

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8743 HOUSE RESOURCES

Representative Bill Williams

March 20, 1996

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In a case where a violation of sec. 19 was found, the court said that legislation establishing the Eagle River Borough was special and peculiar to the locality where the borough was established. Since there was nothing in the nature of the Eagle River-Chugiak area that justified a departure from the general law scheme for the establishment of boroughs, the Act violated sec. 19. Abrams v. State, 534 P.2d 91 (Alaska 1975).

The proposed bill provides for the establishment of a moratorium on entry into four Southeast Alaska dive fisheries. Presumably the purpose of the bill is to further the goals of the limited entry program which are "to promote the conservation and the sustained yield management of Alaska's fishery resource and the economic health and stability of commercial fishing in Alaska by regulating and controlling entry into the commercial fisheries in the public interest and without unjust discrimination." AS 16.43.010(a). Whether a moratorium on new entrants into these fisheries in Southeast Alaska bears a "fair and substantial" relationship to the purpose of the limited entry program is the critical issue.

In order to establish the necessary relationship between the moratorium and the purpose of the bill, it will be important for the legislature to identify the problem that it is trying to address and to document in the legislative history that the approach taken by the bill is reasonably tailored to address that problem. It would be helpful in supporting the bill, if the legislature could establish that the problem to be addressed by the bill is a problem unique to Southeast Alaska and that moratoria on entry in other parts of the state would not be necessary, or would be counterproductive, or otherwise conflict with the goals of the limited entry program. If the legislature relies on such testimony and evidence contained in the legislative history in deciding to limit the application of the bill to a particular fishery in Southeast Alaska, then the fair and substantial relationship between the means and ends of the bill could be established by the evidence before the legislature. Such testimony would also support the conclusion that regulation of new entrants into the fisheries through moratoria is "a matter which is unique, but of statewide concern" (Lewis, 559 P.2d at 643) and not local legislation, thus potentially avoiding the local and special legislation issue altogether.

However, the question of whether general legislation could be made applicable to the situation presented to the legislature remains a question "subject to judicial determination" under the Alaska Constitution. The burden on the state to justify this special legislation is made more difficult by the existence of general legislation, AS 16.43.225, that provides for the same result.

If I may be of further assistance, please advise.

GU:klb

96-214.klb

Enclosure

### THE CASE FOR OPEN ACCESS

"And judgement is turned away backward, and justice standeth afar off: for truth is fallen in the street, and equity cannot enter." (Isaiah 54:14).

Please consider the following reasoning of the basic precepts of law in the following essay.

The important question here is: Should certain individuals have liberty to apply their faculties to a particular resource and certain others totally restricted from it?

"We hold these truths to be self evident, that all men are created equal and are endowed by their Creator with certain unalienable rights, and among these are life, liberty and the pursuit of happiness." (The Unanimous Declaration-1776).

"We hold from God the gift which includes all others. This gift is life--Physical, intellectual, and moral life. But life cannot maintain itself alone. The Creator of life has entrusted us with the responsibility of preserving, developing, and perfecting it. In order that we may accomplish this, he has put us in the midst of a variety of natural resources. By application of our faculties to these natural resources we convert them into products, and use them. This process is necessary in order that life may run its appointed course.

Life, faculties, production--in other words individuality, liberty, property--this is man. And in spite

of the cunning, artful political leaders, these three gifts from God precede all human legislation, and are superior to it.

Life, liberty and property do not exist because men have made laws. On the contrary, it was the fact that life, liberty and property existed beforehand that caused men to make laws in the first place.

What then is law? It is the collective organization of the individual right to self defense." (The Law, Bastiat-1848).

Now therefore, in consideration of the above two quotations, please understand that all men (including harvest divers) justly have liberty to use their faculties to accumulate property to fulfill their responsibility of sustaining their lives.

"And he has put us in the midst of a variety of natural resources." (Bastiat, 1848). Is it not true then, that natural resources are a most important element in the sustenance of life?

Let us consider these natural resources, the subject of this moratorium question.

I. OWNERSHIP- In a communist country the state owns all the land and all of natural resources, the state is god and one must obtain license from the state to use his faculties in accumulating property; The state owns these creatures (sea cucumbers, abalone, geoducks and urchins). In a monarchy then, the king owns these creatures. The battle cry of our

War for Independence was "No King but Jesus!". Truly whether the state or king assumes ownership of these creatures, they are the King of kings creatures, The Creator is owner.

II. STEWARDSHIP- Stewardship of this natural resource and the responsibility for conservation is the common law public. So, then we have regulatory agencies to manage, preserve and conserve this resource, (Alaska Department of Fish and Game) acting on behalf of the common law public.

III. BENEFICIAL INTEREST- The people.

FIRST - Those individuals who desire to spend their time and energies (faculties) should have liberty (not license) to endeavor to accumulate this fish resource (property) for their personal use, not to sell it.

SECOND - As their might be abundantly more of the resource than personal use might require, then those and/or other individuals might acquire permission of the public to fish commercially, to catch and sell all that they might, under conservational guidelines instituted by these agencies of the common law public in the public's' best interest.

In the case of limited entry, would the state of Alaska government officials be creating harvest diver barons? Just as the European kings would grant lands to their nobles for their exclusive use (freeholding)? It seems to us that our state government might be doing just that!

"What then is law? It is the collective organization of the individual right to lawful defense." (Bastiat, 1848), or maybe better said ...in order to secure these rights,

governments are instituted among men. "(The Unanimous Declaration-1776). The de jure government of the several states was instituted with these aforementioned principles in writing. The founders were opposed to having a class of nobility (Article 1, Section 9, U.S. Constitution) where certain individuals would have more right than others (access to the God owned public resources, for one) to accumulate property (pursue happiness).

If we lived in a state that protected the rights of the individual, then a limited entry program would not even be a question.

The government that is upon us, however, is really a government "of the people". The problem is most of the "people" have been mis-educated. Some, perhaps, will never learn to put truth, justice and individual liberty first, ahead of short-sighted selfishness.

The worst problem with the present limited entry programs already in place in our state is the transferability of them where the permit holder suddenly has the privilege of selling "their" (created) privilege to another in order that this next person might enter these fisheries. The high price of entry into these commercial fisheries has nothing to do with conservation, research, enhancement or regulation of these fisheries nor does it go for public use, but to a private party who already got his reward in selling the public resource!

It would be an injustice if consideration is not given

to future entrants, be it crewmembers or potential fishermen, including future generations. Would we again be selling our posterity into bondage? They would probably need to borrow "money" in order to apply their faculties to endeavor to accumulate property (harvest these creatures - a common resource). This would make future harvest divers servants to a lending institution in order to enter this fishery. Entry should be a matter of right, not privilege. Enter as a matter of right; harvest (from the common resources) commercially as a matter of privilege!

Those pushing for a moratorium (and later a transferable limited entry system) are not so interested in justice, but rather, just us and nobody else. To prove this, this committee suggests that the conductors of this hearing pose the following question and take a "straw vote": Of those in attendance at this teleconference, how many would be for this moratorium if you would not qualify?

Harvest divers should ask nothing from the State but to protect the individuals' right to life, liberty and the pursuit of happiness. I expect the state to "promote the general welfare, and secure the blessings of liberty to ourselves and our posterity" (The Constitution of The United States). This has to include open access to these God owned (not State or nobility owned) public resources, within conservational guidelines.

We of this committee, would remind the officials on the House Resources Committee that Alaska State Representatives

are to re-present their constituents. We are not suggesting that these harvest divers that attend these meetings and correspond so much in order to push there agenda through are not constituents of representatives in their respective districts. We are asking you to re-present the vast majority who are not presently concerned with this particular moratorium but are trusting their elected officials to "promote the general welfare, and secure the blessings of liberty to ourselves and our posterity"

Please respond to:

Two if By Sea!  
Committee of Correspondence.

c/o

Jay Clifton for

~~c/o Samuel Adams~~  
c/o 231 Katlian #2-18  
Sitka, Alaska 99835  
747-7323

3/25/96

Scott D. Thomas  
945 Lincoln ST.  
Ketchikan AK. 99901  
Ph. (907) 225-3189  
Fax(907) 247-5308

Alaska Legislature

Dear: Fellow Alaskans

I Am writing in regards to Rep. Bill Williams bill to enact a for 4 year moratorium on all Southeast Alaska Dive fisheries. I support the bill as written.

As a fourth generation Alaskan and committed commercial Fisherman I have struggled in recent years to maintain my Southeast Seine operation and with current market conditions in the Salmon industry I see the struggle getting worse. Over the past ten years in the Salmon business, as an owner operator, I have diversified my operation into as many different fisheries as I could i.e. Halibut, Blackcod, Herring, Tendering, and most recently I have participated for the past 3 years in the Sea Cucumber and Geoduck dive fisheries.

During the short time I have been involved in these dive fisheries I have seen the participation increase dramatically, as I am sure CFEC can confirm. This past years participation reached a level to where both the Geoduck and Sea Cucumber fishery were no longer feasible to operate my vessel and it's my opinion these fisheries are right at the edge of being unmanageable in the eyes of the Dept. of Fish&Game.

Although I feel this moratorium comes "a day late and a dollar short" if passed it would provide the opportunity to salvage these fisheries, which we have invested our lives. In hindsight I blame no one but myself for not getting involved the process sooner.

This bill would solve some significant problems for the industry.

- 1.) It would give the Dept. the power to manage these recourses much more effectively.
- 2.) It would provide opportunity to the fishermen who have made a commitment to the industry.
- 3.) It would protect the opportunity for all of Southeastern Alaska's dive harvesters to participate in the now controversial Urchin fishery from droves of out of state divers who are now other wise sure to come.

In conclusion this bill tells me that our local representatives, legislature and State are willing to make the same commitment to fishermen like myself as I have made to the State. It gives us the opportunity to continue servicing debt on State loan, boat mortgages and other commitments we have made to the State of Alaska. The bill maintains opportunity, after all it's really the opportunity we are after.

Sincerely  
Scott D. Thomas



## Member

<b>Steve Lacriox</b>	P.O. Box 5686 Ketchikan, AK. 99901	907 254-0891	
<b>Scott thomas</b>	945 Lincoln St. Ketchikan AK. 99901	907 225-3189	
<b>Lance Pihlman</b>	P.O. Box 5322 Ketchikan, AK. 99901	907 225-3768	
<b>Clay Bezenek</b>	P.O. Box 6464 Ketchikan, AK. 99901	907 225-3738	
<b>Bryan Philbrook</b>	P.O. Box 983 Ward Cove, AK. 9928	907 225-2882	
<b>Doug Thomas</b>	8115 N. Tongass Hwy. Ketchikan, AK. 99901	907 247-8578	
<b>Michael R. Anderson</b>	P.O. Box 7382 Ketchikan, AK. 99901	907 247-5662	
<b>Shawn Murphy</b>	P.O. Box 8258 Ketchikan, AK. 99901	907 247-5662	
<b>Highliner Laundroma</b>	5275 Shoreline Drive Ketchikan, AK. 99901	907 225-6520	
<b>Harley Ethelbah</b>	P.O. Box 972 Petersburg, AK. 99833	907 772-4732	
<b>Andy Kittams</b>	P.O. Box 1544 Petersburg, AK. 99833	907 772-4823	
<b>Brian Mattson</b>	P.O. Box 1168 Petersburg, AK. 99833	907 772-2170	
<b>Curtis Anderson</b>	P.O. Box 7118 Ketchikan, AK. 99901	907 225-2456	
<b>Stan Oaksmith</b>	P.O. Box 8944 Ketchikan, AK. 99901	907 247-8555	
<b>Kurt Kvernvik</b>	P.O. Box 1081 Petersburg, AK. 99833	907 772-3595	
<b>E.C. Phillips</b>	P.O. Box 8235 Ketchikan, AK. 99901	907 225-3121	
<b>Ross Nagamine</b>	P.O. Box 5703 Ketchikan, AK. 99901	907 247-1307	
<b>Ryan Morin</b>	P.O. Box 8164 Ketchikan, AK. 99901	907 225-1318	
<b>Mark Nugent</b>	P.O. Box 8141 Ketchikan, AK. 99901	907 247-8383	
<b>Terry Gans</b>	P.O. Box 6583 Ketchikan, AK. 99901	907 225-7539	
<b>Kurtis R Morin</b>	P.O. Box 619 Ward Cove, Ak. 99928	907 247-8438	
<b>Greg Rice</b>	200 Mattle Rd. Ketchikan, AK. 99901	907 225-3693	
<b>Gavin McCollom</b>	P.O. Box 7173 Ketchikan, AK. 99901	907 225-2465	Mes.
<b>Scott Sabin</b>	P.O. Box 5686 Ketchikan, AK. 99901	907 ?	
<b>James E Moody</b>	P.O. Box 1643 Ward Cove, AK. 99928	907 247-1643	
<b>Kurt Gloor</b>	P.O. Box 5686 Ketchikan, Ak. 99901	360 427-6085	
<b>Joe Griffin Jr.</b>	P.O. Box 3073 Ketchikan, AK. 99901	907 247-3073	
<b>Scott Heitman</b>	3213 Timberline Ct. Ketchikan, AK. 99901	907 225-9227	
<b>Joseph Borer</b>	P.O. Box 1245 Ketchikan, AK. 99901	907 247-2234	
<b>Darell Welk</b>	2331 4th Ave. Ketchikan, AK. 99901	907 225-7475	
<b>Dave Hashagen</b>	P.O. Box 23008 Ketchikan, AK. 99901	907 247-3283	
<b>Nick Hashagen</b>	P.O. Box 7033 Ketchikan, AK. 99901	907 225-8220	
<b>Chris Ponts</b>	P.O. Box 1701 Petersburg, Ak. 99833	907 772-4062	
<b>Larry Jackson</b>	P.O. Box 23394 Ketchikan, AK. 99901	907 225-5368	
<b>Brett Stillwaugh</b>	P.O. Box 5961 Ketchikan, AK. 99901	907 ?	
<b>Greg middag</b>	643 Sunset Drive Ketchikan, AK. 99901	907 225-2290	
<b>Brian M. Gierard</b>	1182 Black Bear Road Ketchikan, AK. 99901	907 225-2270	
<b>Rudy Franulovich</b>	P.O. Box 23076 Ketchikan, AK. 99901	907 225-6240	
<b>Tim Scanlon</b>	P.O. box 8095 Ketchikan, AK. 99901	907 225-5033	
<b>Dan Castle</b>	P.O. Box 9172 Ketchikan, AK. 99901	907 225-1777	
<b>Ken Eichner</b>	5166 Shoreline Drive Ketchikan, AK. 99901	907 225-4517	
<b>Gregory S. Harrison</b>	P.O. Box 1045 Craig, AK. 99921	907 247-5000	
<b>John A. Hendricks</b>	P. O. Box 5921 Ketchikan, AK. 99901	907 225-4384	Mes.
<b>Alan Benitz</b>	P.O. Box 106 Petersburg, AK. 99901	907 772-4834	
<b>Ktn. Ent. Center</b>	2050 Dea Level Drive	907 225-9011	
<b>Dale Pihlman</b>	P.O. Box 7814 Ketchikan, AK. 99901	907 225-3498	
<b>Brad Nelson</b>	P.O. Box 5686 Ketchikan, AK. 99901	206 756-0508	

Wrangell, Alaska  
March 22, 1996

To the house resource committee my name is Richard Head, I am also a member of the Wrangell Harvest Divers Association, and have participated in the southeast Alaska dive fisheries for several years, Abalone and Sea Cucumbers.

