

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8708 HOUSE RESOURCES

Because of the EPA changes required before Salmon Creek can be used again, city officials hired a consulting and engineering firm to upgrade Juneau's water-treatment facility. This upgrade would have had to happen regardless of mining operations.

Since the upgrade to water treatment was already needed, the city also decided to increase the rate of water flow through the system, making the city water supply more responsive to Juneau's needs.

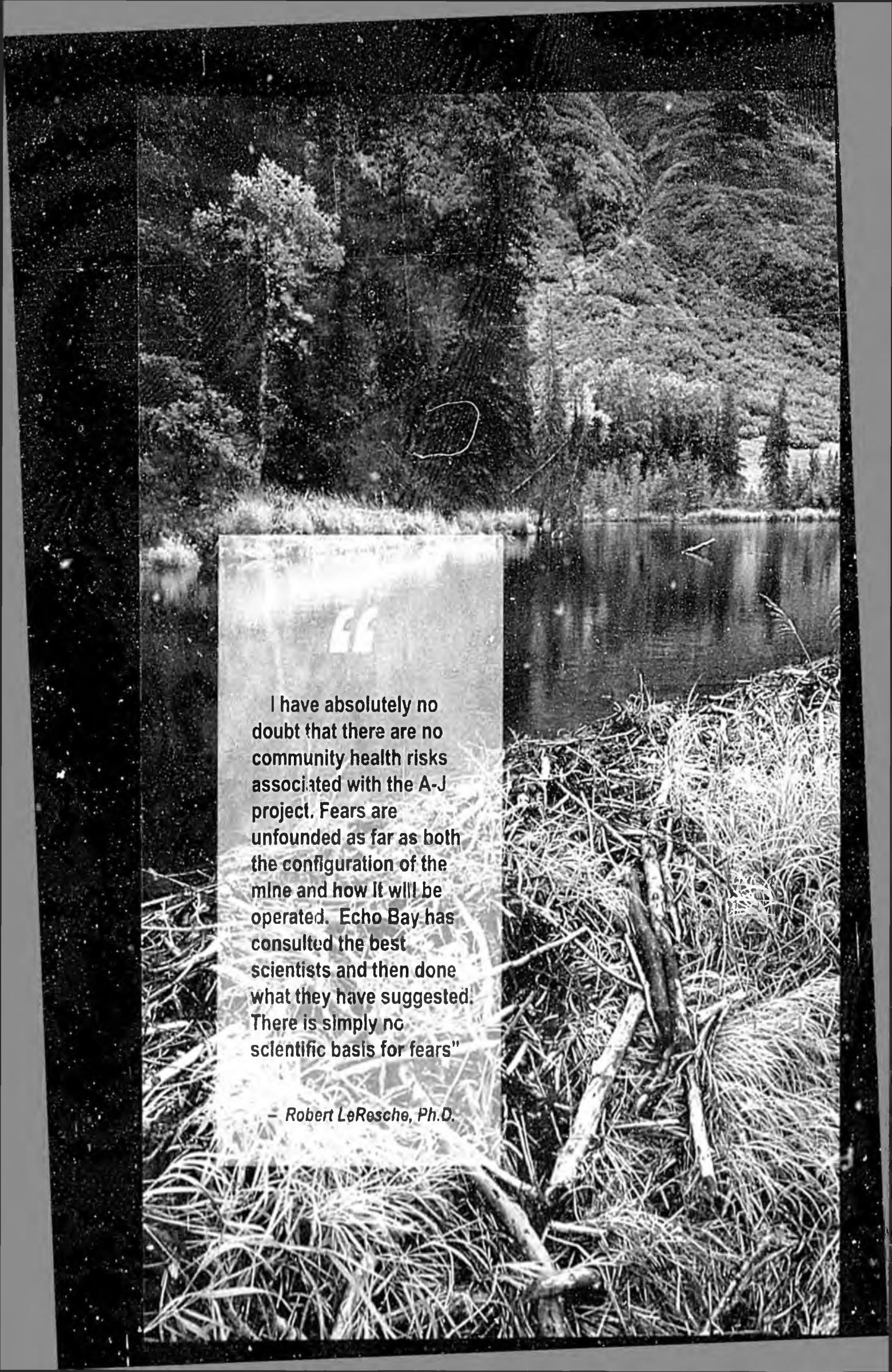
Juneau has grown over the last five years and the demands on city water have increased from just supplying downtown and Douglas, to moving city water to the Back Loop Road and beyond. City officials and their consulting engineers decided to upgrade the Salmon Creek facilities to handle five-million gallons of water per day, from its previous one-million gallon capacity.

But the five-million gallon per day system the city proposed would have still been inadequate to meet all the demand by Juneau residents from Salmon Creek alone.

Until Salmon Creek is updated, Juneau gets its drinking water primarily from Gold Creek in Last Chance Basin. Though at most times of the year the water flow at Gold Creek is adequate to meet the city's needs, in the winter the flow of water at Gold Creek decreases. That is when an alternative water supply for the city is needed most. The alternative supply comes from Salmon Creek.



- Al Clough is a mining geologist for the Alaska Department of Commerce and Economic Development and a member of the City and Borough of Juneau's municipal assembly.

A black and white photograph of a serene landscape. In the foreground, there is a dense thicket of tall grasses and reeds. A rectangular sign is positioned in the middle ground, partially obscured by the vegetation. The sign features a large opening quotation mark at the top left and a block of text in the center. The background shows a calm body of water reflecting the surrounding forest, which is composed of various types of trees, including evergreens. The overall scene is peaceful and natural.

I have absolutely no doubt that there are no community health risks associated with the A-J project. Fears are unfounded as far as both the configuration of the mine and how it will be operated. Echo Bay has consulted the best scientists and then done what they have suggested. There is simply no scientific basis for fears"

- Robert LeResche, Ph.D.

What will change with Echo Bay's mining operations

When Echo Bay begins mining at the A-J Mine there will be a change in the amount of water flowing into Gold Creek.

Water that has been flowing for more than 50 years into the Gold Creek water supply from the Gold Creek Drainage Tunnel will be blocked off. That will cause a decrease in the volume of water that flows into the Gold Creek water supply.

But the quality of water in Gold Creek will actually improve, says water-quality expert Gene Andrews, because the water from the drainage tunnel, while meeting drinking-water standards, is slightly less pure than the rest of the water that now flows into the creek.

The city permit for the A-J Mine requires that the amount of water currently available to the city's water supply remain the same after the mine opens.

So Echo Bay has proposed paying for upgrading the Salmon Creek treatment facility's capacity to seven-million gallons per day. That upgrade would satisfy Juneau residents' water needs and the company's requirement to make sure mining operations don't affect the city's water supply.

The plan gives Juneau a secondary water source that meets 100 percent of the demand for city water throughout the year. Salmon Creek water would meet all the Environmental Protection Agency's new drinking water-quality standards.

From 1976-1981 Robert LeResche served as Alaska's Commissioner of Natural Resources under Gov. Jay Hammond. He holds a master's degree in wildlife management from the University of Alaska Fairbanks and a doctorate degree in pathobiology/ecology from Johns Hopkins University Medical Schools' School of Hygiene and Public Health. He also worked as the director of Habitat Protection for the state Department of Fish and Game under Gov. Hammond and served as Gov. Steve Cowper's oil spill coordinator during the Exxon Valdez disaster.



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When I worked for the Alaska Department of Fish and Game and the Department of Natural Resources I wrote the stipulations for the Trans-Alaska pipeline regarding wildlife and fish protection. There are more stringent protections in the CBJ's permits for the Sheep Creek Valley than for the entire Trans-Alaska pipeline.'

— Robert LeResche, Ph.D.

Differences in Gold Creek and Salmon Creek water

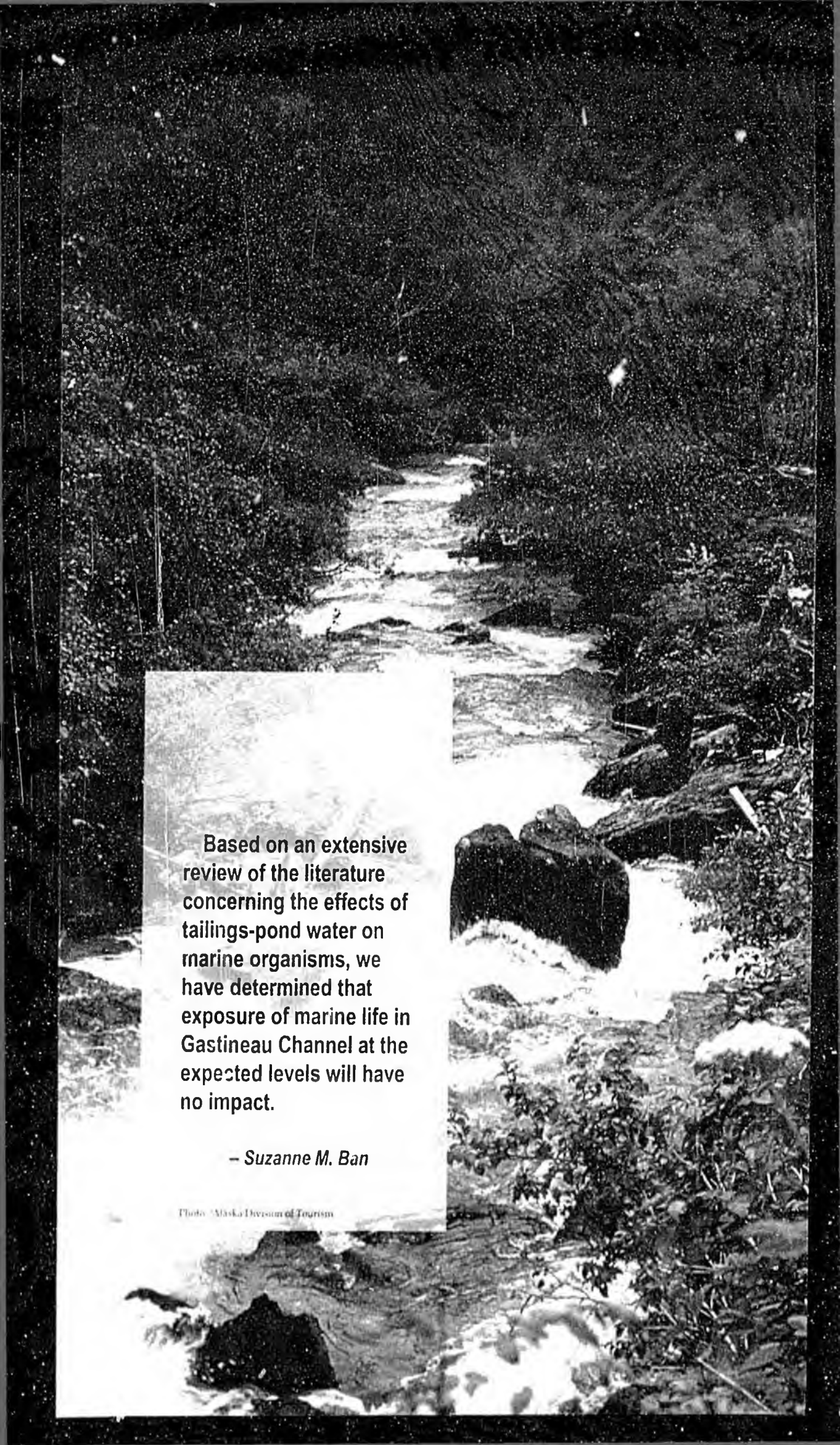
One of the differences between water from Gold Creek and water from Salmon Creek is the amount of suspended solids in the water. The technical term for the phenomenon is "turbidity."

Suspended solids in the water do not make water unsafe, but may give it a slightly milky look when it comes out of the faucet.

The amount of turbidity in a water supply at the Environmental Protection Agency limits have no impact on health, experts say.

"If you went to a restaurant and I handed you a glass of water with suspended sediment at the Environmental Protection Agency limit, you probably wouldn't recognize it as being cloudy," says environmental engineer Edward Buchak, of the firm Edinger Associates.

The measurements being used, in parts per million, are so small as to be almost indistinguishable outside of a laboratory, he said.



Based on an extensive review of the literature concerning the effects of tailings-pond water on marine organisms, we have determined that exposure of marine life in Gastineau Channel at the expected levels will have no impact.

– *Suzanne M. Ban*

Photo: Alaska Division of Tourism

An increase in the amount of suspended solids in Salmon Creek occurs naturally in the fall and in the spring. Experts say it is a natural increase primarily due to heavy rainfall.

But in the winter, when the flow at Gold Creek is at its lowest and an alternative water supply is needed most to meet Juneau's demand, Salmon Creek water is at its best. When the city is most in need of water from Salmon Creek, the water there has its least turbidity.

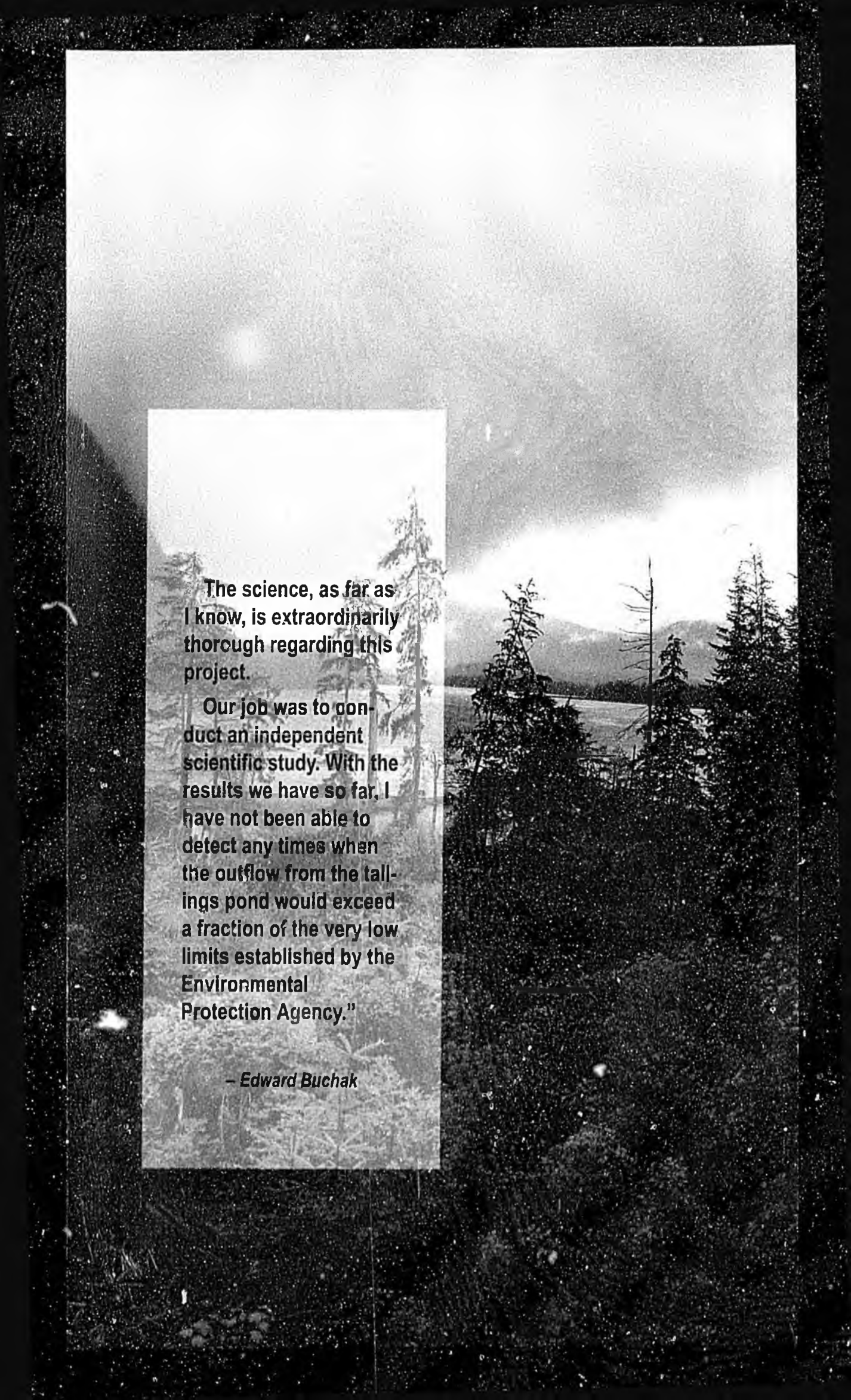
What is especially important to know, is that water-quality engineers are saying that at all times of the year, the water supply at Salmon Creek is safe to drink.

