure *(Part II Schedule 8 Finance Act 1983)*

This section is to be completed only if this is the first return made by you in respect of the field.

1 Has a claim under Schedule 7 been made in respect of exploration and appraisal expenditure to which Section 5A applies, and which relates to, or to a licence for, any part of the field.

- a. by you? Yes No
- or b. by a company associated with you in respect of that expenditure? Yes No
- or c. by the old participator, or a company associated with him, (because you are, or a company associated with you is a new participator within the meaning of Schedule 17 Finance Act 1980). Yes No

2 If you have replied yes to any part of question 1 above, please give the following details.

Amount claimed	Nature of expenditure e.g. well/seismic	Licence and Block number	Field against which claim was made	Full name of company concerned (if Yes to 1b or 1c)	Date of claim	Claim number

North Sea now offers 14 export crudes

Leo R. Aaiund
Refining editor

The casual observer of the North Sea crude oil production scene could be now be hopelessly confused. That province is beginning to look a lot like Nigeria with a multitude of large and small oil deposits producing separately or linked into blends.

A close and constant watch on the region is necessary to keep the picture straight. To this end the Journal in this and a following issue will present the North Sea suite of assays. In this issue, analyses for 13 individual crudes or blends are printed running in alphabetical order from Argyll to Ekofisk. The next installment (OGJ, June 6) will complete the North Sea coverage, carrying an additional 13 assays running from Flotta to Thistle.

Presently, 14 individual crudes or blends are exported from the North Sea. As Fig. 1 shows, four systems and two giant fields dominate production. Table 1 lists all the producing fields—except newly onstream Hutton—plus several of future interest. Assays have been collected for all.

There are, of course, more fields listed than export streams because of blending. In addition, some 40 designated fields and finds of dubious or unknown potential are not shown on the map.

Assays for some crudes that may never appear unmixed are presented to indicate their influence on the blend or because they have never been published before.

One crude, Brent, is produced pure and is a major component in the Brent blend. This is a key U.K. crude. Shell and Esso, the field operators, produce pure Brent over the SPAR loading facility in the field. (SPAR is not an acronym. The Shell designers so designated the system because of its similarity in appearance to a conventional spar buoy.)

It should also be noted that a system such as the Brent does not day in and day out carry a blend with a specific contribution from each field. If, for example, Sullom Voe is shutdown because of weather, the Shell/Esso fields send most of their production to

Table 1

North Sea assays and field operators

Denmark

1. Dan*-Dansk Undergrunds Consortium (DUC)
2. Gorm*-DUC

Norway

1. Ekofisk*-Phillips Petroleum
2. Gullfaks*-Statoil
3. Murchison*-Conoco
4. Statfjord*-Mobil

United Kingdom

1. Argyll*-Hamilton Bros.
2. Auk*-Shell/Esso
3. Beatrice*-Britoil
4. Beryl*-Mobil
5. Brae*-Marathon
6. Brent*-Shell/Esso
7. Brent Blend*†
8. Buchan*-BP
9. Cormorant, North*-Shell/Esso
10. Cormorant, South (Cormorant "A")*-Shell/Esso
11. Dunlin*-Shell/Esso
12. Flotta*‡
13. Forties*-BP
14. Fulmar*-Shell/Esso
15. Magnus*-BP
16. Maureen*-Phillips Petroleum
17. Montrose*-Amoco
18. Murchison*-Conoco
19. Ninian Blend*
20. Statfjord*-Conoco
21. Tartan*-Texaco
22. Thistle*-Britoil

* Offshore production.

† Several field operators contribute to blend.

‡ Occidental and Texaco as field operators, contribute to blend.

§ Chevron and Union as field operators contribute to blend. BP later.

the offshore storage they have while the other fields move the oil to Sullom Voe storage. This means that at times the blend could contain perhaps X or perhaps Y Brent.

Following are some comments on new developments and crudes in the North Sea region.

U.K. The North Sea production system is still dynamic with production constellations still being created or expanded.

Last month, Northwest Hutton began production into the Brent system at 10,000 b/d with the objective of 100,000 b/d by year's end. A full scale analysis of this crude production sample has not yet been run. But a drill-stem test sample had a gravity of

38° API, sulfur content of 0.32 wt %, and a pour point of 25° F. A second sample has a gravity of 34.4° API.

Hutton is scheduled to be linked with the Brent system early next year. After that, the hectic pace of additions over the past 5 or so years should come to a stop because plans for Tern and Eider fields are now "on ice."

The two-crude Ninian blend will get a third contributor the second quarter of this year when Magnus field sends its crude south to Ninian central platform then to Sullom Voe. Peak production from Magnus is expected to be 120,000 b/d.

The veteran Forties field, the North Sea's largest, with a flow rate of over 450,000 b/d, will be joined by a smaller partner this summer. Brae field, as part of a \$2-billion development program by Marathon, will be connected to Forties transmission facilities. The new Brae "A" platform is designed to handle 100,000 b/d oil.

Assuming the preproduction analysis of Brae reflects its future quality, the North Sea's marker crude will become slightly heavier and higher in sulfur content.

Maureen is scheduled to begin in late 1983 or early 1984 as a single-field stream.

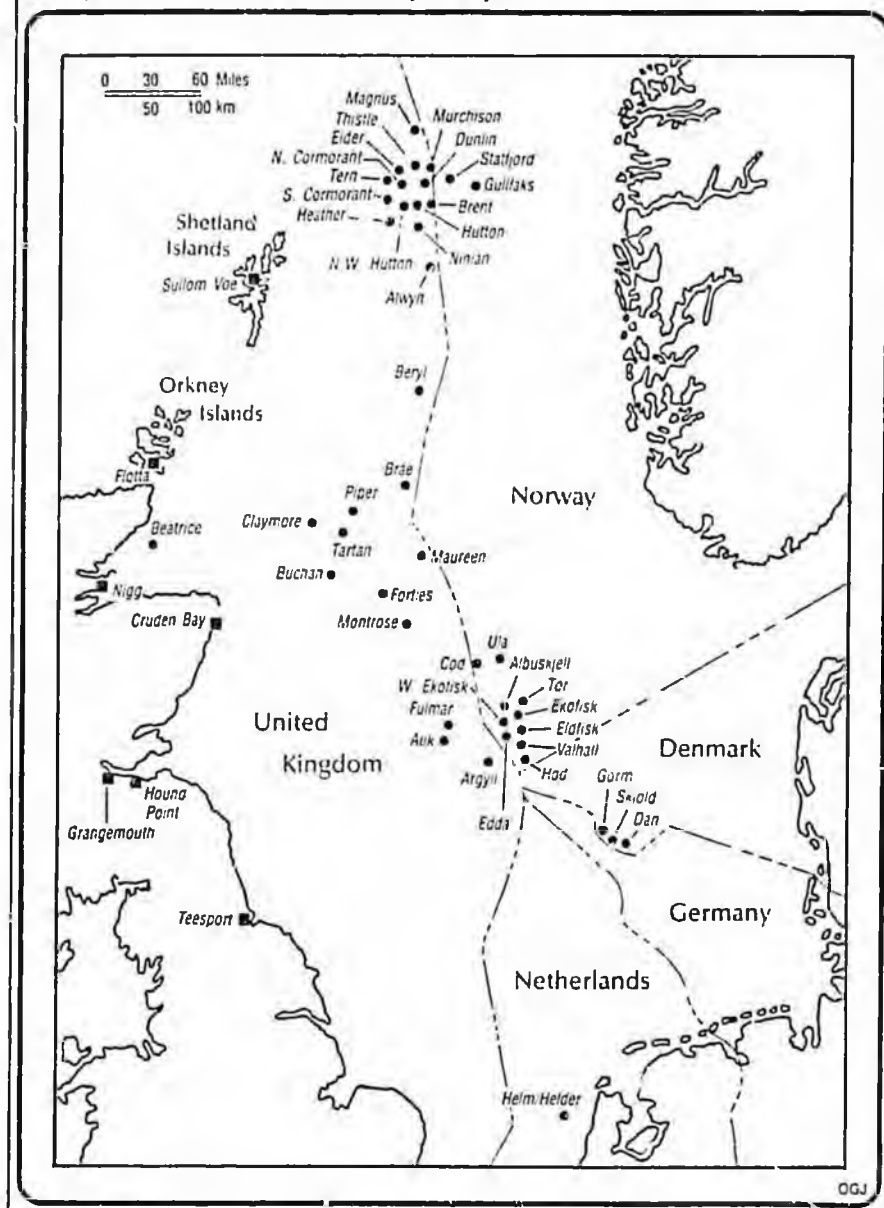
Norway. Norway's major North Sea system, Ekofisk, will enlist another contributor this year. Valhall "A" field will join the Ekofisk system. Hod field should be next in line.

Farther down the road, Norway plans to develop the Gullfaks field in block 34/10 which will give the region one of its most unusual crudes to date relative to those found. Its analysis reveals a gravity of 28.6° API. This could make it the heaviest crude produced in the North Sea (Piper field in U.K. waters runs a close second).

Gullfaks is expected to go into production in 1987 and become a major producer in the early 1990s.

In Statfjord field, a second production platform ("B") went into operation last fall, making the field the largest producer in Norwegian waters, with a flow of about 370,000 b/d. Peak rate will be even higher. The Ekofisk system produces some 300,000 b/d crude.

Major producers and prospects



Netherlands. The Dutch catalyzed the search for oil and gas in the North Sea with their huge gas finds onshore near Groningen in the early 1960s. Now, some two decades later, operators are finding the first commercial oil on the Dutch shelf. The first production from Helm and Helder fields came ashore last fall. Other fields in the area are slated for development.

Production to date is rather minor, and it is too soon to tell if the reserves would support exports.

