

ALASKA

LEGISLATURE

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1991-1992

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HOUSE

RESOURCES

Confirm.

H. Heinze

DNR Comm.

4-16-91

TELECOPY COVER SHEET

Fairbanks Legislative Information Office

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TO: Jim W FAX: — PHONE: —

FROM: Bob W PHONE: 452-4448

INSTRUCTIONS: _____

Written Testimony for House Resources
Tele 91-04-135. Please disseminate to all

RECEIVED: Date _____ Time _____

SENT: Date 5-7-91 Time 5:03

DISPOSAL OF ORIGINAL: Discard _____ Hold for Pickup P

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SENT BY: Christ Shields

*omit members
the original
will follow
in the next Jim
pouch*



Alaska State Legislature

Please enter into the record my testimony to the House Resources Committee
committee name.

committee on HEINZE CONFIRMATION, dated 5/7/91
bill/subject

Mr. Heinze's opening remarks to the House Resources Committee mention his 20 year history in resource development; my concerns about his confirmation surround exactly this point. I don't believe a former Area Executive possesses sufficient neutrality to make balanced decisions on the disposition and/or protection of the resources of the state. The "maximum benefit for all" Mr. Heinze mentioned in a previous testimony to the Senate, should also take into account the concerns of the conservative Alaskans who feel that the conservation of Alaska's natural resources are as important as the prudent development of those resources. I have little faith that "environmentally sensitive" development I've heard so much about would be a genuine concern for the DWP under Mr. Heinze's leadership.

In light of these concerns I respectfully request that Mr. Heinze's confirmation be denied.

Signed: Linda Brown (LINDA BROWN)
Testifier

Representing (Optional)
108 Cornelis Lane / Fairbanks, AK 99709
Address
474-8461
Phone No.

TELECOPY COVER SHEET

Fairbanks Legislative Information Office

Office - (907) 452-4448

Fax - (907) 456-3346

TO: Gov HATHRES FAX: — PHONE: —

FROM: Box LD PHONE: 452-4448

INSTRUCTIONS: Article read by Rex Blazer during tele 91-04-135 / House Resources - Confirmation of Harold Heingz. (Requested by Committee during testimony)

RECEIVED: Date _____ Time _____

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

Confirmation Packet
Commissioner Designee
Department of Natural Resources
Harold Heinze

17th Alaska Legislature
House Resources Committee
May 7, 1991

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I. Resume

HAROLD C. HEINZE

Background and Experience

Born on November 6, 1942 in Flushing, New York.

Attended public elementary school in Flushing, New York and Wantagh, New York.

Graduated from Wantagh High School in 1960 with a New York Regents Diploma. Awarded Bausch and Lomb Science Medal.

Worked as office boy/clerk for Reliable Reporting Service (Rockville Center, New York) during high school and first summer of college.

Attended the Colorado School of Mines (Golden, Colorado) during 1960-1964, and graduated with High Honors in receiving a B.S. in Petroleum Engineering.

Student Body President and a member of several campus organizations including Blue Key (Leadership), Tau Beta Pi (Academic Honorary), Sigma Gamma Epsilon (Earth Science Honorary), BARBS (non-fraternity students), and Alpha Phi Omega (Service). Outstanding Military Science student award all four years in the course of completing Army Engineer ROTC.

Commissioned as 2nd Lt. in U.S. Army Corps of Engineers Reserves following summer camp in 1964.

Employed during college at CSM as a research assistant (at \$1/hr.) doing computer programming (1961-1963).

Worked summers for: Atlantic Refining Co. (1962) in Casper, Wyoming, field production office; Atlantic Refining Co. (1963) in Dallas, Texas, staff headquarters; and Esso Production Research (1964) as a research assistant.

Attended the University of Tulsa for two semesters in 1964-65 in the M.S. Program for Petroleum Engineering. After finishing course work (and getting married), left graduate school without completing thesis.

Joined Atlantic Refining Co. in summer of 1965 as a Junior Engineer in Lafayette, Louisiana, working on reservoir mapping of local salt dome oil fields.

Entered two years active duty in the U.S. Army in September, 1965. Graduated first in class of three month Engineer Officer Basic Training at Fort Belvoir, Virginia. Served as instructor in pipeline construction, building construction, and water purification during remainder of tour at Fort

Belvoir Engineer School. Left active duty as a 1st Lt. in September, 1967. Resigned commission upon completion of military obligation in the early '70's.

1967-1969: Rejoined Atlantic Richfield Co. as a Junior Engineer in Midland, Texas, working on production and reservoir engineering issues of Andrews County Waterflood projects.

1969-1972: Engineer with Alaska District of Arco's North American Producing Division (Anchorage), working on reservoir engineering issues of Prudhoe Bay. One of two engineers doing Arco bid evaluation for September, 1969, lease sale (\$900MM!).

Homeowner in Oceanview, Anchorage.

1972-1973: During TAPS construction freeze, worked in the staff Reservoir Engineering Group (Arco) in Dallas doing consulting on reservoir simulation work in West Texas and Louisiana.

1973-1976: Reservoir Engineer and District Reservoir Engineer for Arco in Anchorage, working on Prudhoe Bay reservoir simulation, unitization, and production facility design.

Homeowner in College Gate, Anchorage.

1976-1979: Engineering Manager for Arco in Anchorage. Served as staff chief during Prudhoe Bay Unit negotiations. Responsible for production and reservoir engineering functions during Prudhoe Bay Field startup.

1979-1981: In Los Angeles headquarters headed the upstream group of Arco's Corporate Planning doing staff work in support of senior management.

1981-1982: In Dallas, Texas, served as Planning Manager for Arco Oil and Gas Co. doing headquarters staff work.

1982-1983: Mid-continent District Manager in Tulsa, Oklahoma, responsible for Arco's oil and gas business activities in North Texas, Oklahoma, Kansas, and Arkansas. Vice-President of Atlantic Richfield. Taught economics in local junior high school as part of Junior Achievement Project Business.

1983-1987: As President of Arco Alaska Inc. in Anchorage, responsible for production activities in Alaska. Senior Vice-President of Atlantic Richfield.

Homeowner in Huntington Park, Anchorage and 10-acre recreation lot in Talkeetna.

Various community involvements included: Board and Executive Committee of Anchorage Chamber of Commerce; Board of Alaska Pacific University's Center for Entrepreneurship; Board and Executive Committee of Alaska Oil and Gas Association; Board and Loan Committee of United Bank Alaska; Board of Providence Hospital Foundation; Board of Junior Achievement; and Board of Commonwealth North.

Special projects included: Co-Chair of the Alaska State Chamber of Commerce's Commission on Strategic Planning for the 1990's; Chair of the Challenge of Leadership Committee of Compass North; and Chair of the 1985 Anchorage United Way Campaign.

Board member of the Foundation for Research on Economics and the Environment (FREE) with headquarters in Bozeman, Montana and Seattle, Washington.

1987-1990: As President of Arco Transportation Co. in Long Beach, California, responsible for pipeline and tanker activities. TAPS owner representative for Arco pipeline.

Various community involvements included: Board and Executive Committee of Long Beach Area Chamber of Commerce; Founder and Co-Chair of the Bottomline (a non-profit) -- Childcare Solutions for Business; and member of the California Joint Select Task Force on the Changing Family (appointed by Assembly Speaker Willie Brown).

Summer of 1990: Announcement of decision to leave Atlantic Richfield and pursue other opportunities.

II. Committee Letter to Mr. Heinze

STATE OF ALASKA
House of Representatives
District 27

Representative Cliff Davidson
Chairman
House Resources Committee



Box V, Juneau, AK 99811
(907) 465-2487
Box 746, Kodiak, AK 99615
(907) 486-8250

2 April 1991

Harold Heinz, Commissioner
Alaska Department of Natural Resources
400 Willoughby Avenue
Juneau, AK 99801

Dear Commissioner Heinz,

Congratulations on your appointment to the job of Commissioner of the Department of Natural Resources. I wish you the best of luck in managing this very important department.

As you know, the House Resources Committee has scheduled an April 16th committee hearing to review your appointment prior to your confirmation by the Legislature. I would like to extend any assistance we can to you as you prepare for these hearings. I encourage you to provide us with any additional material that you feel may be of help to the Committee.

I anticipate that your confirmation hearing before the Committee will take approximately two hours. You will be allowed to make an opening statement after which committee members or other legislators will ask questions. Following that, interest groups and members of the public will be invited to testify. In fairness, you will be allowed summary comments after the public hearing.

At this time, I would like to request that you provide to the Committee, in writing, prior to the hearing, two items. First, the Committee would appreciate receiving from you, a more detailed resume than the sketchy document provided by the Governor's office. I am sure you understand that Committee members with little knowledge of your background will be interested in your experience and training.

Also, you should be able to discuss any changes you have planned for the organization of the department, including any written organizational chart.

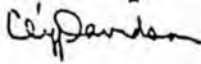
Second, it is my understanding that the Governor has requested, in writing, that each commissioner make themselves available to consult with an informal "advisory" group of individuals selected by the Governor.

Please provide the Committee with any correspondence between the Department and the Governor or his assistants concerning such an advisory group. Also, please provide a list of any individuals you may have been directed by the Governor or his assistants, verbally or in writing, to consult with in your capacity as Commissioner.

We would appreciate receiving any materials at least 48 hours before the hearing. If you do bring new materials to the hearing, it would be helpful to the Committee if you could provide at least 40 copies.

Again, congratulations on your appointment and I look forward to discussing the future of your department with you next week. With best regards,

Cordially,



Representative Cliff Davidson, Chairman
House Resources Committee

cc: House Resources Committee Members

III. APOC Report

Wise Guys

We're out to destroy the environmental movement once and for all," says Ron Arnold, explaining why he and partner Alan Gottlieb, at the Center for the Defense of Free Enterprise in Bellevue, Washington, launched the so-called Wise Use movement two years ago. The Gottlieb-edited *Wise Use Agenda* lists more than 222 sympathetic groups, from James Watt's Mountain States Legal Foundation to the Motorcycle Industry Council to Exxon Co. USA. It calls for immediate logging of old-growth forests; opening all public lands, including national parks, to mining and drilling; lifting protection for such "non-adaptive species as the California condor"; and expanding national-park concessions under private firms "such as Walt Disney."

"We're out to destroy the environmental movement."

Six Republican senators have written a letter on congressional letterhead to Interior Secretary Manuel Lujan, Jr., and 120 other "opinion leaders" to promote the Our Land Society, a Wise Use group in Idaho. "Advocates of environmental paranoia, locked-up resources, and costly regulation have never lacked a forum for their views . . . and this imbalance must be corrected," reads the letter signed by Senators Steve Symms and James McClure of Idaho; Conrad Burns of Montana; Strom Thurmond of South Carolina; Jesse Helms of North Carolina; and Ted Stevens of Alaska. Turner Broadcasting System felt the Wise Use sting in late 1989, when a well-organized boycott caused all the advertisers on the *World of Audubon* documentary "Rage Over Trees" to yank their ads at the last minute. Arnold takes credit. It seems God is a wise user, too. Ed A. Wright, with input from Yamaha, Honda, and Kawasaki, edits the newsletter of the Blue Ribbon Coalition, an association of sixty-three motorized-vehicle clubs and businesses. Wright traces his "preservationist" foes to John Muir, "who believed the earth is a temple in a spiritual, pantheistic sense, like the Druids. Where the Sierra Club . . . starts mixing in weird science and earth religions, that's where I say enough is enough." —Margaret L. Knax

Mother Jones
1/91



The environmental press with Gottlieb.

Photograph by Ursula Zeidler
(Narberg-Hodge)

ALASKA PUBLIC OFFICES COMMISSION
1990 CONFLICT OF INTEREST STATEMENT

RECEIVED
JAN 07 1991

APOC-IND

(P.M. H.C.)

12-31-90

IMPORTANT
INFORMATION ABOUT HOW TO COMPLETE THIS REPORT

1. This report is for the preceding calendar year, so include only information about financial interests held during January - December 1989.
2. You must show both your own financial interests and the interests held by your spouse, dependent children and nondependent children residing with you during the preceding calendar year.
3. This statement is required under AS 39.50, so it is important that it be accurate.
4. If you have any questions or need help completing the form, refer to the instruction manual. If you still need help, call APOC at 276-4176.

BACKGROUND INFORMATION:

HAROLD C. HEINZE
NAME

COMMISSIONER DEPT OF NATURAL RESOURCES
OCCUPATION

400 WILLOUGHBY AVE JUNEAU ALASKA 99801
MAILING ADDRESS street city state zip

OFFICE SOUGHT OR HELD (CHECK ONE):

STATE

MUNICIPAL

OFFICE:

TITLE:

COMMISSIONER - DEPT OF NATURAL RESOURCES

TERM OF OFFICE:

from 12/3/90 to _____

TYPE OF STATEMENT (CHECK ONE):

CANDIDATE STATEMENT

Must be filed no later than the final filing date for your declaration of candidacy.

INITIAL STATEMENT

For newly appointed state and municipal officials.

ANNUAL STATEMENT

Must be filed by April 15.

FAMILY MEMBER INFORMATION (list names):

Spouse: VICTORIA M. Dependent Children: HAROLD A.

Nondependent children, living with reporting official: _____

THE FOLLOWING SUMMARY MUST BE COMPLETED BY ALL FILERS
DO NOT COMPLETE THIS SUMMARY PAGE UNTIL YOU HAVE
COMPLETED ALL SCHEDULES.

SUMMARY OF SCHEDULES

Check one box for each schedule:

	SCHEDULE COMPLETED AND ATTACHED	NO REPORTABLE INTERESTS-- SCHEDULE LEFT BLANK
SCHEDULE A SOURCES OF INCOME	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<hr/>		
SCHEDULE B BUSINESS AND REAL PROPERTY INTERESTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<hr/>		
SCHEDULE C BENEFICIAL INTERESTS, LOANS, GOVERNMENTAL CONTRACTS AND NATURAL RESOURCE LEASES	<input checked="" type="checkbox"/>	<input type="checkbox"/>

CERTIFICATION

I, the undersigned, certify under penalty of perjury that the information in this Statement is, to the best of my knowledge, true, correct and complete. By statute, a person who makes a false sworn certification which s/he does not believe to be true is guilty of perjury.