The experts say mining operations would have no ill effect on the quality of Juneau's water supply.

The plan for Echo Bay to pay for upgrading the city's water supply at Salmon Creek to meet all the city's water needs is beneficial to all Juneau residents. It gives the city a viable, safe, second source of drinking water all year long. It's an environmentally sound solution that more than makes up for the loss in the volume of water to Gold Creek due to mining operations. Whereas plugging the mine drainage tunnel would reduce the city's water supply production during a couple of weeks each winter, the Salmon Creek upgraded water supply will be available year round for Juneau's use.



- Suzanne M. Ban is a marine biologist and environmental scientist at Woodward-Clyde Consultants in Anchorage. She holds a master's degree in biological oceanography from Florida Institute of Technology and has worked in the marine ecology field since 1982.



The science, as far as I know, is extraordinarily thorough regarding this project.

Our job was to conduct an independent scientific study. With the results we have so far, I have not been able to detect any times when the outflow from the tailings pond would exceed a fraction of the very low limits established by the Environmental Protection Agency."

— Edward Buchak

Water quality in the Sheep Creek tailings pond

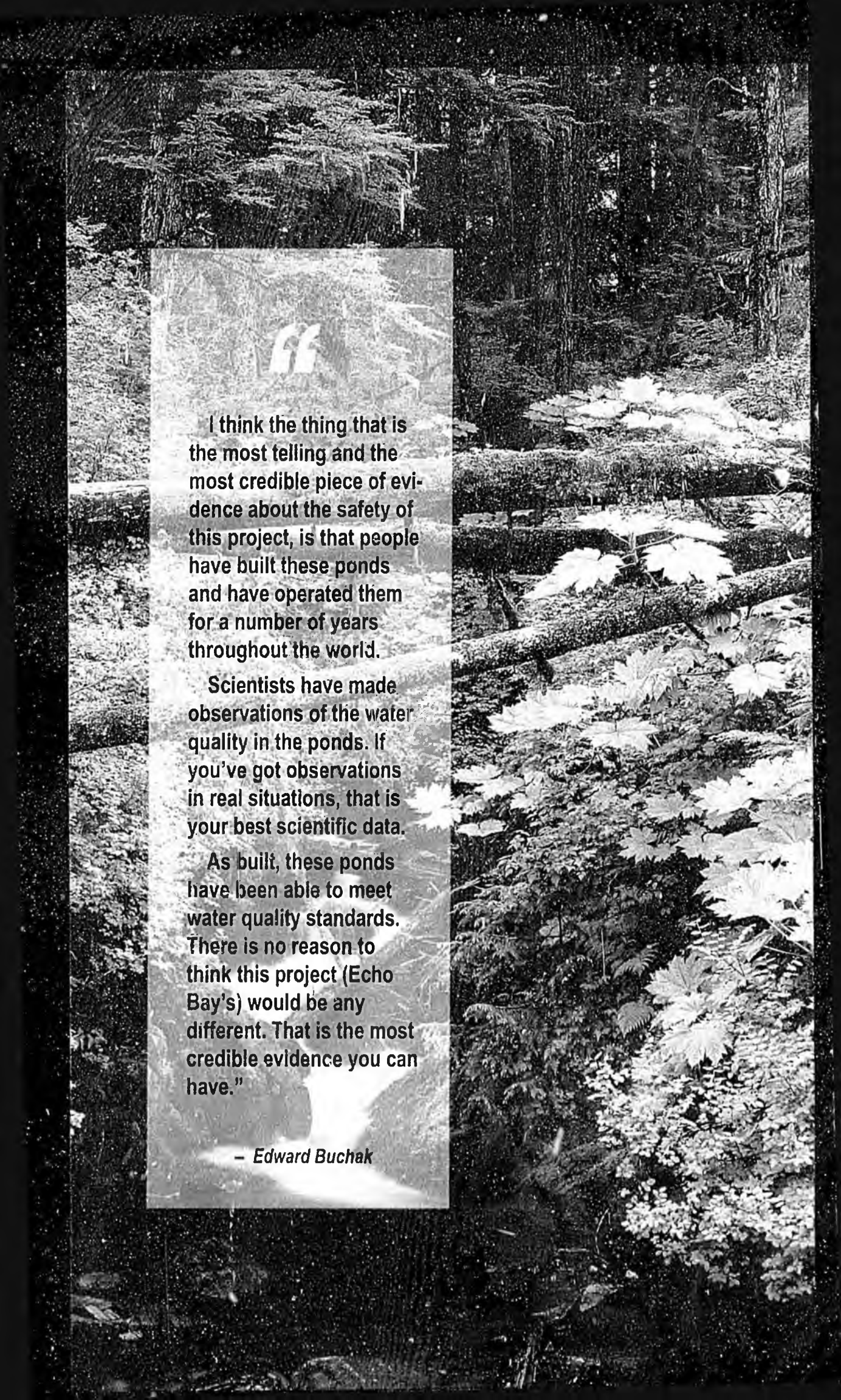
The plan for reopening the Alaska-Juneau Mine calls for putting a dam on the upper portion of Sheep Creek, creating a lake in the Sheep Creek Valley.

The water quality in that lake will be slightly less pure, according to experts, than the water quality currently in Sheep Creek because of the ground up rock (tailings) from the mine that will enter the lake from a pipe on the lake floor.

What is important to understand, however, is that the water-quality in this lake will still meet drinking water-quality standards. That is a phenomenal quality for a "treatment facility," experts say.

According to biologist J.W. Buell, Ph.D., there will be no harm to birds and mammals that drink water from the lake. As a result, the lake discharge to Gastineau Channel can easily meet the stringent EPA and state requirements to protect marine life.

– Edward Buchak and his colleagues at Edinger Associates are experts in physical oceanography and environmental engineering. In conjunction with the United States Army Corps of Engineers, they developed a computer modeling system that has been used extensively for more than 20 years to determine the amount of suspended solids in water. A panel of experts hired by the Environmental Protection Agency, including noted environmentalist Dr. Ray Krone of the University of California Davis, recommended the Buchak model be used by the EPA to determine the affect of the mine on Gastineau Channel water quality.



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I think the thing that is the most telling and the most credible piece of evidence about the safety of this project, is that people have built these ponds and have operated them for a number of years throughout the world.

Scientists have made observations of the water quality in the ponds. If you've got observations in real situations, that is your best scientific data.

As built, these ponds have been able to meet water quality standards. There is no reason to think this project (Echo Bay's) would be any different. That is the most credible evidence you can have.”

— Edward Buchak

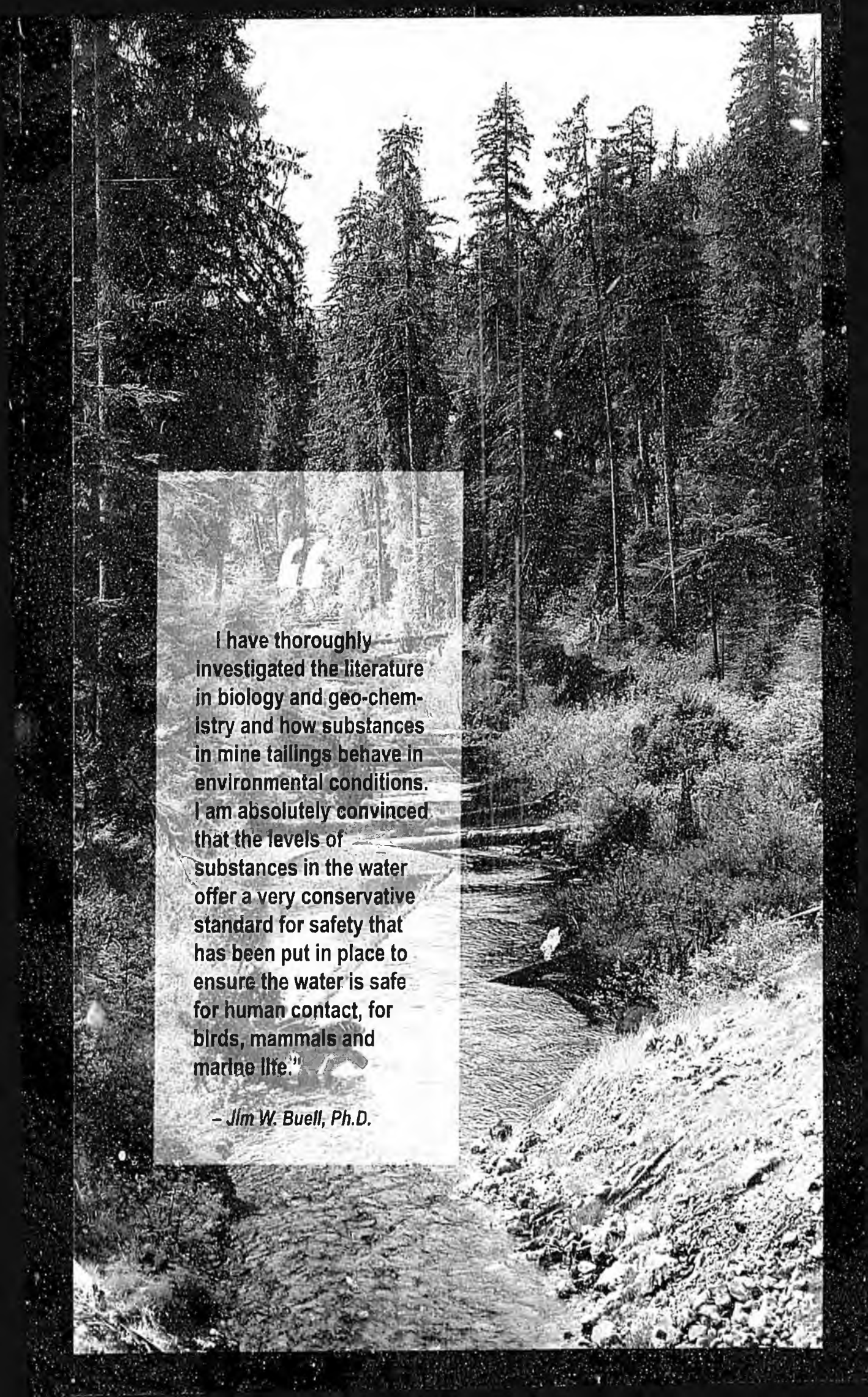
Monitoring

sophisticated series of monitoring stations will continuously monitor the quality of water in the lake for five key elements used in determining water quality. The technology is available, and has been used successfully for more than 25 years, for a literally continuous-monitoring system that places probes at key points and relays information to computers.

On a daily and weekly basis, tests for numerous specific substances in the water will also be completed.

If problems are indicated in any areas, the system automatically stops any water from being discharged out of the tailings pond. An alarm system would notify Echo Bay scientists if a problem was indicated and automatically shut down the release of water from the lake.

Frequent scheduled observations will assure automatic equipment is properly tested and maintained.

A black and white photograph of a forest stream. The stream flows through a dense forest of tall, thin trees. The water is clear and reflects the surrounding greenery. The banks are rocky and covered with some low-lying vegetation. A semi-transparent text box is overlaid on the left side of the image.

I have thoroughly investigated the literature in biology and geo-chemistry and how substances in mine tailings behave in environmental conditions. I am absolutely convinced that the levels of substances in the water offer a very conservative standard for safety that has been put in place to ensure the water is safe for human contact, for birds, mammals and marine life."

- Jim W. Buell, Ph.D.

Aquatic life standards and Gastineau Channel

In understanding the effects of the A-J Mine project on the water quality in Gastineau Channel, it is important to understand just how the Environmental Protection Agency defines "aquatic life standards."