Argyll, U.K. North Sea

SBM in producing area

Crude
Density @ 15° C.: 0.8549
Sulfur, wt %: 0.18
Pour pt., °C.: +6
Vis., cSt @ 40° C.: 4.79

Naphtha
Range, °C.: 160-175
Yield, vol %: 25.2
Density @ 15° C.: 0.723
Sulfur, wt %: <0.001

Kerosine
Range, °C.: 175-260
Yield, vol %: 14.9
Density @ 15° C.: 0.804
Sulfur, wt %: 0.03
Copper strip test: 1.A
Smoke pt., mm: 22
Freeze pt., °C.: -37

Gas oil
Range, °C.: 260-360
Yield, vol %: 18.9
Density @ 15° C.: 0.839
Sulfur, wt %: 0.11
Cetane index: 64.5
Cloud pt., °C.: 0
Pour pt., °C.: -3
Cold filter pt., °C.: -2
Vis., cSt @ 40° C.: 4.45

Residue
Range, °C.: 360+
Yield, vol %: 40.6
Density @ 15° C.: 0.9136

Key to the assays...

Each assay is headed, in the following order, by the official name of the crude, the former or secondary name in parenthesis, the country of origin, and location and type loading facilities. Loading systems that frequently crop up are abbreviated. Those used are CBM (conventional buoy mooring), SPM (single point mooring), SBM (single buoy mooring), CALM (catenary anchor leg mooring), and SALM (single anchor leg mooring).

Sulfur, wt %: 0.34
V/Ni/Fe, ppm: 3.9/2.1/2.7
Pour pt., °C.: +30
Vis., cSt @ 100° C.: 17.19

Auk, U.K. North Sea

SBM in producing area

Crude
Gravity, °API @ 60° F.: 37.15
Sulfur, wt %: 0.45
Wax, wt %: 6.5
Pour pt (ASTM max.), °C./°F.: +9/+50
Kin. vis., cSt @ 40° C.: 4.38
H₂S existent/potential ppm: <1/<1
Acid value, mg KOH/g (TAN): 0.13
Rvp, lb: 6
C₄—, vol %/wt %: 2.2/1.5

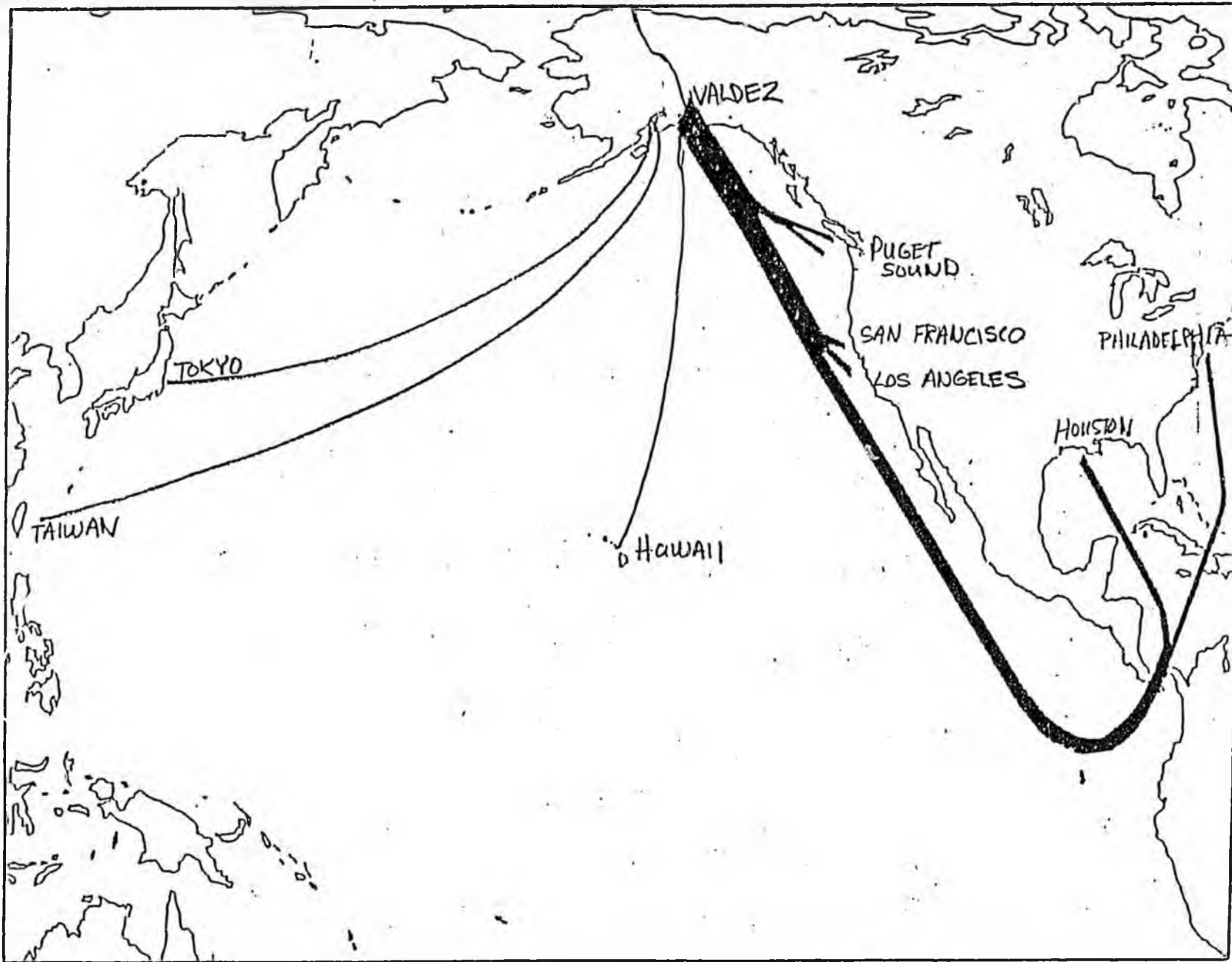
Gasoline
Range, °C.: C₅—85
Yield, vol %/wt %: 8.0/6.5
Sp gr @ 15° C.: 0.685
RON, clear: 66
RON + 0.5 g Pb/l Pb: 82

Naphtha
Range, °C.: 85-165
Yield, vol %/wt %: 15.5/14.0
Sp gr @ 15° C.: 0.755
Sulfur, wt %: 0.002
P/N/A, wt %: 51/34/15

Kerosine
Range, °C.: 165-235
Yield, vol %/wt %: 13.0/12.5
Sp gr @ 15° C.: 0.802
Sulfur, wt %: 0.01
Smoke pt., mm: 25
Aromatics, vol %: 19

Gas oil
Range, °C.: 235-300
Yield, vol %/wt %: 12.5/12.4
Sp gr @ 15° C.: 0.828
Sulfur, wt %: 0.09
Cetane no.: 60
Cloud pt., °C.: -19

Gas oil
Range, °C.: 300-350
Yield, vol %/wt %: 9.4/9.6
Sp gr @ 15° C.: 0.847
Sulfur, wt %: 0.35
Cetane no.: 63
Cloud pt., °C.: +9
Kin. vis., cSt @ 40° C.: 5.53



Tons \rightarrow barrels

reservoir knowledge / research program

getting tax records for oil cos. - biggest problem + delay

state has spent \$93m prosecuting tax / Am't cases -

43.21 - sep acctg

transp. costs -

in coast mktg histg Δ d dramatically 2. x ~~in~~ - ARCO refg; exchanges -

volume-wtd contract price -

has this been tested? retroactively on past sales?

is the contract ^{volume} % likely to remain stable?

IMPORTANCE OF THE PETROLEUM SECTOR IN NORWAY

THE PETROLEUM SECTOR'S SHARE OF:

	1985	1986	1987
GNP	19%	12%	12%
NORWEGIAN EXPORTS	38%	29%	28%
GROSS INVESTMENTS (REAL)	22%	28%	
TOTAL STATE REVENUE	21%	15%	10%
EMPLOYMENT	0.5%	0.5%	0.5%

2

**GUIDELINES REGARDING MARKETING OF NORWEGIAN OIL
AND GAS**

- MARKETING OF NORWEGIAN OIL BY THE COMPANIES INVOLVED SHALL BE BASED ON ORDINARY COMMERCIAL PRINCIPLES. THIS ALSO INCLUDES THE MARKETING POLICY OF THE STATE OWNED COMPANY STATOIL

- THERE IS NO RESTRICTIONS ON SALES OF NORWEGIAN OIL DUE TO FOREIGN POLICY CONSIDERATION APART FROM SELLING NORWEGIAN OIL TO SOUTH AFRICA

- COMPANIES INVOLVED IS SETTING THEIR OWN SALES PRICES; HENCE THERE ARE NO OFFICIAL SELLING PRICES SET BY THE GOVERNMENT

ORGANIZATION OF GAS SALES

- COMPANIES RESPONSIBLE FOR PLANNING AND SALES NEGOTIATIONS
- SALES CONTRACTS EVALUATED BY THE GOVERNMENT WHEN COMPANIES APPLY FOR DEVELOPMENT OF A FIELD
- COORDINATION OF GAS SALES BY STATOIL

4

DISPOSAL OF NORWEGIAN CRUDE OIL

- PRODUCING COMPANIES RESPONSIBLE
FOR MARKETING THEIR CRUDE OIL

- ROYALTY CRUDE TAKEN IN KIND AND
NOW SOLD TO STATOIL

- UNDERSTANDING ABOUT NO SALES OF
NORWEGIAN CRUDE OIL TO SOUTH
AFRICA

PRICING

- COMPANY RESPONSIBILITY

- NO OFFICIAL PRICES

- PRICES FOR TAXATION PURPOSES
(NORM PRICES) DETERMINED

- EX POST BY THE PETROLEUM PRICE
BOARD

DT.PRP. 26 (1974-75):

PETROLEUM TAX LAW

JUNE 13, 1975

WORMPRICE REGULATIONS

JUNE 25, 1976

6

WHY?