Harold C. Fleming
SIGNATURE

12/29/90
DATE

Forward Statements as follows:

STATE OFFICIALS

STATE OF ALASKA
PUBLIC OFFICES COMMISSION
221 E. NORTHERN LIGHTS. #125
ANCHORAGE, AK 99508
Telephone (907) 276-4176
FAX (907) 276-7016

STATE OF ALASKA
PUBLIC OFFICES COMMISSION
P.O. BOX CO
JUNEAU, AK 99811
Telephone (907) 465-4864

MUNICIPAL OFFICIALS

THE LOCAL CITY OR BOROUGH CLERK
IN THE JURISDICTION IN WHICH
YOU HOLD OFFICE.

NAME HAROLD C HEINZE

SCHEDULE A
SOURCES OF INCOME OVER \$100
(ACTUAL MONETARY AMOUNTS NOT REQUIRED)

SALARIED EMPLOYMENT

NAME OF OFFICIAL, SPOUSE
OR CHILD:

EMPLOYER:

HAROLD C HEINZE

ATLANTIC RICHFIELD Co

HAROLD A HEINZE

HARVEY MUDD COLLEGE

SELF EMPLOYMENT

Includes: (1) sole proprietorships; (2) all partnerships; (3) all professional corporations; and (4) corporations in which a controlling interest is held. If you check nonretail, you MUST list all clients or customers by name.

BUSINESS NAME, TYPE
AND ADDRESS:

NAMES OF CLIENTS OR CUSTOMERS:

1. _____

RETAIL NONRETAIL

2. _____

RETAIL NONRETAIL

3. _____

RETAIL NONRETAIL

(CONTINUE ANY SECTION ON BLANK PAPER)

SCHEDULE A CONTINUED

RENTAL INCOME

Includes all income over \$100 derived from real property rentals.
List managing agent (if any) and all tenants by name.

OWNER:

TENANTS:

DIVIDENDS AND INTEREST

RECIPIENT:

SOURCE:

HAROLD C HEINZE
HAROLD C + VICTORIA M HEINZE
" " "
" " "

MIDLAND ATLANTIC FEDERAL CREDIT UNION
FIRST INTERSTATE BANK OF CALIF
SANWA BANK CALIFORNIA
T-BILLS through FIRST INTERSTATE

(CONTINUED)

OTHER INCOME

Includes gifts, honoraria, income from the sale of real property, retirement, campaign funds taken as personal income, social security and other income over \$100.

RECIPIENT:

SOURCE AND TYPE OF INCOME:

HAROLD A. HEINZE
" " "

HOSPITAL of the Good Samaritan, Los Angeles
UNIV OF IOWA, Biomedical Dept, ^{TEACHING} ASSIST

(CONTINUE ANY SECTION ON BLANK PAPER)

Schedule A (CONTINUED)

HAROLD C HEINZE

DIVIDENDS + INTEREST

HAROLD C HEINZE	ARCO Executive SUPPLEMENTARY SAVIN
" " "	ARCO Capital E S O P
HAROLD C + VICTORIA M HEINZE	FIDELITY FUNDS
	- Cash Reserves
	- Select Money Mkt Port
	- Fixed Income
	- US Gov't Reserves
	- Equity Income
VICTORIA M HEINZE	JEFFERSON - PILOT LIFE INS CO
" " "	NEW YORK LIFE INS CO
HAROLD C + VICTORIA M HEINZE	FRANKLIN CALIFORNIA TAX-FREE
	INCOME FUND
" " "	USAA CALIFORNIA BOND FUND
" " "	" " MONEY MKT FUND
" " "	ALPINE CAPITAL MGMT CORP
HAROLD C HEINZE	ARCO Employee Savings Program
HAROLD A HEINZE	FIRST INTERSTATE BANK OF CALIF
HAROLD C HEINZE	FIRST NATIONAL BANK OF
	ANCHORAGE
HAROLD C + VICTORIA M HEINZE	FIRST INTERSTATE BANK OF WASHINGT

JAN 07 1991

Name HAROLD C HEINZE

SCHEDULE B
BUSINESS AND REAL PROPERTY INTERESTS

BUSINESS INTERESTS

Includes all interests even if they were not a source of income.
List ownership interests as a stockholder, owner, officer, partner, or employee.

Name of official, spouse or children

HAROLD C HEINZE

Name of Business

Address

ATLANTIC RICHFIELD CO 515 S. FLOWER ST, LA, CA

Nature of Interest

CORPORATE OFFICER, STOCKHOLDER, HOLDER OF STOCK OPTI.

General description of business activity

HYDROCARBON EXPLORATION, PRODUCTION, TRANSPORTATION, MANUFACTURING
AND MARKETING

Name of official, spouse or children

HAROLD A HEINZE

Name of Business

Address

ATLANTIC RICHFIELD CO AS ABOVE

Nature of Interest

STOCKHOLDER

General description of business activity

AS ABOVE

Name of official, spouse or children

VICTORIA M HEINZE

Name of Business

Address

LONG BEACH SYMPHONY GUILD 555 EAST OCEAN BLVD

Nature of Interest

LONG BEACH, CALIF

FINANCIAL SECRETARY

General description of business activity

SUPPORT OF LONG BEACH SYMPHONY

(CONTINUED) (CONTINUE ANY SECTION ON BLANK PAPER)

REAL PROPERTY INTERESTS

MUST include a street address or actual legal description.
Does not include property held through limited partnerships.
List limited partnerships on page 7.

Name of official, spouse or children

HAROLD C + VICTORIA M HEINZE

Street address or legal description

972 VIA RINCON, PALOS VERDES ESTATES, CALIF

Nature of interest (for example, option to buy, ownership, leasehold)

OWNERSHIP W/ MORTGAGE

Current use (for example, vacant, residence, recreational)

RESIDENCE

Name of official, spouse or children

HAROLD C + VICTORIA M HEINZE

Street address or legal description

2605 127th AVE NE, BELLEVUE, WASH

Nature of interest (for example, option to buy, ownership, leasehold)

OWNERSHIP W/ MORTGAGE

Current use (for example, vacant, residence, recreational)

RESIDENCE

Name of official, spouse or children

HAROLD C + VICTORIA M HEINZE

Street address or legal description

N 1/2 S 1/2 SE 1/4 NE 1/4 SECTION 15 T24N R4W

Nature of interest (for example, option to buy, ownership, leasehold)

SEWARD MERIDIAN

OWNERSHIP

Current use (for example, vacant, residence, recreational)

RECREATIONAL

SCHEDULE B (CONTINUED)

HAROLD C HEINZ

HAROLD C HEINZE

FREE

4225 ROOSEVELT WAY, NE, SEATTLE, WA

DIRECTOR

Non-Profit FOUNDATION FOR RESEARCH ON ECONOMICS & ENVIRONMENT

HAROLD C HEINZE

The BOTTOMLINE

300 OCEANGATE, LONG BEACH, CA

Co-CHAIR

Non-Profit CHILD CARE SOLUTIONS THAT MAKE BUSINESS SENSE

HAROLD C HEINZE

LONG BEACH AREA CHAMBER OF COMMERCE

ONE WORLD TRADE CENTER, LONG BEACH, CA

DIRECTOR

ECONOMIC HEALTH OF COMMUNITY

HAROLD C HEINZE

ST MARY MEDICAL CENTER FOUNDATION

1050 LINDEN AVE, LONG BEACH, CA

TRUSTEE

SUPPORT OF HOSPITAL PROGRAMS

JAN 07 1991

SCHEDULE B (CONTINUED)

HAROLD C HEINZE

HAROLD C HEINZE

F R E E

4225 ROOSEVELT WAY, NE, SEATTLE, WA

DIRECTOR

Non-Profit FOUNDATION FOR RESEARCH ON ECONOMICS + ENVIRON

HAROLD C HEINZE

The BOTTOMLINE

300 OCEANGATE, LONG BEACH, CA

Co-CHAIR

Non-Profit CHILD CARE SOLUTIONS THAT MAKE BUSINESSSEN

HAROLD C HEINZE

LONG BEACH AREA CHAMBER OF COMMERCE

ONE WORLD TRADE CENTER, LONG BEACH, CA

DIRECTOR

ECONOMIC HEALTH OF COMMUNITY

HAROLD C HEINZE

ST MARY MEDICAL CENTER FOUNDATION

1050 LINDEN AVE, LONG BEACH, CA

TRUSTEE

SUPPORT OF HOSPITAL PROGRAMS

SCHEDULE B (CONTINUED)

HAROLD C HEINZE

HAROLD C + VICTORIA M HEINZE

LIMITED PARTNERSHIPS — REAL ESTATE

HALL REGALTREE ASSOCIATES

10100 N. CENTRAL EXPRESSWAY, DALLAS, TEXAS

DBSI/TRI XVI Ltd Pship

1070 N. Curtis Rd, Boise, Idaho

DBSI/TRI XX Ltd Pship

(As Above)

COMMONWEALTH RAEDER PLACE ASSOCIATES

1011 WESTERN AVE, SEATTLE, WASH

SHEARSON + RELATED HOUSING LIMITED PARTNERSHIP

625 MADISON AVE, NEW YORK, NY

NAME HAROLD C HEIN

SCHEDULE C
BENEFICIAL INTERESTS, LOANS, GOVERNMENT CONTRACTS
AND NATURAL RESOURCE LEASES

BENEFICIAL INTEREST IN TRUSTS OR OTHER FIDUCIARY RELATION

HAROLD C HEINZE
Name of beneficiary

KEY BANK - ALASKA
Name of trustor

SAVINGS ACCT
Type of assets

KEOGH PLAN
Extent of interest

HAROLD C HEINZE
Name of beneficiary

BANK OF OKLAHOMA
Name of trustor

SAVING ACCT
Type of assets

IRA
Extent of interest

VICTORIA M HEINZE
Name of beneficiary

BANK OF OKLAHOMA
Name of trustor

SAVING ACCT
Type of assets

IRA
Extent of interest

(CONTINUED)

LOANS AND LOAN GUARANTEES

Includes all financial obligations of \$500 or more; does not include credit card balances.

HAROLD C + VICTORIA M HEINZE
Name of Debtor

CALIFORNIA FEDERAL BANK
Name of Lender

" " "
Name of Debtor

G M A C MORTGAGE CORP
Name of Lender

Name of Debtor

Name of Lender

Name of Debtor

Name of Lender

(CONTINUE ANY SECTION ON BLANK PAPER)

SCHEDULE C CONTINUED

CONTRACTS AND OFFERS TO CONTRACT WITH THE STATE
OR ITS INSTRUMENTALITY

Contracts of the reporting official's family, including the official's mother and/or father must be listed.
AS 39.50.035(8)

Name of contractor State Contracting Dept. or Instrumentality

Contract number and description Indicate: Bid, Held or Offered

Name of contractor State Contracting Dept. or Instrumentality

Contract number and description Indicate: Bid, Held or Offered

Name of contractor State Contracting Dept. or Instrumentality

Contract number and description Indicate: Bid, Held or Offered

LEASES OR OFFERS TO LEASE MINERAL, TIMBER, OIL OR
OTHER NATURAL RESOURCES

Contracts of the reporting official's family, including the official's mother and/or father must be listed.
AS 39.50.035(8)

Name of Lessor Nature of Lease

Identity of Lease Indicate: Held or Offered

Name of Lessor Nature of Lease

Identity of Lease Indicate: Held or Offered

(CONTINUE ANY SECTION ON BLANK PAPER)

SCHEDULE C (CONTINUED)

HAROLD C HEINZE

BENEFICIAL INTEREST IN TRUSTS

HAROLD C HEINZE

ATLANTIC RICHFIELD CO

- RETIREMENT PLAN
- DEFERRED ANNUAL INCENTIVE PLAN
- DEFERRED INCOME PLAN

TRANSITION REPORT

Harold C. Heinze -- Department of Natural Resources

Pre-Christmas Period

- met with former Commissioner Rod Swope
- spent 11 days in Juneau; 5 days in Anchorage; and 1 day each in Fairbanks and Palmer/Eagle River visiting DNR facilities, meeting employees, and getting briefed on current issues
- on Saturday (12/8/90) I telephone invited as many of the advisory/transition team as I could reach to a meeting on Monday (12/10). Ten members were able to meet in Anchorage for 5 hours (letter and list attached). Earl Beistline chaired the session and the group was able to give me consensus feedback on personnel and organization, high benefit projects, and land selection priorities
- met with half-dozen resource related companies or associations
- reviewed 7 dozen applications

Christmas/New Years Period

- Directors met and developed draft FY 91 operating budget. Discussed budget items with individual directors
- formulated organizational changes to the Commissioner's Office

New Years to Start of Legislature

- spent 8 days in Juneau; 7 days in Anchorage; 3 days in Fairbanks; and 1 day in Nome visiting DNR facilities, meeting employees, and getting briefed on current issues
- met with 4 environmental groups, 2 resource company representatives, and one municipal group

Walter J. Hickel

Box 101700
Anchorage, Alaska 99510-1700
907-276-7400

November 29, 1990

Commissioner Heinze:

The advisory/transition teams which were discussed at the November 24 Cabinet meeting have been finalized.

Following is the list of members we have assembled for your team. The team is comprised of three groups: experts who were also deeply involved in the campaign, outside experts who specifically requested the opportunity to serve on your transition team, and volunteers on the campaign who have a personal interest in the success of your department and the administration in general.

We are pleased by the high quality of these Alaskans who want to help.

The team serves at your will. Please contact them so that you can benefit from their input.