I also believe that there should be a moratorium put on southeast Alaska dive fisheries but there needs to be some way for the divers that qualify to move inside the fisheries from one to another.

Where Wrangell is located there has been very little that Wrangell divers could participate in, only in the last two years has there been an area open to Sea Cucumbers that was close enough for them to dive in, and now that the mill has closed down there are several divers that just starting would like to move inside the fishery. There are only two areas that are open to Geoduck and if Fish and Game will open more areas there will be room for more divers but not only Geoducks, in the other dive fisheries also.

Sincerely,

Richard Head

March 22, 1996

To Cheryl Sutton  
House Resources Committee Aide

From: Kevin Kulm \ Sec.  
Wrangell Harvest Divers Assoc.  
P.O. Box 952  
Wrangell, AK 99929  
(907)874-3015

RE: Dive fisheries moratorium

First of all Cheryl we would like to thank you for your efforts in containing the explosion of divers coming into the dive fisheries. These fisheries must be kept viable for the fisherman that count on them for their incomes. As you are aware of we agreed to moratorium on sea cucumbers, abalone, and sea urchin, but objected to the geoduck moratorium. I believe if it came down to the loss of this bill we would support it as it was originally drafted with the moratorium on geoducks.

Although we feel that as a public resource, that this belongs to all the people of southeast and should have an avenue for expansion written into this bill. The reason for this is the room for development in all dive fisheries. We know that Fish and Game has purposely kept quotas low in open access fisheries to discourage out of state interest. We also know that funding has not been available for allot of the servey work which would enable larger quotas and more areas convenient to ours and other communities. So with proper funding and expansion of the dive fisheries, we feel their is allot of room for grow where these fisheries could provide income to the existing divers and somehow leave the door open for expansion to new divers in the future.

Arlan J. Erickson  
P.O. Box 14  
Petersburg, Alaska  
99833  
(907) 772-4890  
(907) 772-4808 FAX

Post-It™ Fax Note	7671	Date	2/22	# of pages	1
To	Bill Williams	From	AK Dive Harvesters		
Co./Dept		Co.			
Phone #	465 3924	Phone #			
Fax #	465 3793	Fax #	772-4431		

Representative William K. Williams  
P.O. Box 6374  
Kelchikan, Alaska  
99901

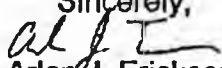
Dear Congressman Williams,

I am a member of the Alaska Harvest Divers, Petersburg Chapter, and am writing to you to let you know that I support your work draft of the urchin bill as it stands.

While I would personally stand to lose out on participation in the abalone and geoduck fisheries I also see the need to stop the huge influx of divers that those two fisheries would receive should a moratorium not be placed on those two fisheries.

The moratorium on the cucumber fishery is an absolute must and should be placed in effect as quickly as possible. Also a moratorium on urchins based on past participation in other dive fisheries During the years 94-95 seems like the best way to limit the number of diver from other states from qualifying.

I think that it is wonderful that you are working on this bill so late in the session and I commend you on your efforts. If you have any questions please feel free to call or fax me at either of the above numbers.

Sincerely,  
  
Arlan J. Erickson



*Grand Camp*  
*Alaska Native Brotherhood*

One Sealaska Plaza - Suite 200  
Juneau, Ak 99801-1276  
907-586-9219

March 26, 1996

The Honorable Joe Green, Co-Chairman  
Honorable William K. Williams Co-Chairman  
House Resources Committee  
Room 124, State Capitol-MS 3100  
Juneau, Alaska 99801-1182

Mr. Chairmen:

The House Resources Committee has before it, the question of whether there should be a moratorium on the Dive Fishery in the Southeast Alaska.

The Grand Camp of the Alaska Native Brotherhood believes that the State of Alaska should impose a moratorium in the Dive Fishery, particularly in the Sea Urchin and the Sea Cucumber. May we presume that such a moratorium will include other species as well. It follows that it is our hope that such a moratorium take effect this year.

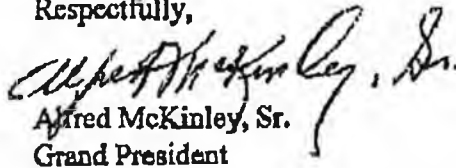
There are two primary reasons for our concern. One, the viability of the resource; and , two, the customary and traditional harvest by subsistence users. Our local Native people in Sitka, Klawock/Craig, and Ketchikan areas express concern over the decline in the Sea Urchin and Sea Cucumber populations.

We believe that the State should learn more of the dynamics of the species before permitting commercial harvesting to occur.

May we suggest the State consult with our local Native people that have knowledge of the resource; the dynamics of the resource; the area, terrain and effects of weather; and develop a management plan that assures the continued viability of the resources. To continue the dive fishery now, would result in depletion of the resources.

If we can be of assistance, we are prepared to assist, as we do have persons that have knowledge and experience.

Respectfully,



Alfred McKinley, Sr.  
Grand President

Date: Thurs. Evening March 21, 1996

To: Alaskan State Senate and House of Representatives

Re: House Bill \_\_\_\_\_ Dive Fishery Moratorium

Distinguished Ladies and Gentlemen of the Legislature;

If you should ever wonder if all your hard work, late night / early morning and weekend overtime efforts spent arranging telconference sessions, drafting house bills and public concerns are truly noticed and appreciated allow me this chance to say you're *not* forgotten and thank you. I read once that in this world of ours there are millions of talented people but only a few who are willing to work. I dare to say that there are even fewer who are willing to work together towards a common good. I deeply appreciate your "willingness" to work and make a difference for good.

I am Alaskan by choice since 1991.

I have been a commercial blackcod/halibut crewman and commercial harvest diver since 1992, also by choice. And a lucrative choice it was at times. Unfortunately, because of an L.F.Q. opportunity my blackcod/halibut skipper chose to pursue (more power to him and much success) I am, not by choice, an unemployed crewman (Not so lucrative!) Regardless of lifes' changes and challenges I am still a husband, new father, and a hopeful S.E. Alaskan harvest diver.

This evening I was excited to take part in a teleconference arranged by Rep. Bill William's and staff, and other distinguished persons, concerning a four year moratorium act on entry into S.E. Alaskan dive fisheries to include Abalone, Geo-ducks, Sea-cucumbers, and Sea-Urchins. In a word let me say "YES". In a phrase let me say "I fully support this Moratorium House Bill developed by Rep. William's and staff." In a letter, well, please keep reading.

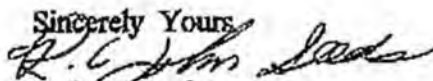
I believe that this "moratorium" is a fair, applicable, and crucial step for all S.E. Alaskan Dive fisheries. Already, our Sea-cucumber, Geo-duck, and Red Sea-Urchin resources have attracted "National" and even "International" attention. A "Gold-Rush" mentality to participate in any or all the discussed dive fisheries is currently finding its way to S.E. Shores. "Gold-Diggers" only interested in qualifying for any limited entry permit regardless of residency, past participation in fishery involvement and development, and occupation are coming to Alaska. The "Danger" inherent, is a tidal wave of "non-resident would-be divers" that will make it impossible to have any manageable and profitable dive fishery whatsoever.

As I have previously stated, I am Alaskan by choice.  
I am husband, father, and harvest diver by choice as well.  
I am getting involved with our legislative process by choice, too.  
Whether our S.E. Alaskan dive fisheries remain profitable and feasible depends on  
legislation in favor the house Bill for a 4 year moratorium on all dive fisheries as  
developed by Rep. William's and staff.

By choice I support such a House Bill and salute you all in your continued efforts as  
Alaska's Legislative body.

*Thank you !*

Sincerely Yours



R. John Seeds

*Alaskan, Husband, Father, Harvest Diver, & Registered, informed Voter.*

3-27

7:32

Cheryl,

Here's our members vote.

Record it as such. Our majority  
feels a vote is our testimony.

Thanks

Cheryl Ryzh

225-3738

Res	Non-Res	Name	Phone #	town	Vote
X		1. Clay Bezenek	225-3738	Ketch	Yes
X		2. Brett Stillwaugh	No Phone	Wray	Yes
X		3. Tim Scanlon	5-5033	Ketch	Yes
X		4. Lance Pihlman	5-3868	Ketch	Yes
X		5. Rudy Frankovich	5-6240	Ketch	Yes
X		6. Bryan Philbrook	5-2882	Ketch	Yes
X		7. Jim L. Anti	5-7539	Ketch	Yes
X		8. Terry Gans	5-7539	Ketch	Yes
X		9. David Hashagen	247-3283	Ketch	Yes
X		10. Greg Harrison	247-5000 <sup>Voice Mail</sup> Bx 2006	<del>Ketch</del>	Yes
X		11. Scott Hertman	5-9227	Ketch	Yes
X		12. Scott Thomas	5-3189	Ketch	Yes
X		13. Kurt Morn	247-8438	Ketch	Yes
X		14. Ryan Morn	225-1318	Ketch	Yes
X		15. Steve LaCroix	254-0891	Seattle	Yes
X		16. Doug Thomas	247-8578	Ketch	Yes
X		17. Michael Shawa Murphy	247-5662	Ketch	Yes
X		18. Curtis Anderson	5-2456	Ketch	Yes
X		19. Stan Oaksma	247-8555	Ketch	Yes
X		20. Scott Sabra	No phone	Ketch	Yes
X		21. Kurt Glove	No phone	Ketch	Yes
X		22. Nick Hashagen	225-8220	Ketch	Yes
X		23. Mark Nugent	247-8383	Ketch	No contact
X		24. Greg Rice	225-3693	Ketch	Yes
X		25. Leann McCollom	5-2465 message	Ketch	Yes
X		26. Jim Moody	247-1643	Ketch	No
X		27. Joe Britton Joe	247-3073	Ketch	Yes
X		28. Joe Bover	247-2234	Ketch	Yes
X		29. Darrell Walk	5-7475	Ketch	Yes

Zes	Non-Res	Name	Phone #	Town	Vote
X		30. Larry Jackson	5-5368 #233	Ketchikan	No-contact YES
X		31. Greg Midway	5-2290	Ketchikan	<del>No-contact</del> YES
X		32. Brian M. Gierard	5-2270	Ketchikan	fishing
X		33. Dan Castle	5-1777	Ketchikan	fishing
X		34. Ken Eichner	5-4517	Ketchikan	fishing
X		35. John A. Hendricks	5-4384 mess.	Ketchikan	YES
X		36. Dale Pihlman	5-3458	Ketchikan	YES
	X	37. Brad Nelson	254-0891	Sealth	YES
X		38. Mike Paulsen	5-7337	Ketchikan	YES
X		39. Dan Knight	247-1829	Ketchikan	YES
X		40. Alan Benitz	772-4831	Petersburg	YES
X		41. Chris Ponts	772-4062	Petersburg	YES
X		42. Kurt Kuernvik	772-3595	Petersburg	YES
X		43. Brian Mattson	772-2170	Petersburg	YES
X		44. Andy Kittens	772-4823	Petersburg	YES
X		45. Harley E. Melboch	772-4832	Petersburg	YES
X		46. Highliner Launchmut	225-6520	Ketchikan	YES
X		47. Ross Nagamine (Evergreen)	247-1307	Ketchikan	NO CONTACT
X		48. Ktn Ent. Center	5-9011	Ketchikan	NO CONTACT
X		49. Silver Lining Seated	5-9317	Ketchikan	YES
X		50. E.C. Phillips & Son	5-3121	Ketchikan	NO CONTACT
X		51. U.S.A. Co.	463-4646	Juneau	YES
X		52. Dave Thynes	772-4433	Petersburg	YES
X		53. Derek Thynes	772-3709	Petersburg	YES

# Alaska State Legislature



Representative William K. Williams

Committees:  
House Resources  
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State Federal Relations  
Transportation  
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## SPONSOR STATEMENT

### House Bill 547

"An Act relating to a four-year moratorium on entry into Southeast Alaska dive fisheries."

House Bill 547 would place a moratorium on new entrants into four of the Southeast Alaska dive fisheries. It would include sea urchin, sea cucumber, geoduck and abalone.

Commercial fishermen are attempting to diversify within commercial fisheries. In the Southeast dive fisheries, diversification is occurring by fishing for more than one species. This increased interest and effort caused the number of divers to be precariously high at the end of 1995.

The purpose of this moratorium is to set aside a period of time for examination of each aspect of the Southeast dive fisheries absent concern of increasing harvest effort. There is more than keen interest in the dive fisheries from residents and non-residents. The Department of Fish & Game has been gathering assessment and management data on these fisheries. A moratorium on new entry into the Southeast Alaska dive fisheries is necessary to allow a proper review and analysis of the sea cucumber, abalone, sea urchin and geoduck fisheries.

The Southeast Alaska sea urchin fishery cannot be opened due to lack of research and management. The large number of new divers interested in this fishery would be difficult to manage and may threaten the sustained yield management of the sea urchin resource.

House Bill 547 places a four-year moratorium on entrants into the sea cucumber, sea urchin, geoduck and abalone fisheries. The moratorium is necessary to provide an opportunity to investigate alternative means of fishing effort regulation that may be more appropriate for these fisheries.

Coordination of available data and investigation into the management of these fisheries should provide long-term opportunities to the state and its residents. These valuable fishery resources need special attention. House Bill 547 would provide the mechanism for the development of sustainable fisheries which provide the best economic opportunity to the participants and the best economic return for the state.