- Integration
- Concentration
- Size of the sector
- Difficult to control each sale

NORM PRICE

ADMINISTRATIVE

SIMPLIFICATION

7
"The norm price shall be equivalent to the price at which petroleum could have been sold between independent parties in a free market."

Indicators:

- Other prices
- Quality adj.
- Transport "
- Product prices

"THE NORM PRICE SHALL CORRESPOND TO THE PRICE AT WHICH PETROLEUM COULD HAVE BEEN SOLD BETWEEN INDEPENDENT PARTIES IN A FREE MARKET. "INDEPENDENT PARTIES" MEANS BUYERS AND SELLERS WHO MUTUALLY HAVE NO SUCH COMMON INTEREST AS COULD HAVE INFLUENCED AN AGREED PRICE. VALUATIONS SHALL TAKE INTO ACCOUNT AMONGST OTHER THINGS THE REALIZED QUOTED PRICES FOR PETROLEUM OF THE SAME OR EQUIVALENT NATURE, MAKING THE NECESSARY ADJUSTMENTS FOR DIFFERENCES IN QUALITY, TRANSPORT COSTS ETC. TO THE NORTH SEA AREA OR TO OTHER MARKETS CONCERNED, DELIVERY TIME, PAYMENT TIME AND OTHER TERMS, THE REALIZED AND QUOTED PRICES FOR PETROLEUM PRODUCTS, MAKING NECESSARY ADJUSTMENTS FOR PROCESSING ETC. AND ANY OTHER COMPARABLE PRICES OR VALUATIONS ETC. THAT MAY EXIST. CONSIDERATION SHALL BE GIVEN TO WHETHER THE AGREEMENTS ARE BETWEEN ASSOCIATED COMPANIES OR ARE SUCH THAT SPECIAL CIRCUMSTANCES OR OTHER CONDITIONS HAVE INFLUENCED THE STIPULATED PRICE."

ed by Saudi ever

THE PETROLEUM PRICE BOARD

6 MEMBERS:

- 8 yrs → MRS. KARIN BRUZELIUS (LEADER) - *ministry of communication*
- 12 yrs → MR. CHARLES PHILIPSON (DEPUTY LEADER) - *2. sep Ct. judge, was*
- 8 yrs - MRS. AINA UDHE - *economist / prof. exp. c. CITY court judge*
- MR. JARLE BERGD
- 12 yrs → MR. KJELL MATHISEN (MIN. OF FINANCE) - *working*
- 2 1/2 yrs + 4 yrs → MR. ODD S. HARALDSEN (MIN. OF PETR. & ENERGY) - *was chair of the Board*

2 DEPUTY MEMBERS

MR. EJARNE STAKIESTAD

MR. ERIK JOHNSEN

SECRETARIAT IN THE MINISTRY,

O: PETROLEUM AND ENERGY

DECISIONS WHEN 4 PRESENT AND

A MAJORITY OF 4.

PROCEDURE

- "EX POST"
- QUARTERLY
- COMPANY INFORM (3 weeks)
- BOARD'S "RANGE"
- COMPANIES COMMENT
(2 weeks)
- FINAL STIPULATION

PPB's information: 18

-sales reports

-other company info.

-secretariat "parity
calculations"

-general market info.

PARITY ARAB LIGHT -
EKOFISK

FOB-price Arab light
+ freight to Rotterdam
+ quality difference in
R'dam

= CIF-price Ekofisk in
R'dam

- freight to Teesside

FOB-price EKOFISK

NORM PRICE

CRUDE OIL 1975

NGL contract prices (PPB)

CONDENSATE - - - - -

NATURAL GAS

contract prices

^{P/}
APEAL PROCEDURE WHEN PPB STIPULATE THE NORM PRICE

1. THE COMPANIES CAN ASK FOR A SPECIAL COMMITTEE TO
ADVISE THE MINISTRY WHETHER THE PRICE WAS
STIPULATED "UNREASONABLY HIGH"
2. THE MINISTRY OF PETROLEUM AND ENERGY DECIDES ON
^{P/}
THE APEAL
3. NEXT STEP IS NORMAL COURT PROCEDURE

10.0.00
FO
14

REGULATIONS RELATING TO THE STIPULATION OF NORM PRICES. ISSUED BY ROYAL DECREE OF 25 JUNE 1976 PURSUANT TO ACT OF 13 JUNE 1975 NO. 35.

Chapter I

Norm price for tax assessment purposes

Section 1

For tax assessment purposes, including the assessment of special tax pursuant to Act No. 35 of 13 June 1975 relating to the taxation of submarine petroleum resources etc. (The Petroleum Tax Act), norm prices may be stipulated for the different types and grades of petroleum or for parts of such produced in the areas mentioned in Section 1, a-b of the Act.

Section 2

The norm price shall be equivalent to the price at which petroleum could have been sold between independent parties in a free market. "Independent parties" means buyers and sellers who mutually have no such common interests as could have influenced an agreed price. For the valuation, account shall be taken, inter alia, of the realized and quoted prices for petroleum of the same or equivalent nature with necessary adjustments for quality variations, transport costs etc. to the North Sea area or to other possible markets, delivery time, time of payment and other terms, realized and quoted prices for petroleum products with necessary adjustments for processing etc. and other comparable prices or valuations which might exist. Consideration shall be given to whether the agreements are between associated companies or are such that special circumstances or other conditions have influenced the stipulated price.

The norm price shall be stipulated in arrears as a common price for petroleum produced during a specific period, normally for each quarter. If deemed appropriate, the norm price may be stipulated for a period shorter than one quarter.

For petroleum landed by pipeline, the norm price shall be stipulated on the basis of its value where landed. For petroleum landed by ship, the Ministry shall decide, after evaluating the selected means of transport, whether the norm price shall be stipulated on the basis of its value delivered at a North Sea port, or on the basis of its value at the production area shipment point.

In case of doubt the Ministry shall decide what is to be regarded as the landing point or the shipment point. The Ministry may make exceptions from the provisions of this paragraph when this is considered necessary or expedient in order to enforce the provisions relating to Norwegian taxation rights pursuant to legislation relating to taxation and charges or agreements with other countries concerning the taxation of petroleum activities etc.

Section 3

The

Unless otherwise indicated by special circumstances, the norm price shall be stipulated four times a year, normally for one quarter each time.

Provisional norm prices may be stipulated.

The parties involved are required to submit opinions on the norm price for each quarter, within four weeks after each of the first three quarters and within three weeks after the fourth quarter. Further, the authority that is to stipulate the price may call meetings with the parties for discussion and to obtain additional information. As far as possible each of the parties involved should also be given an opportunity to study the data etc. submitted by the other parties involved. The price stipulating authority may withhold internal documents, statements received and other documents which contain information concerning trade secrets etc. pursuant to the provisions of Sections 18 and 19 of the Administration Act.

Handwritten notes in a circle:
+ handle
6/15
5/7 - 87
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under
substance

Subsequently the price stipulating authority shall give the parties involved, in writing or at a meeting, a provisional evaluation of the price stipulation position. When the provisional evaluations are announced to the parties involved, the latter may submit opinions within two weeks. Longer respites for submitting opinions may be granted when the price stipulating authority finds reason to do so.

If possible the parties involved shall be notified and given a short respite to submit opinions when provisional norm prices are being stipulated. If after a provisional evaluation the price stipulating authority finds that no essential changes have occurred, it may decide that the last final norm price stipulated shall apply as a provisional norm price for subsequent periods.

When production is effected by two or more co-operating companies, the Ministry may demand that the group shall appoint in writing one or more representatives who are to receive notices, be called to attend meetings, submit statements, etc. on behalf of the group.

Section 4

The Ministry is authorized to stipulate provisional and final norm prices and to decide that norm prices shall not be stipulated for certain production areas. The Ministry may also decide that a stipulated norm price shall not apply to certain types or grades of petroleum or to parts of such.

Authority to adopt the resolutions mentioned in these regulations may be delegated by the Ministry to a special Petroleum Price Board.

Section 5

Petroleum Price Board resolutions relating to the stipulation of provisional or final norm prices may be appealed to the Ministry. Appeals shall have been received by the Petroleum Price Board within 30 days after adoption of the resolution. The other parties shall be

notified of the appeal and shall be entitled to join the appeal, even if no appeal has been filed by them before the expiry time limit.

In connection with appeals in accordance with the first paragraph of this Section against resolutions relating to the stipulation of final norm prices, the parties who filed the appeal or who subsequently joined the appeal may demand that the price stipulation be referred to a committee of experts to obtain their opinion as to whether the stipulated norm price is obviously inequitable, before any decision is made by the Ministry.

Requests for the appointment of such a committee of experts must be received by the Ministry not later than 14 days after the expiry of the time limit for appeals. The committee shall consist of three members appointed by the Chief Justice of the Supreme Court after the Ministry and the involved parties participating in the appeal have had an opportunity of submitting opinions concerning the appointments. The Committee shall allow the Petroleum Price Board and the parties who requested the appointment of a committee to present statements verbally or in writing, and otherwise collect such information as the Committee considers desirable. The Committee shall deliver its opinion not later than two months from its appointment.

The committee itself shall stipulate its fee and decide how payment of this fee and any other expenses incurred for the committee's work shall be divided between the parties.

Section 6.

Ministry resolutions relating to the stipulation of provisional or final norm prices may be appealed to the King when the resolution has been adopted by the Ministry as the first instance or if the Ministry has reserved a resolution previously adopted by the Petroleum Price Board without the resolution having been the subject of appeal.