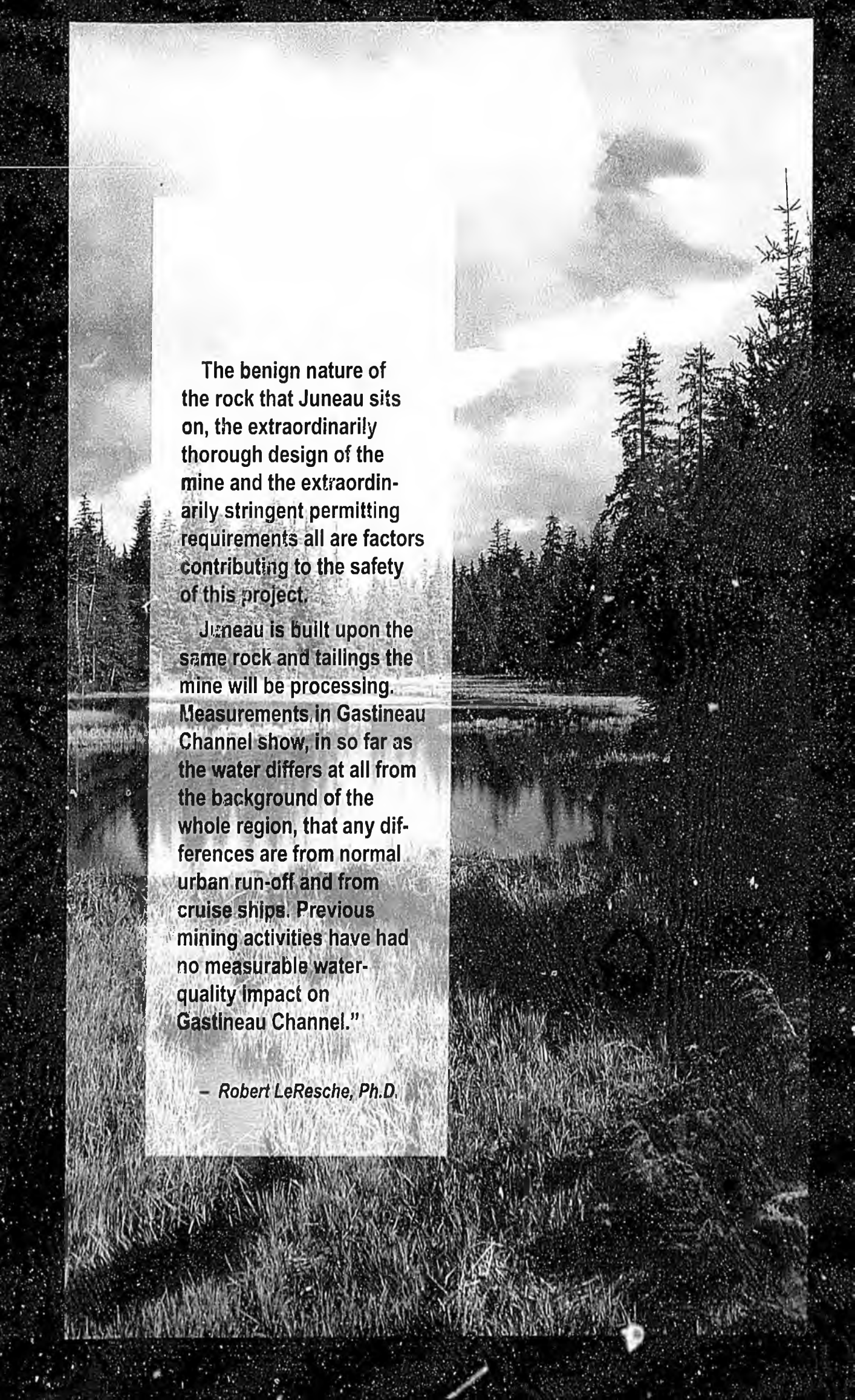
The Environmental Protection Agency standards for water that returns to the environment and affects marine life are actually stricter than drinking-water quality standards.

Aquatic life standards are in two categories, chronic and acute. Chronic standards, which are the most stringent, are based upon no observable effect on the most sensitive creatures living in sea water.

When the A-J Mine is in operation, the water in the tailings pond will be essentially drinking-water quality.

The water from the lake going back into Gastineau Channel will have to meet chronic aquatic life standards - there can be no affect on the most sensitive sea creatures.

- Jim Buell, Ph.D., is owner of Buell and Associates, Inc., Consulting Biologists, in Beaverton, Oregon. He holds a doctorate degree from the University of Oregon in biology, specializing in comparative physiology. He has worked with water quality issues in the laboratory and in the environment for the majority of his more than 20 year career.



The benign nature of the rock that Juneau sits on, the extraordinarily thorough design of the mine and the extraordinarily stringent permitting requirements all are factors contributing to the safety of this project.

Juneau is built upon the same rock and tailings the mine will be processing. Measurements in Gastineau Channel show, in so far as the water differs at all from the background of the whole region, that any differences are from normal urban run-off and from cruise ships. Previous mining activities have had no measurable water-quality impact on Gastineau Channel."

— Robert LeResche, Ph.D.

Water will flow back into the channel from a pipe that releases the treated water underneath the channel into what is called a mixing zone.

Baseline data on the most sensitive species of aquatic life in Gastineau Channel has been taken over a period of several years. A myriad of indicators were looked at to determine the effect of releasing the pond water into the channel.

Recently, measurements collected over a period of 20 years by the United States Geological Survey of water in Sheep Creek, were provided to both the Environmental Protection Agency and to Ed Buchak, who developed the modeling system being used by the EPA to determine water quality in Gastineau Channel relative to suspended solids in the tailings pond.

That data, along with other significant data such as characteristics of mine tailings, operating procedures, mine design, and weather data, was supplied to the EPA and to Buchak.

Buchak ran the data through the computer model he developed, as is the Environmental Protection Agency.

Buchak said his preliminary results show that on the worst day of the years examined the amount of suspended solids coming out of the mine into Gastineau Channel would be a tiny fraction of Environmental Protection Agency limits.





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The discharge of
tailings pond water into
Gastineau Channel does
not represent a water-
quality problem. Based
on our studies, there is
no basis for fears.”

— Jack Colonell, Ph.D.

ake a look for yourself at the data available at local libraries on water quality issues. If you would like more detailed information about the A-J Mine project please feel free to call our Public Affairs Manager David Stone at 463-5704 to arrange a time for us to talk with your community group, educational organization or church. Or write us at Echo Bay Mines Alaska, 3100 Channel Drive, Suite 2, Juneau, Alaska 99801.

Our scientists and public affairs manager will be happy to answer your questions and explain the project in more detail.

We believe that once you fully understand the data and the safeguards we have put in place to protect our environment, you'll feel as confident as some of our nation's most noted scientists about Echo Bay's ability to maintain the highest water-quality standards.

- Jack Colonell, Ph.D., works with Woodward-Clyde Consultants in Anchorage. He has been an oceanographer studying statewide and national water quality issues for the past 20 years. He holds a doctorate degree in civil engineering from Stanford University.

Here are a few of the water-quality and wastewater analysis studies that have been prepared by experts. These studies are currently available at all of the city-borough libraries, the University of Alaska Southeast's Egan Library and the Juneau-Douglas High School library.

"Wastewater Analysis; A-J Mine Project," by Ott Water Engineers, Ott Engineering Inc., Bellevue, Wash., February, 1989.

"Gastineau Channel Current Survey," by Oceanetic Measurement Ltd., Sidney, B.C., Canada, June-August, 1990.

"Ecological Assessment of Marine Fauna and Sediments of Gastineau Channel for the Purpose of Developing a Monitoring Program Rational for Echo Bay Mining A-J Project," by Oceanographic Institute of Oregon, 1991.

"A-J Gastineau Channel Report," by Environmental Associate, SH Scientific Systems Ltd., Washington, September, 1991.

"Supplemental Investigation: A-J Mine Marine Outfall - Final Report" Woodward-Clyde Consultants, Anchorage, Alaska, August, 1992.

"A-J Mine, Mitigation for the Tailings Pond and Surface Facility," by J.W. Buell, Ph.D., Buell and Associates Inc., Consulting Biologists, Beaverton, Ore., August, 1993.

"Review of Discharge Water Quality for Proposed Sheep Creek Tailings Basin, A-J Mine," by Klohn Leonoff Inc., Kirkland, Wash., April, 1993.

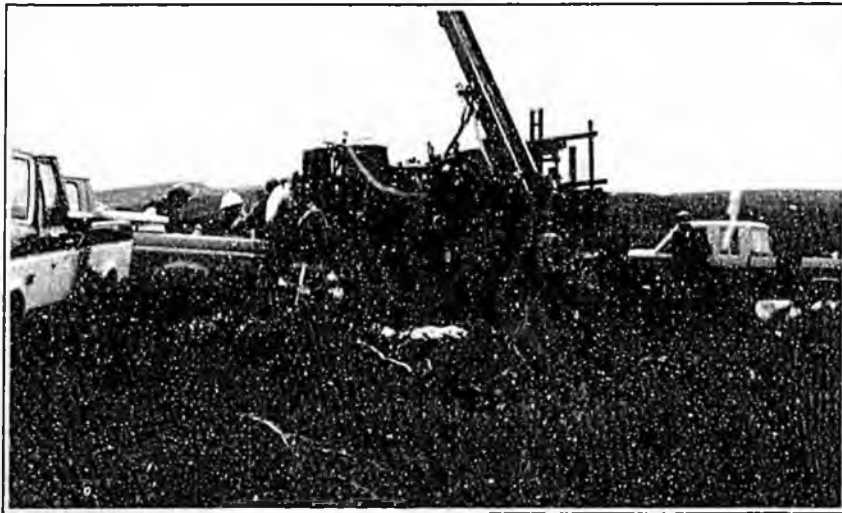
A 59-page comprehensive annotated bibliography of studies regarding or related to the A-J Mine project was prepared by Woodward-Clyde Consultants, Anchorage, Alaska.

The bibliography is also available at local libraries.



Report of the

ALASKA MINERALS COMMISSION



JANUARY 1995



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FOREWORD

The Alaska Minerals Commission wishes to thank the Governor and the Legislature for implementing several of our recommendations during 1994 and continuing the encouraging trend set in the prior two years. Highlights include settlement of the Mental Health Lands dispute; extending the terms of permits when legal impediments prevent their use; protection of mining claimants on State-Selected Lands; aggressive documentation and assertion of RS 2477 Rights-of-Way; rational State land selections; adoption of reasonable risk-factors for federally mandated Clean Air Act amendments; attempts to create multi-year permits for placer mines; and continued investment in the airborne geophysical survey project.

The Alaska Minerals Commission was created by the 14th Legislature and signed into law on June 6, 1986. The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate constraints, including governmental constraints, on the development of minerals, including coal, in the state.

The Commission has presented reports to the Governor and Legislature annually since January, 1987, and is authorized to do so until January, 1999. Commission members are appointed by the Governor, the President of the Senate, and the Speaker of the House. The current members include representatives of the placer, hard rock, and coal mining industries and come from diverse areas of the state.

During 1994, the Commission held meetings in Juneau, Fairbanks, and Anchorage, including a meeting with the Lt. Governor and Commissioners of various departments. The recommendations in this report are the result of input at these meetings. All Commission meetings are open to the public, and members encourage comments from all interested parties at any time.

Following the list of recommendations in the executive summary, this report contains background information, or findings, on each issue, followed by the related recommendation. These have been grouped into a Part A which deals with issues that are mainly State issues, and a Part B which are federal issues which affect the State and can be influenced by State participation.

On behalf of the members of the Commission, I would like to express our appreciation to those members of the public, to the Alaska Miners Association, the Resource Development Council, and to the many government agencies and private organizations that contributed to the preparation of the report. The Commission wishes to thank Commissioner Paul Fuhs of the Department of Commerce and Economic development and Gabrielle LaRoche, Dick Swainbank, and Al Clough of the Division of Economic Development who have provided excellent administrative and professional support to the Commission.

Earl H. Beistline
Chair

ALASKA MINERALS COMMISSION
1995 REPORT TO THE GOVERNOR
AND ALASKA STATE LEGISLATURE

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EXECUTIVE SUMMARY

There were a number of encouraging developments in Alaska mining during 1994. Highlights include increased production at the Red Dog Mine near Kotzebue, the announcement of a new ore body at the Greens Creek Mine near Juneau, permitting of the Healy Clean Coal Project, permitting and site preparation at the Fort Knox Mine and expansion of reserves at the True North Mine near Fairbanks, and the April 1994 release of the Nome, Nyc, Valdez Creek and Circle area geophysical data and maps.

The availability of geophysical data has already resulted in increased exploration activity in the Nome and Circle areas, with significant work commitments promised for 1995. Industry representatives are eagerly awaiting the results of similar surveys of the Fairbanks and Richardson areas which were flown in 1994. This is especially so in light of recent announcements of high-grade gold values in drill core for the Richardson district.

Other areas of the State with significant new mining activity or development include Wiseman, McGrath, Nulato, Cantwell, Tok, and Ambler.

Unfortunately the Valdez Creek placer mine will probably close in late 1995. Further, continued lack of resolve by federal permitting agencies on the AJ and Kensington Mines slows progress of these vital mine developments.

RECOMMENDATIONS

PART A: ISSUES REQUIRING STATE ACTION

INCENTIVES

1. The Governor and Legislature should create economic incentives that will provide financial encouragement and help offset some of the real and perceived problems facing exploration and development in Alaska. Incentives that should be considered include credits for expenditures on exploration drilling and geophysics that can be deducted from claim rents, the mining license tax, production royalties, and income taxes. An increased budget for educational and promotional efforts is also recommended.

GEOPHYSICAL AND GEOLOGIC MAPPING

2. The Governor and Legislature should invest \$5 million per year for the next decade, preferably through foundation funding, in airborne geophysical surveys and complementary geological and geochemical surveys.

ACCESS

3. The state should aggressively assert all identified RS 2477 Rights-of-Way and provide funding until completion of the project. Further, the State should assert an access route pursuant to Title XI of ANILCA to test the process and develop precedent-setting guidelines.

STATE REGULATORY REFORM

4. The Legislature should amend the Administrative Procedures Act (AS 44.62.195) by adding a section as follows: "If the adoption, amendment, or repeal of a regulation would require increased costs for compliance by individuals and businesses, the department or agency proposing the regulation shall prepare an estimate of those costs for the year following adoption, amendment, or repeal of the regulation and for any additional period of time required for implementation and compliance with the regulation."
5. The Governor should designate and fund the Department of Natural Resources (DNR) as the lead agency in all regulatory matters concerning mining, and should direct other agencies with regulatory authority over mining, such as the Departments of Fish and Game and Environmental Conservation, to coordinate their regulatory programs through DNR.
6. The Governor should direct the Commissioner of the Department of Natural Resources to take the necessary steps to allow Miscellaneous Land Use Permits to be issued for periods of up to 5 years.

CITIZENS ADVISORY COMMISSION ON FEDERAL AREAS

7. The Governor and Legislature should provide expanded budgetary and programmatic support to the Citizens Advisory Commission on Federal Areas.

COASTAL ZONE MANAGEMENT

8. The Legislature should amend AS 46.40.040 and AS 46.40.060 to define "uses of state concern" to ensure that all uses or potential opportunities for future uses or rights are treated equally.

COAL ISSUES

9. The Governor should direct the Commissioner of Natural Resources to prepare necessary changes to AS 27.19.010(c) and AS 27.19.040(b) to allow for the inclusion of all mining companies and individuals in the State of Alaska's reclamation bonding pool.

EDUCATION AND RESEARCH

10. The Governor and the Legislature should continue to support the Department of Education for its partial funding of a Minerals Specialist at the present or an increased level. Such support should be commensurate with the increased contributions from the industry-supported Alaska Mineral and Energy Resource Education Fund.
11. The Governor and Legislature should provide budgetary support to the mining, geological, and mine training programs throughout the University of Alaska system.

USER FEES

12. The Governor and Legislature should establish policy guidelines for the implementation of user fees and should establish a procedure requiring legislative and public review of all proposed user fees.

STATE LABOR ISSUES

- 13a. Legislation should be enacted to allow work schedules to be set on the basis of project-specific considerations which will permit more efficient use of labor and provide more desirable time-off patterns for employees. AS 23.10.060 currently provides opportunities for flexible work plans at small seasonal mining operations and for surface mines. These same opportunities should be extended to all mining operations without regard to size, type, and/ or seasonal nature of the work.
- b. Legislation should be enacted to amend current statutes limiting underground shifts from the current maximum of eight hours to a maximum of twelve hours, similar to SB 295 in the 17th Legislature.