Walter J. Hickel

DEPARTMENT OF NATURAL RESOURCES

• Rich Hughes -	Anchorage	(h) 344-3786	
Dave Heatwole	Anchorage	(h) 346-2734	- in Russia
• Jerry Celey	Anchorage	(h) 346-2800	
• John Cowdery	Anchorage	(h) 344-0950	
• Carroll Livingston	Anchorage	(h) 274-0784	
• Jamie Linxwiler	Anchorage	(h) 276-5121	(h) 248-7274
• Tony Petrone	Anchorage	(h) 344-2286	
• Joe Henri	Anchorage	(h) 338-0880	(h) 333-7505
Barney Hollenbeck			
• John Sturgeon	Anchorage	(w) 562-3335	(h) 345-2299
• Bev Alek	Anchorage	(h) 349-5189	
• Earl Bestline -	Fairbanks	(h) 479-6240	(w) 479-2843
Neil McKinnon			
Jim Porter	Wasilla	(h) 495-6823	
Joe Usibeli	Healy	(h) 683-2427	(w) 683-2226
Monty Guymon	Kechikan	(h) 225-5801	
Ray Kreig	Anchorage	(h) 243-8951	(w) 276-2025

IV. *Los Angeles Times* Article

Los Angeles Times

MARKETS/MONEY/PERSONAL FINANCE

BUSINESS

SECTION D
SUNDAY
APRIL 24, 1971



Associated Press

Commissioner Harold C. Heinze

Ex-Arco Official on Hot Seat as Alaska's Head of Resources

■ **Environment:** Serious questions are being raised about Harold Heinze's involvement with oil-spill cleanup decisions while representing the Los Angeles energy firm.

By PATRICK LEE
TIMES STAFF WRITER

Harold C. Heinze is the man Alaska's environmentalists love to hate. The outspoken former oil executive once called the Arctic National Wildlife Refuge "a flat, crummy place." He termed environmentalists "extremists" trying to "strangle Alaska."

His confrontational style may even have hastened his abrupt departure last July from a high-profile job at image-conscious Atlantic Richfield Co. after a 25-year career, industry sources say.

So it was with surprise and dismay that environmentalists learned last December that newly elected Gov. Walter J. Hickel had tapped Heinze to oversee Alaska's powerful Natural Resources Department, which has jurisdiction over the state's vast wilderness and oil resources. Heinze's appointment as commissioner of natural resources has set off a firestorm of protests reminiscent of those against James O. Watt, Ronald Reagan's controversial Interior secretary in the 1980s. Under Alaska

Please see HEINZE, D4

HEINZE: Environmentalists Protesting Ex-A

Continued from D1
law, Heinze has assumed office subject to legislative confirmation hearings that started last week.

One newspaper editorial likened the appointment to "putting the fox in the henhouse." Environmental groups around the state have targeted Heinze's confirmation hearings as a top priority.

"He has the attitude that [companies] have the God-given right to drill everywhere, cut everything and dig up every mineral that can be found in the ground," said Jim Stratton, an environmental activist based in Anchorage. "It's Manifest Destiny in [the 1990s], and other values be damned if we can make a dime."

Now, serious questions are being raised about Heinze's involvement with oil-spill cleanup decisions while he represented Los Angeles-based Arco on the owner's committee of the Alyeska Pipeline Service Co., the consortium of oil companies that operates the Trans-Alaska pipeline. Arco owns a little more than 21% of the pipeline.

Heinze's appointment—like the election of his patron, Wally Hickel—says a lot about Alaskans' complicated relationship with their abundant resources and vast wilderness, a relationship that has grown more complex since the devastating 1989 Exxon Valdez oil spill in Prince William Sound.

Hickel—a political independent returned by voters to the governor's office 25 years after he was first elected to the job—appealed strongly to one segment of Alaska's divided electorate: the wing that favors development of Alaska's rich resources.

But in the past, Hickel has shown an environmental streak as well. As Interior secretary under President Richard M. Nixon, he pushed the first Earth Day, went after polluters and even took on the oil industry after a 1969 spill in Santa Barbara.

Now, Hickel supports his nominee without hesitation. "Harold is a good executive," Hickel said in an interview. "He's creative, he's strong... but he's not foolish."

Heinze is considered one of the most pro-development officials ever to take charge of a department already considered the most development-oriented of the state's three resource agencies.

In an interview, Heinze, 48, made no apologies for that stance. "I'm certainly well-inclined to carry out the [state] constitutional mandate to develop and utilize Alaska's resources for the benefit of all," provided such development is "done right," he said.

Others, however, are raising questions about Heinze's fitness for public service. "He carries lots of baggage," said a state legislator

who declined to be named. "Very interesting and suspicious baggage."

Consider: In March, the Department of Natural Resources granted a request by Arco and Exxon Corp. to lower the royalty rate due the state on a lease in the estimated 300-million-barrel Point McIntyre oil field. The lower rate stems from the state's designation of the lease as the site where oil was discovered.

Once production begins on the lease, the decision could save both oil companies tens of millions of dollars, industry critics say.

Though the discovery was announced in 1989, the decision to cut the royalty payments was made just a week before Exxon agreed to the terms of a proposed \$1.1-billion settlement of civil and criminal cases arising out of the Exxon Valdez spill—a settlement pushed by Hickel and Alaska Atty. Gen. Charles Cole.

Heinze, denying any involvement in the settlement negotiations, called suggestions of a link between the talks and the royalty decision "absurdity." The timing was purely coincidental, he said. Cole said suggestions of a link are "absolutely false."

Heinze is in line to serve as one of three state trustees who would administer a trust fund set up to disburse proceeds from the proposed Valdez settlement. But as an Arco executive, Heinze was one of several oil officials who oversaw Alyeska, which had primary responsibility for oil-spill response in the sound.

U.S. Rep. George Miller (D-Marine) has charged that the officials, meeting in Phoenix a year before the spill, secretly decided that Alyeska would refuse to abide by a government-sanctioned cleanup plan in Prince William Sound.

Heinze, who attended the meeting, dismisses Miller's accusations as "flat wrong." Alyeska has similarly denied the charge.

The future of the settlement itself now appears in doubt because a federal judge last week rejected a criminal plea agreement that was part of the deal.

Heinze is one of several defendants in a \$50-million lawsuit filed by the Federal Deposit Insurance Corp. that alleges negligence and mismanagement in the failure of two Alaska banks. He formerly served as a director of one bank.

The FDIC alleges that bank officials made risky commercial real estate loans despite repeated warnings. Critics say the matter raises questions about Heinze's management abilities. Heinze has defended the bank's policies as sound.

Hearings this month in the

BIO: HAROLD C. HEINZE



Harold C. Heinze at confirmation hearings.

In December, Heinze was appointed by Alaska Gov. Walter to oversee Alaska's natural resources department, much to the chagrin of environmentalists. Heinze has termed environmental "extremists" trying to "strangle Alaska." Legislative confirmation hearings on Heinze's appointment started Monday.

• Born: Nov. 8, 1912

• Education: Bachelor of science, Colorado School of Mines

• Resume: Spent most of his adult life working for Arco, starting in 1965 as a junior engineer and becoming president of Arco Alaska in 1983. He was named Arco senior vice president and president of Arco Transportation Co. in 1987. He also served on owners' committee of Alyeska Pipeline Service Co. He left Arco in July last year.

• Quote: "Aggressive extremists and activists who operate in the disguise of environmentalists... [will] strangle Alaska little."

Alaska Legislature have questioned whether tankers used by Arco, Exxon and British Petroleum improperly transported hazardous waste in ballast water for disposal by Alyeska in Valdez harbor.

Heinze, who headed Arco's tankering operations at the time as president of Arco Transportation Co., says he knows of no hazardous operations during his tenure.

Environmental groups who helped fashion amendments to Alaska's Forest Practices Act last year accuse Heinze of trying to undermine the law's intent by issuing lax regulations. In part, the law calls for the creation of timber "buffer zones" around state streams that serve as fish spawning areas.

Environmentalists charge that Heinze's intervention threatens the fragile coalition of environmentalists, fishermen, loggers, landowners and mining interests that agreed on the provisions of the new law.

Heinze says the proposed regulations were based on an examination of the science involved, not on

politics. "I'm not even where anybody like that may be a good case," he said.

Questions were raised about Heinze's involvement in these matters in a two-day hearing conducted Monday by the Senate Resources Committee. The bulk of the testimony about Heinze's appointment

will take place in a committee hearing of the House of Representatives on May 7, and a final appointment will take place in a combined session of legislative bodies.

Heinze has a str

Protesting Ex-Arco Official's Appointment

OLD C. HEINZE



Heinze at confirmation hearings.

er, Heinze was appointed by Alaska Gov. Walter J. Hickel to Alaska's natural resources department, much to the chagrin of environmentalists. Heinze has termed environmentalists "stragglers" trying to "strangle Alaska." Legislative confirmation of Heinze's appointment started Monday.

Nov. 6, 1942

Education: Bachelor of science, Colorado School of Mines, 1964.

Work: Spent most of his adult life working for Arco, starting in 1965 as a junior engineer and becoming president of Arco Alaska Inc. in 1987. He was named Arco senior vice president and president of Arco Transportation Co. in 1987. He also served on the board of Alyeska Pipeline Service Co. He left Arco in July of 1990.

"Aggressive extremists and activists who operate under the banner of environmentalists . . . [will] strangle Alaska little by little."

Legislature have questioned tanker use by British Petroleum and other companies that transported hazardous waste water for disposal in Valdez harbor. Heinze, who headed Arco's operations at the time as president of Arco Transportation, knows of no hazardous waste during his tenure. Environmental groups who filed amendments to the Alaska National Wildlife Refuge Act last year, protesting Heinze's appointment, say the law's intent by regulation. In part, the law calls for the creation of "timber lines" around state parks to serve as fish spawn-

ing areas. "I'm not even at a point where anybody likes them, and that may be a good sign in this case," he said.

Questions were raised about Heinze's involvement in several of these matters in a two-hour hearing conducted Monday by the state Senate Resources Committee. The bulk of the testimony opposed Heinze's appointment.

A committee of the state House of Representatives will hold hearings May 7, and a final vote on the appointment will take place later in a combined session of the two legislative bodies.

Heinze has a strong ally in

Hickel, a longtime associate.

"When I called Harold, I found him in New Zealand after he'd left Arco, and I asked him how he'd like to come to work for the largest oil resource company in North America," Hickel said last week. "He said, 'Who's that?' I said, 'The state of Alaska.' And he liked that idea."

It's not the first time Heinze has drawn fire. During his tenure at Arco, he managed to anger not only environmentalists but also his corporate sponsors back in Los Angeles, industry officials said.

"He was a team player, so long as he was captain of the team," said a source who asked to remain anonymous. "Otherwise, . . . he made his own rules. He ran Arco Transportation as if it was a completely separate entity unto itself."

Heinze, a petroleum engineer by training, joined the energy firm in 1965, a year after graduating from the Colorado School of Mines.

At the end, Heinze was senior vice president of Arco. Before that, he was president of Arco's Alaska unit, the state's largest private employer. In that post, he was in charge of Arco's oil and gas operations in the massive fields of the North Slope.

It was during those years that Heinze made himself well-known to Alaskans.

"He says what he thinks, and he says it emphatically," said Arco President Robert E. Wycoff. "There were some in Alaska who were put off by that in a political sense."

At a meeting in Washington state in the 1960s, Heinze was quoted as calling the Arctic National Wildlife Refuge a "flat, crummy place." Environmentalists and some federal lawmakers are fighting to prevent oil development in the refuge.

Last week, Heinze admitted that his choice of words was poor, but he defended the characterization. "I've grown up a lot since then, and today I would say . . . that ANWR [the refuge] during the vast majority of the year is a very inhospitable place with undistinguished terrain."

Indeed, Heinze seems to have moderated his views toward environmentalists very little. "I believe their agenda does not represent the

agenda of the vast majority of Alaskans," he said.

Last July, Heinze abruptly left Arco. Some industry sources say he was forced out, others say he left out of frustration with his career prospects at Arco.

"Harold was one of the fast-track people," said one former Arco executive. "But there was only so much room at the top. . . . A few get up into the upper levels, and he was sort of career-blocked, so he left."

Last week, Arco President Wycoff denied that Heinze was asked

'Harold is a good executive. He's creative, he's strong, . . . but he's not foolish.'

WALTER J. HICKEL
Alaska's governor

to leave and added that Heinze did good work for the company. "It was Harold's choice," Wycoff said.

"The company was very open with me and simply said that in the successions to come, they did not see me as 'competitive,'" Heinze said. "And they offered me the chance to pursue other opportunities."

Now, Heinze is preparing to address the questions about his past. As for the criticism, he says philosophically, "It comes with the territory."