The provisions of the first paragraph of Section 5 above shall apply accordingly.

Section 7.

General rules of administrative law and Section 35 of the Administration Act apply as regards a higher authority's power to reverse norm price resolutions at its own initiative, however the time limit for such reversal shall be six months from adoption of the resolution by the lower authority. The provision relating to notifying the lower authority pursuant to the second paragraph of Section 35 of the Administration Act, shall not be applicable to norm price resolutions.

Section 8.

Legal proceedings to try the validity of norm price resolutions may not be instituted unless the forms of appeal allowed pursuant to these Regulations have been employed. Otherwise Section 437 of the Civil Procedure Act shall apply accordingly.

Section 9.

Any person for whom the assesment of income and capital assets tax, including the special tax pursuant to Section 5 of the Petroleum Tax Act, will be based upon norm prices, is obligated to furnish all the information required for norm price stipulation. Such persons shall furnish of their own initiative also any further information that must be considered to have significance for the valuation of petroleum produced in the areas mentioned in Section 1, a-b, of the Petroleum Tax Act.

It may be required that information concerning the sales etc. of petroleum produced on the Norwegian continental shelf shall be furnished on special price statement forms issued by the Ministry. Price statements shall be forwarded to the Ministry each month. The time limit within which such statements shall be submitted will be stipulated by the Ministry.

Within 15 days from the end of each quarter, the price statements submitted shall be confirmed by the persons required to return such statements.

Any changes in submitted information shall be reported to the Ministry within 15 days after the person returning the statement has learned of the change.

Violation of the provisions of the preceding paragraphs is punishable by fines, cf. Section 339 No. 2 of the Penal Code, provided that no severer penal provision is applicable.

Section 10

The Petroleum Price Board shall consist of six members, appointed by the King.

The period of office for members and deputy members shall be two years. Different periods of office may be stipulated in particular cases to ensure continuity in the Board.

Resolutions may be adopted by the Board when at least 4 members are present and at least 4 vote in favour of the resolution. Discussion with the parties involved or the collection of information may be entrusted to a member or a committee or to the Board secretariat, as decided by the Board.

Chapter II

Norm price for royalty calculation

Section 11

The provisions contained in these Regulations shall apply accordingly for the stipulation of the royalty calculation basis or the calculation basis for provisional payments pursuant to Section 26 of the Royal

Decree of 8 December 1972 relating to exploration for and exploitation of petroleum in the seabed and sub-strata (as subsequently amended).

In all cases the calculation basis shall be stipulated on the basis of the value of the produced petroleum at the production area shipment point.

Chapter III
Norm price for consigned petroleum

Section 12

By issuing regulations or in the particular case, the Ministry may decide that the stipulation of prices for produced petroleum consigned under agreements concluded relating to Government participation in petroleum production on the Norwegian continental shelf, shall be based wholly or partly upon the provisions contained in these Regulations.

Chapter IV
General provisions

Section 13

For the purpose of this Decree, the Ministry means the Royal Ministry of Petroleum and Energy, petroleum means all liquid and gaseous hydrocarbons produced from the seabed and sub-strata as well as all other substances produced in conjunction with such hydrocarbons.

Section 14

The Ministry may issue regulations to implement the provisions of this Decree, issue complementary regulations relating to norm price stipulation by the Petroleum Price Board and issue regulations relating to Petroleum Price Board procedures.

Chapter V
Amendments

Section 15

Royal Decree of 8 December 1972 relating to exploration for and exploitation of petroleum in the seabed and sub-strata, shall be amended as follows:- - - -

Chapter VI
Entry into force

Section 16

These Regulations enter into force immediately.

HB

165

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

HB

165

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

No.1

REQUEST: _____

Bill Version: HB 165
Publish Date: HOUSE 3/4/87

Revision Date: _____
Title: Act amending appropriation to the
AK Power Authority for the Bradley Lake Project
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Commerce & Economic Dev.
BRU: Alaska Power Authority
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	50,000.0	0.0	0.0	0.0	0.0	0.0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	50,000.0	0.0	0.0	0.0	0.0	0.0
TOTAL	50,000.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The Railbelt Energy Fund is an appropriate source of available funding for the Bradley Lake Hydroelectric Project in FY 88, as provided for in AS 37.05.153.

Prepared by: Gloria Manni, Director *Pluon* Phone: 561-7877
 Division: Acctg. & Admin./AK Power Authority Date: 3/2/87
 Approved by: Robert LeResche Date: 3/2/87
 Agency: Executive Director, AFA

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

HB

176

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Community & Reg. Affairs:

4/1/87

4/15/87

HOUSE COMMITTEE REPORT

5/5

(5)
Date referred: 3/11/87

FURTHER REFERRALS: Resources
Finance

DATE: 05/04/87

The Community & Regional Affairs Committee has considered HB 176

"An Act authorizing the Department of Community and Regional Affairs to accept, in trust, land conveyed by the federal townsite trustee; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note
- zero with analysis same as previous zero fiscal note published (2) 3/11/87

SIGNING DO PASS:

Springer Heinrich Springer

Cuto Butte Cuto

SIGNING OTHER RECOMMENDATIONS:

Zawacki Jim Zawacki No Rec

Herrmann William Herrmann No Rec

Collins Agnes Collins No Rec

Springer Heinrich Springer
Chairman's signature

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 176

March 9, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill expressly authorizing acceptance by the Department of Community and Regional Affairs of federal townsite trust land conveyed by the townsite trustee of the U.S. Department of the Interior.

Under 43 U.S.C. secs. 732 and 733 -- 736, the federal townsite trustee administers land in villages with federal townsites. Under federal regulations, the trustee may convey the land to state or federal agencies or local governments for public uses. The Department of the Interior has been interested in ending its administration of the remaining townsite lots and has expressed interest in having the state assume some of the trustee duties.

The state already acts as trustee for some land in unincorporated communities, under sec. 14(c)(3) of the Alaska Native Claims Settlement Act (43 U.S.C. 1613(c)(3)). That section requires each village corporation to convey certain acreage to municipalities or to the state in trust for future municipalities. In 25 of the unincorporated ANCSA villages there are federal townsites. In many of those federal townsites, vacant land could be used for community purposes, but without a municipality there may be no entity to which the federal trustee can deed land for community purposes. Under this bill, land could be deeded to the state to administer for community purposes.

Since the state would be accepting only vacant and unappropriated land or land that is already being used for public purposes, it would be administering the land together with sec. 14(c)(3) land received from village corporations. Therefore, there should be no additional costs or burdens on the Department of Community and Regional Affairs. Townsite land administration would be subject to the same accounting and administration requirements as now apply to sec. 14(c)(3) land under AS 44.47.150(b) -- (g).

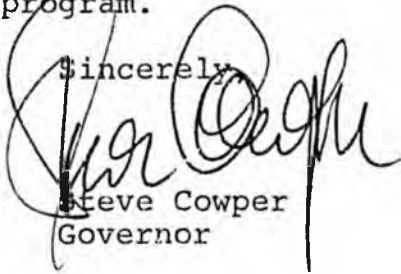
The bill also makes several stylistic and technical clean-up amendments.

Hon. Ben Grussendorf

Page 2

In short, this bill will enable the state to make available for community uses vacant federal townsite land that is now unused under the federal townsite program.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 176
Publish Date: 3/11/87

REQUEST

Bill/Resolution No. : _____
Title : An Act authorizing DCRA to accept
in trust, land conveyed by the federal
townsite trustee
Sponsor : Rules/Governor
Requestor : Governor
Date of Request : 11/21/86

FISCAL DETAIL

Agency Affected : Community & Regional Affairs
BRU : Rural Development

Components : Municipal Lands Trustee

EXPENDITURES REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Doug Griffin, Deputy Director
Division : Municipal & Regional Assistance

Phone : 465-4750
Date : 11/21/86

Approved by Commissioner : Jess Smith
Agency : Community & Regional Affairs

Date : 11/20/86

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 176
Publish Date: 3/11/87

REQUEST

Bill/Resolution No. : _____
Title : Federal townsites

Sponsor : _____
Requestor : _____
Date of Request : _____

FISCAL DETAIL

Agency Affected: Natural Resources
BRU: Land and Water

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

No fiscal impact

Prepared by : Ned Farquhar Phone : 465-2400
Division : Commissioner's Office Date : 11/24/86

Approved by Commissioner : Wm D. Jensen, Deputy Date : 11/24/86
Agency : Natural Resources

- Distribution (by Agency preparing fiscal note) :
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

HOUSE COMMITTEE REPORT

⑨ HB 176

(5)

Date referred: 3/11/87

FURTHER REFERRALS: Resources
Finance

DATE: 05/04/87

The Community & Regional Affairs Committee has considered HB 176

"An Act authorizing the Department of Community and Regional Affairs to accept, in trust, land conveyed by the federal townsite trustee; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published (2) _____
- zero with analysis

SIGNING DO PASS:

Springer Heinrich Springer
 Cate Butte

SIGNING OTHER RECOMMENDATIONS:

Zawacki Jim Zawacki No Rec
 Herrmann William Herrmann No Rec
 Collins Ernie Collins No Rec

Springer Heinrich Springer
 Chairman's signature



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

ⓔ HB 176

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 2, 1987

Mr. Rick Elliot
949 E. 26th, Suite 407,
Anchorage, Alaska 99508

Re: HB 176, Land from Federal Townsite Trustee
Additional Testimony

Dear Mr. Elliot:

An additional teleconference has been scheduled to take testimony on HB 176. At 3:00 p.m. Wednesday, April 15, the House Committee on Community and Regional Affairs will continue hearing this bill. Your participation again, would be appreciated. If you can take part in this teleconference, please contact Committee Assistant Terry Hoefflerle at 465-4833.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Springer".