DIMINUTIVE DISCHARGES

14. The Alaska Legislature should amend AS 46.03.100 to exempt diminutive activities, including mineral drilling, certain construction activities, and marine bilge-pumping from requiring a Waste Disposal Permit. Specifically, mineral drilling in which the only discharges are ground-up rock, water, and biodegradable additives, (which are EPA approved for water-well drilling), should be exempted.

PART B: FEDERAL ISSUES OF STATE CONCERN

MINING LAW OF 1872

15. The Governor, in conjunction with the Congressional Delegation and the Western Governors Association, should continue opposition to changes in the Federal Mining Law that would adversely affect mineral development in Alaska.

ANILCA PROVISIONS

16. The Governor and Legislature, through the Attorney General's office, the State's Washington, D.C. office, and the Congressional Delegation should insist that the federal administration:
 - a. provide access across Conservation System Units (CSU) as required by Title XI of the Alaska National Interest Lands Conservation Act (ANILCA),
 - b. prohibit the creation of additional CSU lands in Alaska as required by Sections 101d and 1326b of ANILCA, and
 - c. exchange mineralized areas from existing CSU under the authority of Sections 103b and 1302h of ANILCA.

INTERNATIONAL PARKS IN ALASKA

17. The Governor and the Legislature, through the Congressional Delegation, the State's Washington, D.C. office, and by letter to the Secretary of Interior, should vigorously and resolutely oppose the creation of any International Park, World Heritage Site, or International Marine Biosphere Reserve in Alaska or in waters adjacent to Alaska.

US GEOLOGICAL SURVEY AND BUREAU OF MINES

18. The Governor and the Legislature, should work with the State's Congressional Delegation to assure funding for field offices of the U.S. Geological Survey and the U.S. Bureau of Mines in Alaska.

FINDINGS AND RECOMMENDATIONS

PART A: ISSUES REQUIRING STATE ACTION

INCENTIVES

FINDING: The Alaskan minerals industry competes in a global market for mineral exploration and development dollars. Although Alaska is blessed with an abundance of geologically favorable terrane, it has suffered because of its remoteness, the lack of transportation, infrastructure, and seasonal constraints. Equally important is the industry's perception that State and Federal agencies are not supportive of mineral development in Alaska.

Throughout the world there are countries actively seeking exploration and development investment by providing economic incentives for resource industries. Incentive programs have been successful in Chile and Mexico where privatization and tax incentives have revitalized their mining industries. Appropriate incentives could be especially effective in drawing industry attention to Alaska. This is because many companies currently view the lower 48 to be unattractive from the regulatory perspective and are looking elsewhere for new exploration opportunities.

THE COMMISSION RECOMMENDS THAT:

- 1. The Governor and Legislature should create economic incentives that will provide financial encouragement and help offset some of the real and perceived problems facing exploration and development in Alaska. Incentives that should be considered include credits for expenditures on exploration drilling and geophysics that can be deducted from claim rents, the mining license tax, production royalties, and income taxes. An increased budget for educational and promotional efforts is also recommended.*

GEOPHYSICAL AND GEOLOGICAL MAPPING

FINDING: Many other countries provide airborne geophysical surveys to guide and complement traditional geologic mapping and geochemical surveys. Commonly several millions of dollars per year are invested in order to survey several thousands of square miles. This has been found to be a cost effective marketing tool to attract mineral exploration investment.

In 1993 Alaska contracted for airborne surveys of 1,100 square miles and in 1994 for an additional 750 square miles. At least half of Alaska's 160,000 square miles of State land (104 million acres) has high mineral value. However, at the present level of funding it will take well over 80 years to survey these mineral lands.

Although the maps of the 1993 airborne geophysical survey were not available until April of 1994, already increased claim staking and exploration activity can be documented in the Nome and Circle areas. The maps from the 1994 surveys of the Fairbanks and Richardson districts should be available in early 1995, but already (October, 1994) there is significantly more exploration interest in both areas.

These mapping programs should be viewed as an investment similar to the marketing efforts in other basic sector industries in Alaska and accelerated to cover the known mineral belts in a reasonable time frame.

THE COMMISSION RECOMMENDS THAT:

- 2. The Governor and Legislature should invest \$5 million per year for the next decade, preferably through foundation funding, in airborne geophysical surveys and complementary geological and geochemical surveys.*

ACCESS

FINDING: The State has identified hundreds of potential Revised Statute 2477 Rights-of-Way (RS 2477) and is in the process of asserting title on a selected few. However only the Bureau of Land Management (BLM) currently has a policy for accepting State nominations and assertions.

RS 2477 access corridors may provide the only assured access across and within the vast interlocked system of Conservation Systems Units in Alaska other than the untested Title XI access provided for in the 1980 Alaska National Interest Lands Conservation Act (ANILCA).

THE COMMISSION RECOMMENDS THAT:

- 3. The State should aggressively assert all identified RS 2477 Rights-of-Way and provide funding until completion of the project. Further, the State should assert an access route pursuant to Title XI of ANILCA to test the process and develop precedent-setting guidelines.*

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FINDING: Alaska mineral producers often face higher costs of doing business due to harsher climate, to higher labor costs, and to higher capital costs. Additional indirect costs due to regulations can have the effect of making Alaska mines uncompetitive with those in other states and countries. The Administrative Procedures Act (AS 44.62.195) requires State agencies to prepare fiscal notes which estimate the costs to State government of a proposed regulation. State agencies should also be required to estimate the compliance costs of proposed regulations to individuals and businesses as a formal part of the process of adopting regulations.

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FINDING: Presently several State agencies claim management authority over State lands. The administration has become a complex bureaucracy with multiple agencies vying for regulatory management of mineral development. The number of permits, the time required to secure those permits, the number of agencies, and the costs related to obtaining the permits has become excessive.

The recent experience with permitting a major mining operation on State lands near Fairbanks has demonstrated the benefit of having a coordinated State approach through the Department of Natural Resources (DNR) for the mine permitting process.

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- 5. The Governor should designate and fund the Department of Natural Resources (DNR) as the lead agency in all regulatory matters concerning mining, and should direct other agencies with regulatory authority over mining, such as the Departments of Fish and Game and Environmental Conservation, to coordinate their regulatory programs through DNR.*

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THE COMMISSION RECOMMENDS THAT:

- 6. The Governor should direct the Commissioner of the Department of Natural Resources to take the necessary steps to allow Miscellaneous Land Use Permits to be issued for periods of up to 5 years.*

CITIZEN'S ADVISORY COMMISSION ON FEDERAL AREAS

FINDING: The Citizens Advisory Commission of Federal Areas was established by the Alaska Legislature in 1981 shortly after the enactment of the Alaska National Interest Lands Conservation Act. The Commission is composed of 16 members, half of whom are appointed by the Governor and half by the Legislature, including four sitting legislators. The Commission analyzes federal legislation, regulations, and land management plans, determines the impact of these actions on Alaska's citizens, and makes recommendations to both State and Federal agencies for corrective actions to problems discovered. As federal regulations are finally developed, the case load is expanding.

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FINDING: The "Alaska Resource Kit: Minerals" which is being used in the statewide public school system, is an excellent program for educating Alaska's students in the issues and fundamentals of resource development. The program is a cooperative effort between the Department of Education, which developed the curriculum and is responsible for its implementation, and the Alaska Mineral and Energy Resource Education Fund (AMEREF). AMEREF is an industry-supported organization which annually funds the production and replacement of the teaching materials and which partially funds the salary of a Mineral Specialist in the Department of Education who is responsible for providing teacher training and for implementing the program into the school systems. This program has proven to be a success and reflects the cooperation that has existed during the 10 years of the program's existence.

THE COMMISSION RECOMMENDS THAT:

10. *The Governor and the Legislature should continue to support the Department of Education for its partial funding of a Minerals Specialist at the present or an increased level. Such support should be commensurate with the increased contributions from the industry-supported Alaska Mineral and Energy Resource Education Fund.*

FINDING: The University of Alaska offers programs for educating mining engineers, geological engineers and geologists; for providing mining public extension, and mining vocational training services; and for conducting applied research in direct support of the mineral industry. These professional, public service, and research programs are vital to the continued development and utilization of the State's mineral resources, to the jobs and incomes of its residents, and to the public revenues used to support education and other public services.

The ongoing assessment of University of Alaska programs will identify areas for reducing the University budget. Maintaining the identity of degree programs and administrative leadership of academic units which provide support for resource development and of vocational programs which provide unique direct job training should remain a priority for the University.

THE COMMISSION RECOMMENDS THAT:

11. *The Governor and Legislature should provide budgetary support to the mining, geological, and mine training programs throughout the University of Alaska system.*

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
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Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

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January 1995

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FOREWORD

The Alaska Minerals Commission wishes to thank the Governor and the Legislature for implementing several of our recommendations during 1994 and continuing the encouraging trend set in the prior two years. Highlights include settlement of the Mental Health Lands dispute; extending the terms of permits when legal impediments prevent their use; protection of mining claimants on State-Selected Lands; aggressive documentation and assertion of RS 2477 Rights-of-Way; rational State land selections; adoption of reasonable risk-factors for federally mandated Clean Air Act amendments; attempts to create multi-year permits for placer mines; and continued investment in the airborne geophysical survey project.

The Alaska Minerals Commission was created by the 14th Legislature and signed into law on June 6, 1986. The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate constraints, including governmental constraints, on the development of minerals, including coal, in the state.

The Commission has presented reports to the Governor and Legislature annually since January, 1987, and is authorized to do so until January, 1999. Commission members are appointed by the Governor, the President of the Senate, and the Speaker of the House. The current members include representatives of the placer, hard rock, and coal mining industries and come from diverse areas of the state.

During 1994, the Commission held meetings in Juneau, Fairbanks, and Anchorage, including a meeting with the Lt. Governor and Commissioners of various departments. The recommendations in this report are the result of input at these meetings. All Commission meetings are open to the public, and members encourage comments from all interested parties at any time.

Following the list of recommendations in the executive summary, this report contains background information, or findings, on each issue, followed by the related recommendation. These have been grouped into a Part A which deals with issues that are mainly State issues, and a Part B which are federal issues which affect the State and can be influenced by State participation.

On behalf of the members of the Commission, I would like to express our appreciation to those members of the public, to the Alaska Miners Association, the Resource Development Council, and to the many government agencies and private organizations that contributed to the preparation of the report. The Commission wishes to thank Commissioner Paul Fuhs of the Department of Commerce and Economic development and Gabrielle LaRoche, Dick Swainbank, and Al Clough of the Division of Economic Development who have provided excellent administrative and professional support to the Commission.

Earl H. Beistline
Chair

ALASKA MINERALS COMMISSION
1995 REPORT TO THE GOVERNOR
AND ALASKA STATE LEGISLATURE

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EXECUTIVE SUMMARY

There were a number of encouraging developments in Alaska mining during 1994. Highlights include increased production at the Red Dog Mine near Kotzebue, the announcement of a new ore body at the Greens Creek Mine near Juneau, permitting of the Healy Clean Coal Project, permitting and site preparation at the Fort Knox Mine and expansion of reserves at the True North Mine near Fairbanks, and the April 1994 release of the Nome, Nyac, Valdez Creek and Circle area geophysical data and maps.

The availability of geophysical data has already resulted in increased exploration activity in the Nome and Circle areas, with significant work commitments promised for 1995. Industry representatives are eagerly awaiting the results of similar surveys of the Fairbanks and Richardson areas which were flown in 1994. This is especially so in light of recent announcements of high-grade gold values in drill core for the Richardson district.

Other areas of the State with significant new mining activity or development include Wiseman, McGrath, Nulato, Cantwell, Tok, and Ambler.

Unfortunately the Valdez Creek placer mine will probably close in late 1995. Further, continued lack of resolve by federal permitting agencies on the AJ and Kensington Mines slows progress of these vital mine developments.

RECOMMENDATIONS

PART A: ISSUES REQUIRING STATE ACTION

INCENTIVES

1. The Governor and Legislature should create economic incentives that will provide financial encouragement and help offset some of the real and perceived problems facing exploration and development in Alaska. Incentives that should be considered include credits for expenditures on exploration drilling and geophysics that can be deducted from claim rents, the mining license tax, production royalties, and income taxes. An increased budget for educational and promotional efforts is also recommended.

GEOPHYSICAL AND GEOLOGIC MAPPING

2. The Governor and Legislature should invest \$5 million per year for the next decade, preferably through foundation funding, in airborne geophysical surveys and complementary geological and geochemical surveys.

ACCESS

3. The state should aggressively assert all identified RS 2477 Rights-of-Way and provide funding until completion of the project. Further, the State should assert an access route pursuant to Title XI of ANILCA to test the process and develop precedent-setting guidelines.

STATE REGULATORY REFORM

4. The Legislature should amend the Administrative Procedures Act (AS 44.62.195) by adding a section as follows: "If the adoption, amendment, or repeal of a regulation would require increased costs for compliance by individuals and businesses, the department or agency proposing the regulation shall prepare an estimate of those costs for the year following adoption, amendment, or repeal of the regulation and for any additional period of time required for implementation and compliance with the regulation."
5. The Governor should designate and fund the Department of Natural Resources (DNR) as the lead agency in all regulatory matters concerning mining, and should direct other agencies with regulatory authority over mining, such as the Departments of Fish and Game and Environmental Conservation, to coordinate their regulatory programs through DNR.
6. The Governor should direct the Commissioner of the Department of Natural Resources to take the necessary steps to allow Miscellaneous Land Use Permits to be issued for periods of up to 5 years.

CITIZENS ADVISORY COMMISSION ON FEDERAL AREAS

7. The Governor and Legislature should provide expanded budgetary and programmatic support to the Citizens Advisory Commission on Federal Areas.

COASTAL ZONE MANAGEMENT

8. The Legislature should amend AS 46.40.040 and AS 46.40.060 to define "uses of state concern" to ensure that all uses or potential opportunities for future uses or rights are treated equally.

COAL ISSUES

9. The Governor should direct the Commissioner of Natural Resources to prepare necessary changes to AS 27.19.010(c) and AS 27.19.040(b) to allow for the inclusion of all mining companies and individuals in the State of Alaska's reclamation bonding pool.

EDUCATION AND RESEARCH

10. The Governor and the Legislature should continue to support the Department of Education for its partial funding of a Minerals Specialist at the present or an increased level. Such support should be commensurate with the increased contributions from the industry-supported Alaska Mineral and Energy Resource Education Fund.
11. The Governor and Legislature should provide budgetary support to the mining, geological, and mine training programs throughout the University of Alaska system.

USER FEES

12. The Governor and Legislature should establish policy guidelines for the implementation of user fees and should establish a procedure requiring legislative and public review of all proposed user fees.