# FISCAL NOTE

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

**BILL NO. HB547**

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: Moratorium on entry into Southeast Alaska dive fisheries BRU: Commercial Fisheries (Limited) Entry Commission  
 Component: Limited Entry Program Administration  
 Sponsor: House Resources Committee  
 Requester: House Resources Committee **COMPONENT SERIAL NO.** 0471

(Thousands of Dollars)

Expenditures/Revenues	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>						

(Thousands of Dollars)

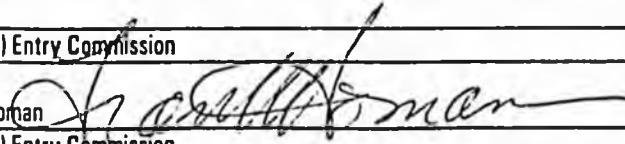
FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

This bill would place a moratorium on the Southeast Alaska dive fisheries in order for the Commercial Fisheries Entry Commission to work with the Alaska Department of Fish and Game, the Board of Fisheries and the participants in the fisheries to develop a long range plan.

Prepared By: Roger Kolden Phone: 789-6160  
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 3/26/96  
 Approved by Commissioner: Frank Homan   
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 3/26/96

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03/27/96 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1150  
09:11:14 PARTICIPANT LIST (TESTIFIERS ONLY) BY:JNU  
TCN:60598 SCHEDULED FOR:03/27/96 08:00 TO 10:00 FOR:KTN  
PUBLIC HEARING HOUSE RESOURCES

LOCATION: KETCHIKAN

<del>HB 547</del>	MR. CLAY	BEZENEK ✓	SEAHAD	TESTIFY
<del>HB 547</del>	MR. SCOTT	HEITMAN	SEAHAD	TESTIFY
<del>HB 547</del>	MR. PATRICK	MCCASSIN	URCHIN TEST FISHTESTIFY	
<del>HB 547</del>	MR. TOM	CARRUTH		TESTIFY

03/27/96 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1150  
08:23:35 PARTICIPANT LIST (ALL PARTICIPANTS) BY:SIT  
TCN:60598 SCHEDULED FOR:03/27/96 08:00 TO 10:00 FOR:SIT  
PUBLIC HEARING HOUSE RESOURCES

LOCATION: SITKA

<del>HB 547</del>	JAMES	LECRONE ✓		TESTIFY
<del>HB 547</del>	LARRY	TRANI ✓		TESTIFY
<del>HB 547</del>	GRANT	THOMPSON ✓		TESTIFY
<del>HB 547</del>	BURGESS	BAUDER ✓		TESTIFY
<del>HB 547</del>	MICHAEL	REIF ✓		TESTIFY

03/27/96 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1150  
09:21:48 PARTICIPANT LIST (ALL PARTICIPANTS) BY:PSG  
TCN:60598 SCHEDULED FOR:03/27/96 08:00 TO 10:00 FOR:PSG  
PUBLIC HEARING HOUSE RESOURCES

LOCATION: PETERSBURG

<del>HB 547</del>	MR. MATT	LICHTENSTEIN	KFSK	OBSERVE
<del>HB 547</del>	MR. MIKE	BANGS	DIVER ✓	TESTIFY

03/27/96

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

09:16:59

PARTICIPANT LIST (ALL PARTICIPANTS)

BY:KTN

TCN:60598

SCHEDULED FOR:03/27/96 08:00 TO 10:00

FOR:KTN

PUBLIC HEARING

HOUSE RESOURCES

LOCATION:KETCHIKAN

HB 547

MR.

CLAY

BEZENEK ✓

SEAHAD

TESTIFY

HB 547

MR.

SCOTT

HEITMAN ✓

SEAHAD

TESTIFY

HB 547

MR.

PATRICK

MCCASSIN ✓

URCHIN TEST FISHTESTIFY

HB 547

MR.

PHIL

DOHERTY

ADFG

TESTIFY

HB 547

MR.

TOM

CARRUTH ✓

TESTIFY

03/27/96

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

09:45:44

PARTICIPANT LIST (TESTIFIERS ONLY)

BY:JNU

TCN:60598

SCHEDULED FOR:03/27/96 08:00 TO 10:00

FOR:ALL

PUBLIC HEARING

HOUSE RESOURCES

LOCATION: ANCHORAGE

HB 342 BECKY GAY RESOURCE DEV CNCTESTIFY

HB 342 BRIAN CREWDSON TESTIFY

LOCATION: KENAI LIO

LOCATION: KETCHIKAN

HB 547 MR. CLAY BEZENEK SEAHAD TESTIFY

HB 547 MR. SCOTT HEITMAN SEAHAD TESTIFY

HB 547 MR. PATRICK MCCASSIN URCHIN TEST FISHTESTIFY

HB 547 MR. PHIL DOHERTY ADFG TESTIFY

HB 547 MR. TOM CARRUTH TESTIFY

LOCATION: PETERSBURG

HB 547 MR. MIKE BANGS DIVER TESTIFY

LOCATION: SITKA

HB 547 JAMES LECRONE TESTIFY

HB 547 LARRY TRANI TESTIFY

HB 547 GRANT THOMPSON TESTIFY

HB 547 BURGESS BAUDER TESTIFY

HB 547 MICHAEL REIF TESTIFY

LOCATION: OFFNET 1

FAIRBANKS

HB 342 MR. MAC MCCLEAN TESTIFY

**PRELIMINARY DATA  
SOUTHEAST ALASKA DIVE FISHERY  
1983-1995**

CFEC Report 96-5  
March 20, 1996

Al Tingley

Alaska Commercial Fisheries Entry Commission  
8800 Glacier Hwy, #109  
Juneau, AK 99801

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### Abalone

Table A1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska abalone fishery, 1983-1995.

Table A2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska abalone fishery, 1983-1995.

Table A3. Number of unique individuals who fished in the Southeast Alaska abalone fishery during the given time period, 1983-1995.

### Sea Cucumbers

Table C1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska sea cucumber fishery, 1983-1995.

Table C2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska sea cucumber fishery, 1983-1995.

Table C3. Number of unique individuals who fished in the Southeast Alaska sea cucumber fishery during the given time period, 1983-1995.

### Geoducks

Table G1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska geoduck fishery, 1983-1995.

Table G2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska geoduck fishery, 1983-1995.

Table G3. Number of unique individuals who fished in the Southeast Alaska geoduck fishery during the given time period, 1983-1995.

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### Sea Urchins

Table U1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska sea urchin fishery, 1983-1995.

Table U2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska sea urchin fishery, 1983-1995.

Table U3. Number of unique individuals who fished in the Southeast Alaska sea urchin fishery during the given time period, 1983-1995.

### Combined Dive Fishery

Table T1. Number of unique individuals who fished in the combined abalone, sea cucumber, geoduck and sea urchin fisheries during the given time period, 1983-1995.

Southeast Abalone Fishery, 1983-1995  
Participation/Landings/Earnings

Table A1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska abalone fishery, 1983-1995.

Year	Number of Persons	Pounds			Earnings		
		Average	Median	Total	Average	Median	Total
83	22	2,127	1,056	46,804	\$5,945	\$2,454	\$130,788
84	28	3,411	2,031	95,512	\$8,373	\$4,869	\$234,445
85	28	2,680	1,081	75,053	\$7,793	\$3,189	\$218,198
86	23	2,638	1,099	60,666	\$7,254	\$3,046	\$166,838
87	42	1,623	803	68,173	\$5,021	\$2,453	\$210,901
88	45	1,691	1,684	76,100	\$6,830	\$6,802	\$307,368
89	66	936	686	61,804	\$5,010	\$3,797	\$330,678
90	97	705	371	68,386	\$3,855	\$2,430	\$373,905
91	95	464	321	44,034	\$2,816	\$2,025	\$267,512
92	99	362	246	35,863	\$3,885	\$2,528	\$384,602
93	85	410	331	34,852	\$5,964	\$4,730	\$506,976
94	101	227	162	22,879	\$3,398	\$2,273	\$343,194
95	95	151	87	14,352	\$1,332	\$825	\$126,560

Southeast Abalone Fishery, 1983-1995  
 Participation/Landings/Earnings  
 Resident vs. Nonresident

Table A2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska abalone fishery, 1983-1995.

Year	Resident				Nonresident					
	Number of Persons	Pounds		Earnings		Number of Persons	Pounds		Earnings	
		Average	Total	Average	Total		Average	Total	Average	Total
83	22	2,127	46,804	\$5,945	\$130,788					
84	28	3,411	95,512	\$8,373	\$234,445					
85	28	2,680	75,053	\$7,793	\$218,198					
86	*									
87	38	1,778	67,570	\$5,501	\$209,020	4	151	603	\$470	\$1,881
88	40	1,670	66,792	\$6,744	\$269,773	5	1,862	9,308	\$7,519	\$37,595
89	60	937	56,228	\$5,031	\$301,843	6	929	5,576	\$4,806	\$28,835
90	78	668	52,109	\$3,634	\$283,461	19	857	16,277	\$4,760	\$90,444
91	78	460	35,906	\$2,891	\$225,530	17	478	8,128	\$2,470	\$41,983
92	79	379	29,918	\$4,259	\$336,498	20	297	5,945	\$2,405	\$48,104
93	71	410	29,116	\$5,986	\$425,003	14	410	5,736	\$5,855	\$81,973
94	91	237	21,540	\$3,555	\$323,482	10	134	1,339	\$1,971	\$19,712
95	90	158	14,211	\$1,393	\$125,361	5	28	141	\$240	\$1,199

\* Confidential Data

Southeast Abalone Fishery, 1983-1995  
Unique Participation Count

Table A3. Number of unique individuals who fished in the Southeast Alaska abalone fishery during the given time period, 1983-1995.

Year Combination	Cumulative Unique Individuals
Jan. 1, 1996 to Jan. 1, 1995	95
Jan. 1, 1996 to Jan. 1, 1994	154
Jan. 1, 1996 to Jan. 1, 1993	187
Jan. 1, 1996 to Jan. 1, 1992	225
Jan. 1, 1996 to Jan. 1, 1991	253
Jan. 1, 1996 to Jan. 1, 1990	276
Jan. 1, 1996 to Jan. 1, 1989	292
Jan. 1, 1996 to Jan. 1, 1988	298
Jan. 1, 1996 to Jan. 1, 1987	311
Jan. 1, 1996 to Jan. 1, 1986	315
Jan. 1, 1996 to Jan. 1, 1985	325
Jan. 1, 1996 to Jan. 1, 1984	332
Jan. 1, 1996 to Jan. 1, 1983	335

Southeast Sea Cucumber Fishery, 1983-1995  
Participation/Landings/Earnings

Table C1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska sea cucumber fishery, 1983-1995.

Year	Number of Persons	Pounds			Earnings		
		Average	Median	Total	Average	Median	Total
83	*						
84	*						
87	12	6,131	5,738	73,567	\$1,287	\$1,205	\$15,449
88	5	10,081	13,351	50,403	\$2,127	\$2,817	\$10,635
89	94	13,797	7,586	1,296,931	\$5,768	\$3,164	\$542,168
90	238	9,149	4,758	2,177,433	\$5,375	\$2,886	\$1,279,278
91	204	6,117	3,585	1,247,907	\$4,908	\$2,869	\$1,001,141
92	240	5,207	3,734	1,249,621	\$4,828	\$3,554	\$1,158,799
93	320	3,014	2,333	964,343	\$3,112	\$2,462	\$995,783
94	232	4,168	2,746	966,873	\$7,439	\$4,901	\$1,725,868
95	440	3,830	2,475	1,685,235	\$4,909	\$3,051	\$2,159,804

\* Confidential Data

Southeast Sea Cucumber Fishery, 1983-1995  
Participation/Landings/Earnings  
Resident vs. Nonresident

Table C2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska sea cucumber fishery, 1983-1995.

Year	Resident					Nonresident				
	Number of Persons	Pounds		Earnings		Number of Persons	Pounds		Earnings	
		Average	Total	Average	Total		Average	Total	Average	Total
83	*									
84	*									
87	*									
88	5	10,081	50,403	\$2,127	\$10,635					
89	67	12,373	828,963	\$5,147	\$344,864	27	17,332	467,968	\$7,308	\$197,304
90	165	8,316	1,372,091	\$4,967	\$819,491	73	11,032	805,342	\$6,298	\$459,787
91	146	6,664	972,904	\$5,338	\$779,304	58	4,741	275,003	\$3,825	\$221,837
92	136	5,144	699,610	\$4,737	\$644,192	104	5,289	550,011	\$4,948	\$514,607
93	145	3,180	461,109	\$3,257	\$472,264	175	2,876	503,234	\$2,992	\$523,519
94	190	4,227	803,224	\$7,546	\$1,433,755	42	3,896	163,649	\$6,955	\$292,113
95	348	3,769	1,311,529	\$4,886	\$1,700,392	92	4,062	373,706	\$4,994	\$459,412

\* Confidential Data

Southeast Sea Cucumber Fishery, 1983-1995  
Unique Participation Count

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Table C3. Number of unique individuals who fished in the Southeast Alaska sea cucumber fishery during the given time period, 1983-1995.

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Year Combination	Cumulative Unique Individuals
Jan. 1, 1996 to Jan. 1, 1995	440
Jan. 1, 1996 to Jan. 1, 1994	472
Jan. 1, 1996 to Jan. 1, 1993	636
Jan. 1, 1996 to Jan. 1, 1992	688
Jan. 1, 1996 to Jan. 1, 1991	756
Jan. 1, 1996 to Jan. 1, 1990	866
Jan. 1, 1996 to Jan. 1, 1989	887
Jan. 1, 1996 to Jan. 1, 1987	892
Jan. 1, 1996 to Jan. 1, 1984	894

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Southeast Geoduck Fishery, 1983-1995  
Participation/Landings/Earnings

Table G1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska geoduck fishery, 1983-1995.

Year	Number of Persons	Pounds			Earnings		
		Average	Median	Total	Average	Median	Total
83	*						
84	*						
85	*						
86	7	18,709	7,330	130,961	\$3,725	\$1,466	\$26,075
87	*						
88	6	31,643	35,104	189,856	\$9,556	\$10,719	\$57,338
89	14	14,603	5,285	204,441	\$7,397	\$2,643	\$103,562
90	16	16,925	6,240	270,806	\$8,600	\$3,120	\$137,600
91	22	11,254	8,104	247,594	\$6,966	\$5,129	\$153,255
92	22	8,877	7,246	195,286	\$9,813	\$8,098	\$215,897
93	39	5,367	4,683	209,322	\$7,882	\$6,795	\$307,417
94	52	2,827	2,667	147,010	\$4,625	\$4,363	\$240,508
95	106	2,460	1,677	260,808	\$4,956	\$3,069	\$525,341

\* Confidential Data

Southeast Geoduck Fishery, 1983-1995  
Participation/Landings/Earnings  
Resident vs. Nonresident

Table G2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska geoduck fishery, 1983-1995.