Rep. Henry Springer



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 2, 1987

Ms. Gail Ozmina
Bureau of Land Management
701 C St., Box 13
Anchorage, Alaska 99515

Re: HB 176, Land from Federal Townsite Trustee
Additional Testimony

Dear Ms. Ozmina:

An additional teleconference has been scheduled to take testimony on HB 176. At 3:00 p.m. Wednesday, April 15, the House Committee on Community and Regional Affairs will continue hearing this bill. Your participation again, would be appreciated. If you can take part in this teleconference, please contact Committee Assistant Terry Hoefflerle at 465-4833.

Sincerely,

A handwritten signature in cursive script that reads "H. Springer".

Rep. Henry Springer

© HB 176



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 2, 1987

Mr. Andrew Gusty
General Delivery
Stoney River, Alaska 99577

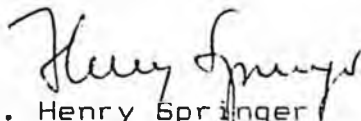
Re: HB 176, Land from Federal Townsite Trustee
Additional Testimony

Dear Mr. Gusty:

We regret that time did not permit everyone who wished to testify on HB 176, Wednesday, April 1, 1987, to do so.

Another teleconference has been scheduled to take testimony on this bill. At 3:00 p.m. Wednesday, April 15, the House Committee on Community and Regional Affairs will hear this bill again. If you wish to participate in this teleconference, please contact Committee Assistant Terry Hoefflerle at 465-4833.

Sincerely,


Rep. Henry Springer

Mr. Andrew Gusty
General Delivery
Stoney River, Alaska 99577

Mr. Don Stevens
General Delivery
Stevens Village, Alaska 99774

Mr. Dave Lacy
P.O. Box 1372
Fairbanks, Alaska 99701

Mr. Pat Norman
General Delivery
Port Graham, Alaska 99603

Ms. Lorraine Felix
General Delivery
Northway, Alaska 99764

Ms. Val Dushkin
General Delivery
Nikolski, Alaska 99633

Mr. Oscar Frank
320 2nd Street
Fairbanks, Alaska 99701

Ms. Randy Briggs
General Delivery
Ugashik, Alaska 99625

Mr. Jim Bamberger
General Delivery
Port Graham, Alaska 99603

Mr. Steve Furman
General Delivery
Egegik, Alaska 99577

Mr. Vincent Kvasinkoff
General Delivery
English Bay VIA Homer, Alaska 99603

Ms. Clara Washington
General Delivery
Leclock, Alaska 99625

Mr. Boris Kosbuk
General Delivery
Perryville, Alaska 99649

Mr. Nick Holstrom
General Delivery

S. Naknek, Alaska 99633

Mr. Robert Enoch
General Delivery,
Tuntutuliak, Alaska 99680

Mr. Johnny Lind
General Delivery
Chignik Lake, Alaska 99564

Mr. Rodney Anderson
General Delivery
Chignik Lagoon, Alaska 99565

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 23, 1987

POSITION PAPER

RE: House Bill 176

SPONSOR: Rules Committee by Request of the Governor

Program Effects of Bill

The proposed legislation would amend AS 44.47.150 to allow the Commissioner of the Department of Community and Regional Affairs to accept land in unincorporated villages from the federal townsite trustee. The Commissioner, under the existing statute, may now accept land from a Native village corporation under Section 14(c)(3) of the Alaska Native Claims Settlement Act (ANCSA). The bill would broaden that authority to allow acceptance of federal townsite trustee lands and would also provide that any land accepted from the trustee will be counted towards the appropriate village corporation's ANCSA 14(c)(3) obligations.

Comments

The Department strongly supports this bill. The legislation provides greater flexibility to resolve some problems affecting federal townsite villages. The proposed legislation would merely provide an option to help resolve some of the problems with federal townsite villages. The bill would not require the deeding of any land to the State. However, it would give the State, through the Department of Community and Regional Affairs, the authority to accept land if it is determined to be a feasible option in any of the 25 ANCSA villages with federal townsites which are not incorporated as cities under Alaska State law.

The federal townsite trustee, under present laws and regulations, can deed land to incorporated municipalities. However, in unincorporated villages there is no local entity to which land can be deeded. The federal townsite trustee may deed land to a State agency for public purposes. The proposed legislation would merely give the Commissioner of the Department of Community and Regional Affairs the authority to accept and to administer such land in the same manner as land which is reconveyed under Section 14(c)(3) of ANCSA. It is important to note that transfers of this nature may be made only with the approval of the village council. Such approval is required by federal regulation (43 CFR 2565.5(b)(3)).

⑦ HE 176


STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

House Bill 176
March 23, 1987
Page Two

The federal townsite trustee is presently examining ways of ending its administration of the remaining townsite land in the unincorporated villages. The administration of the remaining townsite land could be readily consolidated with the existing State program having similar functions. The State already has the responsibility to accept and manage land which has or will be reconveyed for community use and expansion under Section 14(c)(3) of ANCSA. While the federal townsite problem is yet to be solved, this legislation would provide greater flexibility by allowing the transfer of federal townsite land to the State to hold for a future municipal corporation.

Village residents would benefit from the bill because it would provide a mechanism for the transfer of land for public purpose projects. In some cases, it may not be possible to obtain site control for projects in any other manner under existing federal law and regulations. Land for residential expansion could also be accepted if federal legislation were to permit such action. Native village corporations would benefit because any land deeded to the State under this provision would reduce their ANCSA Section 14(c)(3) obligations. Therefore, village corporations may not have to reconvey as much land as would have otherwise been necessary.



David G. Hoffman, Commissioner

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HB 176
Publish Date: _____

Revision Date: _____
Title: "An act authorizing DCRA accept in trust land"
Sponsor: _____
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Rural Development
Components: Municipal Lands Trustee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal note assumes that the land transferred will be vacant, unappropriated land.

Prepared by: TL Tom Lane Planning Supervisor
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 3/23/87

Approved by Commissioner: [Signature]
Agency: Community & Regional Affairs

Date: 3-23-87

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 176

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act authorizing the Department of Community and
Regional Affairs to accept, in trust, land conveyed
by the federal townsite trustee; and providing for an
effective date."

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

11 * Section 1. AS 44.47.150 is amended to read:

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Sec. 44.47.150. VILLAGE LAND CONVEYED IN TRUST. (a) The com-

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missioner is designated to accept, administer, and dispose of land

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conveyed to the state in trust (1) by village corporations under

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43 U.S.C. 1613(c)(3) (sec. 14(c)(3) of the Alaska Native Claims Set-

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tlement Act) for the purposes specified in that section, and (2) by

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the townsite trustee of the United States Department of the Interior,

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which is located in patented federal townsites or which is the subject

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of an application for patent under the Acts of March 3, 1891 (former

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43 U.S.C. 732) or May 25, 1926 (former 43 U.S.C. 733 -- 736). The

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commissioner may not accept land in a village that has a municipal

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corporation. The commissioner shall credit land accepted from the

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federal townsite trustee toward the conveyance requirement of the

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appropriate village corporation under 43 U.S.C. 1613(c)(3) (sec.

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14(c)(3) of the Alaska Native Claims Settlement Act).

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(b) Transfer of land by sale, lease, right-of-way, easement, or

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permit, including transfer of surface resources, may be made by the

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commissioner only after approval of an appropriate village entity such

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as the traditional council, a village meeting, or a village



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Alaska State Office
701 C Street, Box 13
Anchorage, Alaska 99513

⑥ HB 176

IN REPLY REFER TO

2564 (960)

MAR 25 1987

March 20, 1987

Mr. Terry Hoefflerle
Pouch V
Juneau, Alaska 98111

Dear Terry:

I have enclosed a copy of our final recommendations for resolving townsite issues in unincorporated communities as we discussed yesterday on the phone. The document was forwarded to our Washington Office this morning.

The chronology of events in this document should answer most of your questions as to the need for H. B. No. 176. However, if I can be of further assistance, please contact me again.

Sincerely,

✓Gail Ozmina
Townsite Trustee

Enclosure:

Final Recommendations for Unincorporated
Townsite Initiative

UNINCORPORATED TOWNSITE INITIATIVE

FINAL RECOMMENDATIONS

I. ISSUES: UNINCORPORATED TOWNSITES

1. As the need for community development and expansion has increased, many individuals have occupied townsite land without Trustee authorization because no authority exists to grant title to these lands.

2. The Trustee has no authority to convey title to the remaining vacant lands when there is no municipality incorporated under State law.

II. LAW

The townsite laws, which provided a means for residents of a community to gain title to land they occupied, were extended to Alaska by the Act of March 3, 1891. The Act of May 25, 1926, known as the Alaska Native Townsite Act, amended the 1891 law to allow Alaskan native individuals to receive restricted deeds to the lots they occupied in townsites. An amendment was passed on February 26, 1948 to allow Alaskan natives to receive unrestricted deeds upon approval from the Bureau of Indian Affairs. The regulations which guide the townsite program are found in 43 CFR 2564-2565.

The townsite laws were repealed on October 21, 1976 by the Federal Land Policy and Management Act (FLPMA) and the program is currently operating under a savings clause in this same Act. To qualify for a deed, a claimant is required to improve and occupy a townsite lot prior to the date the subdivisional survey plat of the townsite is approved. As additional tracts within the townsite are settled upon and subdivided, the date of approval of that plat becomes the cut-off date for qualifying for a deed in that tract. When FLPMA repealed the townsite laws, it was determined that all further occupancy on townsite lands was precluded as of the date of FLPMA or the subdivisional survey date, whichever is earlier.