STATE LABOR ISSUES

- 13a. Legislation should be enacted to allow work schedules to be set on the basis of project-specific considerations which will permit more efficient use of labor and provide more desirable time-off patterns for employees. AS 23.10.060 currently provides opportunities for flexible work plans at small seasonal mining operations and for surface mines. These same opportunities should be extended to all mining operations without regard to size, type, and/ or seasonal nature of the work.
- b. Legislation should be enacted to amend current statutes limiting underground shifts from the current maximum of eight hours to a maximum of twelve hours, similar to SB 295 in the 17th Legislature.

DIMINUTIVE DISCHARGES

14. The Alaska Legislature should amend AS 46.03.100 to exempt diminutive activities, including mineral drilling, certain construction activities, and marine bilge-pumping from requiring a Waste Disposal Permit. Specifically, mineral drilling in which the only discharges are ground-up rock, water, and biodegradable additives, (which are EPA approved for water-well drilling), should be exempted.

PART B: FEDERAL ISSUES OF STATE CONCERN

MINING LAW OF 1872

15. The Governor, in conjunction with the Congressional Delegation and the Western Governors Association, should continue opposition to changes in the Federal Mining Law that would adversely affect mineral development in Alaska.

ANILCA PROVISIONS

16. The Governor and Legislature, through the Attorney General's office, the State's Washington, D.C. office, and the Congressional Delegation should insist that the federal administration;
 - a. provide access across Conservation System Units (CSU) as required by Title XI of the Alaska National Interest Lands Conservation Act (ANILCA),
 - b. prohibit the creation of additional CSU lands in Alaska as required by Sections 101d and 1326b of ANILCA, and
 - c. exchange mineralized areas from existing CSU under the authority of Sections 103b and 1302h of ANILCA.

INTERNATIONAL PARKS IN ALASKA

17. The Governor and the Legislature, through the Congressional Delegation, the State's Washington, D.C. office, and by letter to the Secretary of Interior, should vigorously and resolutely oppose the creation of any International Park, World Heritage Site, or International Marine Biosphere Reserve in Alaska or in waters adjacent to Alaska.

US GEOLOGICAL SURVEY AND BUREAU OF MINES

18. The Governor and the Legislature, should work with the State's Congressional Delegation to assure funding for field offices of the U.S. Geological Survey and the U.S. Bureau of Mines in Alaska.

FINDINGS AND RECOMMENDATIONS

PART A: ISSUES REQUIRING STATE ACTION

INCENTIVES

FINDING: The Alaskan minerals industry competes in a global market for mineral exploration and development dollars. Although Alaska is blessed with an abundance of geologically favorable terrane, it has suffered because of its remoteness, the lack of transportation, infrastructure, and seasonal constraints. Equally important is the industry's perception that State and Federal agencies are not supportive of mineral development in Alaska.

Throughout the world there are countries actively seeking exploration and development investment by providing economic incentives for resource industries. Incentive programs have been successful in Chile and Mexico where privatization and tax incentives have revitalized their mining industries. Appropriate incentives could be especially effective in drawing industry attention to Alaska. This is because many companies currently view the lower 48 to be unattractive from the regulatory perspective and are looking elsewhere for new exploration opportunities.

THE COMMISSION RECOMMENDS THAT:

- 1. The Governor and Legislature should create economic incentives that will provide financial encouragement and help offset some of the real and perceived problems facing exploration and development in Alaska. Incentives that should be considered include credits for expenditures on exploration drilling and geophysics that can be deducted from claim rents, the mining license tax, production royalties, and income taxes. An increased budget for educational and promotional efforts is also recommended.*

GEOPHYSICAL AND GEOLOGICAL MAPPING

FINDING: Many other countries provide airborne geophysical surveys to guide and complement traditional geologic mapping and geochemical surveys. Commonly several millions of dollars per year are invested in order to survey several thousands of square miles. This has been found to be a cost effective marketing tool to attract mineral exploration investment.

In 1993 Alaska contracted for airborne surveys of 1,100 square miles and in 1994 for an additional 750 square miles. At least half of Alaska's 160,000 square miles of State land (104 million acres) has high mineral value. However, at the present level of funding it will take well over 80 years to survey these mineral lands.

Although the maps of the 1993 airborne geophysical survey were not available until April of 1994, already increased claim staking and exploration activity can be documented in the Nome and Circle areas. The maps from the 1994 surveys of the Fairbanks and Richardson districts should be available in early 1995, but already (October, 1994) there is significantly more exploration interest in both areas.

These mapping programs should be viewed as an investment similar to the marketing efforts in other basic sector industries in Alaska and accelerated to cover the known mineral belts in a reasonable time frame.

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THE COMMISSION RECOMMENDS THAT:

- 11. The Governor and Legislature should provide budgetary support to the mining, geological, and mine training programs throughout the University of Alaska system.*

USER FEES

FINDING: Increased user fees have been suggested as a means of offsetting the cost of providing government service as the State faces declining revenues. However, allowing State agencies to unilaterally implement user fees could result in uncontrolled increases in the cost of basic services required by citizens and businesses, as well as allowing State agencies to operate outside the Legislature's budgetary process. Additionally, the implementation of user fees should carefully balance the need to generate revenues against the increased cost to citizens and business for necessary services and required permits.

In addition to these general concerns, the mineral industry is concerned about fee schedules and access restrictions for technical resource and land information from State databases. Onerous fees and restrictive use agreements for this information will discourage investment in mineral exploration and development.

THE COMMISSION RECOMMENDS THAT:

12. *The Governor and Legislature should establish policy guidelines for the implementation of user fees and should establish a procedure requiring legislative and public review of all proposed user fees.*

STATE LABOR ISSUES

FINDING: Legislation allowing a flexible work week and extending underground working hours is important for the viability of mines in remote locations. Properly drafted legislation would provide employers and employees with the flexibility to jointly determine work schedules that would enhance efficiency and provide for more desirable time off patterns for employees. A recent joint program in British Columbia between private industry, the B.C. Ministry of Mines, and the U.S. Bureau of Mines has demonstrated the utility, safety, and desirability of extended underground work shifts.

THE COMMISSION RECOMMENDS THAT:

- 13a. *Legislation should be enacted to allow work schedules to be set on the basis of project-specific considerations which will permit more efficient use of labor and provide more desirable time-off patterns for employees. AS 23.10.060 currently provides opportunities for flexible work plans at small seasonal mining operations and for surface mines. These same opportunities should be extended to all mining operations without regard to size, type, and/or seasonal nature of the work.*
- b. *Legislation should be enacted to amend current statutes limiting underground shifts from the current maximum of eight hours to a maximum of twelve hours, similar to SB 295 in the 17th Legislature.*

DIMINUTIVE DISCHARGES

FINDING: The Alaska Department of Environmental Conservation (ADEC) has recently begun selective enforcement on the mining industry of a regulation relating to disposal of nondomestic wastewater. This regulation applies to a broad spectrum of routine activities in Alaska which result in small discharges of solid or liquid waste, such as drilling, blasting, construction and earth excavations, and marine bilge-pumping. ADEC regulatory action is being conducted under, 18 AAC 72.500, which states (in part) "a person who disposes of nondomestic wastewater into or onto land, surfacewater, or groundwater in Alaska must have a permit issued by the Department (ADEC) for that disposal." Regulations detailed through 72.500 are promulgated under AS 46.03.100, which specifies that both liquid and solid waste are to be regulated.

Clearly, this regulatory language is so broad as to include most outdoor activities in the State. The Department of Law has maintained that no exemptions are allowed and that ADEC must require a permit for all discharges, regardless of the source, type, or insignificance of the discharge. To date, ADEC has chosen only to require a permit for selected mineral drilling activities. This selective enforcement of a bad regulation is an example of government at its worst.

THE COMMISSION RECOMMENDS THAT:

- 14. The Alaska Legislature should amend AS 46.03.100 to exempt diminutive activities, including mineral drilling, certain construction activities, and marine bilge-pumping from requiring a Waste Disposal Permit. Specifically, mineral drilling in which the only discharges are ground-up rock, water, and biodegradable additives, (which are EPA approved for water-well drilling), should be exempted.*

PART B: FEDERAL ISSUES OF STATE CONCERN

MINING LAW OF 1872

FINDING: Proposed changes to the 1872 Mining Law embodied in the Mineral Exploration and Development Act of 1993 (S257) and the companion HR322 would have a severe adverse effect on mineral exploration, development and production on federal lands in Alaska. Alternate bills, (S775 and HR 1708), modeled on workable state laws offer reasonable assurances for industry stability.

THE COMMISSION RECOMMENDS THAT:

15. *The Governor, in conjunction with the Congressional Delegation and the Western Governors Association, should continue opposition to changes in the Federal Mining Law that would adversely affect mineral development in Alaska.*

ANILCA PROVISIONS

FINDING: In order to assure passage of the Alaska National Interest Lands Conservation Act (ANILCA) in 1980, there were several sections included to protect pre-existing rights. Several provisions would allow mineral development on or near otherwise withdrawn land. Title XI addressed access across the Conservation System Units (CSU). Sections 101d and 1326b assured that no more land in Alaska would be considered for new CSU or similar designations. Sections 103b and 1302h provided a mechanism for the Secretary of the Interior to adjust the boundaries of CSU or to exchange lands within them to exclude mineralized areas.

THE COMMISSION RECOMMENDS THAT:

16. *The Governor and Legislature, through the Attorney General's office, the State's Washington, D.C. office, and the Congressional Delegation should insist that the federal administration;*
 - a. *provide access across Conservation System Units (CSU) as required by Title XI of the Alaska National Interest Lands Conservation Act (ANILCA),*
 - b. *prohibit the creation of additional CSU lands in Alaska as required by Sections 101d and 1326b of ANILCA, and*
 - c. *exchange mineralized areas from existing CSU under the authority of Sections 103b and 1302h of ANILCA.*

INTERNATIONAL PARKS IN ALASKA

FINDING: Recent federal actions have proposed Beringia Heritage International Park on both sides of the Bering Straits, an international park which would encompass the Arctic National Wildlife Refuge, and a park which would encompass the Windy Craggy copper deposit in British Columbia and lands in the Wrangell-St. Elias National Park and Preserve. The Audubon Society further recommends the creation of a "Beringia International Marine Biosphere Reserve" and a "World Heritage Site". These actions would adversely impact Alaska through loss of future revenues promised under the Statehood Act, would result in negative impacts on

adjacent lands and landowners, would restrict or deny access and resource development, and would violate the "no-more" clause of ANILCA. Such international classifications are politically irreversible and effectively give up sovereignty over the affected lands.

THE COMMISSION RECOMMENDS THAT:

17. *The Governor and the Legislature, through the Congressional Delegation, the State's Washington, D.C. office, and by letter to the Secretary of Interior, should vigorously and resolutely oppose the creation of any International Park, World Heritage Site, or International Marine Biosphere Reserve in Alaska or in waters adjacent to Alaska.*

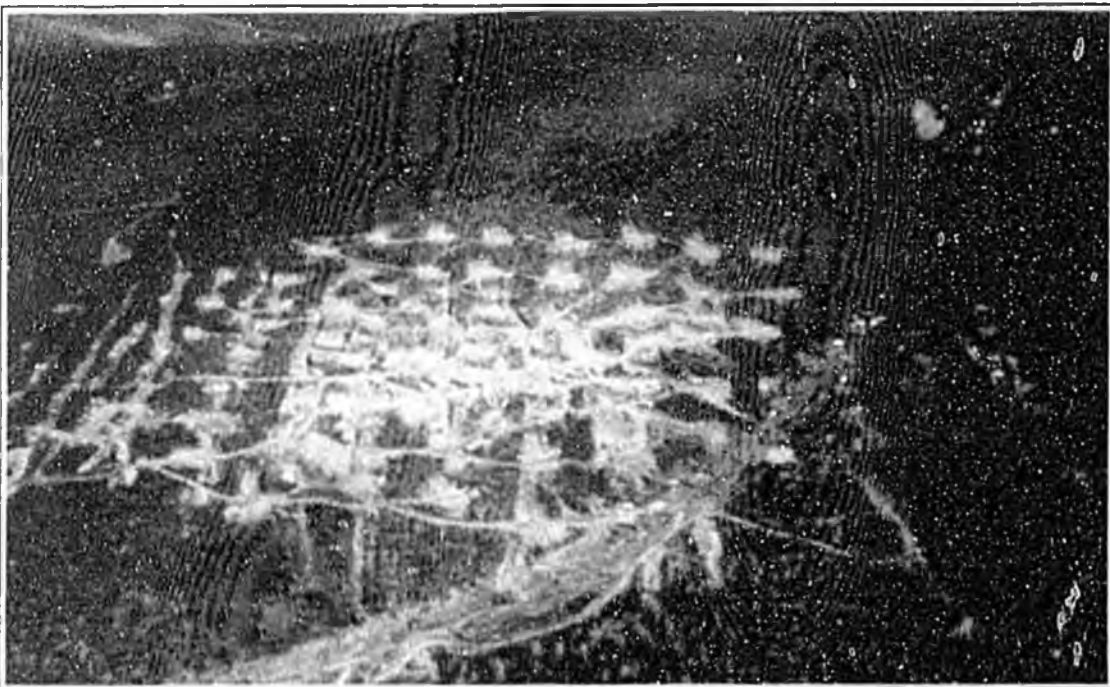
US GEOLOGICAL SURVEY AND BUREAU OF MINES

FINDING: Congressional proposals to abolish the U.S. Geological Survey (USGS) and the U.S. Bureau of Mines (USBM) fail to recognize the importance of these agencies, especially in States such as Alaska which contain considerable geologic hazards along with having natural resource dependent economies with an abundance of natural resources located on federal lands. The USGS is the nation's premier water and earth-science information and research agency, having an ever-increasing important role in land use and environmental issues. Similarly, the USBM is the premier agency responsible for providing information and analysis on mineral resources related issues; including worker safety and advanced technologies.

THE COMMISSION RECOMMENDS THAT:

18. *The Governor and the Legislature, should work with the State's Congressional Delegation to assure funding for field offices of the U.S. Geological Survey and the U.S. Bureau of Mines in Alaska.*

This publication was released by the Department of Commerce and Economic Development. Its purpose is to report the findings and recommendations of the Alaska Minerals Commission to the Governor and to the Legislature of Alaska. It was produced at a cost of \$1.38 per copy and printed in Juneau, Alaska. This publication is required by Chapter 98, Session Laws of Alaska, as amended by Chapter 4, Session Laws of Alaska, 1993.



ARCO

&

BP (AK)

2/15/95

HOUSE RESOURCES COMMITTEE
Roll Call and Members' Bill Votes

* (indicates first public hearing)

Room 124, Capitol Bldg.

Mon., Wed. Fri.