Environmentalists charge that

V. Articles Provided by DNR

Harold C. Heinze
Commissioner-Designee
Department of Natural Resources

The following materials are offered as background for the Confirmation Hearing scheduled for April 22, 1991:

1. Department Priorities
2. Oath of Office
3. Newspaper Clippings
4. "ARCO's Harold Heinze" Alaska Business Monthly, December 1985
5. "Outspoken Maverick" The Spark, ARCO corporate news magazine
6. "What Lies Over the Rainbow for Alaska's Oil Industry?" Alaska Business Monthly, March 1986
7. Environmental Issues Clippings
8. "Report to Alaska's Economic Leaders", Alaska State Chamber of Commerce, June 1987
9. "Compass North - Five Challenges For Alaska" (leadership section)
Commonwealth North February, 1985
10. Report: California Joint Select Task Force on the Changing Family
April, 1989
11. "A Green Blueprint for America", Foundation for Research on
Economics and the Environment
12. "Highway Across the Arctic" TWA Ambassador February, 1986
13. "Alaska in the Twenty-First Century" February 1991

DEPARTMENT OF NATURAL RESOURCES
Priorities

HELP MOVE "HIGH BENEFIT" PROJECTS FORWARD

- Reach consensus at policy level on short list of project types offering State significant direct benefits and having minimal negative impacts
- All agency efforts will give priority to specific projects fitting the generic description
- Suggested "high benefit" projects:
 - (1) Sale of North Slope Gas
 - (2) Additional oil production into TAPS
 - (3) Coal export
 - (4) Large hardrock mines
 - (5) Value added manufacturing using hardwoods in Interior
 - (6) Winter recreation/visitor facilities
 - (7) World class visitor attractions

PREPARE TO FINALIZE STATEHOOD LAND SELECTIONS

- 20 MM +/- 5 MM Acres of selection by 1/2/94 deadline
- Inter-department project team to work in parallel: resources; corridors; Federal; Native; strategy
- Strong emphasis on State's long-term needs
- Need public "knowledge" input early and strategy input in finalization

KEEP STATE REVENUES UP

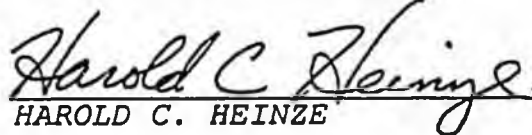
- Oil and gas lease sales
- User fees (including non-resident increment)
- Reduce delinquencies

SPECIAL "ONE TIME" EMPHASIS PROJECTS

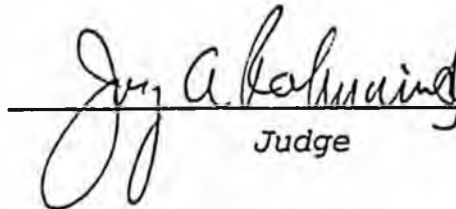
- Get Spruce Bark Beetle damage under control
- Refurbish State Parks along main highways
- Complete Replacement Capital Projects with 3-year or less payout
- Develop a backup for the Plant Materials Center's Store of Genetic Diversity
- Provide technical support for local government's efforts to solve urban area groundwater contamination
- Cleanup hazardous waste contamination on State lands

OATH OF OFFICE

I, HAROLD C. HEINZE, do solemnly swear that I will support and defend the Constitution of the United States and the Constitution of the State of Alaska, and that I will faithfully discharge my duties as Commissioner to the best of my ability.


HAROLD C. HEINZE

SUBSCRIBED AND SWORN TO before me this 3rd day of December, 1990, at Juneau, Alaska, pursuant to Article XII, section 5, of the Constitution of Alaska.


Judge



No environmental 'war' ahead, DNR's chief says

By RALPH THOMAS

1/24/91

THE JUNEAU EMPIRE

The new head of the state's land-use management department said today he would not wage war on environmental groups, but admitted the new administration has "very little common ground" with many environmentalists.

Department of Natural Resources Commissioner Harold Heinze spoke at the weekly breakfast meeting of the Alliance for Juneau's Future, a pro-development group.

Rep. Jim Zawacki, R-Anchorage, asked Heinze, "Are you going to declare war on the environmentalists? It's about time."

"No," Heinze said loudly.

The exchange drew laughter from the crowd of about 50 at a downtown restaurant.

"I understand your frustration," Heinze said. "But we're not going to be that confrontational."

Heinze then brought up the spruce-bark beetle infestation that has ravaged forests on the Kenai Peninsula. Environmental-group protests have delayed the harvest of beetle-infested trees, which Heinze said has allowed the problem to fester.

"It's crazy for people to defend the trees so they can suffer an epidemic of disease," he said. "That's idiocy."

But Heinze said he did not want to give the wrong message. Though Gov. Walter J. Hickel has said he wants an administration that does not stand in the way of development, Heinze said, "It's going to be done right ... we're very concerned about environmen-

tal issues."

Heinze was appointed Natural Resources commissioner Nov. 30. He is the former head of ARCO Alaska and has lived in Alaska a total of 14 years. Like several Hickel appointees, Heinze was a board member for Commonwealth North, an Anchorage-based, pro-development group.

Repeating a familiar Hickel theme, Heinze said the new administration's goal was to craft regulations that serve as "roadmaps, not roadblocks."

Once the rules are in place, he said, "If you don't do it that way, both feet are going to come down on your back."

Heinze said he is telling developers, "We expect you to do better than anyone has ever expected of you."

Zawacki rephrased his question after the meeting and asked Heinze if the state would intervene on behalf of industry when environmental disputes flare up.

"I don't feel it's my job to be out there carrying the water for every industry in Alaska," Heinze responded.

Before he was drawn into the discussion on environmentalists, Heinze outlined his department's priorities. He said the department would focus heavily on two areas: pushing a short list of high-benefit development projects, and completing a lands-selection process ongoing since statehood.

Heinze said the list of high-benefit projects was still taking shape, but added, "any project that sells (natural) gas off the North Slope is of very high bene-

Please turn to DNR, Page 8



MARK KELLEY/JUNEAU EMPIRE

DNR Commissioner Harold Heinze: 'It's going to be done right ... we're very concerned about environmental issues.'

DNR...

Continued from Page 1

fit to the state."

Hickel has long pushed for building a gas pipeline from the North Slope to Valdez.

He also said the list would include large-scale mining projects.

"The bigger mines offer the state a lot of benefit," he said. "The economics of smaller-scale mining has been hurt by the impact of environmental concerns."

Heinze spoke with excitement about the lands-selection task. As part of its statehood pact, Alaska was allowed to select 103 million acres of federal land.

The state so far has selected 85 million acres and has three years to complete the task. It's an immense job, he said, but one that he relishes.

Using a color-coded map to illustrate land ownership in Alaska, Heinze compared the selection process to a board game. The ultimate goal, he said, is to change the board so that more state holdings are connected.

The federal government owns more than 240 million acres of land in Alaska, the state owns about 85 million acres and Native groups own 35 million acres.

Heinze said the state needs a strategy for picking parcels, one that puts a priority on valuable resources and possible corridors between chunks of state land.

The former administration of Gov. Steve Cowper made some headway on lands selection, according to Lennie Gorsuch, who served as Natural Resources commissioner for much of Cowper's term. She said that administration completed the fourth phase of the job by choosing key pieces of property near various communities and small parcels for recreational use.

According to Gorsuch, the lands-selection process is on schedule.

Instead of implementing a bureaucratic public hearing process for land selections, Heinze said his department would rely more on meetings such as this morning's session with the Alliance for Juneau's Future. He urged the group to form an ad-hoc committee and supply the department with a list of people who have local land-use expertise.

"We need a dump-load of that knowledge," he said.

Heinze said two other priorities of the department would be to boost state revenues from resource development and deal with "hot" issues.

Among the hot items, Heinze listed the spruce-bark beetle infestation and statewide problems with hazardous wastes. He vowed to halt the beetle infestation and said hazardous waste problems - including some on the North Slope - "gotta get cleaned up."

Asked how the new administration would deal with the federal government's impending no-net-loss wetlands policy, Heinze said Hickel would appeal directly to Interior Secretary Manuel Lujan.

The new federal policy would require land-use managers to ensure that any wetlands lost to development are replaced by creating new wetlands. Alaska industry and government officials have said the policy is not needed and would hinder development across the state.

Heinze said the state may offer the federal government a compromise: The state would promise to fully protect 90 percent of its wetlands in exchange for the right to develop the remaining 10 percent. After the 10 percent is gone, the state would adopt the no-net-loss policy.

"That should allow us, for at least a few generations, to do whatever we want," he said.

"We as a young state need room to grow," he said.

"If you look at what other states have done to their wetlands, it's pathetic."

Beetles

Continued from page B1

"Everybody's going to want a chain saw this summer," Heinze said. "If you care about the health of the forest, I want you to help it. I'll provide gasoline, but you bring the chain saw and your sleeping bag."

"Instead of going down the Kenai fishing stream it's crowded every weekend, come on and go for a walk over the hill with me."

"Let me know where we stand with the Greenies after this. Again I can't see why they shouldn't want to be a positive force in protecting the forest."

Alaska Sierra Club representative Jack Heaton said the answer to the beetle epidemic that threatens about 80,000 acres of spruce in the Chugach National Forest is selective cutting.

"But Heinze's suggestion of arming Alaskans with chain saws is nothing short of ludicrous," Heaton said. "I don't have a prescription, but the Sierra Club is willing to help the Forest Service any way possible."

U.S. Forest Service entomologist Ed Holsten said the chain saw theory could save valuable forest areas in the Chugach where so many people go to enjoy the pleasures of wilderness.

"Chain saws are part of the answer," Holsten said. "People like to recreate in large trees but they don't realize these are old trees on the downside of hills and we as an agency have failed to educate the public and environmentalists that this is the best thing possible. There really isn't a pesticide we can use on them."

The beetle attacks old growth trees.

Younger spruce trees do not seem to be on the beetle's diet except in areas that are overrun with the pest, Holsten said. Clearing out the old trees makes room for the new, stronger spruce trees, he said.

Clearing areas of infested, dry and dead trees also reduces the risk of massive forest fires, said Duane Harp, U.S. Forest Service ranger for the Seward District of the Chugach National Forest.

"It doesn't solve the spruce bark beetle problem, but the wood fuel problem (that has us to forest fires)," Van Zee said. "People are welcome to come out and cut, and those who want it can have it."

He said the Forest Service already has several trails in and around the Cooper Landing area where people with chain saws can get into places that have been inaccessible.

The Forest Service is also preparing to issue permits for small timber sales with cutting to begin this summer.

"One of our major concerns is the beetle will kill trees and create a dry area subject to fire," Van Zee said. "It happened in Yellowstone National Park in the summer of 1989, destroying hundreds of thousands of acres."

Heinze said cutting needs to take place soon because the beetle spreads rapidly.

"We're not trying to use this as an excuse to build roads and out-of-the-way places," he said. "I'm serious about involving people and getting them to help us save the forests. If there were a fire, there would be no question about what we would do. You have to think of this as a rolling fire. People might think we're crazy, but we're serious about this."

SPEAKING OF Commonwealth North, the organization is in the process of picking an executive director to succeed Malcolm Roberts, who resigned to become assistant chief of staff in the Hickel administration. There were 30 applications for the post, reports Judy Brady, chairman of the search committee — and herself both a former Commonwealth North executive director and a commissioner of Natural Resources in the administration of former Gov. Steve Cowper Retired Brig. Gen. John Hoyt volunteered to serve as acting executive director, pending the selection of a permanent successor to Roberts. But Hoyt is not a candidate for the job. He says he enjoys retirement too much — and to prove it, he managed to slip away to Hawaii for a few days of vacation.

Alaska Tribune 1-26-91

Heinze touts chain saws vs. beetles

By DAVID FULTON

Times Writer 1-26-91

Call it a chain saw massacre of the Alaska spruce bark beetle.

State Department of Natural Resources Commissioner Harold Heinze suggested this week Alaskans with chain saws could weed out trees infested with the destructive insect. The beetle has devastated timber stands on the Kenai Peninsula and in other areas.

"It amazes me that the people who consider themselves friends of the forest would let a situa-

tion get to the epidemic proportion that it has," Heinze said.

"Our concern should be with the health of the forest. Sometimes if there is a disease, just like if there is a disease in the body, sometimes you go in and perform a level of surgery to save the whole."

The Sierra Club calls the idea a ludicrous notion. But U.S. Forest Service officials said it is not far-fetched.

Heinze said the state is interested in having a beetle control program built around the public. The U.S. Forest Service backs the idea, Heinze said.

State and Forest Service officials have not dis-

cussed it much, although Heinze said the plan is one proposed by the Forest Service in 1986. That effort to cut the diseased trees was stopped after environmental groups objected. Last summer, the Forest Service began to consider the plan again.

Many of the infested areas, such as the 27,000 acres around Cooper Landing on the Kenai Peninsula, are in places where the state does not want to build major access roads. So the federal government has provided trails for volunteers who can go in and get the job done, Heinze said.

See Beetles, back page

DNR plans hires to keep pace with pipeline project

By DAVID FUTCH

TIMESWINTER 7-30-91

The Department of Natural Resources plans to hire at least four engineers to keep pace with Yukon Pacific Corp. as it speeds development of a multibillion-dollar natural gas pipeline from Prudhoe Bay to Valdez.

"We want to make sure this is done right and give the project the best chance to move forward as quickly as possible," said Harold Heinze, commissioner of the agency. "All I'm trying to do is make sure we march in step with Yukon Pacific and don't hold up the pace of this and we do our job right."

Gov. Walter J. Hickel, along with former ARCO Alaska Inc. chief Robert O. Anderson, founded Yukon Pacific in 1982 to tap the North Slope's estimated 35 trillion cubic feet of gas reserves for sale to Pacific Rim nations.

Hickel resigned from the corporation's board after announcing his gubernatorial candidacy late last year. His partial ownership of Yukon Pacific was placed in a blind trust before he was elected

See Pipeline, back page



'We want to make sure this is done right and give the project the best chance to move forward.'

— Harold Heinze
DNR commissioner

Pipeline

Continued from page A1

Alaska's eighth governor.

The company has received all required state and federal licenses for its proposed 796-mile, underground pipeline. It also has commitments for about a third of the gas that must be sold before construction can begin.

Heinze said his agency needs the additional engineers to work close by Yukon Pacific in its design of the Trans-Alaska Gas System. The DNR is responsible for ensuring the design does not adversely affect state land.

Yukon Pacific two weeks ago hired Bechtel Group Inc. of San Francisco to design the line, which would be built alongside the trans-Alaska oil pipeline.

"When you hire a major engineer, that's a big step," Heinze said. "Yukon Pacific has indicated they are off and running on this."

Yukon Pacific hired Bechtel Group Inc. of Houston in December to design what could be the world's largest natural gas liquefaction plant at Anderson Bay, near the Alyeska Pipeline Service Co. oil terminal in Valdez. North Slope gas would be liquefied at the facility and shipped to Pacific Rim buyers.

Construction of the pipeline

Yukon Pacific Corp. has received all required state and federal licenses for its proposed 796-mile, underground natural gas pipeline. It also has commitments for about a third of the gas that must be sold before construction can begin.

system is scheduled to begin in 1993 and to be completed in 1997, said Jeff Lowenfels, a Yukon Pacific vice president. The company has accelerated the project's pace, Lowenfels said.