Year	Resident				Nonresident					
	Number of Persons	Pounds		Earnings		Number of Persons	Pounds		Earnings	
		Average	Total	Average	Total		Average	Total	Average	Total
83	*									
84	*									
85	*									
86	*									
87	*									
88	6	31,643	189,856	\$9,556	\$57,338					
89	*									
90	12	9,609	115,311	\$4,988	\$59,853	4	38,874	155,495	\$19,437	\$77,748
91	10	6,575	65,746	\$4,087	\$40,873	12	15,154	181,848	\$9,365	\$112,382
92	*									
93	*									
94	13	1,097	14,260	\$1,795	\$23,329	39	3,404	132,750	\$5,569	\$217,179
95	51	1,097	55,934	\$2,016	\$102,812	55	3,725	204,874	\$7,682	\$422,529

\* Confidential Data

Southeast Geoduck Fishery, 1983-1995  
Unique Participation Count

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Table G3. Number of unique individuals who fished in the Southeast Alaska geoduck fishery during the given time period, 1983-1995.

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Year Combination	Cumulative Unique Individuals
Jan. 1, 1996 to Jan. 1, 1995	106
Jan. 1, 1996 to Jan. 1, 1994	114
Jan. 1, 1996 to Jan. 1, 1993	124
Jan. 1, 1996 to Jan. 1, 1992	125
Jan. 1, 1996 to Jan. 1, 1991	133
Jan. 1, 1996 to Jan. 1, 1990	139
Jan. 1, 1996 to Jan. 1, 1989	143
Jan. 1, 1996 to Jan. 1, 1988	144
Jan. 1, 1996 to Jan. 1, 1986	147

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Southeast Sea Urchin Fishery, 1983-1995  
Participation/Landings/Earnings

Table U1. Number of persons, average, median and total pounds and earnings, by year, for the Southeast Alaska sea urchin fishery, 1983-1995.

Year	Number of Persons	Pounds			Earnings		
		Average	Median	Total	Average	Median	Total
83	*						
84	11	9,762	2,814	107,380	\$1,787	\$374	\$19,656
85	12	10,498	4,787	125,973	\$1,312	\$598	\$15,747
86	13	21,722	13,550	282,384	\$3,059	\$1,911	\$39,763
87	19	34,367	5,102	652,965	\$5,057	\$750	\$96,085
88	4	13,602	11,744	54,409	\$5,535	\$5,285	\$22,141
89	10	14,207	15,985	142,068	\$3,509	\$3,948	\$35,091
90	5	3,254	3,040	16,270	\$856	\$800	\$4,279
91	6	29,039	25,186	174,233	\$8,741	\$7,581	\$52,444
92	37	11,574	5,647	428,220	\$3,345	\$1,632	\$123,756
93	17	8,440	7,940	143,485	\$2,405	\$2,263	\$40,893
95	*						

\* Confidential Data

Southeast Sea Urchin Fishery, 1983-1995  
 Participation/Landings/Earnings  
 Resident vs. Nonresident

Table U2. Number of participants, average and total pounds and earnings, by year and residency in the Southeast Alaska sea urchin fishery, 1983-1995.

Year	Resident					Nonresident				
	Number of Persons	Pounds		Earnings		Number of Persons	Pounds		Earnings	
		Average	Total	Average	Total		Average	Total	Average	Total
83	*									
84	*									
85	*									
86	*									
87	13	32,162	418,110	\$4,736	\$61,562	6	39,143	234,855	\$5,754	\$34,524
88	4	13,602	54,409	\$5,535	\$22,141					
89	*									
90	*									
91	*									
92	14	8,022	112,309	\$2,318	\$32,457	23	13,735	315,911	\$3,969	\$91,298
93	9	6,067	54,604	\$1,729	\$15,562	8	11,110	88,881	\$3,166	\$25,331
95	*									

\* Confidential Data

Southeast Sea Urchin Fishery, 1983-1995  
Unique Participation Count

Table U3. Number of unique individuals who fished in the Southeast Alaska sea urchin fishery during the given time period, 1983-1995.

Year Combination	Cumulative Unique Individuals
Jan. 1, 1996 to Jan. 1, 1993	17
Jan. 1, 1996 to Jan. 1, 1992	50
Jan. 1, 1996 to Jan. 1, 1991	53
Jan. 1, 1996 to Jan. 1, 1990	58
Jan. 1, 1996 to Jan. 1, 1989	64
Jan. 1, 1996 to Jan. 1, 1988	65
Jan. 1, 1996 to Jan. 1, 1987	80
Jan. 1, 1996 to Jan. 1, 1986	85
Jan. 1, 1996 to Jan. 1, 1985	90
Jan. 1, 1996 to Jan. 1, 1984	96

Southeast Alaska Diving Fisheries, 1983-1995  
Abalone, Sea Cucumber, Geoduck and Sea Urchin  
Unique Participation Count

Table T1. Number of unique individuals who fished in the combined abalone, sea cucumber, geoduck and sea urchin fisheries during the given time period, 1983-1995.

Year Combination	Cumulative Unique Individuals
Jan. 1, 1996 to Jan. 1, 1995	474
Jan. 1, 1996 to Jan. 1, 1994	533
Jan. 1, 1996 to Jan. 1, 1993	709
Jan. 1, 1996 to Jan. 1, 1992	797
Jan. 1, 1996 to Jan. 1, 1991	876
Jan. 1, 1996 to Jan. 1, 1990	986
Jan. 1, 1996 to Jan. 1, 1989	1015
Jan. 1, 1996 to Jan. 1, 1988	1021
Jan. 1, 1996 to Jan. 1, 1987	1042
Jan. 1, 1996 to Jan. 1, 1986	1051
Jan. 1, 1996 to Jan. 1, 1985	1060
Jan. 1, 1996 to Jan. 1, 1984	1070
Jan. 1, 1996 to Jan. 1, 1983	1073

HOUSE RESOURCES STANDING COMMITTEE  
March 27, 1996  
8:31 a.m.

HB 547 - MORATORIUM ON S.E. DIVE FISHERIES

CO-CHAIRMAN WILLIAM K. "BILL" WILLIAMS stated his intent to move HB 547 out of committee. He requested a motion to adopt the committee substitute for HB 547 version (F) for purposes of discussion.

Number 131

REPRESENTATIVE IRENE NICHOLIA moved for the adoption of CSRB 547. Hearing no objection, it was so ordered.

Number 150

CHERYL SUTTON, Legislative Staff to Representative Williams, read the sponsor statement into the record:

"House Bill 547 would place a moratorium on new entrants into four of the Southeast Alaska dive fisheries. It would include sea urchin, sea cucumber, geoduck and abalone. The Southeast dive fisheries is a discreet fishery different from other parts of the state and the participants are unique to Southeast.

*fishery* ←

MS. SUTTON read, "Commercial fishermen are attempting to diversify within commercial fisheries. In the Southeast dive fisheries, diversification is occurring by fishing for more than one species. This increased interest and effort caused the number of divers to be precariously high at the end of 1995.

MS. SUTTON said, "The purpose of this moratorium is to set aside a period of time for examination of each aspect of the Southeast dive fisheries absent concern of increasing harvest effort. There is more than keen interest in the dive fisheries from residents and non-residents. The Department of Fish and Game has been gathering assessment and management data on these fisheries. A moratorium on new entry into the Southeast Alaska dive fisheries is necessary to allow a proper review and analysis of the sea cucumber, abalone, sea urchin and geoduck fisheries.

MS. SUTTON continued, "The Southeast Alaska sea urchin fishery cannot be opened due to lack of research and management. The large number of new divers interested in this fishery would be difficult to manage and may threaten the sustained yield management of the sea urchin resource.

Number 263

MS. SUTTON proceeded, "House Bill 547 places a four-year moratorium on entrants into the sea cucumber, sea urchin, geoduck and abalone fisheries. The moratorium is necessary to provide an opportunity to investigate alternative means of fishing effort regulation that may be more appropriate for these fisheries.

MS. SUTTON said, "Coordination of available data and investigation into the management of these fisheries should provide long-term opportunities to the state and its residents. These valuable fishery resources need special attention. House Bill 547 would provide the mechanism for the development of sustainable fisheries which provide the best economic opportunity to the participants and the best economic return for the state."

Number 315

MS. SUTTON briefed the committee on the CS for HB 547 to explain changes from the original bill. Section 1. Legislative Findings, add:

(6) individuals who participated in the abalone, sea cucumber, and geoduck fisheries in Southeast Alaska during 1994 and 1995, would have been likely to participate in a sea urchin fishery during those years if a fishery had occurred;

(7) current economic dependence on a fishery is best demonstrated by recent participation in, and economic reliance upon, a fishery;.

Number 355

MS. SUTTON explained, Section 2 (d) add: (1) during calendar year 1992 or 1993, the applicant commercially harvested sea urchin in the Southeast Alaska sea urchin fishery while holding the appropriate interim-use permits;.

Number 369

MS. SUTTON briefed the committee on the intent of the legislation:

Section 1. Legislative Findings that support placing a moratorium on these four species.

Section 2. <sup>Deals</sup> ~~We deal~~ with how it will be executed. We have created two years for each species for qualifying years to fish during the moratorium. If someone has fished for sea cucumber, geoduck, or abalone during calendar years 1994-1995, they would be allowed to fish during the moratorium. For sea urchin, because there has not been a commercial fishery in recent years and they are in an assessment ~~in~~ test fishery mode, ~~we went~~ <sup>the bill goes</sup> back to calendar years

1992 and 1993 to be consistent with qualifying years. <sup>The</sup> ~~We extended~~ <sup>qualification was extended</sup> geoduck through January 1996 because the fishery was occurring then and there were residents who were participating in the fishery.

MS. SUTTON explained that the Limited Entry Commission does not know at this time whether it will be necessary to limit entrance into all these fisheries and that is what the moratorium <sup>provides time</sup> ~~buys us~~ <sup>to</sup> ~~buy us~~ <sup>examine</sup>. It ~~buys us~~ the time to look at it. There is a real concern within the Department of Fish and Game on the increased effort. <sup>There is</sup> ~~We have~~ an enormous amount of interest from places like Maine, Oregon, Washington State and California in these resources. They have harvested some of these resources in other parts of the country and some in Alaska. <sup>Alaska</sup> ~~We really need~~ to get a handle on the management of these fisheries and ~~this will buy us~~ <sup>the moratorium</sup> the time to do that.

Number 536

CO-CHAIRMAN JOE GREEN wanted to know if HB 547 is sunsetted limited entry.

MS. SUTTON replied that the bill allows people who have participated in those dive fisheries during the qualifying years laid out in the bill to participate <sup>the fisheries</sup> in during the period of the moratorium which is up to four years. Anyone of those species can come out by the legislature creating another law to bring them out. ~~So~~ <sup>It</sup> just limits the people during the period of the moratorium, it does not necessarily mean that Commercial Fisheries Entry Commission will find that each one of these species needs to have a limited access by whatever means. It just is for the period of the moratorium. After that period, ~~then whatever the findings are~~ <sup>who, what, when</sup> ~~during that time will determine whether or not its...~~ <sup>and where.</sup>

CO-CHAIRMAN GREEN interjected so it is limited entry for a four year period.

Number 601

CO-CHAIRMAN WILLIAMS noted the arrival of Representatives Ogan, Kott and Austerman.

Number 605

REPRESENTATIVE DON LONG wondered if this legislation would be extension of the limited entry program.

MS. SUTTON stated that the moratorium falls under the commission's present duties and responsibilities. What the Commercial Fisheries Entry Commission will do during the time of the moratorium is place, is they will work with the participants in the fishery, the Department of Fish and Game, the Board of Fisheries and their own staff to look at all the available information and make determinations about the effort in these fisheries.

Number 662

REPRESENTATIVE ALAN AUSTERMAN professed his support for the concept of the moratorium saying that the state needs to look at more of its fisheries, especially, the new fisheries, and make sure that we do not disallow what the state has done in the past with crab and shrimp. He advocated private enterprise, but stressed that this is a finite resource, and by allowing the private sector to come in and devour everything, we end up destroying a fishery.

REPRESENTATIVE AUSTERMAN pointed out that the bill will give the state time to protect the fisheries while fishing continues and information can be gathered. He contended that this is not really a limited entry system in the true sense but it does give us a moratorium.

REPRESENTATIVE AUSTERMAN deduced that at the end of four years,

Number 662

*ok*  
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REPRESENTATIVE AUSTERMAN deduced that at the end of four years, there may be fisheries that do not need to be limited. We do not know that because of how we, as legislators, continue to cut the Department of Fish and Game's budget. For example, there are only two crab biologists in the state of Alaska; one crab biologist is retiring and the department is leaving that position vacant because of budget constraints.

Number 777

REPRESENTATIVE JOHN DAVIES questioned the eligibility requirements of the moratorium suggesting that the bill appears to gerrymander the dates and recommended the committee look at a definite interval.

REPRESENTATIVE DAVIES said the bill seems to allow people to cross fish sea urchins and asked <sup>for an</sup> explanation.

MS. SUTTON replied that sea urchins were commercially fished a

<sup>there</sup> ~~this~~ may be fisheries that <sup>do</sup> ~~does~~ not need to be limited. We do not know that because of how we, as legislators, continue to cut the Department of Fish and Game's budget. For example, there <sup>are</sup> ~~is~~ only two crab biologists in the state of Alaska: one crab biologist is retiring and the department is leaving that position vacant because of budget constraints.

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MS. SUTTON replied that sea urchins were commercially fished a number of years ago and <sup>were</sup> ~~was~~ not fished very strongly because the market did not support the fishery. Sea urchins are in a test fishery mode, with no commercial opportunity. They <sup>are</sup> ~~is~~ trying to investigate how they might manage this fishery. The Dept. of Fish and Game

MS. SUTTON referred to Legislative Finding (6) <sup>Rep. Williams</sup> stating that the sea urchin fishery was treated differently. ~~we~~ <sup>the</sup> did not want to exclude the folks who did participate before it went into an assessment mode so that is why <sup>the qualifying years 90</sup> ~~we went~~ back to the early calendar years in 1992 and 1993. <sup>The bill is</sup> ~~we~~ cross-pollinated ~~it~~ because the folks who were fishing in the other dive fisheries probably would have fished in the sea urchin fishery had it been open for that opportunity.