Date: 2-15-95

Tape# 95-16 Joint _____

Time: 8:04 (am/pm) Time Adjourned: 9:35 (am/pm)

ROLL CALL:	PRES	ABS	TIME AR	_____	_____	_____
Rep. Joe Green	✓	_____	_____	_____	_____	_____
Rep. Bill Williams	_____	_____	<u>8:10</u>	_____	_____	_____
Rep. Scott Ogan	_____	_____	<u>8:08</u>	_____	_____	_____
Rep. Alan Austerman	✓	_____	_____	_____	_____	_____
Rep. Ramona Barnes	_____	_____	<u>8:40</u>	_____	_____	_____
Rep. John Davies	_____	_____	<u>8:08</u>	_____	_____	_____
Rep. Pete Kott	_____	_____	_____	_____	_____	_____
Rep. Eileen MacLean	_____	_____	<u>8:35</u>	_____	_____	_____
Rep. Irene Nicholia	_____	_____	<u>8:09</u>	_____	_____	_____

Other Legislators Present _____

AGENDA:

Bill No.	Short Title	Action Taken
	<u>Presentations by ARCO Alaska + BP Exploration (Alaska)</u>	
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

Mary Pagenkopf

House Resources
2-15-95 8:04 am
Tape #95-16, Side A, #000

Testimony
of
J. Ken Thompson
President, ARCO Alaska, Inc.
to
the
House Resources Committee
February 15, 1995

Slide 1: Agenda

- Hello. For the record, I'm Ken Thompson, President of ARCO Alaska, Inc.
- Pleasure to be here. Thanks for opportunity to testify.
- Here today to talk about common goals shared by ARCO Alaska and the state.... and what its going to take to achieve our goals.
- I'll be sharing information about what other oil provinces are doing to boost production and create jobs for local residents. And I'll talk about some steps we can take today and in the future..... to ensure that oil and gas investment opportunities in Alaska remain competitive. When I'm done, I hope you'll be persuaded that the state can make a difference..... that the state can change the economic equation for marginal oil accumulations on the North Slope.

Slide 2: Common goals

- State and ARCO share common goals.
- The first is to mitigate the production decline now occurring in existing fields through the discovery and development of new oil accumulations and the development of marginal horizons in existing fields.

- Second..... we need the incremental revenue that will be derived from new production.
- Let me underscore the words "New Production." ARCO is not seeking changes in the tax or royalty treatment of existing production. Instead, we're asking that the state be willing and able to consider changes in the regulatory, tax and royalty treatment of marginal projects which can't go forward without such consideration. In short..... we must work together to turn zeroes into positive numbers.... which show up on our balance sheet and in your treasury. Or as was said on a recent Juneau news report..... half a loaf is better than none.
- If we can turn zeroes into positive numbers..... then you'll have the opportunity to increase Permanent Fund contributions over what they would otherwise be.... while maintaining current contribution rates.
- Finally.... we want to create jobs and economic opportunity for Alaskans. Those who work in our industry and those who don't.
- The only way to reach these common goals is through sustained oil and gas development. That means:
 - Continued exploration of Alaska
 - Development of marginal oil accumulations
 - And by extending the economic lives of existing fields.
- To have sustained oil and gas development we must be competitive.
- Companies like ARCO must reduce costs through improved operating practices and development of new, more cost effective technologies.
- And the state must be willing and able to consider changes in the tax, royalty and regulatory treatment of proposed oil and gas

projects when change is necessary to turn a zero.... into new production..... new revenues..... and new jobs.

- We both have parts to play.
- There's a lot at stake.
- 85 percent of current state revenue dependent on oil production. According to state projections.... North Slope oil production will decrease more than 30 percent over next five years.

Slide 3: World fiscal regimes more competitive

- Other countries are turning zeroes into jobs, production..... and incremental revenue.
- Norway abolished royalties on new fields in 1986 and removed sliding scale state participation in new leases in 1992.
- Australia introduced a Resource Rent Tax in 1985 for offshore projects.
- Venezuela cut the income tax rate for heavy crude development from 67 to 34 percent. Removed onerous tax provisions for multinational firms and improved bidding structure for operating contracts for marginal fields.
- In Alberta, Canada fiscal reformations led to oil & gas industry turnaround after the 1986 crash.
- Why all this change? Simple. Oil Prices are down and have been down for some time. Investment capital is in short supply and there is an abundance of oil and gas investment opportunities available.
- Mr. Chairman... members of the committee I'm an here today as one of Alaska's oldest and best customers. We've been doing business here more than 40 years. It's been a tremendous relationship. I like shopping in your store. I like the merchandise

you carry. I want to keep shopping here. But a giant discount warehouse has moved in across the street. The merchandise is excellent.... and the terms are better. To survive.... to prosper.... Alaska and the companies that do business here must meet that competition.

Slide 4 -- UK fiscal history

- This graph shows how the United Kingdom has moved, incrementally.... and systematically to ensure the continued competitiveness of the North Sea.
- In 1984 they eliminated royalties on new fields.
- In 1993 they eliminated the Petroleum Revenue Tax, which is similar to Alaska's severance tax on new fields.
- Today....depends on 33 percent corporate income tax to collect incremental revenue on new production.

Slide 5 -- Fiscal regime comparison as of 1994

- This slide compares fiscal regimes in UK, offshore Australia and Alaska.
- All have corporate income taxes. In Alaska combined state and federal take is about 39 percent. (35% federal plus 9.4% state equals 39% total because of deductibility of state taxes on federal returns.)
- Of the three.... only Alaska has royalty, severance and ad valorem on new fields.
- Now, you've had a look at the competition. Now.... what can we do to ensure that oil and gas investment in Alaska remains competitive with opportunities elsewhere in the world?

Slide 6 - Summary of world wide fiscal regime comparisons

- During 1994, Petroconsultants surveyed the oil and gas fiscal regimes in 70 countries.
- Survey shows that 18 of the 22 nations with production greater than 200 M bopd rely on production or profit sharing arrangements to derive revenue from oil and gas production.
- Alaska, and the United States are not among the 18. Alaska and the United States are among only three countries which still employ a fixed rate royalty.

Slide 7 - What it takes

- Industry, state must work together to create competitive environment.
- Industry must focus on keeping cost structure low.
- State -- faced with declining production and revenues -- faces many of the same challenges. We support efforts to gradually balance spending with revenues, closing fiscal gap and achieving soft landing.
- Encouraged by what we're hearing from Administration, Legislature about budget discipline. Closing fiscal gap will increase investor confidence in Alaska.... and give us confidence that any incentives you provide today..... will be honored tomorrow.
- State must develop a more competitive tax and royalty structure for new fields. Alaska must meet the competition.
- Finally, the state must be willing and able to consider alternative business arrangements when necessary for marginal projects. Current regulations may not provide necessary flexibility.

Slide 8 -- Immediate actions

- I know that many of you are eager to take immediate action to improve Alaska's competitiveness. I'm encouraged by your enthusiasm and willingness to consider positive change. However, we must move carefully, coordinate among the legislature, the administration and industry and ensure that the steps we take are the right steps and will be effective.

- That's why I'm recommending today that your first step be a comprehensive review of the incentives the Legislature has already approved.

- Are they being used effectively? Are they being used in the way you intended? Are they obtaining the results you expected?

- **Exploration Incentive Credits:** State has exploration incentive credit program. DNR still grappling with how to administer. Rules, guidelines unclear as to what qualifies, what doesn't. In fact, regulations don't exist yet.

- In the last year, we've approached DNR three times. We've been turned down three times. We're concerned about the final form these regulations will take and believe that in order to be effective, the incentive must apply to a broad range wells.

- For example.... any well that meets the IRS / SEC definition for an exploratory well. Simple, straightforward application of exploration incentive credits could increase the number of exploratory wells drilled in Alaska every year, attract outside capital to Alaska and increase the likelihood of additional commercial oil discoveries.

- **Lease Sale / Land Access:** Existing program not working well. State having difficult time maintaining sale schedule. Even when sales occur, lawsuits likely. Increased certainty created by HB 308 appreciated. The administration and legislature worked well together to enact that law.

- **Discovery Royalty Credit:** Currently covers only the lease on which the discovery well is drilled. Good for ten years from date of discovery. Time required to permit, develop Alaska

discoveries reduces value / incentive of this credit. This credit would provide more of an incentive if, for example, the credit were applied for five years from date initial production and / or were applied to leases covering the entire discovery. This would make investment in the new fields more attractive because the credit would lower our up front development costs.

SUPPORT FLEXIBILITY DNR ROYALTY RELIEF

- **Prolonging Economic Life:** Statutes allow DNR to reduce royalty in specific circumstances on fields nearing the end of their productive, economic lives. However, this relief is difficult to attain. Companies sometimes required to jump through impossible hoops. For example, one Cook Inlet operator was asked to provide detailed cost records back to field discovery. The company couldn't provide those records because it didn't have them. It had purchased the field from another operator. And yet, that was the reason the royalty reduction was declined.
- **Lease Sale Terms:** Existing lease sale program not working. Number of bidders participating in sales is half what it was six years ago. Your old customers aren't coming in the door anymore. They are going where the deals are better, the returns are higher.
- Lease sale bonus bids not major source of revenue for state, especially when compared to severance, royalties. Revenue results from production. State should be doing all it can to encourage evaluation and exploration of its lands.
- Existing law gives DNR authority to vary lease terms, relying less on bonus bids and offering more attractive royalty terms.... net profit share royalties, for example, in place of fixed percentage.
- In fact, we have proposed a net-profit share royalty for State Lease Sale 79 scheduled later this year. We think this approach will increase interest and participation in the lease sale.

- **Smaller Discoveries:** Exploration may yield discoveries which are too small or too marginal during periods of low oil prices to carry the royalty rate under which they were originally leased. DNR has flexibility to reduce royalties in certain circumstances. However, that authority may not extend to new discoveries.
- There should be a means through which the state can help bring these fields on production by reducing the royalty burden. We need a mechanism which allows us to ask for royalty relief and the state to grant it if the state deems action necessary and beneficial.
- **Federal Tax Incentives:** As you saw earlier.... in the UK, Australia, Alaska comparison..... Alaska is the only jurisdiction in which industry is taxed by multiple jurisdictions. There have been some discussions of federal incentives for the oil and gas industry. We would urge you to express your support for those proposals.
- State support of efforts to open ANWR and lift the Export Ban are also necessary.

COMPETITIVENESS

- Finally, we urge you to support and participate in a broad-based process to develop recommendations aimed at enhancing Alaska's international competitiveness.

Slide 9: Next steps

- Making the changes necessary to keep Alaska competitive will not be simple or easy. The initiatives the state undertakes must be chosen carefully, through an open, public, bi-partisan process which involves the legislature, the administration and the industry.
- We must ensure that the steps we take are the right steps. We must understand the competition. We must know and understand what other oil provinces are doing to attract oil industry investment.

- Only then can the administration and the legislature begin to develop options.
- This process will take time. I know that many are eager to act today. But this is far too important a process to hurry along. We must build public consensus if this effort is to succeed.
- I know concern has been expressed that variable or sliding scale royalty rates would adversely impact contributions to the Permanent Fund.
- Again..... I'd ask you to remember that the changes we're asking you to consider are changes designed to turn oil accumulations which are zeroes today --- into jobs, production and additional revenues. Contributions to the Permanent Fund will be higher than they would otherwise be.
- You..... as legislators will decide how to allocate incremental revenues from incremental production.

Slide 10: Conceptual "fixed / variable" royalty

- This slide shows one of the options available to you. The vertical axis is the royalty percentage. Here the royalty percentage increases as a function of oil price, well productivity or field size..... increasing from a low of 6.25 percent ramping up to percentages which would exceed the traditional 12.5 percent.

That's the variable portion of the royalty.

- The shaded area shows the contribution to the Permanent Fund. For this illustration..... we've set the minimum contribution at 6.25 percent, which is the prescribed contribution for production from leases issued since 1979.

As you can see..... the permanent fund contributions could be protected.... and even enhanced if the royalty rate exceeded 12.5 percent because of high oil prices or the discovery of a very large field.

Slide 11: Project partnering

- No matter what the oil price is..... no matter what the state's ultimate tax and royalty regime..... there may be projects on the margin.
- ARCO will look for ways to make these projects happen..... by lowering their cost....developing new technology..... reducing their scope. Those efforts may not always be successful.
- If we can't make a project work on our own ... we may ask you to help us find innovative ways to make the project happen.
- We envision a process in which we explain the project.... in which we explain the economics.... in which we lay our cards on the table. Then it's up to the state to evaluate the data and determine whether the proposal offered is in the state's best interest.
- West Sak might fall into this category.
- We are re-evaluating West Sak at this time. Our goal is to find a way to begin West Sak production at current and expected oil prices. This is a difficult challenge. It will take new technology and continued reduction in our operating costs. We don't know if we can get there from here.
- If we can't, we may be coming to you with a proposal. We'd like to think the state is willing and able to consider and implement new ideas for making West Sak happen.
- The state can make a difference. State can change the economic equation for marginal oil accumulations in Alaska. I'd like to close this presentation by showing you what can happen..... what did happen in the UK.
- Other areas which might benefit from project partnering are the Lease Sale 79 area, the Western Colville and for fields near

abandonment..... which would not impact ARCO, but might help some Cook Inlet operators.

Slide 12: Capital expenditures UK

- This slide shows capital investment in the UK after the UK began turning zeroes into positive numbers by reducing the tax and royalty burden on new fields...
- The slide shows that \$45 billion has flowed to the UK North Sea for development of new fields. 23 new fields have come on production since 1985. Twelve new fields are scheduled to come on line this year. That's 35 new fields.....

Slide 13: UK North Sea production

- Production from new fields totals more than 1 million barrels a day and accounts for 40 percent of UK North Sea production. UK North Sea production is at record levels.
- The UK changed the economic equation for new, marginal North Sea fields.
- If we work together.....the legislature, the administration and the industry..... we can do it here.

Agenda



Common Goals

International Competitiveness

What it Takes

Immediate Actions

Next Steps

Common Goals



The State and ARCO Share Important Common Goals

Jobs for Alaskans

Incremental Revenues

- **No Changes in Producing Reservoirs in Existing Fields**
- **Opportunity to Increase Permanent Fund Contributions, While Maintaining Current Contribution Levels**

Achieved By Sustained Economic Development

- **Exploration**
- **Marginal Developments**
- **Extension of Field Lives**

To Achieve Sustained Economic Development the Environment Must be Competitive

Worldwide Fiscal Regimes are Getting More Competitive



EXAMPLES:

Australia introduced Resource Rent Tax in 1985 for offshore projects.

Venezuela:

Income tax rate for extra heavy crude developments lowered from 67% to 34%

Removal of onerous tax provisions for multinational firms

Alberta/Canada: Fiscal reformations lead to oil&gas industry turnaround after 1986 crash.

Norway abolished royalties on new fields in 1986. Removal of Sliding Scale state participation for new leases in 1992.

UK abolished royalties on new fields in 1984 and PRT for new fields in 1993, leading to a revival of UK oil industry.