"We still need the markets. Without contracts with Japan, Korea and Taiwan, we don't go (ahead with the pipeline)," Lowenfels said. "On the other hand, we have our export license, our environmental impact statement, the rights of way."

The company needs long-term purchase commitments totaling about 7 million tons of liquefied gas. Korea last year signed a letter of intent to buy about 2 million tons and has expressed interest in buying more.

Yukon Pacific said the pipeline could provide a minimum of 14 million tons of liquefied natural gas.

Purchases by Japan, which uses 70 percent of the world's natural gas production, or about 23 million tons a year, are a key to the system's construction.

The projected cost of building the pipeline and Valdez facilities

in 1986 was \$11 billion, but a higher estimate is expected soon, Lowenfels said.

State money will not be used to build the pipeline, he said.

The federal Bureau of Land Management also is bracing for the project.

The Joint Federal-State Pipeline Office in Anchorage recently hired a natural gas pipeline project coordinator and a pipeline engineer, said Mike Menge, the agency's monitoring chief.

"We are feeling our way around the elephant," Menge said. "Our purpose in hiring now is so people can be comfortable with the project as it gears up and there will be no panic. This is the advance guard."

The office represents a combination of state and federal agencies monitoring the impact of the pipeline development.

Heinze, the former president of ARCO Alaska Inc., said studies show the Pacific Rim nations are interested in a diversity of energy suppliers.

"There is an opening for Alaska gas in a number of mar-

kets," Heinze said. "Sometimes a purchaser looks around and says to himself he doesn't want to depend on just one guy."

CSX Corp. of Richmond, Va., has owned about 85 percent of Yukon Pacific's stock since 1983.

Hickel owned about 13 percent of Yukon Pacific prior to his Nov. 6 election as governor.

Hickel placed his stock in a blind trust with the United States Trust Co. of New York before he was elected, saying he wanted to avoid the appearance of a conflict of interest.

Hickel lawyer and estate planner Dave Shafiel said the goal of a blind trust is to allow the trustee complete decision-making power.

What the trustee does is confidential. The governor is not allowed to know anything about Yukon Pacific stock transactions, Shafiel said. An accountant will do Hickel's income tax statement and mail it to the trustee to fill in the blanks, he said. The trustee sends it to the Internal Revenue Service, he said.

The blind trust is in effect for the duration of Hickel's term in office, he said.

An escrow account has been set up to pay the trustee.

"The stock has value but what it's worth one can only speculate," Lowenfels said. "We're not making money now so there's no telling."

JUNEAU EXPIRE

2/12/91

**Thinking like an owner
will benefit Alaska**

Dear Editor:

Your Editorial of February 6
asked two policy questions about the
relationship between the State of
Alaska and Yukon Pacific Corpora-

tion's proposed gas line. Since I
didn't have a previous opportunity,
I'd like to share my thinking with
you now.

The use of a "fast track" priority
for projects that the State deter-
mines offer the State high benefit is
not only good "owner" thinking -
it's good government! The sale of
North Slope gas offers the State a
benefit similar to a multi-billion bar-
rel oil field and since a great deal of
the infrastructure is already in
place, the negative impacts should
be minimal and manageable. To al-
low the bureaucratic process to de-
lay these high benefit type of pro-
jects would be too high a cost to the
State. That's why the Hickel admin-
istration continues to support the
joint Federal/State Pipeline Coordi-
nator's Office. This one-stop ap-
proach to dealing with common car-
rier pipelines is so strongly support-
ed by project sponsors that they have
agreed to directly fund the State's ef-
fort. And, yes, Northwest Alaska
(and hopefully others) would receive
the same cooperation.

As to State financing of the pro-
ject, I'm against the State making a

risk investment if the proper deci-
sion and management structures are
not in place. Accepting a business
risk (i.e., market uncertainty) with-
out fully understanding it or without
the reaction ability to a changing
world will lead to failure. The nor-
mal State appropriation process isn't
and won't be structured to succeed in
the risk investment world; we can
stick with the conservative owner ap-
proach. But there are some unique
State entities which have clearly
shown an ability to succeed in the
face of risk and great market dy-
namics; The Alaska Permanent
Fund and the Alaska Railroad. A si-
milar Alaska investment organiza-
tion is possible. But since Yukon Pa-
cific has stated they don't need State
investment, it could be a moot point
for this project.

I agree that being an "owner"
isn't always easy, but thinking like
an owner will definitely help Alaska
move forward to a brighter future.

Sincerely,

Harold C. Heinze

Commissioner

Alaska Department

of Natural Resources

Businessmen remain skeptics of regulatory reform promises

By MATT KOHLMAN
The Associated Press

2/15/91

JUNEAU — Top state officials told business leaders Thursday the Hickel administration is committed to drafting regulations that are "road maps, not roadblocks."

But some business representatives said they doubted the goal could be achieved. The two sides discussed the issue at an Alaska State Chamber of Commerce workshop titled, "Regulatory Reform: Can It Be Done?"

"You bet it can. More important than that, it must be done," said John Sandor, state commissioner of Environmental Conservation.

Harold Heinze, Natural Resources commissioner, told the more than 100 business people that regulations need to be simplified. But even when they are easy to follow, the government is still bogged down in overre-

'We should eventually get to the point of sending you a postcard that has a little stamp on it that says 'yes.''

— Paul Rusanowski
Governmental Coordination

gulation, he said.

Heinze said the state often goes to great lengths just to document that it has said "yes" to a request. He cited an agency's 30-page letter approving a three-page application. The documentation was to protect the agency against a possible lawsuit, he said.

Paul Rusanowski, director of the governor's Division of Governmental Coordination, said state rules also have to be consistent and based in scientific fact.

"We shouldn't be denying things unless it's necessary," he said. "We should eventually get to the point of sending you a postcard that has a little stamp on it that says 'yes.'"

But business leaders said simplifying rules will not stop regulations that are vague, badly applied or delayed. Confusion is the overall effect, they said.

"The players think they are playing American football. The referees think they are applying the rules of rugby or soccer," said Brian Davies, a vice president of BP Exploration (Alaska) Inc.

Davies also said that while the administration's attitude is encouraging, it has not been seen yet in the lower levels of government.

"While the generals are leading the charge, we're a little worried what the sergeants are doing," he said.



Harold Heinze

John Sund, vice president of Silver Lining Seafoods Co. in Ketchikan, complained about irrelevant requirements and "uneducated or vindictive enforcement."

He suggested the agencies put a quota on the number of regulations the state can adopt or establish voluntary laws so businesses can police themselves.

Alaska's hands are full with big task of selecting federal lands

By DAVE PATRICK

TIMES JUNEAU BUREAU

JUNEAU — With an eye on the calendar, state, federal and native corporation officials are mounting a strategic, legal, and political effort to fulfill a 35-year project: state land selection.

By early 1994, selection of 105 million acres of federally held land must be

completed by the state under terms of the Alaska Statehood Act and the Alaska National Interest Lands Conservation Act.

Besides the scientific guesswork attached to mineral development potential, land managers will have to hack their way through a thicket of complex legal and political problems. The task

seems daunting in purpose and process.

"What we do by Jan. 2, 1994, sets the future for the state of Alaska," said Harold Heinze, commissioner of the Department of Natural Resources, the lead state agency.

The state must pick 20 million remaining acres by the deadline. That puts the land selection rate at just over

600,000 acres a month.

The DNR has fattened its budget and formed a project team crossing 14 different agencies and divisions in state government. State officials predict their work will be finished in the three-plus years. At least one Native corporate executive thinks it is impossible.

"I would be absolutely surprised if

we could finalize our selections in the next 20 years," said John Shively, vice-president of NANA, a Kotzebue-based Native regional corporation. "The state may need to get an extension."

"No. N-O," Heinze said emphatically. "It's a tough, big chore but it's doable." In fact, Gov. Walter J. Hickel has

See Lands, page A9

Lands

Continued from page A1

told U.S. Interior Secretary Manuel Lujan an extension may be necessary, said Harry Gamble, Hickel's acting press secretary. An extension would require an act of Congress.

Foremost among the hurdles is the issue of dual land selection. The state and Alaska's 12 native regional corporations have laid claim to 9 million acres of land. DNR officials down play the conflict, likening the state and native corporations to players on the same team.

"We're not trying to take anything away from the native corporations. We want the last best acre to belong to Alaskans and not the federal government," Swanson said.

Even so, Swanson said native corporations have dragged their feet in ranking their most sought-after land selections. NANA's Shively said it's understandable given the immense stakes.

"The natives were here a long time before the DNR and the fact we want to take a little time approaching this is a responsible point of view," Shively said.

Under the land selection process, native corporations and the state identify tracts they wish to withdraw from federal holdings and an application is made to the Bureau of Land Management, the lead federal agency. Native selections are given priority by agreement of state and federal officials.

The BLM clears title and the land is conveyed by transferring a patent to the owner. Patents held by the state are stored in fireproof file cabinets stored in a vault.

State and federal officials concede the patent conveyance process will likely run well past the turn of the cen-

tury. For now, land selection is crucial. Once completed, Alaska will hold title to 29 percent of its land, more than any other state.

"Writers of the statehood compact realized Alaska's need to become financially independent from Washington, (D.C.)," said Ron Swanson of the DNR Division of Land and Water Management.

Alaska's land selections have already mined some revenue-producing gems. The most notable: The super-giant Prudhoe Bay oil field, which became state land in 1964.

It is unlikely the remaining lands hold another Prudhoe Bay, DNR officials said. But the selections are coveted for their location near cities, villages, and utility and transportation corridors; the parcels may hold rich prospects for recreation or coal, oil, gas and timber development.

All parties agree a considerable number of legal and political hurdles must

be cleared: Age-old mining claims remain unresolved. Rights of ways for public highways and historic trails on federal lands must be established. The federal government's acre-for-acre replacement policy for development on wetlands could drastically reduce the value of state-selected lands.

"The federal government could make much of the land worthless with its no-net loss policy," Heinze said. Similarly, native land selections could be drastically altered by a U.S. Supreme Court decision last year.

The Gulkana River case seems to give the state jurisdiction over 100,000 miles of rivers and streams which course through some native selected tracts.

"Those may have to be subtracted out of our selections," Shively said. "For natives to get down to their final selection point is a very difficult mathematical exercise." And costly. In the

past, costs for surveying parcels as small as 40 acres have run \$10,000, said BLM officials.

"We have about four months a year we can survey," said David Vickery, BLM public information officer. "We've got to have aircraft support, including helicopters. We've got to set up field camps which requires logistical support. It's very expensive."

The federal agency is responsible for laying out boundaries for all land selections and budgeted \$10.5 million in surveying costs alone last year, Vickery said. Following his Feb. 4 meeting with Hickel, Lujan said he wanted land selection to proceed with a sense of urgency.

Even so, federal land managers liken it to packing two centuries of work into less than four decades.

"It took the Lower 48 over 200 years to develop land policies and pass laws," Vickery said. "Alaska's only been at this for 30 years."

Hickel officer develops new owner-state idea

By DAVE PATRICK

TIMES JUNEAU BUREAU

JUNEAU — One of Gov. Walter J. Hickel's cabinet officers came on a notion to convey Hickel's owner-state concept. The governor's philosophy holds that Alaskans, as owners or shareholders in the state's vast storehouse of natural resources, must promote development of resources.

The cabinet member's idea: Put chalk boards in state buildings with a daily listing of oil prices. The cabinet officer: Former ARCO Alaska Inc. oil baron and Department of Natural Resources Commissioner Harold Heinze. He said an oil price tote board is used at an ARCO North Slope facility.

Oil revenue accounts for 85 percent of the state treasury each year. Heinze, and Administration Commissioner Millett Keller, overseer of state buildings, said the concept was only half-seriously discussed.

•••

Anchorage lawmakers, looking to bridge internal bickering, have formed a 27-member group, or caucus, with four co-chairs: two from the Senate, two from the House.

"I suspect we'll be a power to be reckoned with," said co-chairman Rep. Larry Baker, R-Anchorage. House Speaker Ben Grussendorf, D-Sitka, gave the caucus his blessing.

"Let's see, a liberal, a moderate, a conservative and a reactionary. I'd say Anchorage is now well-represented."

•••

Millett Keller, commissioner of the Department of Administration, said Juneau bureaucrats find it hard to look beyond Southeast Alaska. Keller said it was difficult finding an Alaska map for his office. He finally found one through Harold Heinze, Department of Natural Resources commissioner.

"Folks around here just don't use maps," Keller said, standing in front of his newfound multicolored chart. "I get the distinct impression that people think (this) is the state of Alaska," Keller said, cupping his hands around the Southeast region.

Keller called his newfound trophy an "owner-state map" since it outlines land owned in Alaska by the state and federal governments.

Coghill, Heinze tout tourist amenities for Denali National Park

By DAVE PATRICK

2/20/91

TIMES JUNEAU BUREAU

JUNEAU — The Hickel administration Tuesday proposed to federal park officials an ambitious plan of paved roads and rail and hotel development they say will boost tourism in Denali National Park and Preserve.

Lt. Gov. Jack Coghill and Harold Heinze, commissioner of the Department of Natural Resources, said only half the tourists that come to Alaska visit the park each year because of poor access to the park's centerpiece,

Mount McKinley.

"Our reasonable goal is nine out of 10 visitors," Heinze told seven federal parks officials.

"The more visitors the more dollars," he said.

Heinze and Coghill also said the administration supports construction of a privately operated 250-room hotel in the park.

A task force of state and federal officials has been assembled to resolve the access dispute arising out of interlocking federal and state park lands.

Heinze said the undeveloped land is of little use if no one can

see it.

"We didn't select this (state) land to look at it on a map," Heinze said.

About half a million people travel the 90-mile dirt and gravel Kantishna road each year, the only route into the park.