MS. SUTTON explained the reason the geoduck fishery was extended <sup>is</sup> because the season was open in January 1996. There were local residents who participated and ~~we~~ <sup>Rep. Williams</sup> did not want to exclude those folks because the fishery was open.

Number 949

REPRESENTATIVE DAVIES wanted to know if the abalone fishery closes at the end of the calendar year.

MS. SUTTON deferred to Frank Homan, Commercial Fisheries Entry Commission.

ok  
with  
changes

participants in the fishery.

MR. HOMAN related that the sea urchin fishery has been closed for two years because the department cannot control the number of participants into that fishery. In the bill, the other dive fisheries would be allowed to fish in that fishery, that is, only if it opens. As long as the sea urchin fishery remains closed, even those eligible under this bill would not be allowed to fish. Whether that clears itself up in the four year moratorium or not, it is possible that there would not be a sea urchin fishery in that time except for the test fishery.

Number 1433

MR. HOMAN applauded Representative Williams office, the department and the divers, forming a unit in Southeast Alaska, working toward alternatives in the long term.

MR. HOMAN said the moratorium just stops the procedure of entry into the fishery and but does not necessarily lead to a limitation of any of the four fisheries in question.

Number 1518

MR. HOMAN returned to the origin of limited entry program: two criteria set out in statute say a fishery can be limited for two purposes: resource conservation and the economic health of the fishery. If the fisheries are in distress, they can easily be closed completely by the department so that no one is able to participate. However, with the <sup>IN</sup> limited entry commission purpose <sup>purpose of the</sup> ~~is~~ they do add a balance in there saying the economic health of the fishery. What the legislature was trying to craft at that time was to allow the fishermen in Alaska to participate in a balance with the resource so that both would remain healthy and have a sustained yield over time.

*Ch*  
this fishery.

Number 1870

MR. HOMAN answered that the constitution allowed the limited entry commission to limit any commercial fishery in the state. In order to do that, the commission has to investigate that fishery and do substantial research into who is participating and the resource that is available. These determinations take a long time to investigate and to consult with the Department of Fish and Game in each specific fishery.

MR. HOMAN informed, at the very beginning, there were 19 different salmon fisheries that the legislature said were distressed and the commission did not have to do the economic analysis because it was, at the time, evident that they were distressed, particularly, Bristol Bay fisheries were in a disaster. The legislature told the commission on those specific fisheries they could limit without the analysis. Since that time, on every fishery that has been limited, the commission had conducted that analysis and public hearings.

Number 1966

REPRESENTATIVE DAVIES reasoned that the bill establishes limited entry for a short period of time. He questioned the need for a bill when it appears that the commission has the authority to establish a four year moratorium.

MR. HOMAN explained one of the problems with the moratorium statute is that the Commercial Fisheries Entry Commission cannot instigate the moratorium. It requires a request from the commissioner of the Department of Fish and Game and the approval of the Board of Fish. The moratorium legislation was adopted at a time when there was concern about fisheries limitations and, particularly, what the federal agencies were doing. The commission was restricted from

the ability to adopt a moratorium and, on our own initiative, we cannot adopt a moratorium. It has to come from outside the agency.

Number 2077

OK  
REPRESENTATIVE AUSTERMAN reiterated that if the Department of Fish and Game had the staff to research these fisheries to find out how big they are and what they can sustain, the state would not be in this kind of situation. He argued that until that time, the state has to have the ability to come in and stop the over fishing of a resource. Even within the four year period, it will be difficult for ADF&G and the commission to come up with guidance because they do not have money to do the work that needs to be done.

Number 2150

REPRESENTATIVE DAVIES asked for clarification on the interim use permits.

MR. HOMAN responded, Title 16, Chapter 43, the commission issues permits for all fisheries in the state but only some of them are limited. The permits that are not permanent limited entry permits are called interim use permits and they are not transferrable.

Number 2233

GERON BRUCE, Legislative Liaison, Department of Fish and Game, stated the department's support of the concept of the moratorium and explained the department's perspective to the problems that occur in managing these fisheries: Effort, what kind of resource you are harvesting, what its productivity is, what level of harvest it can sustain and then what kind of effort is going to be harvesting that resource so that effort can be matched through season and bag limits to what the resource can sustain over time.

OK  
WITH  
CHANGES

Number 1594

MR. HOMAN clarified for Chairman Green that during the time of the moratorium, the commission would issue "interim permits" and an interim use permit has no value and they are non-transferable except in some very extenuating circumstances, such as a medical reason.

Number 1671

MR. HOMAN explained a reason for the bill is also the timeliness of the legislature being able to act on a moratorium. By this bill, the legislature can declare the moratorium as of a specific date. The commission has a statute that allows for moratorium, but it is a very complex statute and requires the Department of Fish and Game and the commissioner to make findings, <sup>IT ALSO</sup> requires the Board of Fisheries to make findings before the commissioner can act. <sup>TO PETITION THE COMMISSION TO ACT ON A MORATORIUM</sup> <sup>ESTABLISH</sup> <sup>BE</sup> <sup>THAT A MORATORIUM SHOULD</sup>

MR. HOMAN predicted that testimony from the divers would indicate that time is of the essence and the longer that these fisheries remain open to entry, the higher the numbers will be and the worst <sup>THE</sup> <sup>OF</sup> situations will be.

Number 1692

MR. HOMAN related that there is a model available for a moratorium. Four years ago, the legislature adopted a moratorium for the Southeast Dungeness Crab fishery and during that four year period, the commission was able to work with the department and the fleet and come up with an acceptable solution to the increasing numbers. He encouraged legislative consideration of HB 547.

Number 1728

REPRESENTATIVE RAMONA BARNES understood Alaska's constitution, Article A, Section III, that the fish and game resources of the

**HB**

**548**

TONY KNOWLES  
GOVERNOR

HB548  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3512

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 25, 1996

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for legislative authorization, approval, and ratification of the "First Amendment to the Northstar Unit Leases Between the State of Alaska and BP Exploration (Alaska) Inc."

This project is the beginning of a new era in the development of Alaska's oil resources. It requires a new commitment to Alaska hire, expands opportunities for Alaskan companies, introduces efficient and safe technological innovations and brings new revenues to Alaskans.

The Northstar Unit leases currently require BP Exploration (Alaska) Inc. to make net profit share payments to the state which average about 88% of "net profits." BP Exploration (Alaska) Inc. maintains that it can not develop the Northstar Unit unless the net profit share requirements are eliminated from the leases. The Department of Natural Resources believes that 2002 is the earliest the state might achieve development of Northstar. The longer it takes to develop the leases, the less the state receives because of the development account provisions of the net profit share leases. The incentives provided in this amendment would bring the Northstar Unit into full production by 1999.

The amendment has three main components. First, it eliminates the net profit share payments. In place of the net profit provision a supplemental royalty is required, payable on a sliding scale based on the price of oil, partially adjusted for inflation. This supplemental royalty, which can be as much as 7½%, is in addition to the 20% base royalty required under the leases. Development of these leases will generate an estimated \$430 million or more to the state treasury from royalties and taxes, including an estimated \$37 million in supplemental royalties.

Second, the amendment commits BP Exploration (Alaska) Inc. to an ambitious project schedule that requires construction start-up by 1997. If BP Exploration (Alaska) Inc. fails to perform its obligations under the project schedule the leases terminate automatically, thereby allowing the state to lease the tracts to another company.

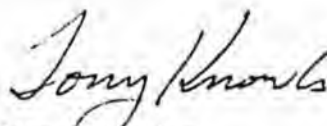
And third, the amendment replaces the current Alaska hire provisions in the leases with more forceful provisions that require BP Exploration (Alaska) Inc. to hire Alaskans, within the constraints of the law, and to contract with local construction and fabrication companies to build the project facilities. It is anticipated that enactment of this bill will generate 500 construction jobs and 50 permanent jobs in the state. It will result in Alaska companies fabricating production modules, including one or more of the first sealift modules ever constructed in Alaska.

I am requesting legislative approval of the Northstar amendment for two reasons. First, the terms of this amendment involve issues of statewide interest and impact that deserve a thorough and open public review and discussion.

Second, the bill would remove any legal cloud which may exist over the Administration's authorities in this matter by providing the commissioner of the Department of Natural Resources with sufficient express authority to amend the leases in the way we have amended them here. This will ensure that the project can proceed expeditiously and maximize the benefits to the state and the people of Alaska.

I urge your prompt and favorable action on the bill.

Sincerely,

A handwritten signature in cursive script that reads "Tony Knowles".

Tony Knowles  
Governor

# FISCAL NOTE

No. 1

Bill Version: HB 548

(H) Publish Date: 3/28/96

**STATE OF ALASKA  
1996 LEGISLATIVE SESSION**

Revision Date: Original Dept Affected Natural Resources  
 Title: An Act authorizing, approving, and ratifying BRU: Resource Development  
the amendment of Northstar Unit oil and gas leases ... Component: Oil & Gas Development  
 Sponsor: House Rules Committee  
 Requestor: Governor Component Serial No. 439

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES (1004)</b>	<b>0.0</b>	<b>3,857.1</b>	<b>37,952.1</b>	<b>38,700.6</b>	<b>34,975.4</b>	<b>(3,686.3)</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ none

**POSITIONS**


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

**ANALYSIS:** (Attach a separate page if necessary)

The state will likely realize a significant increase in revenues from royalties and taxes from the Northstar Unit development over the next six years if this bill passes. Without the bill, the Department of Revenue predicts in its Fall 1995 Base Price forecast that the Northstar Unit will not commence full production until 2002. Assuming full production in 2002 (and some preliminary production starting in 4th quarter 2001), DNR predicts that the state will receive only \$5.5 million in tax revenues over the next six years, mostly from property taxes.

With passage of this bill, early development of the Northstar field is possible. Full oil production is anticipated by 1999. Within this same six-year period, state revenues will likely be an additional \$180 million over the \$5.5 million amount. These revenues will be in the form of royalties and "supplemental royalties," and severance, conservation, property, and corporate income taxes. The state will also receive nearly \$7 million as its share of federal royalties from the federal lease tracts in the Northstar Unit.

**SEE ATTACHED TABLE FOR FULL FINANCIAL ANALYSIS...**

Prepared by: Ken Boyd, Director Phone: 269-8800  
 Division: Oil & Gas Date: 26-Mar-96  
 Approved by Commissioner:  Date: 26-Mar-96  
 Agency: Natural Resources

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

# FISCAL NOTE

No.   1    
 Bill Version:   HB 548    
 (H) Publish Date:   3/28/96  

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

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 Sponsor:   House Rules Committee    
 Requestor:   Governor   Component Serial No.                     439                    

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CONTRACTUAL						
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EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES (1004)</b>	0.0	3,857.1	37,952.1	38,700.6	34,975.4	(3,686.3)

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1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$   none  

**POSITIONS**

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

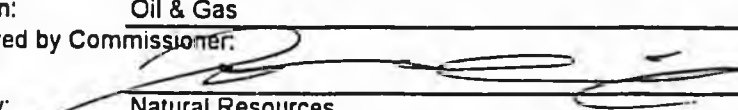
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Prepared by:   Ken Boyd, Director   Phone:   269-8800    
 Division:   Oil & Gas   Date:   26-Mar-96    
 Approved by Commissioner:  Date:   26-Mar-96    
 Agency:   Natural Resources

State Revenues (without Northstar Lease Amendments)								
State	State Royalty	State Supplemental Royalty	State Share of Federal Royalty	Severance Tax	Spill & Conserv. Tax	Property Tax*	Corporate Income Tax	Total State Revenues
(Thousands of 1996 Dollars)								
1996	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1997	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	0.0	0.0	0.0	0.0	(477.1)	(477.1)
2000	0.0	0.0	0.0	0.0	0.0	828.3	(835.9)	(7.6)
2001	3,868.9	0.0	247.4	0.0	45.6	2,547.2	(1,173.8)	5,535.3
2002	35,778.5	0.0	2,287.7	16,171.7	407.2	4,245.3	2,784.3	61,674.6
	\$39,647.4	\$0.0	\$2,535.1	\$16,171.7	\$452.8	\$7,620.8	\$297.5	\$66,725.2

State Revenues (with Northstar Lease Amendments)								
State	State Royalty	State Supplemental Royalty	State Share of Federal Royalty	Severance Tax	Spill & Conserv. Tax	Property Tax*	Corporate Income Tax	Total State Revenues
(Thousands of 1996 Dollars)								
1996	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$477.1)	(\$477.1)
1997	0.0	0.0	0.0	0.0	0.0	761.4	(834.1)	(72.7)
1998	3,625.3	0.0	231.8	0.0	50.1	2,343.9	(1,213.4)	5,037.7
1999	35,631.3	42.5	2,278.2	16,101.5	447.4	3,914.3	2,767.6	61,183.0
2000	35,735.8	680.0	2,284.9	13,487.8	432.1	4,771.2	2,994.3	60,386.1
2001	34,891.8	1,969.0	2,231.0	12,682.7	406.5	4,586.5	3,440.7	60,208.1
2002	29,599.9	2,887.4	1,892.6	7,949.5	330.6	4,293.8	3,234.1	50,187.9
	\$139,484.1	\$5,578.9	\$8,918.5	\$50,221.5	\$1,666.7	\$20,671.1	\$9,912.1	\$236,453.0

Change in State Revenues (with Northstar Lease Amendments)								
State	State Royalty	State Supplemental Royalty	State Share of Federal Royalty	Severance Tax	Spill & Conserv. Tax	Property Tax*	Corporate Income Tax	Total State Revenues
(Thousands of 1996 Dollars)								
1996	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$477.1)	(\$477.1)
1997	0.0	0.0	0.0	0.0	0.0	761.4	(834.1)	(72.7)
1998	3,625.3	0.0	231.8	0.0	50.1	2,343.9	(1,213.4)	5,037.7
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2000	35,735.8	680.0	2,284.9	13,487.8	432.1	3,942.9	3,830.2	60,393.7
2001	31,022.9	1,969.0	1,983.6	12,682.7	361.0	2,039.3	4,614.5	54,673.0
2002	(6,178.6)	2,887.4	(395.1)	(8,222.2)	(76.5)	48.5	449.9	(11,486.7)
	\$99,836.7	\$5,578.9	\$6,383.4	\$34,049.8	\$1,214.1	\$13,050.3	\$9,614.7	\$169,727.8

\* Approximately 75 percent of this amount may go to the North Slope Borough.