Fiscal Regime Comparison as of 1994 (New Fields)

	<u>Alaska</u>	<u>U.K.</u>	<u>Australia</u> (Offshore)
Profit taxes			
Corp. Income Tax	39%	33%	33%*
Revenue Taxes			
Royalty	13%	0% after 1984	0% after 1985
Production Tax	0-15%	-	-
Other			
Ad Valorem Tax	2%	-	-

* In addition a Resource Rent Tax kicks in once oil co's earned a return on investment. For marginal developments, this would add 0 to 5%pts at today's prices, and about 10%pts at \$20 WTI.

Summary of Worldwide Fiscal Regimes (Petroconsultants, 1994)



Number of Fiscal Systems by Category

<u>Production Sharing Contract</u>			<u>Tax/Royalty System</u>			<u>Total</u>
Standard PSC	<u>w/ Royalty</u>		Profit- Based Tax Only	<u>Royalty</u>		
	Variable	Fixed		Variable	Fixed	
19	7	9	8	10	17	<u>70</u>
<u>Countries > 200 MBOPD</u>						
9	1	5	3	1	3	<u>22</u>
Indonesia Oman Qatar Egypt Ecuador India Libya Angola Syria	China	Yemen Malaysia Algeria Columbia Gabon	U.K. Norway Australia	Canada	U.S. Argentina Nigeria	

What it Takes



Work With the State to Develop That Competitive Environment

- **Support State's Effort to Achieve Soft Landing**
- **Develop Competitive Tax / Royalty Structure**
- **Transition to More Flexible Regulatory Environment**
- **Industry Must Focus on Keeping Cost Structure Low**

Immediate Actions for the Short Term



Review / Clarify Legislative Intent for Application of Existing Incentives

- **Exploration Incentive Credits**
- **Lease Sale Schedule**
- **Discovery Royalty Credit**

Review / Support Flexibility in DNR to Provide Royalty Relief

- **Lease Sale Terms**
- **Smaller Discoveries**
- **Prolonging Economic Life**

Support Calls for Federal Tax Incentives for Oil and Gas Development

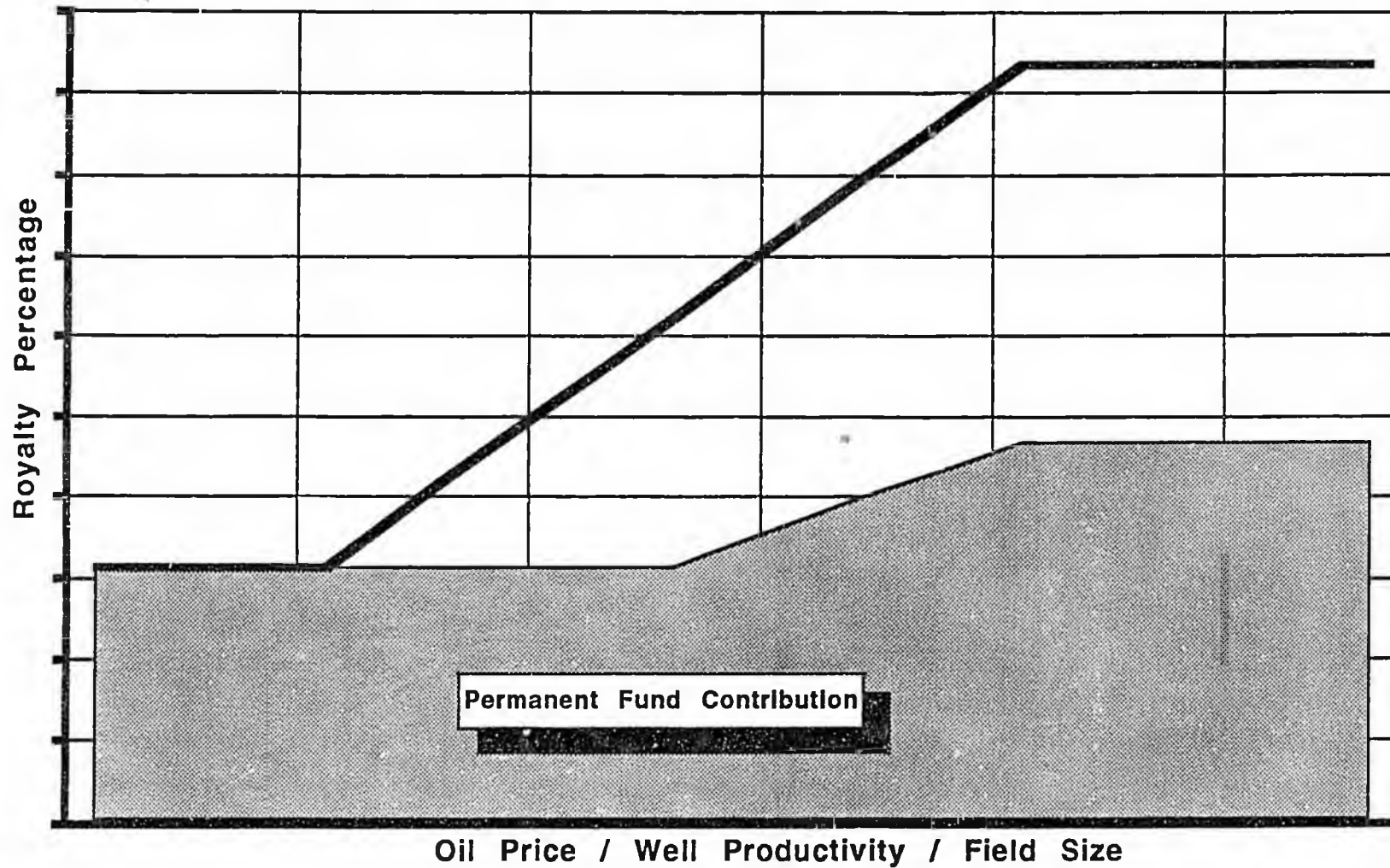
Next Steps for the Long Term



Implement the Process Described Below to Examine Alaska's Long Term International Competitive Position and Recommend Alternative Proposals for Legislative Consideration

- **Legislative / Administrative / Industry Cooperation**
- **Focus First on Gathering Information on Competitive Fiscal Regimes**
- **Develop a Broad Range of Options**
- **Narrow Finally to Specific Proposals for Legislative Action**

Conceptual "Fixed-Variable" Royalty



Potential "Project Partnering"



Whatever the New Tax/Royalty Regime Decided for Alaska
— There May Still be Projects on the Non Competitive Margin

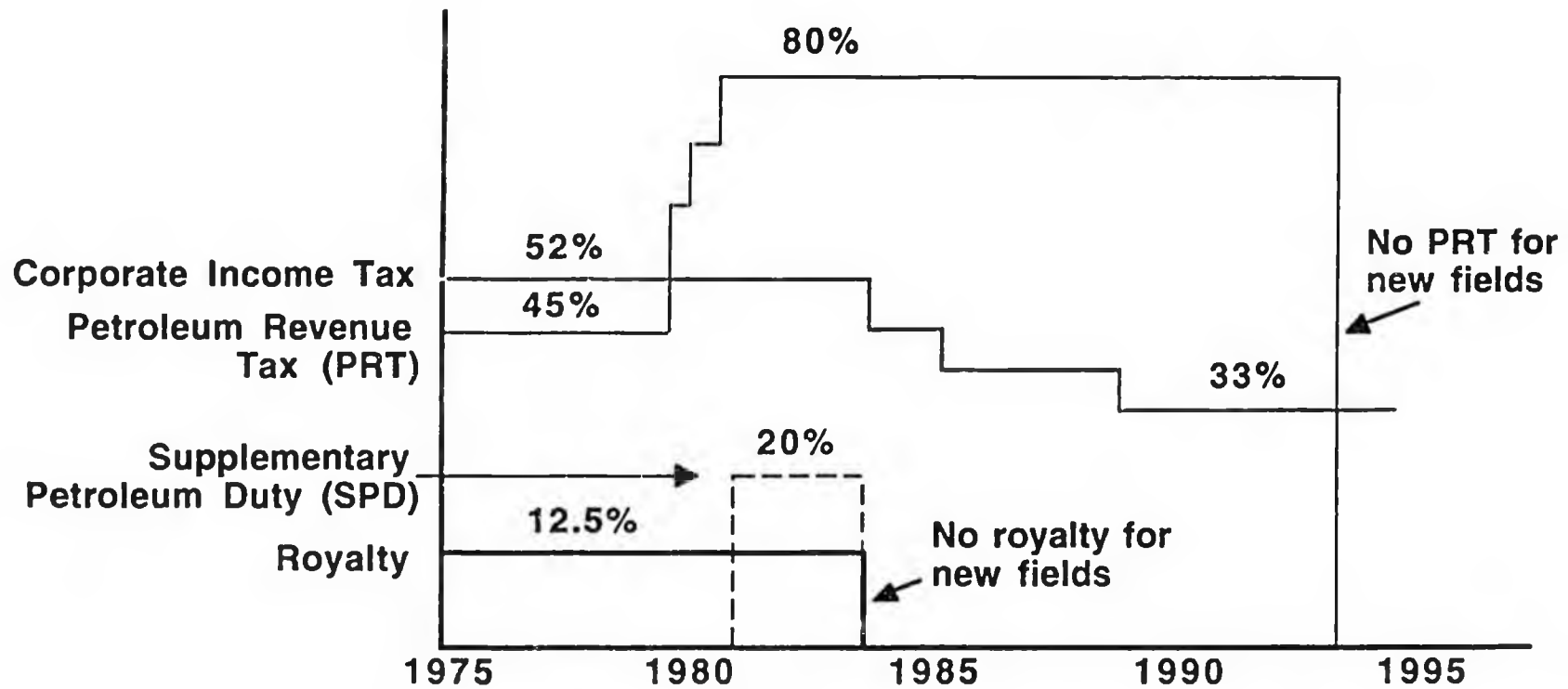
For Those Projects Where the State's New Changes Aren't Enough
— ARCO Will Propose a "Project Partnering" Approach

ARCO Would Come Forward With Information Shared Openly
— The State Would Decide

Potential Categories of Projects For This "Project Partnering" Process

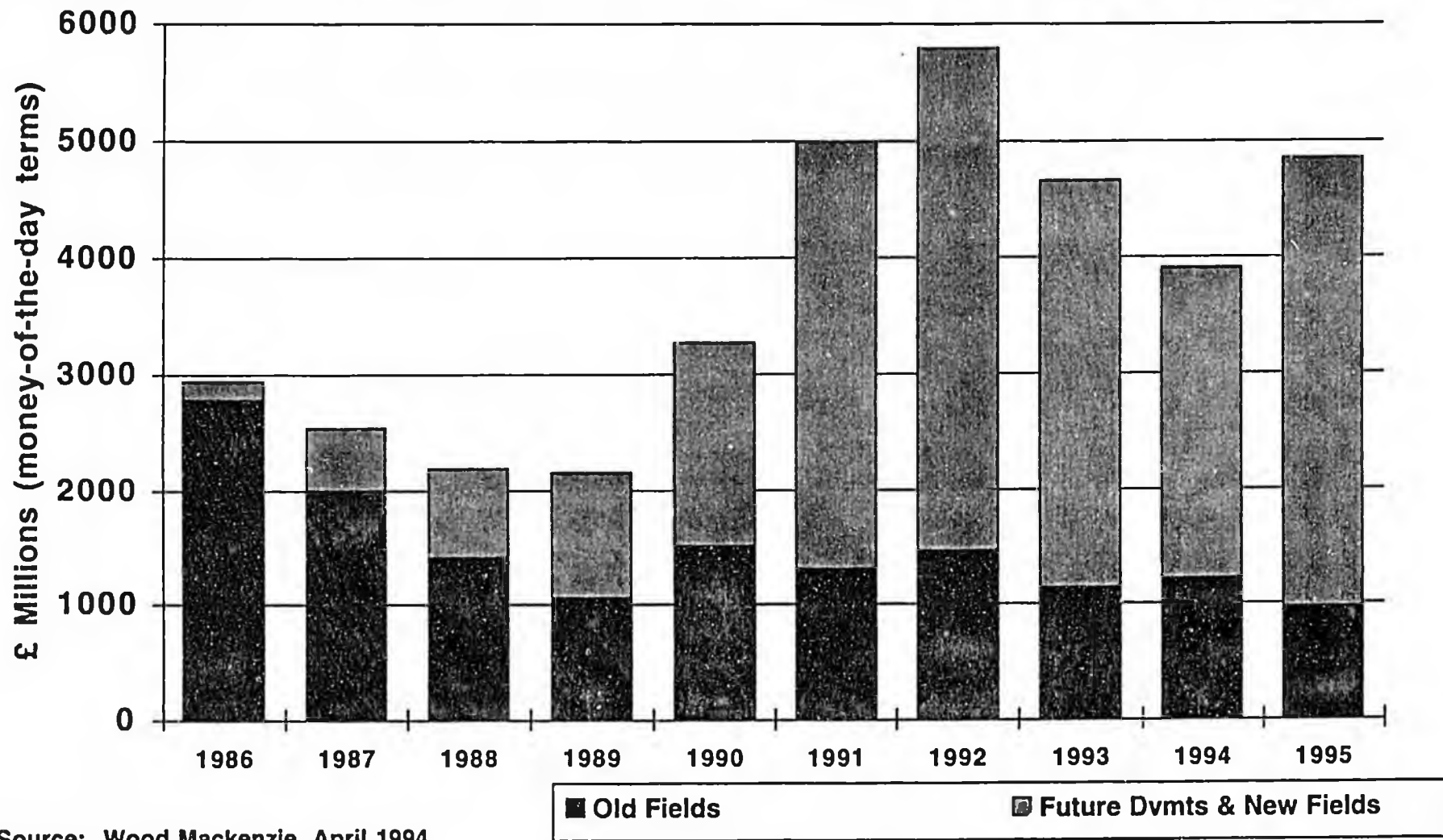
- **New Marginal Exploration** (eg, Lease Sale 79)
- **Marginal Development, New Field** (eg, West Colville)
- **Marginal Development, Existing Field** (eg, West Sak)
- **Fields Near Abandonment** (eg, Cook Inlet or Kenai)

U.K. Taxation History Overview (New Fields)