In uninporated townsites, public sale is the only method for disposing of the remaining lands. If unauthorized occupancy occurs in these unincorporated townsites, the Trustee lacks authority to transfer title to the individuals.

III. CHRONOLOGY OF EVENTS

A. JUNE, 1986 - Meetings were conducted with various State and native organizations to obtain their views and concerns regarding townsite issues. The consensus was that a field examination be conducted in the affected communities to determine the status of undeeded lands prior to evaluating alternatives for a solution.

B. JULY - SEPTEMBER, 1986 - Field examinations were conducted in 24 villages with the following results:

Parcels with valid claims (able to convey).....	252
Parcels vacant (no authority to convey).....	783
Parcels occupied without Trustee authorization.....	229
Approved by village council.....	220
Unapproved by village council.....	9
TOTAL ACRES UNABLE TO CONVEY.....	1,737

C. OCTOBER 29, 1986 - An issue paper and questionnaire listing seven suggested proposals were distributed for comment to all affected villages and various State and native organizations. The proposals with some variations focused on three main alternatives:

- 1) Retain present authority for public sale of lots
- 2) Retain Trustee and provide authority to validate unauthorized occupancy.
- 3) Prepare closeout plan for each village providing for:
 - a) deeding to unauthorized occupants
 - b) deeding land needed for public purpose projects
 - c) deeding remaining lands to a local entity and/or
 - d) deeding vacant land to the State, Municipal Lands Trustee (MLT)

D. DECEMBER 1, 1986 - Responses were received from 16 villages, 3 ANCSA regional corporations, State of Alaska, Department of Community and Regional Affairs (DCRA) and the Tanana Chiefs Conference, Inc.

E. JANUARY 15, 1987 - The responses were analyzed and a Draft Report of Findings and Recommendations was distributed for public comment.

The consensus of the December responses was that authority be provided for the Trustee to issue deeds to all unauthorized occupants. Therefore, the proposals in the initial questionnaire were consolidated to address disposal of vacant land in unincorporated townsites. The following general positions and specific comments were expressed on the proposals:

PUBLIC SALE

General Position

Only the community of Hyder has responded favorably to the auction proposal. The universal reaction from the other communities was negative.

Comments

" [O]nly a handful of people would own vacant lots and control who builds and who couldn't." Egegik Village Council

"This method is the one most likely to result in Natives losing control of the land within their villages. Most Natives have very low incomes, so even "fire-sale" auction prices could price Natives out of the market, yet these low prices could possibly attract outside speculators." Calista Regional Corporation

" (T)his would pose a social and physical stress on the village. Lack of control and due to lack of local funds by local residents would open up all land to outsiders." Port Graham Village Council

"This proposal would kill traditional native government. (And could) cause racism within villages and outbreak of violence." English Bay Village Council.

RETAIN THE TRUSTEE

General Position

The general feeling for retaining the Townsite Trustee was that if the unoccupied lands in the unincorporated townsites could not be transferred to a local entity, then new deeding authority for future occupation of lots with village council approval would be acceptable in order to establish some sort of local input into the system. The villages did not see much point in creating a land board in each village to approve future occupancy of lots. They felt that this function more properly belonged to the village councils, and that the creation of a separate land board would only create another unnecessary level of bureaucracy.

Comments

"This we feel would give local traditional village councils the control that is rightfully theirs to exercise. Each council would set up certain requirements to follow to obtain title. Native inhabitants would be able to acquire title in restricted status." English Bay Village Council

"(This proposal) does not adequately address our village's desire to have the land deeded to the village government. (The proposal) does not address the whole problem with the townsite land program (i.e.,) land speculation, deeding of land to non-residents, interference in local government. The village council has to have direct control over the land. A land board sidesteps the council." Port Graham Village Council

"Once land policy is approved by our members the work can be done by our council or by the recommendation of the policy. If this is to be done by council there would not be (a need) to create a land board." Twin Hills Village Council

"(Post-survey deeding authority) seems to be more appropriate for the villages than holding an auction. (It would be) very difficult to get these local boards established and keep them functioning." Calista Corporation

"Villages with significant non-Native population may not be represented by the Village Council or IRA Council. (These) proposal(s) would seem to require the continuance of the Federal Townsite Program for an indefinite period. Implementation (of a land board) would seem to be difficult as well as costly." State of Alaska, DCRA

(The) creation of a local control board seems too cumbersome, especially in the smaller communities. Because of the past proliferation of boards, general policy advises against formation of new special purpose boards in favor of general purpose entities such as the councils." Tanana Chiefs Conference responding for 10 villages.

CLOSEOUT PLAN

General Position

The proposal to deed the unoccupied lands in unincorporated townsites to a local entity has been consolidated with the closeout plan proposal, as both proposals advocate deeding to a local entity. This proposal has had the most positive response from the groups participating in the questionnaire. The general feeling among the respondents is that the communities want local control of the disposition of townsite lands, not merely in an oversight capacity, but rather in a possessory transfer of title.

Bristol Bay Native Corporation proposed a variation of the closeout plan proposal in that 45% to 50% of the remaining vacant lands be deeded to the identified village entity and the DCRA (specifically the Municipal Lands Trustee (MLT)) jointly, and the balance be deeded to the village council.

Calista Corporation liked the concept of the closeout plan proposal but felt that the remaining vacant lands should be transferred to the village corporation rather than the village council.

All of the villages in the Tanana Chiefs Conference region indicated they were in favor of conveying the vacant land to the council, either directly or through the closeout plan.

Tanana Chiefs Conference favored the closeout plan proposal over the others listed in the questionnaire. They emphasized that under this proposal, any of the other proposals could be incorporated and implemented if the community so desired.

Comment

"(O)ne option that clearly represents what the native villages need and want, an opportunity to remain unincorporated and have a land base that belongs to the native government and not the ANCSA corporations." Port Graham Village Council

DEED TO STATE OF ALASKA. MUNICIPAL LANDS TRUSTEE

General Position

All the village respondents were opposed to deeding the vacant land to the MLT. The general feeling among the village respondents is that they do not want another bureaucracy controlling their right to the land in their villages. They feel that to deed the remaining lands to the MLT would tend to coerce villages to incorporate against their will in order to obtain local control.

The Calista Corporation does not approve of this alternative because they feel the MLT is hard pressed to take care of its 14(c) obligations at present so it is no time for it to be taking on additional responsibilities. Also they feel that in light of declining state revenues, the MLT couldn't afford the additional responsibilities.

DGPA feels that if the proposal were implemented, the MLT could effectively administer the land. They point out that under its present program, the MLT has procedures in place to make trust land available for local use and expansion. They also address the concern for local control by requiring all land disposals by the MLT to be approved by the "appropriate village entity".

In its analysis of the closeout plan proposal, the DCRA indicated that they would have no problems with its implementation as long as it provided options that would protect the public interest. Concern is expressed that BLM should determine whether land can be conveyed to IRA or traditional councils or to other public entities. If the determination is positive, the DCRA suggests that the villages be given the option of choosing whether the vacant lands go to the local village entity or to the State to hold in trust for the future municipality.

Through a combination of regulatory amendments and new legislation, the following recommendations were proposed with rationale for each to address all of the identified issues and to phase out the townsite program.

RETAIN THE OPTION FOR PUBLIC SALE OF LOTS

Rationale: Although native townsites are currently opposed to public sales, this option should be available for these villages if circumstances should change. Concurrence from the village is required prior to holding a sale, therefore, native villages are not threatened by this regulation. The village of Hyder, which is the only non-native, unincorporated village with land available for disposal, has recently indicated an interest in holding a public sale.

PROPOSE LEGISLATION TO ALLOW THE TRUSTEE TO VALIDATE ALL OCCUPANCY ESTABLISHED ON OR BEFORE ENACTMENT OF THE LEGISLATION

Rationale: It was found that in almost all cases where individuals had occupied townsite land without authorization from the Trustee, the local village council had approved the settlement. This approval suggests that local village governments have been actively involved with the orderly development of their communities, absent legal authority.

In many cases, individuals relied on the advice of the Trustee between 1976 (FLPMA repealed the townsite laws) and 1979 (Solicitor's Opinion declared that all townsite settlement was curtailed with the repeal of the laws) when settling on unsubdivided tracts. Although the District Court upheld the Solicitor's opinion, in Royal Harris v. U.S., A80-174 CIV, the Court noted that "It is possible, however, that equity will require that lots be deeded to plaintiffs."

It is not feasible nor does the federal government desire to prosecute these individuals under either of the above situations. This legislation would resolve all of the unauthorized occupancy on both subdivided lots and unsubdivided tracts. It would provide restricted deeds for Natives who are in occupancy on the date of enactment of the law.

AMEND THE TOWNSITE REGULATIONS TO REQUIRE THE TRUSTEE TO HOLD A PUBLIC HEARING IN EACH VILLAGE TO PREPARE A CLOSEOUT PLAN

Each hearing should:

a) Identify what lands, if any, are needed within the next six months for construction of public purpose projects and determine the appropriate entity to receive title to those lands.

b) Determine what preference the village has for deeding the remaining vacant lands to either the "appropriate village entity" or the State, Municipal Lands Trustee.

Rationale: This combined proposal appears to be favored by the majority of the respondents because of it's flexibility in addressing the varied circumstances found in each village.

Many native villages are governed by traditional village councils which are not incorporated under state or federal law. While only four villages are incorporated under the Indian Reorganization Act (IRA) at the present time, several villages have applications pending before the Department of Interior. A non-profit corporation has been established in one village to handle grants for capital projects and other administrative obligations for the village because there is no other form of local government in the community.