FIRST AMENDMENT TO THE NORTHSTAR UNIT LEASES BETWEEN THE STATE  
OF ALASKA AND BP EXPLORATION (ALASKA) INC.

The State of Alaska ("State") and BP Exploration (Alaska) Inc. ("BPXA") are parties to the following leases in the Northstar Unit: ADL 312798, effective February 1, 1980; ADL 312799, effective February 1, 1980; ADL 312808, effective February 1, 1980; and ADL 312809, effective February 1, 1980 (collectively the "1980 Leases"); as well as ADL 355001, effective August 1, 1983 (the "1983 Lease"). The parties agree to amend the 1980 Leases and the 1983 Lease as set forth in this first amendment to the Northstar Unit leases.

1980 Leases

1) Paragraph 6(b) is replaced in its entirety as follows:

(b) Annual rental paid in advance is a credit on the royalty or supplemental royalty due under this lease for that year.

2) Paragraph 7 is replaced in its entirety as follows:

7. SUPPLEMENTAL ROYALTY. (a) In addition to the royalty paid and computed under paragraphs 8, 10, and 11 below, Lessee shall pay to the State a supplemental royalty ("supplemental royalty"). Lessee shall pay the supplemental royalty, if owed, upon the same production volume for which royalty is paid ("production volume"). The supplemental royalty payment for a given month equals the supplemental royalty value times the supplemental royalty percentage rate ("percentage rate") times the production volume for that month. The percentage rate shall be calculated monthly by reference to: (1) an ANS West Coast spot price ("spot price"); and (2) a supplemental royalty trigger price ("trigger price"). If the spot price is equal to or less than the trigger price, then the percentage rate equals zero. If the spot price is greater than the trigger price, then the percentage rate equals [the spot price per barrel minus the

trigger price per barrel] times 1.5 per cent per dollar per barrel. The percentage rate may never exceed 7.5 per cent.

(b) The spot price is the price per barrel calculated in Article 3.3 of and Exhibit 4 to the ANS Royalty Litigation Settlement Agreement ("ANS Agreement"), dated December 31, 1991, between the State and BPXA, for the crude oil referred to as "ANS (USWC)" in the ANS Agreement. The trigger price is \$17.35 per barrel through April 30, 1997. On May 1, 1997, and each May 1 thereafter, the trigger price shall be adjusted by an inflation factor equal to fifty percent of the "inflation rate" defined as the Producer Price Index for Industrial Commodities ("PPI") for December of the previous year, as reported by April 30 of the current year, divided by the PPI for December of 1995, as reported by April 30, 1996. The supplemental royalty value for oil, gas, natural gas liquids and associated substances is defined in paragraphs 10 and 11 below. Exhibit B is a sample calculation to demonstrate the method of calculating supplemental royalty for oil.

3) Paragraph 9 is replaced in its entirety as follows:

9. REDUCTION OF ROYALTY. Except as provided in paragraph 7 above, Lessee shall not be entitled to any reduction of royalty paid under paragraph 8 above or supplemental royalty paid under paragraph 7 above based on any current or future agreement, State statute, or State regulation.

4) Paragraph 10 is replaced in its entirety as follows:

10. ROYALTY IN VALUE. Unless the State elects to receive all or a portion of its royalty or supplemental royalty in kind as provided in paragraph 12 below, Lessee shall pay to the State the value of all royalty and supplemental royalty oil, gas and associated substances as determined under paragraph 11 below. Royalty and supplemental royalty paid in value shall be free and clear of all lease expenses (and any portion of such expenses which is incurred away from the leased area), including, but not limited to, expenses for separation, cleaning, dehydration, gathering, saltwater disposal, and preparing the oil, gas or associated substances for transportation off the leased area. All royalty and supplemental royalty that may become payable in money to the State shall be paid on or before the last day of the calendar month following the month in which the oil, gas or associated substances are produced. Royalty and supplemental royalty payments shall be accompanied by copies of run tickets or such other information relating to valuation of royalty and supplemental royalty as the State may require, which may include, but is not limited to, evidence of sales, shipments, and amounts of gross oil, gas and associated substances produced.

5) Paragraph 11 is replaced in its entirety as follows:

11. VALUE. For purposes of computing supplemental royalty due under this lease, the value of supplemental royalty oil, gas, natural gas liquids and associated substances shall be the value used in computing royalty on said substances.

(a) To compute the value of oil for royalty and supplemental royalty purposes, this lease shall be deemed an "ANS Lease" under the terms of the ANS Agreement, irrespective of any provision(s) of such agreement which would otherwise exclude this lease therefrom.

(b) To compute the value of gas and natural gas liquids for royalty and supplemental royalty purposes, this lease shall be deemed a "Lease" under the terms of the 1995 ANS Gas Royalty Litigation Settlement Agreement between BPXA and the State dated as of April 1, 1995, irrespective of any provision(s) of such agreement which would otherwise exclude this lease therefrom.

(c) To compute the value of associated substances (which shall be deemed to exclude oil, gas, and natural gas liquids) for royalty and supplemental royalty purposes, the value of such associated substances shall not be less than the highest of:

(1) the field price actually received by Lessee for such associated substances;

(2) Lessee's posted price in the field for such associated substances;

(3) the volume weighted average field price actually received by other producers in the same field or area for associated substances of like kind and quality at the time such associated substances are removed from the leased or unit area; or

(4) the volume weighted average posted price in the field of other producers in the same field or area for associated substances of like kind and quality at the time such associated substances are removed from the leased or unit area.

If associated substances are sold away from the leased or unit area, the term "field price" above shall be the actual price for such associated substances received from the purchaser thereof less the actual cost of transportation away from the leased or unit area to the point of delivery.

Minimum Value Determinations. The State may establish minimum values for purposes of computing royalties on associated substances obtained from this lease, with consideration being given to the price actually received by Lessee, to the price or prices paid in the same field or area for production of like quality, to posted prices, to prices received by Lessee and/or other producers from

sales occurring away from the leased area, and to other relevant matters. Each such determination will be made only after Lessee has been given notice and a reasonable opportunity to be heard. Under this provision, it is expressly agreed that the minimum value of royalty associated substances under this lease may not necessarily equal the price of such associated substances.

6) The following provision shall be added to the end of paragraph 12:

(e) Supplemental royalty under paragraph 7 above may be taken in kind under the same terms and conditions as royalty may be taken in kind under this paragraph 12.

7) Paragraph 14 is replaced in its entirety as follows:

14. APPORTIONMENT OF ROYALTY FROM APPROVED UNIT. The landowner's royalty and supplemental royalty share of the unit production allocated to each separately owned tract shall be regarded as royalty to be distributed to and among, or the proceeds of it paid to, the landowners, free and clear of all unit expense and free of any lien for it. Under this provision, the State's royalty and supplemental royalty share of any unit production allocated to the leased area shall be regarded as royalty to be distributed to, or the proceeds of it paid to, the State, free and clear of all unit expenses (and any portion of such expenses which is incurred away from the unit area), including, but not limited to, expenses for separation, cleaning, dehydration, gathering, saltwater disposal, and preparing oil, gas or associated substances for transportation off the unit area, and free of any lien for it.

8) Paragraph 28 (c) is added as follows:

(c) Notwithstanding any other provisions of this lease, the Northstar Unit Agreement, State statute, or State regulation, this lease shall terminate automatically without notice, an opportunity to be heard, or judicial proceeding, if the Lessee fails to comply with the project schedule set forth in Exhibit C ("project schedule"), attached and incorporated by reference. Automatic termination shall occur whether or not there is a well on the leased area capable of producing oil or gas in paying quantities, the lease is committed to a unit agreement, or the Lessee is drilling or conducting reworking operations, on the date performance under the schedule is due. Furthermore, upon termination BPXA shall promptly file of record appropriate lease relinquishments. The automatic termination shall occur at 11:59 P.M., Alaska Time, on the day performance of an obligation under the project schedule is due. The State may waive performance of an obligation required under the project schedule by prior written consent. The performance of any obligation

required under the project schedule is subject to the provisions of paragraph 32.

- 9) Paragraph 32 is replaced in its entirety as follows:

32. FORCE MAJEURE. If the State determines that Lessee has been prevented, after diligent efforts made in good faith, from complying with any express or implied promise, term, condition or covenant of this lease, from conducting drilling operations, or from producing or marketing oil or gas from the leased area, by reason of war, riots, acts of God, unusually severe weather, or any other cause beyond Lessee's reasonable ability to foresee or control (including delays caused by judicial decision or lack thereof or inability to obtain local, State, or federal permits or environmental impact statements), whether similar to those enumerated or not, Lessee's obligation to comply with such provision shall be suspended, but not voided, and Lessee shall not be liable for damages for failure to comply therewith. If Lessee's obligations to conduct drilling or reworking operations are suspended under this paragraph and the continuation of such operations without suspension would have had the effect of preventing the expiration or termination of this lease, this lease shall not terminate during the period which the obligation to perform such operations is suspended. Nothing in this paragraph shall be construed to suspend the obligation to pay rentals, or to suspend the obligation to pay royalties, supplemental royalties or other production payments from operations on the lease area which are not suspended or from operations which are not affected by any such suspension, to the State.

- 10) Paragraph 41 is replaced in its entirety as follows:

41. EMPLOYMENT OF ALASKAN RESIDENTS. Lessee shall comply with all valid federal, State and local laws in hiring Alaska residents and contractors and shall not discriminate against Alaska residents or contractors. Within the constraints of law, Lessee shall employ Alaska residents and contractors to the extent they are available and qualified. Subject to the foregoing:

Lessee voluntarily agrees to adopt a program to hire residents of Alaska. Lessee shall advertise for available positions locally and use Alaska job service organizations to notify the Alaskan public. For work in connection with this lease, Lessee shall use best efforts to contract with Alaska firms and fabricate modules in Alaska, whenever feasible. Lessee shall encourage its contractors to employ and train, when necessary, residents of Alaska. In determining feasibility, Lessee shall consider commercial, health, safety, and environmental conditions and requirements to ensure maintenance of Lessee's operational standards. Lessee shall submit annually to the Director, Division of Oil and Gas, for transmission to the Department of

Labor, a report that details the specific measures Lessee and its contractors and subcontractors have taken or are planning to take to recruit qualified Alaska residents for available jobs, describes on-the-job training opportunities, and describes Lessee's efforts to hire Alaska firms for work in connection to this lease. Lessee shall furnish the Department of Labor a quarterly report regarding the employment of Alaska residents on the leased area in compliance with regulations by the Commissioner of Labor. The report must also include statistical data concerning the number of resident personnel hired within the past year for this lease.

### 1983 Lease

1) Paragraph 4(f) and paragraph 34(7) are deleted and replaced in their entirety with the following paragraph 4(f):

(f) FORCE MAJEURE. If the state determines that lessee has been prevented, after diligent efforts made in good faith, from complying with any express or implied promise, term, condition or covenant of this lease, from conducting drilling operations, or from producing or marketing oil or gas from the leased area, by reason of war, riots, acts of God, unusually severe weather, or any other cause beyond lessee's reasonable ability to foresee or control (including delays caused by judicial decision or lack thereof or inability to obtain local, state, or federal permits or environmental impact statements), whether similar to those enumerated or not, lessee's obligation to comply with such provision shall be suspended, but not voided, and lessee shall not be liable for damages for failure to comply therewith. If lessee's obligations to conduct drilling or reworking operations are suspended under this paragraph and the continuation of such operations without suspension would have had the effect of preventing the expiration or termination of this lease, this lease shall not terminate during the period which the obligation to perform such operations is suspended. Nothing in this paragraph shall be construed to suspend the obligation to pay rentals, or to suspend the obligation to pay royalties, supplemental royalties or other production payments from operations on the lease area which are not suspended or from operations which are not affected by any such suspension, to the state.

2) Paragraph 5(b) is replaced in its entirety as follows:

(b) Annual rental paid in advance is a credit on the royalty or supplemental royalty due under this lease for that year.

- 3) Paragraph 7 is replaced in its entirety as follows:

7. APPORTIONMENT OF ROYALTY FROM APPROVED UNIT. The state's royalty and supplemental royalty share of the unit production allocated to each separately owned tract must be regarded as royalty to be distributed to or among, or the proceeds of it paid to, the state, free and clear of all unit expenses and free of any lien for them. Under this provision, the state's royalty and supplemental royalty share of any unit production allocated to the leased area will be regarded as royalty to be distributed to, or the proceeds of it paid to, the state, free and clear of all unit expenses (and any portion of those expenses incurred away from the unit area), including, but not limited to, expenses for separating, cleaning, dehydration, gathering, saltwater disposal, and preparing oil, gas, or associated substances for transportation off the unit area, and free of any lien for them.

- 4) A new paragraph 20(c) is added as follows:

(c) Notwithstanding any other provisions of this lease, the Northstar Unit Agreement, state statute, or state regulation, this lease shall terminate automatically without notice, an opportunity to be heard, or judicial proceeding, if the lessee fails to comply with the project schedule set forth in Exhibit C ("project schedule"), attached and incorporated by reference. Automatic termination shall occur whether or not there is a well on the leased area capable of producing oil or gas in paying quantities, the lease is committed to a unit agreement, or the lessee is drilling or conducting reworking operations, on the date performance under the schedule is due. Furthermore, upon termination BPXA shall promptly file of record appropriate lease relinquishments. The automatic termination shall occur at 11:59 P.M., Alaska Time, on the day performance of an obligation under the project schedule is due. The state may waive performance of an obligation required under the project schedule by prior written consent. The performance of any obligation required under the project schedule is subject to the provisions of paragraph 4(f).