Those willing to make the trip find a spectacular view of North America's tallest mountain peak and frequently encounter wildlife.

Federal officials said they would cooperate with Coghill and Heinze, within limits of protecting wildlife and the 6-million-acre

park's natural setting.

"We have parts of a great mosaic and they should work together for the public's use and economic benefit," said Boyd Evison, director of the National Park Service in Alaska.

Cutting a 70-mile road into the park from the George Parks Highway north of Healy southwest over a historic gold mining trail, ridges and a valley would make park access easier, Coghill said.

"We think it ought to be paved so you get rid of that eternal dust," Coghill said of the gravel

road.

Evison said permafrost heaves and rough terrain would make road upkeep costly.

A privately operated elevated rail line into the park also could be considered, Evison said.

But the new road may disturb wolf dens and the 3,000-head Denali caribou herd that winter and calve in the area, Park Superintendent Russ Berry said.

Park officials said access development would be subject to stringent and lengthy federal environmental reviews. Neverthe-

less Coghill said he hoped to see road construction begin within two years.

Coghill said the state would press for a road by asserting a claim to historic rights of way on Denali Park land.

"We want a partnership, not a confrontation," he said.

The park service has scheduled a public hearing concerning the road tonight at 6 at the Anchorage Museum of History and Art.

Proponents vow minimal impact opening ANWR

By BERT TARRANT

TIMES BUSINESS WRITER 2-22-91

Oil development in the Arctic National Wildlife Refuge can be done with up to 75 percent less physical impact and virtually no drilling waste discharge than was the case at Prudhoe Bay, industry and government officials said on Thursday.

"We have decreased the size of our production pads by 75 percent, from 40 acres to 10 acres," said Dr. Chris Herlugson, senior environmental scientist for BP Exploration (Alaska) Inc.

Herlugson spoke to about 50 participants at an Alaska Wise Use Conference on ANWR held in Anchorage on Thursday. He reviewed a number of efforts the oil industry has undertaken to minimize its physical impact in arctic oil and gas exploration and development.

"We have made a major practice of using ice roads and ice pads in exploratory efforts," he said. "We also are using ice roads for pipeline construction. When the ice melts, the roads and pads disappear."

Substantial reductions have space between wells, he said. Development of Prudhoe Bay used 105-foot well spacing, which has been reduced to 35 feet. Well-spacing for development of the Endicott Field on the North Slope is 10 feet.

"We also have eliminated the use of reserve pits, which are used to contain drilling wastes and cuttings," Herlugson said. "The standard for ANWR (development) will be no reserve pits and zero discharge of wastes."

"Environmental sensitivity is "We recognize we are only borrowing the land."

Herlugson was one of a day-long lineup of speakers who told



Times Photo by MICHAEL DINNEEN

Natural Resources Commissioner Harold Heinze said Thursday development and environment can harmonize.

conference participants that ANWR would be developed responsibly.

Harold Heinze, commissioner of the state Department of Natural Resources, opened the program.

"Development is not inherently harmful to the environment. Both can live in harmony," Heinze said. "We can assure development is conducted and the environment.

Lt. Gov. Jack Coghill told the conference late Thursday that infrastructure already exists to develop ANWR without additional significant impact.

"It will be relatively easy to bring the oil over to the pipeline," he said.

Ann Rappoport, a wildlife biologist with the U.S. Fish and Wildlife Service, said the "use of the best technology available" means that of the 1.5-million-acre ANWR coastal plain, only 6,000 acres will be affected directly and another 7,000 acres indirect.

See ANWR, page C5

2/22/91
Ice roads, small pads to protect land

ANWR

Continued from page C1

ly.

Rappoport said the federal agency's recommendation that the coastal plain be opened to exploration and development was based on five years of first-ever biological studies as well as three years of industry surface studies and two years of seismic exploration.

The initial Fish and Wildlife Service studies ended in 1987, but Rappoport said her agency in 1988 "began building on the original five-year program."

"We need to have the regula-

tory regime in place before development occurs," said Dr. Wayne Reglin, northern regional deputy director of the state Department of Fish and Game.

"The industry needs to know the rules before it gets started," Reglin said. "With ANWR, we all know the world is watching us."

Mitigation and revegetation measures during and after development must stress the return of species native to the area before development, said Phillip D.J. Smith, a resource consultant.

"I can turn a disturbed area on the Slope into a golf green, but that's not what we want," he said. "Revegetation is designed to promote the return to indigenous habitat."

Over Glacier Bay, Heinze says

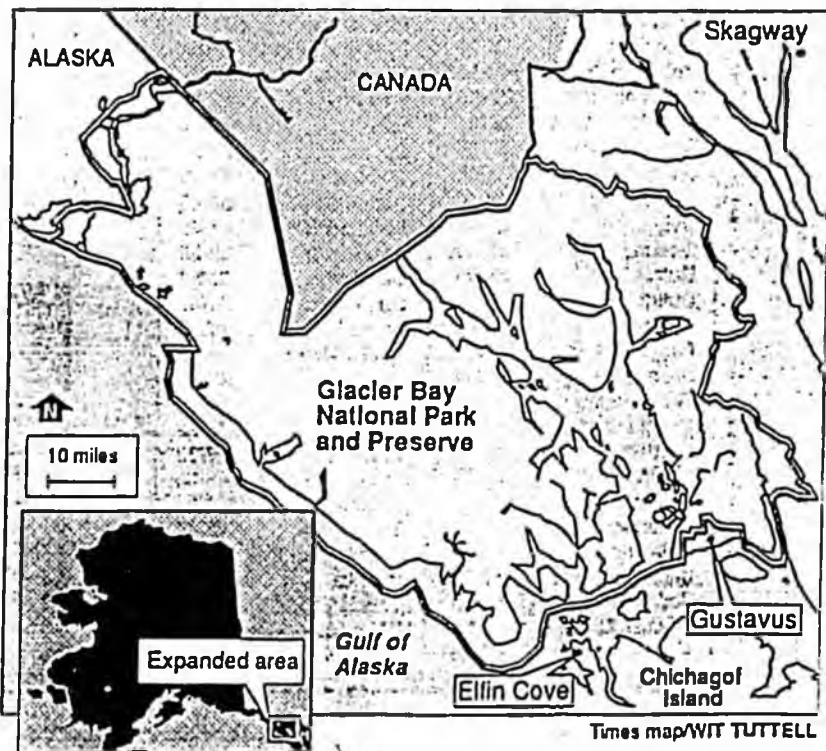
ize originally created as a national monument by President Calvin Coolidge.

at a "Part of our contention is that it was a park before statehood," Quinley said. "The state hadn't been created for another 30 some years"

Meanwhile, an attorney for a coalition of commercial park users said the state should check with them before making any moves.

Bruce Weyhrauch is representing the Allied Fishermen of Southeast Alaska, which has intervened in a lawsuit against the Park Service filed by the Alaska Wildlife Alliance. The Alliance's suit seeks an order forcing the Park Service to ban commercial fishing in the bay. All parties are currently working on a pre-trial settlement that might be jeopardized by any state action, he

See Glacier, page A9



Times map/WIT TUTTELL

Glacier

Continued from page A1

said.

"Clearly this is a Hickel issue," Weyhrauch said. "It's a federal-state issue. If he's considering it, he should discuss it with his constituents."

The Park Service says commercial and subsistence fishing in the park's waters were not authorized by Congress when the park was created in 1925 or in later years when it was enlarged.

Glacier Bay lies 65 miles west of Juneau, a body of water nearly surrounded by tidewater glaciers.

About 200 years ago the bay was covered with ice. Since then the glaciers have retreated to reveal myriad inlets, bays and fiords.

The park's boundaries in the Gulf of Alaska stretch far beyond

the bay. From Excursion Inlet on the northeast to Cape Fairweather, the park's boundaries, for the most part, stretch from one to three miles out on the water. Beyond the cape, the boundary continues along the shore to Dry Bay and up the Alsek River to the Canadian border.

The park waters hold productive salmon, halibut and crab fisheries, Weyhrauch said. "It covers a half-million acres of marine waters."

"It's a major part of the fishing grounds," said fisherman Sandy Craig of Juneau. "Approximately 25 percent of Southeast Dungeness crab come from those waters."

"It's been fished constantly since before the turn of the century, long before it was a monument."

Commercial fishing will continue while the Park Service studies its impact, said Jensen, the park's superintendent. When studies are completed several

years from now, the agency will decide whether to allow commercial fishing in the park.

"If it was clear from those studies that there are no adverse affects," Jensen said, "we would consider modifying the existing prohibition to allow commercial fishing to continue."

He said the federal Wilderness Act prohibits commercial fishing in the park's wilderness waters. Non-wilderness waters could be opened by regulatory change, he said.

For the Park Service to allow subsistence in Glacier Bay, it would require a change in the Alaska National Interest Lands Conservation Act, Jensen said.

Jensen said regulations are being written to prohibit subsistence fishing in Glacier Bay, but the regulations likely will not be completed until after the summer season. Subsistence should therefore be allowed for another year, he said.

Sunday, March 3, 1991, The Anchorage Times

State can't get land rights of way—Heinze

By INGRID MARTIN
Staff Writer

The state's Natural Resources commissioner sees a major roadblock to future development of resources on state land—access.

Commissioner Harold Heinze told members of the Alaska Support Industry Alliance on Wednesday that the state needs to work out rights of way with the federal government and Native corporations so it has complete access to its lands.



HEINZE

"I think Alaskans find it easy to focus on the resource side," he said. "But our biggest problem right now is we can't get the stuff."

For example, Heinze said, the state retains ownership of all "navigable" waterways that cross federal lands. However, the federal government continues to dispute whether many are navigable, Heinze said.

"What waterways in Alaska aren't navigable?" Heinze asked. "There may be one, but I can't think of the name right off."

At the same time, the state faces a deadline for selecting the last 20 million acres to which it is entitled. The Alaska Statehood Act gave the new state government the right to

select about 104 million acres of land. So far, the state has laid claim to about 84 million acres, and has until Jan. 2, 1994 to select the rest.

Whatever land it chooses should be as resource-rich and strategically located as possible, Heinze told Alliance members. He brought color-coded maps detailing locations of federal parks, monuments, refuges, protected forests, reserves and wildlife habitats. The maps also outlined Native corporation land, state-owned lands, and the land still available for selection by the state.

Federal lands often engulfs state and Native lands, Heinze noted.

With less than three years to the federal deadline, the Department

Natural Resources is soliciting public input—from industrial experts to private citizens to students—regarding land selection.

"We don't have time to go out and get data. We only have time to go out and get knowledge," Heinze said.

Heinze also said he wants to pursue sales of North Slope gas. The gas could be brought to Fairbanks, he said, where consumers would appreciate the low-cost energy.

"I have a boss who, over the years, seems to have expressed a great interest in the sale of natural gas," Heinze said. "I don't think he has to demonstrate his credentials."

FAIRBANKS DAILY NEWS-MINER 3/28/91

Business leaders called upon to help make land selections

By BERT TARRANT

TIMES BUSINESS WRITER

Alaska Department of Natural Resources commissioner Harold C. Heinze Monday called on business and industry groups to assist his office in making its final 20 million



Heinze

acres in land selections under the Alaska Statehood Act.

Heinze told a luncheon meeting of the Anchorage Chamber of Commerce at the Anchorage Hilton that land selections were one of his department's top two priorities. The other is helping move forward "high benefit" projects, such as the sale of North Slope natural gas, additional oil production, coal export

and large hard-rock mines.

"Alaska has until Jan. 2, 1991 to select 20 million acres, plus or minus five million, to finish it off," he said. "That will complete our entitlement of 105 million acres, an area about the size of California and a little over one quarter of Alaska's total of 378 million acres."

Heinze said the deadline comes 35 years after Alaska became a state.

"Selections originally were to be completed in 25 years, but 10 years were added to take into account Native land selections under the Alaska Native Claims Settlement Act (of 1971)."

The resources department is making a parallel effort on land selections with emphasis on resource and transportation corridor assessment, he said.

"We are working with the Alaska Miners Association on re-

source assessment," Heinze said. "In a few weeks, a large mailing will go out to their members to find out areas they want us to look at."

He also asked for help from other resource and industry groups.

"We need knowledge from you to help us answer what we want to end up with," he said. "I think it would be worth the chamber setting up a committee

to discuss this. How wisely we select those lands will affect future generations."

The Yukon River cuts the state in half but has only one bridge crossing it, he said.

Heinze said the state has 20 million acres worth of selections, but faces problems that could alter that figure either way by as much as 5 million acres, including issues of navigable river and Native land selections.

HEINZE 'DISTURBED' BY MCINTYRE DELAY

4/8/91

By Ray Tyson
For the Journal of Commerce

Arco Alaska's decision to postpone crude oil production from the Point McIntyre field caught nearly everyone by surprise, including the state's top resource official and former president of the company, Harold Heinze, who appears to be in no mood for surprises or delays in light of dwindling state oil revenues.

"Point McIntyre isn't another Prudhoe Bay or anything like that, but it's those kinds of additional revenue streams we need," said Heinze, commissioner of the state Dept. of Natural Resources.

Heinze, who served as president of Arco Alaska in the mid-1980s, said he was "surprised," "disturbed" and "a little dismayed" by

Arco's March 26 announcement delaying Point McIntyre production until 1993.



Heinze
taxes.

Arco, the field operator, had planned to bring Point McIntyre on line in late 1992. But the company has been unable to agree on field equity and other key issues with its partners, Exxon and BP Exploration.

Continued on Page 6

The largest U.S. oil discovery in more than a decade, the 300 million barrel field is expected to generate \$1.2 billion in state royalties and

Continued from Page 1

tion. Arco, which discovered the field in 1988, says it's entitled to a 30 percent to 40 percent share of the field.

Just when startup will begin, "depends on how long the delay will be," Arco spokesman Ronnie Chappell said. "We're trying to make this delay as short as possible."

BP said it could take six to nine months to resolve the issues, which means startup may be delayed at least a year.