Traditional and IRA councils and non-profit corporations have been in existence for many years and are recognized as "appropriate village entities" (AVE) in some ANCSA villages by the State of Alaska, to make land decisions on behalf of the village residents. A village organization must be acceptable to all of the village residents before it can be officially recognized by the State. A formal petitioning process with publication and comment period are used to establish the AVE in each village. Objection by one resident can veto the organization's application for recognition. Where no AVE exists, decisions are made by a majority vote in a village public meeting.

The regulations under which the State, Municipal Lands Trustee operates, allow for community use and expansion in unincorporated communities. The program also provides for land disposals only with the consent of the AVE or majority vote whichever is applicable. This program also provides valuable technical assistance to unincorporated communities. Therefore, although the general response was not favorable to conveying land to the State, we feel this option should be available to the villages.

AMEND REGULATIONS TO REQUIRE UNINCORPORATED VILLAGES WITH NO FORM OF LOCAL GOVERNMENT TO INITIATE A PUBLIC PURPOSE PROJECT WITHIN ONE YEAR OF THE DATE OF FINAL RULEMAKING OR THE FUNDS WILL BE RETURNED TO THE GENERAL TREASURY OF THE UNITED STATES

Rationale: Two non-native villages (Salchaker and Birch Lake) have held public sales in past years which have generated a significant amount of revenue for those villages. Currently, the money must be spent on a public purpose project because there is no municipality to which the funds can be transferred. All land in these two villages has been deeded by the Trustee. Neither village has any form of local government and there has been no interest in pursuing a public project for many years. This change would provide a means for closing these townsites.

AMEND REGULATIONS TO TRANSFER THE FUNCTION OF ISSUING UNRESTRICTED DEEDS TO THE BUREAU OF INDIAN AFFAIRS ONLY AFTER AN INITIAL RESTRICTED DEED HAS BEEN ISSUED

Rationale: After a restricted deed is issued, the Bureau of Indian Affairs administers the deed for the applicant. Current regulations require the Trustee to handle the flow of paperwork for a subsequent unrestricted deed application, but the determination of competency is made by BIA. This change would ease the confusion for the applicant who now must deal with two agencies. It is also logical from the standpoint that the trust relationship exists between BIA and the applicant after the restricted deed is issued and not between the Trustee and the applicant. The Trustee must continue to process applications for unrestricted deeds where no restricted deed has previously been issued.

F. FEBRUARY 15, 1987 - A total of eight responses were received from the public on the Draft Report of Findings and Recommendations. Six written responses were received from the villages of Port Graham, Egegik, Twin Hills and Ugashik, Tanana Chiefs Conference, representing 10 villages and the State of Alaska, DCRA. Two oral responses were received from Bristol Bay Native Corporation and Chugach Alaska Regional Corporation. The following comments were made:

PUBLIC SALE OF LOTS

The four villages did not comment on this option, as their earlier views were clearly opposed to public sales. The Tanana Chiefs Conference was generally opposed to public sales because of lack of local control, possible land rushes, no preference rights for current occupants, and cash payments which

would exclude many natives from the bidding process. They did not object to sales if village concurrence was a requirement and as the closeout plan option was also available to the villages.

The State of Alaska, DCRA and Chugach Alaska Regional Corporation approved of this recommendation.

PROPOSE LEGISLATION TO VALIDATE ESTABLISHED OCCUPANCY ON OR BEFORE ENACTMENT OF THE LAW

Ugashik, Twin Hills, Chugach Alaska Regional Corporation and the DCRA approved of this recommendation. Egegik and Port Graham did not comment but approved of the option in their earlier comments.

Tanana Chiefs Conference approved the recommendation but felt the vesting date should be the date of a field investigation rather than date of legislation to avoid possible land rushes. They also suggested a private bill for the relief all individuals identified in the field investigation. This method would "effect a quick and final settlement by eliminating the adjudication process and possible litigation."

AMEND THE REGULATIONS TO REQUIRE THE TRUSTEE TO HOLD A PUBLIC HEARING IN EACH VILLAGE TO PREPARE A CLOSEOUT PLAN

The villages were generally in favor of this recommendation. Twin Hills, however, felt that no lands within their townsite should be conveyed to other entities for public projects because the State and village corporations already had enough land.

The DCRA again stated that the federal government must make a determination on the eligibility of a traditional village council to hold title to and dispose of land prior to implementation of this recommendation. To provide for public purpose protections, it was suggested that land not deeded for residential purposes, be deeded with the restriction that it be used only for public purposes.

The Tanana Chiefs Conference suggested a three-part process to implement the closeout plan.

1. Conduct an informational hearing and field investigation for the purpose of determining preference for disposal of vacant lands, identification of current occupants of undeeded, improved lands and to identify existing and proposed public purpose projects.

2. Develop a closeout plan with the village.

3. Conduct a final hearing to adopt the closeout plan.

The Tanana Chiefs Conference opposed conveyance of land to the MLT because it involved more bureaucratic control in the villages and declining State revenues would limit the effectiveness of the program.

AMEND REGULATIONS TO REQUIRE VILLAGES TO INITIATE A PUBLIC PURPOSE PROJECT WITHIN ONE YEAR OF FINAL RULEMAKING OR TOWNSITE FUNDS WOULD BE RETURNED TO THE GENERAL TREASURY OF THE UNITED STATES

Tanana Chiefs Conference approved of this recommendation but felt that a public purpose project could also be an application for funds by the village. No other comments were received.

AMEND REGULATIONS TO TRANSFER FUNCTION OF ISSUING UNRESTRICTED DEEDS TO THE BUREAU OF INDIAN AFFAIRS ONLY AFTER AN INITIAL RESTRICTED DEED HAS BEEN ISSUED

Tanana Chiefs supported this recommendation which streamlines the application and deeding process. No other comments were received.

IV. FINAL RECOMMENDATIONS

Although few responses were received on this report, many of the participants have expressed their views on our earlier questionnaire. As our draft recommendations took most of their concerns into account, we feel that their comments are not likely to change at this point.

1. RETAIN OPTION FOR PUBLIC SALE OF LOTS

Discussion: Although general opposition was expressed toward public sales, this regulation is not detrimental to the villages as concurrence from the village is required prior to conducting a sale. As previously mentioned the non-native village of Hyder has expressed an interest in holding another public sale. Therefore, this regulation should be retained.

2. PREPARE CLOSEOUT PLANS IN EACH VILLAGE

Discussion: Plans should include:

a) Identification of current occupants of undeeded, improved lands (Legislation would be required to validate these entries.)

b) Identification of existing and proposed public purpose projects and entities to which deeds would issue.

c) Determination of village preference for deeding remaining vacant lands to a local entity or the State, MLI. (Regulatory amendments would be needed to implement this recommendation)

3. RE-ENACT TOWNSITE LAWS

Discussion: If local entities cannot hold title to and dispose of vacant townsite land, another alternative would be to re-enact the townsite laws to continue administration of these townsites. While this is not the preferred alternative of the villages or from the standpoint of phasing out the townsite program, it does provide a method for resolving the townsite issues of unauthorized occupancy and continued residential and community development.

If this alternative were to be implemented, the legislation should validate the existing unauthorized occupancy and provide authority for future entries upon approval from the recognized "appropriate village entity" or where none exists, through approval by a majority vote of the residents at a village meeting. This would allow maximum participation by the villages in the planning and development of their communities.

The trust responsibility could be accomplished several ways for the 29 villages.

- 1) Retain one Federal trustee for all villages
- 2) Appoint two contractor trustees (Tanana Chiefs Conference for Northern Alaska and Bristol Bay Native Association for Southern Alaska)
- 3) Appoint two contractor trustees (Tanana Chiefs Conference for the Doyon Region (10 villages) and Bristol Bay Native Association for the Bristol Bay Region (8 villages) and retain one federal trustee for the remaining 11 villages.

4. AMEND REGULATIONS TO REQUIRE VILLAGES WHICH HAVE NO FORM OF LOCAL GOVERNMENT TO INITIATE A PUBLIC PURPOSE PROJECT WITHIN ONE YEAR OF THE FINAL RULEMAKING OR FUNDS WILL BE RETURNED TO THE GENERAL TREASURY OF THE UNITED STATES

Discussion: This amendment is needed to closeout townsites where all land has been deeded and no public project has been pursued in many years. This amendment should apply only to villages which have no land held in trust. In all other villages projects could possibly be initiated up to the date of the last land transfer by the Trustee. If local entities were determined eligible to receive title to the vacant land, the townsite funds, if any, would be transferred to that entity.

5. AMEND REGULATIONS TO TRANSFER THE FUNCTION OF ISSUING UNRESTRICTED DEEDS TO THE BUREAU OF INDIAN AFFAIRS ONLY AFTER AN INITIAL RESTRICTED DEED HAS BEEN ISSUED

Discussion: This amendment is needed to streamline the deeding process and ease the confusion for the applicant who must deal with two agencies at present. The Trustee must continue to process applications for unrestricted deeds where no restricted deed has been previously issued.