- 5) Paragraph 31 is replaced in its entirety as follows:

31. EMPLOYMENT OF ALASKAN RESIDENTS. Lessee shall comply with all valid federal, state and local laws in hiring Alaska residents and contractors and shall not discriminate against Alaska residents or contractors. Within the constraints of law, lessee shall employ Alaska residents and contractors to the extent they are available and qualified. Subject to the foregoing:

Lessee voluntarily agrees to adopt a program to hire residents of Alaska. Lessee shall advertise for available positions locally and use Alaska job

service organizations to notify the Alaskan public. For work in connection with this lease, lessee shall use best efforts to contract with Alaska firms and fabricate modules in Alaska, whenever feasible. Lessee shall encourage its contractors to employ and train, when necessary, residents of Alaska. In determining feasibility, lessee shall consider commercial, health, safety, and environmental conditions and requirements to ensure maintenance of lessee's operational standards. Lessee shall submit annually to the Director, Division of Oil and Gas, for transmission to the Department of Labor, a report that details the specific measures lessee and its contractors and subcontractors have taken or are planning to take to recruit qualified Alaska residents for available jobs, describes on-the-job training opportunities, and describes lessee's efforts to hire Alaska firms for work in connection to this lease. Lessee shall furnish the Department of Labor a quarterly report regarding the employment of Alaska residents on the leased area in compliance with regulations by the Commissioner of Labor. The report must also include statistical data concerning the number of resident personnel hired within the past year for this lease.

6) Paragraph 35 is replaced in its entirety as follows:

35. ROYALTY ON PRODUCTION. Except for oil, gas, and associated substances used on the leased area for development and production or unavoidably lost, the lessee shall pay to the state as a royalty 20 percent in amount or value of the oil, gas, and associated substances saved, removed, or sold from the leased area and of the gas used on the leased area for extraction of natural gasoline or other products from the leased area.

7) Paragraph 36 is replaced in its entirety as follows:

36. VALUE. For purposes of computing supplemental royalty due under this lease, the value of supplemental royalty oil, gas, natural gas liquids, and associated substances shall be the value used in computing royalty on said substances.

(a) To compute the value of oil for royalty and supplemental royalty purposes, this lease shall be deemed an "ANS Lease" under the terms of the ANS Agreement, irrespective of any provision(s) of such agreement which would otherwise exclude this lease therefrom.

(b) To compute value of gas and natural gas liquids for royalty and supplemental royalty purposes, this lease shall be deemed a "Lease" under the terms of the 1995 ANS Gas Royalty Litigation Settlement Agreement between BPXA and the State dated as of April 1, 1995, irrespective of any provision(s) of such agreement which would otherwise exclude this lease therefrom.

(c) To compute the value of associated substances (which shall be deemed to exclude oil, gas, and natural gas liquids) for royalty and supplemental royalty purposes, the value of such associated substances shall not be less than the highest of:

(1) the field price actually received by lessee for such associated substances;

(2) Lessee's posted price in the field for such associated substances;

(3) the volume weighted average field price actually received by other producers in the same field or area for associated substances of like kind and quality at the time such associated substances are removed from the leased or unit area; or

(4) the volume weighted average posted price in the field of other producers in the same field or area for associated substances of like kind and quality at the time such associated substances are removed from the leased or unit area.

If associated substances are sold away from the leased or unit area, the term "field price" above shall be the actual price for such associated substances received from the purchaser thereof less the actual cost of transportation away from the leased or unit area to the point of delivery.

Minimum Value Determinations. The state may establish minimum values for purposes of computing royalties on associated substances obtained from this lease, with consideration being given to the price actually received by lessee, to the price or prices paid in the same field or area for production of like quality, to posted prices, to prices received by lessee and/or other producers from sales occurring away from the leased area, and to other relevant matters. Each such determination will be made only after lessee has been given notice and a reasonable opportunity to be heard. Under this provision, it is expressly agreed that the minimum value of royalty associated substances under this lease may not necessarily equal the price of such associated substances.

8) Paragraph 37 is replaced in its entirety as follows:

37. ROYALTY IN VALUE. Unless the state elects to receive all or a portion of its royalty or supplemental royalty in kind as provided in paragraph 38, lessee shall pay to the state the value of all royalty and supplemental royalty oil, gas and associated substances as determined under paragraph 36. Royalty and supplemental royalty paid in value shall be free and clear of all lease expenses (and any portion of such expenses which is incurred away from the leased area), including, but not limited to, expenses for separation, cleaning

dehydration, gathering, saltwater disposal, and preparing the oil, gas or associated substances for transportation off the leased area. All royalty and supplemental royalty that may become payable in money to the state shall be paid on or before the last day of the calendar month following the month in which the oil, gas or associated substances are produced. Royalty and supplemental royalty payments shall be accompanied by copies of run tickets or such other information relating to valuation of royalty and supplemental royalty as the state may require, which may include, but is not limited to, evidence of sales, shipments, and amounts of gross oil, gas and associated substances produced.

9) The following provision shall be added to the end of paragraph 38:

(f) Supplemental royalty under this lease may be taken in kind under the same terms and conditions as royalty may be taken in kind under this paragraph 38.

10) Paragraph 39 is replaced in its entirety as follows:

39. REDUCTION OF ROYALTY. Except as provided in paragraph 40 below, lessee shall not be entitled to any reduction of royalty paid under paragraph 35 above or supplemental royalty paid under paragraph 40 below based on any current or future agreement, state statute, or state regulation.

11) Paragraph 40 is replaced in its entirety as follows:

40. SUPPLEMENTAL ROYALTY. (a) In addition to the royalty paid and computed under paragraph 35, 36, 37 above, lessee shall pay to the state a supplemental royalty ("supplemental royalty"). Lessee shall pay the supplemental royalty, if owed, upon the same production volume for which royalty is paid ("production volume"). The supplemental royalty payment for a given month equals the supplemental royalty value times the supplemental royalty percentage rate ("percentage rate") times the production volume for that month. The percentage rate shall be calculated monthly by reference to: (1) an ANS West Coast spot price ("spot price"); and (2) a supplemental royalty trigger price ("trigger price"). If the spot price is equal to or less than the trigger price, then the percentage rate equals zero. If the spot price is greater than the trigger price, then the percentage rate equals [the spot price per barrel minus the trigger price per barrel] times 1.5 per cent per dollar per barrel. The percentage rate may never exceed 7.5 per cent.

(b) The spot price is the price per barrel calculated in Article 3.3 of and Exhibit 4 to the ANS Royalty Litigation Settlement Agreement ("ANS Agreement"), dated December 31, 1991, between the State and BPXA, for the crude oil referred to

as "ANS (USWC)" in the ANS Agreement. The trigger price is \$17.35 per barrel through April 30, 1997. On May 1, 1997, and each May 1 thereafter, the trigger price shall be adjusted by an inflation factor equal to fifty percent of the "inflation rate" defined as the Producer Price Index for Industrial Commodities ("PPI") for December of the previous year, as reported by April 30 of the current year, divided by the PPI for December of 1995, as reported by April 30, 1996. The supplemental royalty value for oil, gas, natural gas liquids and associated substances is defined in paragraphs 36 and 37 above. Exhibit B is a sample calculation to demonstrate the method of calculating supplemental royalty for oil.

These amendments do not affect: (1) any future agreements which may be reached for the handling of outside substances as that term is used in the Northstar Unit Agreement effective January 24, 1990 or (2) the current valuation methodology for royalty for any other Alaska Net Profit Share leases between the State and BPXA or any affiliates or any future agreements which may be reached regarding a future valuation methodology for Alaska Net Profit Share leases. These amendments take effect when and if an Act(s) substantially similar to the act, attached as Exhibit D and incorporated by reference, takes effect. This amendment is dated for reference purposes as of March 22, 1996.

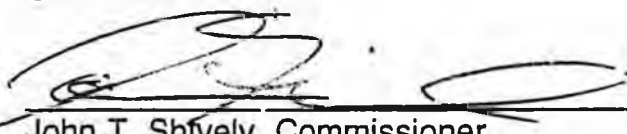
LESSEE:

BP EXPLORATION (ALASKA), INC.

  
\_\_\_\_\_  
E. M. Luttrell, Vice President

LESSOR:

STATE OF ALASKA

  
\_\_\_\_\_  
John T. Shively, Commissioner  
Department of Natural Resources

STATE OF ALASKA )  
 ) ss.  
Third Judicial District )

On March 22, 1996, before me appeared John T. Shively, Commissioner, State of Alaska, Department of Natural Resources, and who executed this lease and acknowledged voluntarily signing it on behalf of the State of Alaska, as lessor.

*Dianne A. Pitts*  
Notary Public in and for the State of Alaska  
My Commission Expires: 1/16/99



STATE OF ALASKA )  
 ) ss.  
Third Judicial District )

On March 22, 1996, before me appeared E. M. Lutrell, Vice President of BP Exploration (Alaska), Inc., and who executed this lease and acknowledged voluntarily signing it on behalf of the BP Exploration (Alaska), Inc., as lessee.

*Dianne A. Pitts*  
Notary Public in and for the State of Alaska  
My Commission Expires: 1/16/99



Exhibit B  
Calculation of the Supplemental Royalty Payment for Oil

1) The calculation of the ANS West Coast spot price is derived from Platt's "Oilgram Price Report" Spot Crude Price Assessments:

Date	Platt's Reported Daily Assessment (\$/barrel)		ANSWC Daily Average	ANSWC Daily Average (After Rounding) <sup>1</sup>
	ANSWC Low	ANSWC High		
01/02/96	\$17.97	\$18.06	\$18.015	\$18.02
01/03/96	\$17.94	\$18.03	\$17.985	\$17.98
01/04/96	\$17.96	\$18.03	\$17.995	\$18.00
01/05/96	\$18.60	\$18.64	\$18.620	\$18.62
01/09/96	\$18.23	\$18.29	\$18.260	\$18.26
01/10/96	\$17.99	\$18.05	\$18.020	\$18.02
01/11/96	\$17.10	\$17.17	\$18.135	\$17.14
01/12/96	\$16.64	\$16.71	\$18.675	\$16.68
01/15/96	\$16.75	\$16.83	\$16.690	\$16.79
01/16/96	\$16.60	\$16.66	\$16.730	\$16.63
01/17/96	\$16.91	\$16.97	\$16.940	\$16.94
01/18/96	\$17.46	\$17.54	\$17.500	\$17.50
01/19/96	\$17.28	\$17.37	\$17.325	\$17.32
01/22/96	\$17.02	\$17.08	\$17.050	\$17.05
01/23/96	\$17.10	\$17.16	\$17.150	\$17.13
01/24/96	\$17.35	\$17.41	\$17.380	\$17.38
01/25/96	\$16.76	\$16.81	\$17.785	\$16.78
01/26/96	\$16.43	\$16.53	\$17.480	\$16.48
01/29/96	\$16.16	\$16.24	\$16.200	\$16.20
01/30/96	\$16.30	\$16.38	\$16.340	\$16.34
01/31/96	\$16.46	\$16.56	\$16.510	\$16.51

Monthly Average calculated from ANSWC Daily Average (After Rounding) = \$17.2271 per barrel

ANS West Coast spot price for the January 1996 month of production = \$17.23 per barrel

2) The inflation factor shall be calculated as follows: Assume that by April 30, 1996, the U.S. Department of Labor reports a PPI for December 1995 as 126.2. Assume that by April 30, 1998, the PPI for December 1997 is 134.2. The inflation factor for 1998 is calculated according to the following formula:

<sup>1</sup> All source and calculated numbers shall be rounded as required in the ANS Agreement.

Inflation Factor for May 1, 1998 through April 30, 1999

$$= [(PPI \text{ December of the previous year} \div PPI \text{ December 1995}) - 1] \times 0.5$$

$$= [(134.2 \div 126.2) - 1] \times 0.5 = 0.0317 = 3.17 \text{ percent}$$

3) The trigger price for May 1, 1998 through April 30, 1999 is calculated by adjusting \$17.55 per barrel by the inflation factor as follows:

$$\text{Trigger price for the current year} = \$17.35 \text{ per barrel} \times (1 + \text{inflation factor})$$

$$= \$17.35 \text{ per barrel} \times (1 + 3.17 \text{ percent})$$

$$= \$17.35 \times 1.0317$$

$$= \$17.90 \text{ per barrel}$$

4) Assuming the current month ANSWC spot price is \$21.40, the supplemental royalty percentage rate is calculated as:

$$\text{Supplemental royalty percentage rate} = (\text{ANSWC spot price} - \text{trigger price for the current year}) \times (1.5 \text{ percent per dollar per barrel})$$

$$= (\$21.40 \text{ per barrel} - \$17.90 \text{ per barrel}) \times 1.5 \text{ percent per dollar per barrel}$$

$$= (21.40 - 17.90) \times 0.015$$

$$= 0.05250 = 5.25 \text{ percent}$$

5) The calculation of the supplemental royalty payment for the current month is the product of the production volume times the royalty value and the supplemental royalty percentage rate. Assume that 1,550,000 barrels of oil were produced in the Northstar unit in the current month and that the royalty value is \$17.71. The supplemental royalty is:

$$\text{Supplemental royalty payment} = \text{production volume} \times \text{royalty value} \times \text{supplemental royalty percentage rate}$$

$$= 1,550,000 \text{ barrels} \times \$17.71 \text{ per barrel} \times 5.25 \text{ percent}$$

$$= \$1,441,151.25$$

EXHIBIT C

PROJECT SCHEDULE

The Northstar Development Project ("the Project") is described in the document titled "Northstar Development Project, Conceptual Engineering Report" dated February 1996. BPXA shall comply with the following schedule for the Project and shall provide satisfactory evidence of compliance within fifteen days of the date performance is due under the schedule:

BPXA shall receive Project sanction within twelve (12) months after passage by the legislature of an Act approving the First Amendments to the Northstar Unit Leases for the Project. "Project sanction" means approval in writing by the highest appropriate authority in BPXA or its parent entity necessary for the total amount of expenditures required for the Project. Satisfactory evidence of receipt of sanction shall be tendered to the State in the form of the sanctioning entity's documents approving the expenditure of funds for the Project. If Project sanction is withdrawn for any reason whatsoever, BPXA shall notify the State within three working days by letter from an authorized officer and BPXA shall be deemed to have failed to comply with this schedule.

9-GH2065\R-  
Chenoweth  
4/29/96

**CS FOR HOUSE BILL NO. 548( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**

**Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act authorizing the amendment of Northstar Unit oil and gas leases  
2 between the State of Alaska and BP Exploration (Alaska) Inc.; and providing  
3 for an effective date."