"We understand that people occasionally need time to get their house in order," Heinze said. "But obviously, the state's interest in the longer term is not served if this becomes a drawn out delay."

Under terms of its lease agreement with the oil companies, the state can terminate a lease "by an appropriate judicial proceeding," if "paying quantities" of oil or gas are not brought into production within a reasonable period.

"As a good royalty owner we have a little patience," Heinze said. "On the other hand, if we really started to reach a point, yeah, there are ways we could put pressure on them."

In addition to reservoir equity, the issue of "facility sharing" also must be worked out among the partners, who plan to commingle oil from Point McIntyre and the producing Lisburne field in the Arco operated Lisburne production facilities. The issue is

Continued on Page 26

Heinze

Continued from Page 6

complicated because the producers, who currently process crude through the Lisburne facility hold separate ownership percentages in the Pt. McIntyre and Lisburne fields.

BP spokesman Paul Laird also said BP also is questioning the "maturity of engineering" on the project. "We felt more engineering needed to be done before we are comfortable with the project," he said.

Though production startup at Point McIntyre has been delayed, field development work will continue, Arco's Chappell said. "We will continue with delineation of the field," he said. "We're currently drilling two wells and plan two more this year. Engineering work will continue, and we plan to go forward with gravel work, including roads and drilling pads."

More so than BP, Arco and Exxon

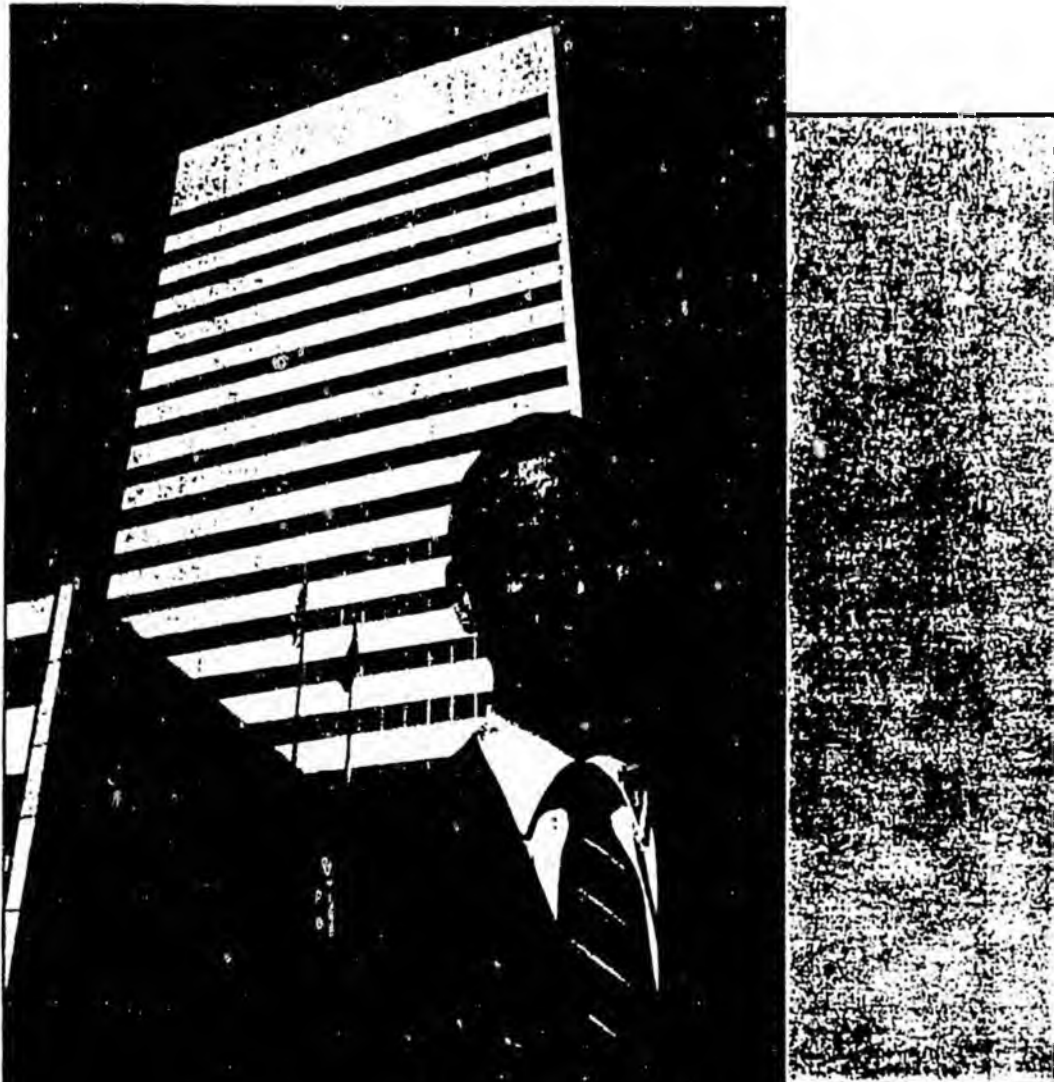
hold a greater interest in seeing the Point McIntyre oil field brought into production as soon as possible. Arco and Exxon hold a 50-50 share of the parcel on which oil was discovered in 1988 and therefore are entitled to a substantial royalty rate reduction.

Last month the state reduced the royalty rate on the Point McIntyre discovery lease from 12.5 percent to 10 percent. Under terms of the agreement, the lower rate is effective until 1998, or 10 years after the field was discovered. That means for every remaining year the field is not brought into production, Arco and Exxon forfeit a year of low royalty payments to the state.

"At least one company (ARCO) is in a hurry to rush into the project prior to the resolution of key issues, and at least one company (BP) doesn't see any compelling reason to make decisions prior to the issues being resolved," Laird said.

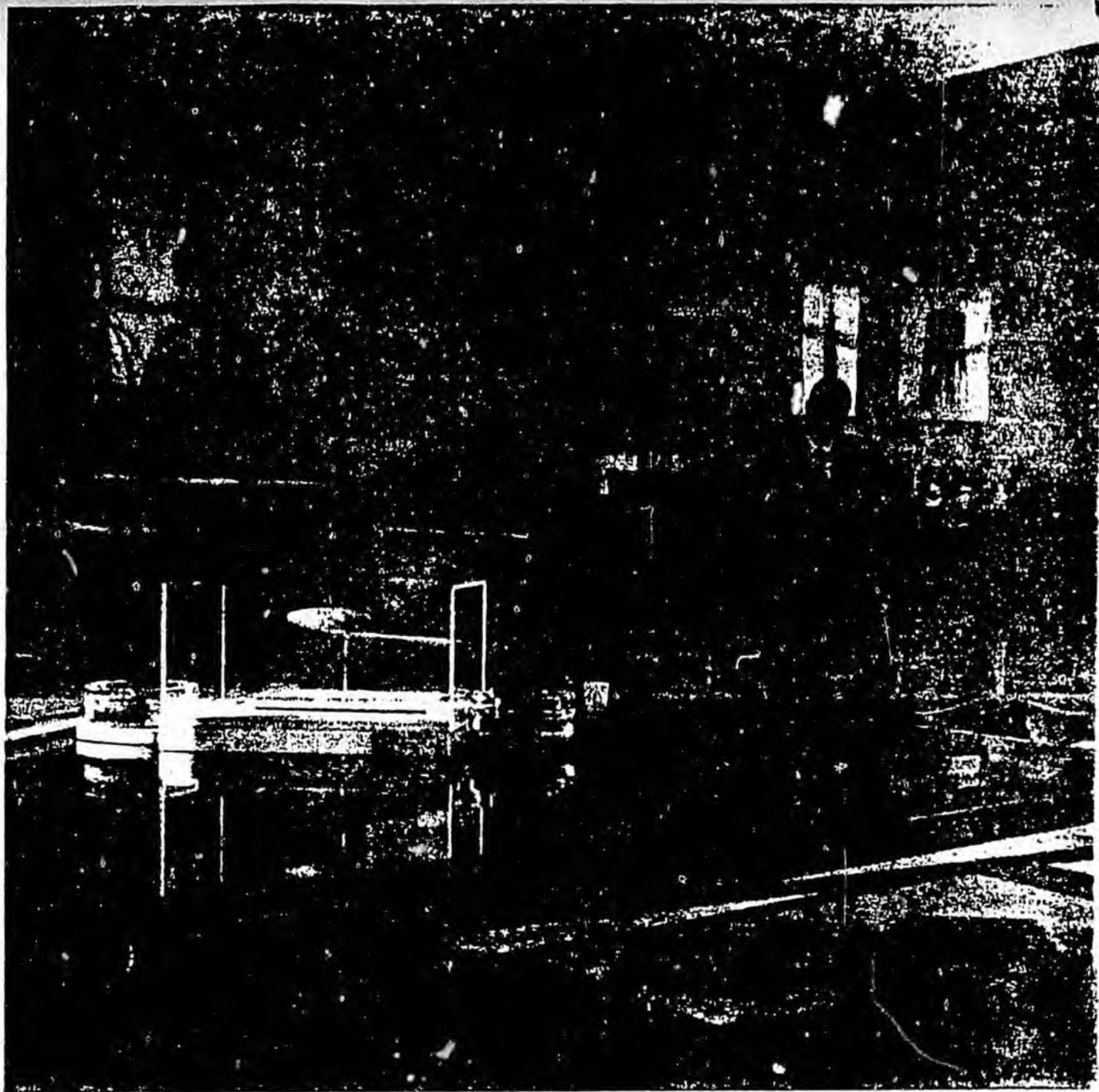
DECEMBER 1985
THREE DOLLARS

ALASKA BUSINESS Monthly



ARCO's Harold Heinze Oil's voice of reason

ATU Services vs. private enterprise
Freight over troubled waters
Computers and 1985 taxes
Securities registration and Alaskan law



ARCO's Harold Heinze

A meteoric ascent
to the room at the top

BY PAUL LAIRD



Paul Land

Since soaring through ARCO's ranks to become president of its major subsidiary, ARCO Alaska, 43-year-old Harold Heinze has become a leading voice of reason for Alaska's multibillion-dollar oil industry.

EVEN AS A YOUTH, his future was all but cast in cement. He loved math. Loved chemistry. Loved physics. Loved to tinker. Couldn't spell or write to save his soul. "I was predestined to be an engineer," Harold Heinze recalls.

When it came time to look to the future and put tinkering into its proper perspective, he settled on petroleum engineering — a suitable compromise between the things he already liked best and something he figured he could learn to like a lot better after he got out of school: good pay.

So it was off to the Colorado School of Mines, where he graduated in 1964 with a degree in petroleum engineering. He was doing a bit of outside reading in those days, too: when he ran across several articles by a young but tremendously successful oil man named Robert "R.O." Anderson, he liked what he was reading.

Anderson, at 44, only recently had sold his successful New Mexico production company to tiny Philadelphia-based Atlantic Refining Co. in exchange for stock that made him Atlantic's biggest shareholder. And about the time Heinze was graduating from Colorado School of Mines, Anderson was cancelling his early retirement from the oil business to become Atlantic's chairman.

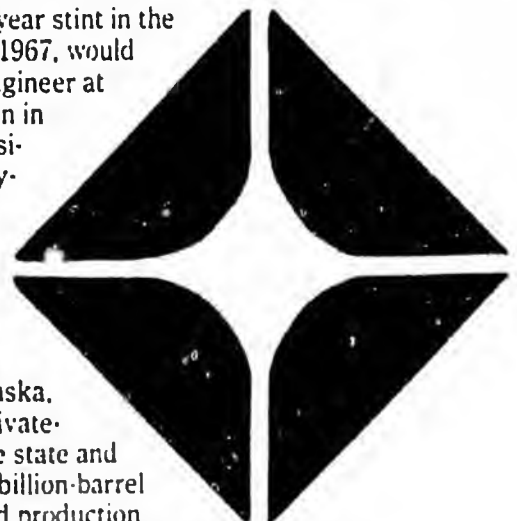
"(Anderson) seemed to have a vision of where he was going, and when I read the things he was saying, they made a lot of sense," Heinze recalls. "Atlantic Refining had always been a stodgy little company before he took over, but he was an idea person who was willing to go out and do things."

In short, it sounded like the kind of act Heinze wanted to join. In August of 1965, after a year of graduate school, he did just that.

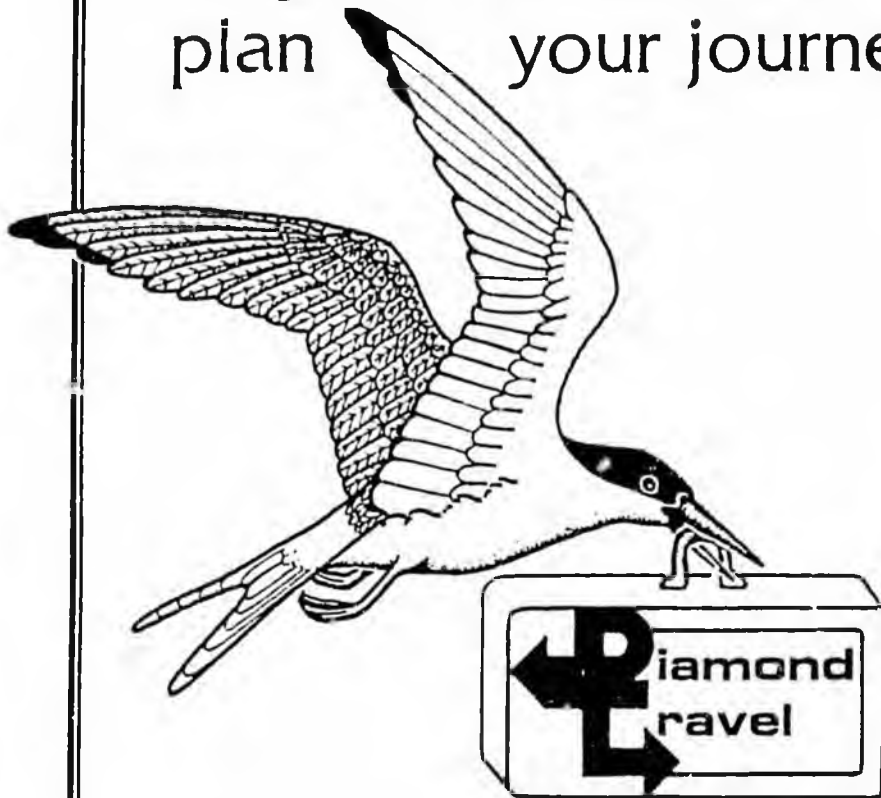
In the 20 years that followed, Anderson would steer Atlantic Refining into a merger with Richfield Oil and mold Atlantic Richfield Co. into a multibillion-dollar, multinational giant. Today he continues to serve as its chairman.