UNINCORPORATED TOWNSITES

REGION	VILLAGE	UNDEEDED VALID CLAIMS	ACRES	UNAUTH OCCUPANTS	ACRES	YACANT PARCELS	ACRES	AYE DESIGNATED
AHTNA	GULKANA	0	0	3	2.07	38	26.3	NO
	MENTASTA	6	5.83	4	1.68	19	24.9	YES
ALEUT	NIKOLSKI	32	9.05	0	0	8	7.01	NO
BRISTOL	CHIGNIK LAGOON	5	2.03	7	6.73	44	91.1	YES
BAY	CHIGNIK LAKE	10	2.73	21	6.05	48	10.8	YES
	EGEGIK	8	4.02	4	2.08	4	91.8	YES
		11	2.4	14	5.41	28	23.3	
	LEVELOK	0	0	3	3.13	28	61.2	YES
	PERRYVILLE	5	1.91	1	0.4	1	0.26	YES
		37	11	10	8.51	50	39.5	
	SOUTH NAKN'K	34	32.9	23	17.8	30	61	YES
	TWIN HILLS	5	0.99	11	3.45	62	115	YES
	UGASHIK	2	4.22	1	1	23	74.1	YES
CALISTA	STONEY RIVER	5	2.11	11	4.76	34	28.5	NO
CHUGACH	ENGLISH BAY	1	0.27	10	4.07	27	77.9	YES
	PORT GRAHAM	0	0	16	7.73	22	292	YES
DOYON	BEAYER	6	1.95	16	5.9	18	13.2	YES
	BIRCH CREEK	2	0.59	1	0.29	20	9.82	YES
	CANYON VILLAGE	3	2.98	0	0	29	17	NO
	CHALKITSIK	12	3.58	8	2.59	17	4.17	YES
	CIRCLE	0	0	2	2.5	2	5.58	NO
	EAGLE VILLAGE	6	2.12	1	0.29	23	9.81	YES
	NORTHWAY	5	2.02	12	8.81	12	11.9	YES
	RAMPART	8	1.6	9	3.83	41	56.8	YES
	STEVENS VILLAGE	17	5.63	13	14	32	353	YES
	TANACROSS	8	2.08	0	0	25	5.93	YES
NANA	NOATAK	24	5.35	20	4.55	31	11.6	NO
SEALASKA	HYDER	0	0	8	2.8	67	92.6	NON NATIVE NO
TOTALS		252	107	229	120	783	1617	



CENTRAL COUNCIL
 Tlingit and Haida Indian Tribes of Alaska
EXECUTIVE COMMITTEE, 1986 - 1988

17 1987

March 13, 1987

Honorable Heinrich Springer
 Chairman, House Community & Regional
 Affairs Committee
 House of Representatives
 State of Alaska
 Pouch V
 Juneau, AK 99811

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Dear Representative Springer:

House Bill No. 176 has come to our attention. The bill authorizes the Department of Community and Regional Affairs to accept, in trust, land conveyed by the federal townsite trustee. The bill is an amendment to existing legislation which authorizes village corporations to convey land to be held in trust by the State.

On the surface, the bill would seem to improve existing conditions with the Alaska Native Townsites. A memorandum dated December 31, 1986 to Doug Griffin from R.M. Elliott describes and analyzes the potential benefits of the proposed bill. But it does not address the potential removal of the Alaska Native Townsite legislation.

The Alaska Native Townsite Act of 1927 was an attempt by the Congress to assist Alaska Native villages in getting economic development assistance. The Bureau of Land Management in the Department of Interior was charged with the responsibility of surveying the townsites. Those communities that were eventually surveyed became eligible to receive federal funds as recognized Indian communities. In the early and mid 1970's, several Alaskan communities received grants for community buildings from the Economic Development Administration solely because they were recognized under the Alaska Native Townsite Act. In this context, the Act has been good for Alaska.

On the other hand, there have been accusations of abuse and even misrepresentation of authority by the federal townsite trustee. Grievances have been levied by several communities

Honorable Henrich Springer - 2 -

March 13, 1987

throughout Alaska regarding the practices of the federal townsite trustee. Whether or not the grievances have merit, a climate of distrust exists regarding the management of federal townsites.

Therefore, it is our hope and request that hearings can be held regarding this legislation. Additionally, we ask that village representatives have ample opportunity to examine and modify, if necessary, the proposed bill. This may delay early passage, but we feel it is important to thoroughly examine the consequences.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edward K. Thomas", with a horizontal line extending to the right.

Edward K. Thomas
President

EKT:ld

Attachment

MEMORANDUM

State of Alaska
Community and Regional Affairs

TO: Doug Griffin
Deputy Director

DATE: December 31, 1986

FILE NO.: 2097E/RME/jbm

THRU: TELEPHONE NO.: (907) 561-8182

FROM: R. M. Elliott
Program Manager
Municipal Lands Trustee Program
Municipal and Regional Assistance
Division

SUBJECT: Townsite Legislation
Amendment to
AS 44.47.150

What the Proposed Legislation Does

The proposed legislation merely amends AS 44.47.150 to provide the Commissioner of the Department of Community and Regional Affairs the authority to accept land from the federal townsite trustee. The Commissioner, under the existing statute, may only accept land from a Native village corporation under Section 14(c)(3) of the Alaska Native Claims Settlement Act (ANCSA). The legislation also provides that any land accepted from the federal townsite trustee will be counted towards the appropriate village corporation's ANCSA 14(c)(3) obligation.

Why the Legislation is Needed

There are 25 ANCSA villages with federal townsites which are not incorporated under Alaska State law.

The townsite trustee, under present laws and regulations, can deed land to incorporated municipalities. However, in the unincorporated villages there is no local entity to which land can be deeded. The federal townsite trustee may deed land to a State agency for public purposes. The proposed legislation would merely give the Commissioner of the Department of Community and Regional Affairs the authority to accept and to administer such land in the same manner as land which is reconveyed under Section 14(c)(3) of ANCSA. It is important to note that transfers of this nature may be made only with the approval of the village council. Such approval is required by federal regulation.

Secondly, the federal townsite trustee is presently examining ways of ending its administration of the remaining townsite land in the unincorporated villages. It is certainly possible that the administration of the remaining townsite land could be folded

Doug Griffin
RE: FEDERAL TOWNSITE LEGISLATION
December 31, 1986
Page Two

in to the existing State program. The State already has the responsibility to accept and manage land which has or will be reconveyed for community use and expansion under Section 14(c)(3) of ANCSA. The final resolution of the federal townsite problem remains to be seen, but this legislation would allow the transfer of federal townsite land to the State to hold for a future municipal corporation to be considered as a viable option.

Who benefits from the Legislation

The village residents benefit because it will provide a mechanism for the transfer of land for public purpose projects. In some cases, it may not be possible to obtain site control for projects in any other manner under existing federal law and regulations. Land for residential expansion could also be accepted if federal legislation were to permit such action.

Native village corporations would benefit in that any land deeded to the State under this provision would count towards the Section 14(c)(3) obligation. Therefore, village corporations may not have to reconvey as much land as would have otherwise been necessary.

Summary

The proposed legislation merely provides an option to help resolve some of the problems with federal townsite villages. The legislation does not require the deeding of any land to the State. However, it does give the State, through the Department of Community and Regional Affairs, the authority to accept land if it is determined to be a feasible option in any of the effected villages.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

② HB 176 No.1

Bill Version: HB 176
Publish Date: 3/11/87

REQUEST

Bill/Resolution No. : _____
 Title : An Act authorizing DCRA to accept
in trust, land conveyed by the federal
townsite trustee
 Sponsor : Rules/Governor
 Requestor : Governor
 Date of Request : 11/21/86

FISCAL DETAIL

Agency Affected : Community & Regional Affairs
 BRU : Rural Development

 Components : Municipal Lands Trustee

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-		
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Doug Griffin, Deputy Director
 Division : Municipal & Regional Assistance

Phone : 465-4750
 Date : 11/21/86

Approved by Commissioner : Jell Smith
 Agency : Community & Regional Affairs

Date : 11/20/86

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION

FISCAL NOTE

Bill Version: HB 176

Publish Date: 3/11/87

REQUEST

Bill/Resolution No. : _____

Title : Federal townsites

Sponsor : _____

Requestor : _____

Date of Request : _____

FISCAL DETAIL

Agency Affected : Natural Resources

BRU : Land and Water

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

No fiscal impact

Prepared by: Ned Farguhar

Phone: 465-2400

Division: Commissioner's Office

Date: 11/24/86

Approved by Commissioner: Armi D. Arnold, Deputy

Date: 11/24/86

Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 9, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill expressly authorizing acceptance by the Department of Community and Regional Affairs of federal townsite trust land conveyed by the townsite trustee of the U.S. Department of the Interior.

Under 43 U.S.C. secs. 732 and 733 -- 736, the federal townsite trustee administers land in villages with federal townsites. Under federal regulations, the trustee may convey the land to state or federal agencies or local governments for public uses. The Department of the Interior has been interested in ending its administration of the remaining townsite lots and has expressed interest in having the state assume some of the trustee duties.

The state already acts as trustee for some land in unincorporated communities, under sec. 14(c)(3) of the Alaska Native Claims Settlement Act (43 U.S.C. 1613(c)(3)). That section requires each village corporation to convey certain acreage to municipalities or to the state in trust for future municipalities. In 25 of the unincorporated ANCSA villages there are federal townsites. In many of those federal townsites, vacant land could be used for community purposes, but without a municipality there may be no entity to which the federal trustee can deed land for community purposes. Under this bill, land could be deeded to the state to administer for community purposes.

Since the state would be accepting only vacant and unappropriated land or land that is already being used for public purposes, it would be administering the land together with sec. 14(c)(3) land received from village corporations. Therefore, there should be no additional costs or burdens on the Department of Community and Regional Affairs. Townsite land administration would be subject to the same accounting and administration requirements as now apply to sec. 14(c)(3) land under AS 44.47.150(b) -- (g).

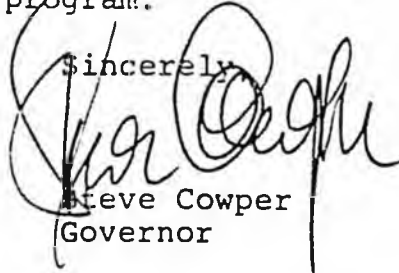
The bill also makes several stylistic and technical clean-up amendments.

Hon. Ben Grussendorf

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In short, this bill will enable the state to make available for community uses vacant federal townsite land that is now unused under the federal townsite program.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name.

Steve Cowper
Governor