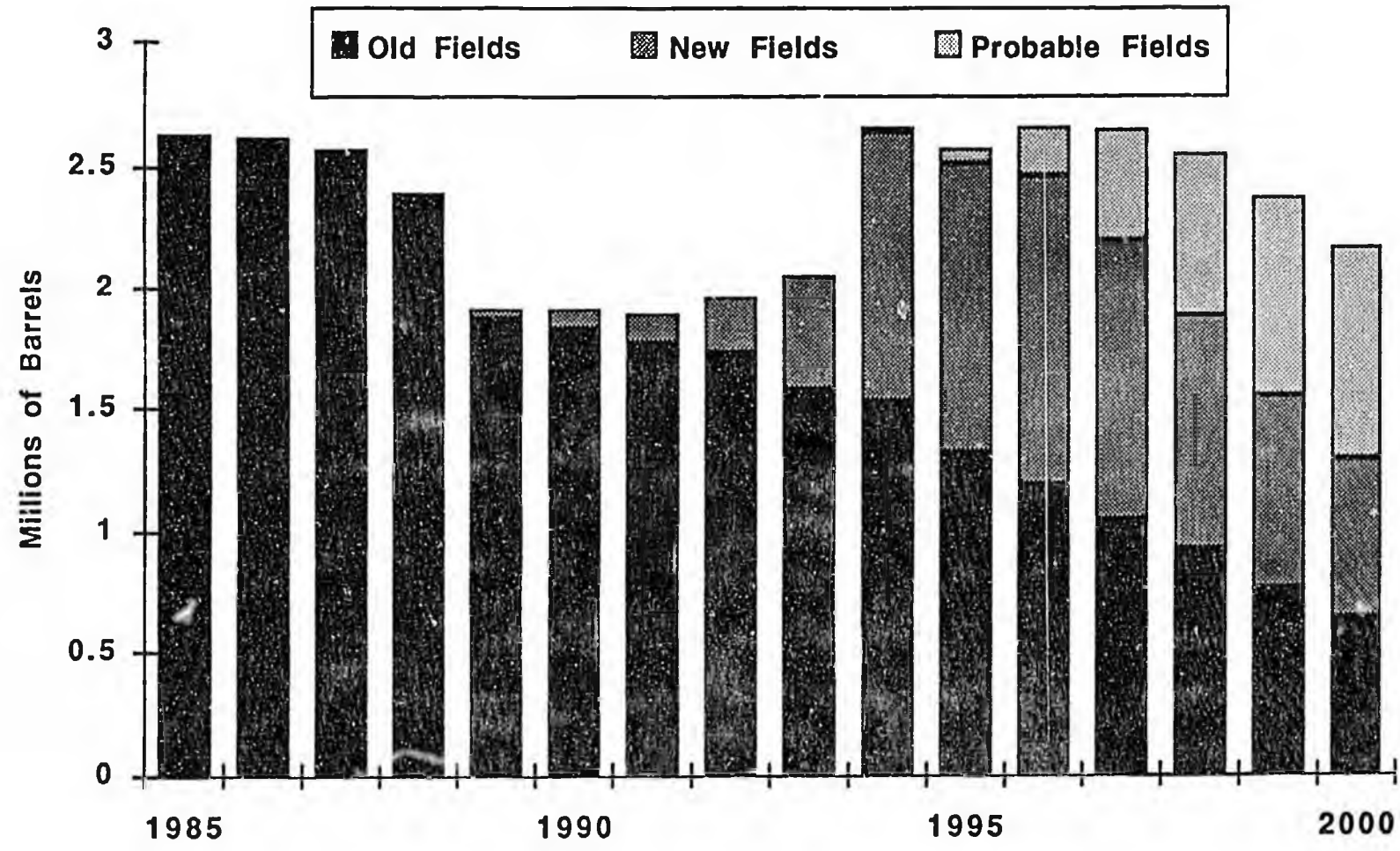
Capital Expenditures U.K. North Sea

ARCO safe Low Cost & Long Term



Source: Wood Mackenzie, April 1994

UK North Sea Production Profile



Testimony of

**James A. Palmer
Director, External Affairs
BP Exploration (Alaska) Inc.**

to the

**House Resources
&
House Oil & Gas committees**

**Juneau, Alaska
February 15, 1995**

Good morning. My name is James A. Palmer, and I am director of external affairs for BP Exploration (Alaska) Inc.

Given our common challenges and shared opportunities as an industry and as a state, it's particularly fitting that we're gathered here together today to explore how we can work together to attract new industry investment to Alaska. BP is pleased to be part of this new dialogue, which we hope will lead to a new era of cooperation between state government and the state's largest investors and taxpayers.

Our industry has gone through an extended period of unprecedented change -- often painful -- to arrive at our current crossroads. We've experienced downsizing, rightsizing, restructuring, realignment, outsourcing, alliancing, shared services, streamlining, technological breakthroughs and countless other innovations and upheavals in the way we do business in order to remain competitive in the global market.

As a result, we've been able to reduce costs in a climate of declining production, we've been able to hold overall production decline on the North Slope to less than 5% per year. We have been able to hold decline to these levels only by continuing to invest in new and existing fields on the North Slope. This year we plan to invest more than a half a billion dollars of capital in Alaska, successfully competing within BP for those funds.

These investments generate jobs for Alaskans and revenues for Alaskan businesses. They help to sustain the flow of revenues that fund state government spending and fuel future investments in the Alaskan oil industry. They extend the lives of our North Slope operations, and they hold one of the keys to Alaska's economic future.

Despite our best efforts within the industry, however, we remain under siege from a variety of forces undermining our efforts to attract additional investments to Alaska. In real terms, the price of oil has been on a downward trend for the past 15 years. This, combined with declining production in Alaska, has slowed the flow of revenues that fund future investments.

At the same time, a world of new investment opportunities -- literally as well as figuratively -- has been opening up to the oil industry due to falling political barriers, new technologies and friendlier relationships with many host governments in oil provinces around the world. In this global environment, companies are limiting the scope of their activities and becoming increasingly selective in choosing which projects to pursue. Investments are directed to areas offering the highest returns with the lowest risks.

Alaska is disadvantaged in this fiercely competitive environment for increasingly scarce investment capital due to our remoteness, our high transportation costs, our restricted markets, a state budget deficit that casts a cloud of uncertainty over all of our investments and a history of antagonism between industry and the state. Furthermore, the opportunities that do exist on the North Slope consist of marginal new oil fields or marginal projects within existing fields.

The first step toward capturing the significant potential for new investments, revenues and jobs in Alaska in this emerging era of marginal development on the North Slope is redefining "us and them" to mean Alaska's *unity* as we compete globally for increasingly scarce investment capital rather than our *divisiveness* as we fight among ourselves. It's imperative that we work together to take tangible steps *today* toward a strong and stable industry, toward a strong and stable Alaskan economy *tomorrow*.

We're encouraged that the legislature is taking initiatives such as your hearing today to provide forums for the dialogue that will enable us to work together to develop win-win solutions to our common challenges. We're also encouraged that the governor has made unity between government and business a theme of his new administration and has reinforced his words with his actions since he took office.

The progress the State of Alaska and BP have made in the past year working cooperatively to lift the federal ban on North Slope oil exports is testimony to what we can accomplish together. Ending the ban will truly be a win-win outcome that will both enhance the flow of revenues to producers and the state and enhance the competitiveness of Alaskan investments.

Resolution of significant past tax disputes during 1994 have improved the investment climate in Alaska. We can now focus our efforts on the future without looking over our shoulders at liabilities of the past.

Recently enacted tax regulations have helped to clarify how to value oil for tax purposes for companies that refine their own oil. However, the same vagueness that led to past disputes continues for companies like BP that sell or trade the oil they produce on the North Slope. Vagueness equals uncertainty, uncertainty equals risk, and risk equals competitive disadvantage in our efforts to attract capital to Alaska.

Tax clarity for all producers would reduce our risk and would be a significant win for us and a significant win for the state. By helping to minimize our risk, you can strengthen our position to compete for investments that will benefit us all.

The fiercely competitive global environment in which we operate makes it an uphill struggle, and the marginal nature of projects we have to pursue on the North Slope makes the hill even steeper. We in BP and in the oil industry are doing all we can to compete for these investments.

Consider the Badami discovery about 30 miles east of the producing Endicott field on the North Slope. This field is typical of the projects in the 100- to 150-million-barrel range we expect will be developed over the short and medium terms. The first hurdle we must clear is confirming the size and quality of the reservoir. We're currently drilling two appraisal wells and hope to have the results assessed by this fall. We believe Badami must hold at least 100 million barrels of recoverable oil in order to have a *chance* to make it commercially viable.

If we clear that hurdle, we're still a long way from having a project. When we first began to evaluate Badami about a year ago, we identified four primary obstacles: it was too costly, there was too much time between discovery and production, there were time-consuming regulatory roadblocks, and there was no hedge against the risk of low prices. All four still remain, and we've been doing everything within our power to overcome them.

The cost hurdle is enormous. Our initial projection of the development cost, based on doing things the "old" way, was \$800 million. We must reduce the pricetag by more than half in order to enable Badami to compete effectively for development funding.

In our effort to reduce costs without compromising safety or the environment, we've considered a myriad of innovative development techniques -- a buried, chilled pipeline, facility sharing and remote operations, to name a few. We've also assembled a team of key contractors who are working with us to find solutions to the cost challenge.

Traditionally, we'd be waiting for the results of this winter's wells before taking this step. However, traditions that have evolved over the past two decades of North Slope oil field development won't overcome the challenges posed by the marginal development opportunities of the future.

Timing is crucial, and it's imperative that we shorten the period between discovery and production. That's why we've assembled contractors now rather than later and asked them to work together as a team. It's also why we initiated discussions with state, federal and borough regulators months ago instead of later, when we filed for permits.

This approach unquestionably adds to our up-front risk. We understand there are no guarantees, but it's a risk we believe we *must* assume in order to have a *chance* to make this project viable. We also believe it will help to incorporate the best ideas into the planning process, and we hope it will help to resolve official and public concerns about the project and help to expedite the permitting process.

There's one other risk that we must manage, and that's the risk of low prices. That's why we're interested in a sliding-scale royalty for Badami that would be sensitive to oil prices. This would help to minimize our risk exposure to low prices, and it would enhance our prospects for making development commercially viable.

The sliding-scale royalty concept would enable us to share the risks of low prices and the rewards of higher prices with you, our co-beneficiary, if you will, in having Badami developed.

Badami is neither competitive nor commercially viable today. Our shared goal with the State of Alaska must be to *make* it competitive and commercially viable so we can share the benefits of the production, the revenues and the Alaska jobs the project would generate.

If we're to work together to successfully attract investments to Alaska, we must all be flexible in approaching the challenges and opportunities posed by each new project. We believe this suggests a broader discussion in the legislative arena of the use of royalties as a development incentive tool.

We believe it is appropriate for the legislature to consider giving the commissioner of Natural Resources the authority to adjust royalty terms on new developments on a case-by-case basis if changes are needed in order to make a project viable.

Some of the criteria that might be considered in reviewing royalty terms are:

- Does the project need a major cost breakthrough in order to be competitive?
- Even if it overcomes the initial cost hurdle, will it still be vulnerable to low oil prices?
- Could it bring jobs and new technology to Alaska?
- Could it make other exploration, appraisal or development projects more attractive?

We're not suggesting that flexible royalty terms are necessary -- or even appropriate -- for every project. But to the extent that they can be used to enhance the competitiveness of projects whose funding otherwise might go elsewhere, it's important that the state have the tool available and ready for use.

Whether to grant flexible royalty terms -- and what kind -- will be a judgment call on the state's part. It will be incumbent on companies like BP that are seeking them, therefore, to be completely open and forthcoming with the information state regulators need in order to make that determination. Only then can we deal with each other in an honest and collaborative manner and work together toward our common objective of securing new investments.

This is not the time for demands. It's not the time for threats or hollow promises, and it's not the time for brinksmanship or posturing. It is the time, if we're truly committed to working together to capture Alaska's share of industry investments, for constructive, open, productive dialogue such as we're having today that leads to win-win solutions for the industry, for state government and for all Alaskans.

I pledge BP's complete, unconditional cooperation and support in this endeavor.
Thank you.

FED
ARCTIC
RE-
SEARCH
2/10/95

HOUSE RESOURCES COMMITTEE
Roll Call and Members' Bill Votes

* (indicates first public hearing)

Room 124, Capitol Bldg.

Mon., Wed., Fri.

Date: 2/10/95

Tape# 95-11 Joint _____

Time: _____ am/pm Time Adjourned: _____ am/pm

ROLL CALL:	PRES	ABS	TIME	AR	_____	_____	_____
Rep. Joe Green	✓	_____	_____	_____	_____	_____	_____
Rep. Bill Williams	_____	_____	<u>8:10</u>	_____	_____	_____	_____
Rep. Scott Ogan	✓	_____	_____	_____	_____	_____	_____
Rep. Alan Austerman	✓	_____	_____	_____	_____	_____	_____
Rep. Ramona Barnes	_____	_____	_____	_____	_____	_____	_____
Rep. John Davies	✓	_____	_____	_____	_____	_____	_____
Rep. Pete Kott	_____	_____	_____	_____	_____	_____	_____
Rep. Eileen MacLean	_____	_____	_____	_____	_____	_____	_____
Rep. Irene Nicholia	_____	_____	_____	_____	_____	_____	_____

Other Legislators Present _____

AGENDA:

Bill No.	Short Title	Action Taken
	<u>Presentation by Federal Arctic Research Commission</u>	
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

Mary Pagenkopf

House Resources

2-10-95

Tape # 95-11, Side A, #000

Federal Arctic Research Commission Presentation

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Table 1

PUBLICATIONS OF THE U.S. ARCTIC RESEARCH COMMISSION

Annual Reports (January) to the President and the Congress

- U.S. on the Arctic Rim.* 1986.
- The United States: An Arctic Nation.* 1987.
- Entering the Age of the Arctic.* 1988.
- Arctic Research for an Arctic Nation.* 1989.
- Arctic Research: A Focus of International Cooperation.* 1990.
- Arctic Research in a Changing World.* 1991.
- An Arctic Obligation.* 1992.
- Arctic Research Priorities.* 1993

Special Report

- National Needs and Arctic Research, a Framework for Action.* May, 1986.

Findings and Recommendations

1. *Logistic Support of Arctic Research.* July, 1988.
2. *Statement of Goals and Objectives to Guide United States Arctic Research.* December, 1988.
3. *Arctic Data and Information: Issues and Goals.* June, 1989.
4. *Improvements to the Scientific Content of the Environmental Impact Statement Process.* December, 1989.
5. *Arctic Engineering Research: Initial Findings and Recommendations.* April, 1990.
6. *Logistic Support of United States Research in Greenland: Current Situation and Prospects.* December, 1990.
7. *Goals, Objectives, and Priorities to Guide United States Arctic Research.* January, 1991.
8. *Research Needed to Respond to Oil Spills in Ice-Infested Waters.* May, 1991.
9. *Goals and Priorities to Guide United States Arctic Research.* January, 1993.

Background Reports

1. *International Agreements for Research, Logistics and Access Concerning the Arctic.* J.A. Loporcaro. April, 1990.
2. *Corrosion of the Trans Alaska Pipeline System and Research Needs.* L.D. Perrigo. May, 1990.
3. *Effects of Glasnost and Perestroika on the Soviet Establishment: Relevance to Arctic Research.* J.G. Roederer. March, 1991.
4. *The Increasing Importance of Arctic Research to the United States.* J.G. Roederer. May, 1991.