Heinze, after a two-year stint in the Army that lasted until 1967, would advance from junior engineer at the company's operation in Midland, Texas, to president of its major wholly-owned subsidiary. He also recently was elected senior vice president of the parent company.

Now 43 and in his third assignment in Alaska, he heads the largest private-sector work force in the state and is responsible for multibillion-barrel oil and gas reserves and production statewide as president of ARCO Alaska Inc.



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each way from Alaska to the Antarctic.

Says Robert Wycoff, vice chairman of ARCO at its Los Angeles headquarters, "When we were looking for a new president for ARCO Alaska, Harold was by far the most qualified person in the company. He had an excellent background in Alaska, and every time we've given him a job to do, he's excelled at it.

"Alaska is ARCO's major operation, but it's been a reward for Harold, too. I can remember his response when we offered him the job. He said, 'Color me ready, because I'm ready to go.'"

BEFORE 1981, ALASKAN operations were a division of ARCO, and a vice president headed the division. Since succeeding Paul Norgaard in May 1983 to become the third president of ARCO Alaska, Heinze has responded to his "reward" with an unconditional commitment to his company and his community.

While refining his skills as a communicator, he's matched an ability to lead with a realistic perspective of goals and strategies to become a catalyst for growth within the company, a corporate ambassador for ARCO outside the company and a leading statesman for the entire oil industry in the state.

"If you were to ask the average Alaskan what he thinks about ARCO, I think you'd get a very positive reaction," says one oil industry observer. "Harold has played a strong public relations and community role for the company, and he's provided the direction."

Heinze credits his meteoric ascent through ARCO's corporate ranks to "being at the right place at the right time," but he allows it was a personal "stroke of genius" that first brought him to the right place (Alaska) at the right time (early 1969).

He was a junior engineer in Midland in 1968 when ARCO first discovered oil at Prudhoe Bay, and he remembers his own excitement at the announcement. "I knew it was big and knew it was important. I was in a position to understand just how significant the find really was, and I decided I wanted to be a part of it."

Just to make sure no one missed the point, he began wearing a parka to work in Midland. Within months, he got his chance to wear it at Prudhoe.

The "youngest of the young" among a group of about a dozen engineers who went to work on the North Slope early in 1969, Heinze participated in

the early engineering work at Prudhoe, testing wells and playing an active role in lease sales. His first transfer back to the Lower 48 came several years later "when the euphoria of '69 and '70 gave way to the boring waiting (for pipeline construction) of '72 and '73."

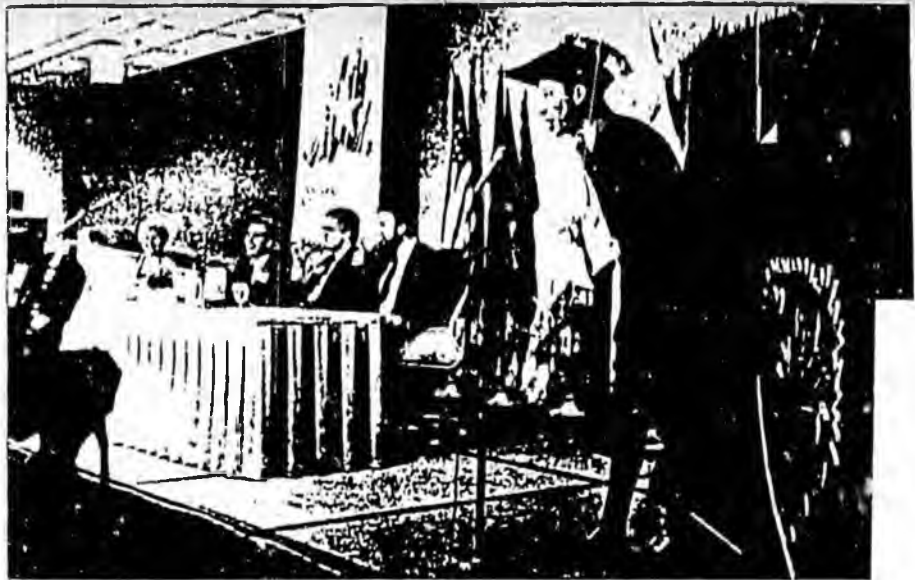
He returned to Alaska in 1976 as engineering manager for ARCO's Northern Alaska District (Prudhoe Bay) but once again was transferred Outside on Thanksgiving Day 1979 to take on other corporate duties in Los Angeles.

"Both times we left, it was tough for us," he says. "We've come to feel Alaska is our home. The first time we figured it would be a long time before we returned, and the second time we figured it was goodbye." His final assignment before returning as president of ARCO Alaska was vice president of ARCO Oil & Gas Co.'s Mid-Continent District based in Tulsa.

He's never been preoccupied with the next promotion, and at one point he only wanted to be a district engineer. "I've never held one job and said I wanted to have another," he says. "Whatever comes will come, and I don't need to prove anything to myself."

His ascent has dictated that he make what one acquaintance calls "the hardest transition in the world"—the shift from the highly structured profession of engineering to the people-oriented business of management.

He learned to be comfortable in front of groups when he was an instructor in the Army, and he hasn't shied away from opportunities to refine his public relations skills since



Heinze juggles his time between weighty decision making responsibilities at ARCO Alaska and community activities like playing Robin Hood in this United Way fundraising show.

then.

"I've always been conscious of everything I've done as a learning experience, no matter how tenuous it becomes at times," he says. Now he's instrumental in virtually all of ARCO Alaska's external relations activities, and he's become a visible symbol of the company in the Alaskan community.

Eugene Erskine, CEO of United Bancorporation Alaska, describes the ARCO Alaska president as "an engineer who's worked hard at becoming a public person. He's taken on the challenge of public speaking even though you get the feeling he really doesn't enjoy it sometimes."

Since becoming ARCO Alaska president, Heinze has served as a director at UBA. He also is a member of

the UBA board's loan committee, which reviews all loan proposals involving \$800,000 or more.

"The first few (UBA) board meetings he attended, he seldom said anything," says Erskine. "My first impression was that he was a lot like Glenn Simpson (the first president of ARCO Alaska); (Simpson) attended the meetings but didn't say much. Since those first few meetings, though, his logic and his business training have brought valuable practical input to our board."

IN ADDITION TO his positions with UBA's board, Heinze is a director of the Anchorage Chamber of Commerce, Commonwealth North, the Energy Source Education Council, Junior Achievement, Providence Hospital Foundation and Alaska Pacific University's Center for Entrepreneurship. He also serves as president of the Alaska Oil & Gas Association.

It's not unusual for his days to begin with an early-morning breakfast and end with a meeting or dinner that lasts well into the night. Erskine says Heinze is "always willing to take on a task, and when he gets involved, he gets involved all the way. He's an ideal board member because he doesn't want to come in and manage the bank, but he wants to help."

Adds Max Hodel, president of Commonwealth North, "Harold has a strong dedication not only to ARCO and the petroleum industry, but also to ARCO's responsibilities to the community."

While Heinze sometimes worries he's "over-extended" with outside ac-



Heinze and son Hal display pumpkins with takes for wife Vicky and Penny, the family dog

tivities and spends less time with his people at ARCO than he should, others in the company tell a different story. One associate maintains Heinze is involved in every major corporate decision, and others say his interest in his staff has gained him the respect and loyalty of most of the company's 2,000-plus employees.

Last year ARCO Alaska launched an internal program of defining what elements would go into making the company "the best" and how it could go about achieving that goal. One employee relates how Heinze cancelled all of his appointments one afternoon

to sit in on a session of about 50 accounting department employees who were discussing the issue.

"I don't know how employees in other departments feel," says the accountant, "but the people in accounting are really loyal to him. They're proud of the way he's outspoken in the community, and they were really impressed that he took the time to find out about their feelings."

Heinze says he's always been particularly cautious in making decisions that will impact people and maintains he's the one who's ultimately responsible for dealing with "more nebulous things like knowing the pulse of the organization - when we feel good and when we're down on ourselves."

His management capabilities have faced a formidable challenge this year with a streamlining program that whittied ARCO Alaska's staff by nearly 15 percent through early retirements. At the same time, ARCO Alaska's in-state exploration staff was cut from 200 to 35 when company-wide exploration activity was centralized in Dallas.

"Right now we're emerging from a queasiness in the organization," he says. "We were shaken, and understandably so. For a while it was a case of moving holes around to make sure we'd do what needed to be done and put off what could wait. But we're stronger for it, and you have to think of it as a learning experience."

Reorganization within ARCO Alaska and throughout the company has been inevitable in the current environment of declining world oil prices, he maintains, and the reorganization has positioned the company to once again move forward.

"When the world turns our way again and we get a tailwind, we'll be ready to take advantage of it," he says. "We're here to stay. Sometimes when you run into a tough headwind, you

hold your ground - instead of charging.

"But the only thing that's really changed is the pace of progress toward our objectives. When you're in a dark room and you want to get to the other side of the room, you're more cautious and you don't go as fast as you would if the lights were on."

ARCO's Wycoff says Heinze's ability to provide a broad conceptual overview of the potential effects of new programs and policies, coupled with his strength at working with industry partners in operating North Slope fields, were important considerations in his selection as ARCO Alaska's president.

HIS DEMONSTRATED the same innate business sense in other environments as well. UBA's Erskine calls him a "quick study," and he says he "never has any qualms about making decisions based on (Heinze's) input."

While oil industry profits have suffered from declining oil prices, the bottom lines of most Alaskan banks have suffered from declining real estate activity. Most banks are experiencing higher loan delinquency rates, and United Bank Alaska has been no exception.

Some UBA board members have expressed their misgivings about current loan setbacks, but Heinze has evaluated the losses in the context of an aggressive real estate lending strategy that brought UBA healthy returns and tremendous growth in assets in 1983 and early 1984.

Says CEO Erskine, "He realizes we made money through real estate before, and now we have to wait until building comes back. He understands that times like these are when a bank really has to work with builders; you don't shut a guy down now, or you're sure to take a loss."

His willingness to take a stand and to carry ARCO's banner into the public arena has thrust Heinze to the forefront as an industry spokesman as well. Observers describe him as a straight shooter - no flowery overstatements of the benevolence of the oil industry and no fire-and-brimstone sermons on the evils of government regulation.

That no-nonsense approach is representative of the tone R.O. Anderson has set for the entire ARCO organization. Atlantic Richfield was the only oil producer that spoke out against the now-defunct oil depletion allowance, a measure that dramatically reduced



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taxes on the industry. It was the first in the industry to advocate channeling federal highway funds into mass transit, and it contributed to the unsuccessful effort to derail California's Proposition 13 tax-reduction initiative.

Likewise, the ARCO Alaska president has nurtured credibility by understanding all aspects of an issue and evaluating their net impact before advocating a course of action.

"With Harold Heinze, every issue is approached with reason and logic," says one observer. "He doesn't tell a lot of phony stories about what will hap-

pen to Alaska if the petroleum industry doesn't get its way. While others rant and rave and complain about 'those fools down in Juneau,' he uses his forum to educate."

Most recently, he's used that forum to advocate a realistic approach to resource development and government spending at the state level. He maintains the state is failing to live up to its responsibilities as one of Alaska's major "landlords."

"Prudhoe Bay is not representative of resource development," he says. "With the resources it has, Alaska should be bragging about all the proj-

ects it has going. The state needs to be an advocate of resource development, but so far it's been too paranoid to be anything but a regulator. The only way Alaska's resources will ever amount to anything is if we develop them, and if the state were a responsible landowner, it would at least prospect its property to find out what it has."

In recent years, state government has been running on an annual budget of about \$5,000 for every man, woman and child residing in Alaska. Heinze says the state should adopt a "needs approach" on spending.

"I'm just suggesting that Alaska might try to 'eke by' with a budget of perhaps \$4,500 per person," he says. "It's a difficult transition, but instead of being wealthy, we're going to have to learn to be *prudently* wealthy. The only way this state will fail is if we force it to fail."

HE SAYS ARCO's commitment to Alaska is as strong as ever and notes that a record sealift scheduled for 1986 will add substantially to the company's North Slope production capacity. Even the company's in-state employment will rebound to previous levels over the next two years, he predicts. "We've been through rough times before," he says, "and we realize we're here for generations. Buoyant forces will bring us back to where we were before the cutbacks."

In a state oil and gas lease sale this fall, ARCO Alaska and Amerada Hess jointly bid about \$9.6 million to lead bidding in the sale. "There's so much potential to be explored that we'll be here for decades," Heinze says.

And Heinze? During his more than 10 years in the state, he's developed a similar attachment to Alaska. He and his family just completed the second year of what he calls his "five-year plan" for building a cabin in the woods north of Talkeetna, and Phase 3 scheduled for next summer calls for walls.

But there's a bond even stronger than his love of Alaska, and that's his loyalty to the company that gave him the opportunity to grow with Alaska in the first place. If he's ever forced to choose between the two, the decision would be painful, he concedes; next time he says goodbye to Alaska, it will *really* mean goodbye.

"But if ARCO feels I can do more good somewhere else, I'll go," he says. "In my position, I need other people to trust my judgment. I have to be willing to trust others."

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