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

5 \* **Section 1. LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that

6 (1) the production of oil and gas from state land is a matter of statewide  
7 interest and effect because it is an important source of revenue to the state and job  
8 opportunities for the people of the state;

9 (2) BP Exploration (Alaska) Inc. holds state oil and gas leases in the Northstar  
10 Unit that include net profit share provisions;

11 (3) unless the net profit share provisions of the Northstar Unit leases are  
12 amended, production of oil and gas from the unit is highly unlikely to begin before the year  
13 2002, if at all;

14 (4) because of the development account provisions of the net profit share

1 leases, the later that these leases are developed, the less "net profits" the state receives;

2 (5) if the net profit share provisions of the Northstar Unit leases are amended,  
3 full production of oil and gas from the unit may begin as early as the year 1999;

4 (6) amending the net profit share provisions of the Northstar Unit leases to  
5 provide for a supplemental royalty will maximize the economic benefits of oil and gas  
6 production to the people of the state by encouraging timely production from the unit;

7 (7) the development of the Northstar Unit will provide additional revenue to  
8 the state;

9 (8) the timely development of the unit may result in increased state revenue  
10 in future lease sales; and

11 (9) the timely development of the unit may result in technological  
12 breakthroughs and other cost savings that may make other development opportunities in  
13 Alaska economically feasible.

14 (b) With respect to the effect of the effort to secure earlier development of the leases  
15 on employment opportunities for state residents and on the state's economy, the legislature  
16 finds that

17 (1) paragraph 41 of the 1980 lease and paragraph 31 of the 1983 lease are to  
18 be amended; under each of the proposed amendments,

19 (A) the lessee, BP Exploration (Alaska) Inc., undertakes

20 (i) to use its best efforts to advertise for, recruit, and employ  
21 qualified residents of the state;

22 (ii) to contract with existing licensed Alaska firms to fabricate  
23 the modules to develop the Northstar Unit leases within the state and, in  
24 contracting with those firms, to encourage its contractors to employ and, when  
25 necessary, train existing state residents;

26 (iii) to enter into contracts with Alaska-licensed vendors,  
27 contractors, and suppliers for the provision of supplies and services; and

28 (B) several state agencies with responsibility for improving the  
29 employment opportunities of state residents, including training, commit to efforts to  
30 supplement and support the lessee's undertakings;

31 (2) the lessee, BP Exploration (Alaska) Inc., has made significant investments

1 in the state, is ranked as one of the state's largest private sector employers, and regularly  
2 enters into contracts to obtain support services; consequently, the lessee's fulfillment of the  
3 undertakings described in (1) of this subsection should materially contribute to existing  
4 resident workforce employment opportunities and to the state's economic stability;

5 (3) a good faith effort by the lessee, BP Exploration (Alaska) Inc., and the state  
6 agencies to fulfill the undertakings described in (1) of this subsection should ensure that, under  
7 the amended leases, benefits will accrue directly and immediately to the people of the state;  
8 and

9 (4) the mutual commitments made by the parties to the lease in these  
10 amendments to secure to state residents and businesses the advantages and benefits of both  
11 expanded resident hire opportunities and additional work by in-state businesses are in the best  
12 interests of the people of the state and are considerations of paramount importance to the  
13 legislature in its decision to conditionally approve the proposed amendments of the Northstar  
14 Unit leases.

15 \* Sec. 2. LEGISLATIVE INTENT REGARDING MEANING OF SPECIFIC RESIDENT  
16 EMPLOYMENT REQUIREMENTS. (a) The legislature wishes to set out its intent regarding  
17 meaning of certain words and phrases used in the "First Amendment to the Northstar Unit  
18 Leases between the State of Alaska and BP Exploration (Alaska) Inc. ('Northstar  
19 Amendment')" that is approved by this Act. Specifically, the legislature wishes to set out its  
20 intent regarding Paragraph 41 of the 1980 Leases titled "Employment of Alaskan Residents"  
21 and Paragraph 31 of the 1983 Lease titled "Employment of Alaskan Residents" in the  
22 Northstar Amendment, collectively the "Employment Paragraphs." The legislature intends that  
23 the Alaska residents and contractors discussed in the Employment Paragraphs are truly  
24 Alaskan and that Alaska residents throughout the state be given an opportunity to obtain  
25 employment on the Northstar project.

26 (b) The legislature believes that

27 (1) the findings made by the legislature in AS 36.10.005(a)(1) - (8) and (11) -  
28 (18), (c), and (d), regarding an employment preference for Alaska residents on state  
29 construction projects are equally applicable to the Northstar Amendment; and

30 (2) the state has a compelling interest in reducing the level of unemployment  
31 among its residents.

1 (c) The legislature intends, for purposes of the Employment Paragraphs, that

2 (1) the phrases "Alaska resident," "residents of Alaska," and "resident  
3 personnel" mean an individual who is physically present in the state with the intent to remain  
4 in the state indefinitely and to make a home in the state;

5 (2) an individual demonstrates that intent by maintaining a residence in the  
6 state;

7 (3) other acceptable proof of that intent includes evidence that the individual:  
8 is registered to vote in the state, attends school in the state, possesses an Alaska driver's,  
9 fishing, trapping, or hunting license, or receives a permanent fund dividend; and

10 (4) the hiring entity may also require that the individual state under oath that  
11 the individual is not claiming residency outside of the state or obtaining benefits under a claim  
12 of residency outside of the state.

13 (d) The legislature intends that for purposes of the Employment Paragraphs,

14 (1) the word "available" means Alaska residents who are located anywhere in  
15 the state, not just in the area of the state where the work is to be performed; and

16 (2) the word "qualified" means an individual who either currently possesses  
17 the requisite education, training, skills, or experience to perform the work necessary for a  
18 particular position or is capable of performing such skills after completing one of the job  
19 training programs contemplated in the Employment Paragraphs.

20 (e) The legislature understands that nonresidents will be hired only if there are no  
21 available and qualified Alaska residents to perform the work. For purposes of the  
22 Employment Paragraphs, the legislature intends that the requirement to "advertise for available  
23 positions locally" includes advertising in newspapers and other publications located throughout  
24 the state, including rural areas, not just in the location where the work is to be performed.

25 (f) The legislature further intends that the requirement to "use Alaska job service  
26 organizations" includes those offices maintained by the Department of Labor whose functions  
27 are to aid the unemployed in finding employment and any job service organization located  
28 throughout the state, not just the location where the work is to be performed.

29 (g) The legislature intends that, for purposes of the Employment Paragraphs, the  
30 phrases "Alaska Contractors" and "Alaska firms" mean a firm or contractor that

31 (1) holds an Alaska business license;

- 1 (2) maintains its principal place of business in the state; and  
2 (3) is  
3 (A) a sole proprietorship and the proprietor is an Alaska resident;  
4 (B) a partnership and more than 50 percent of the partners are Alaska  
5 residents;  
6 (C) a corporation that has been incorporated in the state or is authorized  
7 to do business in the state; or  
8 (D) is a joint venture composed entirely of ventures that qualify under  
9 this paragraph.

10 (h) For purposes of Employment Paragraphs, the legislature intends that the lessee's  
11 reporting obligations comply with the reporting requirements of 8 AAC 30.062 and shall  
12 include information regarding the number of nonresidents hired within the past year, and the  
13 number of Alaska contractors and non-Alaska contractors hired within the past year.

14 \* Sec. 3. AMENDMENT OF LEASES AUTHORIZED. (a) The State of Alaska and BP  
15 Exploration (Alaska) Inc. are parties to the following leases in the Northstar Unit:

- 16 (1) ADL 312798, effective February 1, 1980;  
17 (2) ADL 312799, effective February 1, 1980;  
18 (3) ADL 312808, effective February 1, 1980;  
19 (4) ADL 312809, effective February 1, 1980; and  
20 (5) ADL 355001, effective August 1, 1983.

21 (b) The commissioner of natural resources may amend the Northstar Unit leases  
22 described in (a) of this section to the extent set out in the "First Amendment to the Northstar  
23 Unit Leases Between the State of Alaska and BP Exploration (Alaska) Inc.", dated March 22,  
24 1996, if the amendment includes a provision as follows:

25 (1) Paragraph 41 of each of the leases described in (a)(1) - (4) of this  
26 section is replaced in its entirety as follows:

27 "41. EMPLOYMENT OF ALASKAN RESIDENTS. Lessee  
28 shall comply with all valid federal, State and local laws in hiring  
29 Alaska residents and contractors and shall not discriminate against  
30 Alaska residents or contractors. Within the constraints of law, lessee  
31 shall employ Alaska residents and contractors to the extent they are

1 available and qualified. Subject to the foregoing:

2 Lessee voluntarily agrees to adopt a program to hire residents of  
3 Alaska. Lessee shall advertise for available positions locally and use  
4 Alaska job service organizations to notify the Alaskan public. For work  
5 in connection with this lease, lessee shall use best efforts to contract  
6 with Alaska firms and fabricate modules in Alaska, whenever feasible.  
7 Lessee shall encourage its contractors to employ and train, when  
8 necessary, residents of Alaska. In determining feasibility, lessee shall  
9 consider commercial, health, safety, and environmental conditions and  
10 requirements to ensure maintenance of lessee's operational standards.  
11 Lessee shall submit annually to the director, division of oil and gas, for  
12 transmission to the Department of Labor, a report that details the  
13 specific measures lessee and its contractors and subcontractors have  
14 taken or are planning to take to recruit qualified Alaska residents for  
15 available jobs, describes on-the-job training opportunities, and describes  
16 lessee's efforts to hire Alaska firms for work in connection to this lease.  
17 Lessee shall furnish the Department of Labor a quarterly report  
18 regarding the employment of Alaska residents on the leased area in  
19 compliance with regulations by the Commissioner of Labor. The report  
20 must also include statistical data concerning the number of resident  
21 personnel hired within the past year for this lease";

22 (2) Paragraph 31 of the lease described in (a)(5) of this section is replaced  
23 in its entirety as follows:

24 "31. EMPLOYMENT OF ALASKAN RESIDENTS. Lessee  
25 shall comply with all valid federal, State and local laws in hiring  
26 Alaska residents and contractors and shall not discriminate against  
27 Alaska residents or contractors. Within the constraints of law, lessee  
28 shall employ Alaska residents and contractors to the extent they are  
29 available and qualified. Subject to the foregoing:

30 Lessee voluntarily agrees to adopt a program to hire residents of  
31 Alaska. Lessee shall advertise for available positions locally and use

1 Alaska job service organizations to notify the Alaskan public. For work  
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10 specific measures lessee and its contractors and subcontractors have  
11 taken or are planning to take to recruit qualified Alaska residents for  
12 available jobs, describes on-the-job training opportunities, and describes  
13 lessee's efforts to hire Alaska firms for work in connection to this lease.  
14 Lessee shall furnish the Department of Labor a quarterly report  
15 regarding the employment of Alaska residents on the leased area in  
16 compliance with regulations by the Commissioner of Labor. The report  
17 must also include statistical data concerning the number of resident  
18 personnel hired within the past year for this lease"; and

- 19 (3) These amendments take effect when and if an Act(s) substantially  
20 similar to the act, attached as Exhibit D and incorporated by reference,  
21 takes effect. This amendment is dated for reference purposes as of  
22 March 22, 1996.

23 \* Sec. 4. REPORTING PROVISIONS. The lessee, BP Exploration (Alaska) Inc., shall file  
24 with the commissioner of labor at least every six months the reports that the commissioner  
25 of labor determines are necessary to evaluate the lessee's efforts described under sec. 3(b) of  
26 this Act.

27 \* Sec. 5. SEVERABILITY. Under AS 01.10.030, the provisions of this Act are severable.

28 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

**BP EXPLORATION**

John C. Morgan  
President, Alaska

BP Exploration (Alaska) Inc.  
900 East Benson Boulevard  
P.O. Box 196612  
Anchorage, Alaska 99519-6612  
(907) 564-5422

April 29, 1996

The Honorable Ramona Barnes, Chair  
House World Trade and State/Federal  
Relations Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

Dear Representative Barnes:

The development of the Northstar field is an important project to the residents of Alaska and BP Exploration. Northstar development will provide jobs for Alaskans, new business opportunities for Alaskan businesses, and significant revenues to the state.

BP Exploration has voluntarily and publicly committed to recruit and hire qualified Alaska residents for the Northstar Development. We have also publicly committed to encourage Northstar contractors to recruit, hire, and train, when necessary, Alaska residents.

Furthermore, BP has voluntarily and publicly committed to use Alaska contractors to build in Alaska Northstar production and processing modules. BP has committed to spend \$30 - 40 million to build in Alaska the larger and more complex modules for assembly for sealift providing that suitable facilities to do this are available. We are working with our contractors to do everything possible to ensure the facilities will be available.

Our reputation depends on our honoring these commitments and reporting our results to the people of Alaska.

We appreciate the opportunity to provide comments to your committee.

Sincerely,

A handwritten signature in black ink that reads 'John C. Morgan'. The signature is written in a cursive style with a horizontal line underneath the name.

John C. Morgan

9-GH2065\O-  
Chenoweth  
4/29/96

CS FOR HOUSE BILL NO. 548( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the amendment of Northstar Unit oil and gas leases  
2 between the State of Alaska and BP Exploration (Alaska) Inc.; and providing  
3 for an effective date."

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

5 \* Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) The legislature finds that

6 (1) the production of oil and gas from state land is a matter of statewide  
7 interest and effect because it is an important source of revenue to the state and job  
8 opportunities for the people of the state;

9 (2) BP Exploration (Alaska) Inc. holds state oil and gas leases in the Northstar  
10 Unit that include net profit share provisions;

11 (3) unless the net profit share provisions of the Northstar Unit leases are  
12 amended, production of oil and gas from the unit is highly unlikely to begin before the year  
13 2002, if at all;

14 (4) because of the development account provisions of the net profit share

1 leases, the later that these leases are developed, the less "net profits" the state receives;

2 (5) if the net profit share provisions of the Northstar Unit leases are amended,  
3 full production of oil and gas from the unit may begin as early as the year 1999;

4 (6) amending the net profit share provisions of the Northstar Unit leases to  
5 provide for a supplemental royalty will maximize the economic benefits of oil and gas  
6 production to the people of the state by encouraging timely production from the unit;

7 (7) the development of the Northstar Unit will provide additional revenue to  
8 the state;

9 (8) the timely development of the unit may result in increased state revenue  
10 in future lease sales; and

11 (9) the timely development of the unit may result in technological  
12 breakthroughs and other cost savings that may make other development opportunities in  
13 Alaska economically feasible.

14 (b) With respect to the effect of the effort to secure earlier development of the leases  
15 on employment opportunities for state residents and on the state's economy, the legislature  
16 finds that

17 (1) paragraph 41 of the 1980 lease and paragraph 31 of the 1983 lease are to  
18 be amended; under each of the proposed amendments,

19 (A) the lessee, BP Exploration (Alaska) Inc., undertakes

20 (i) to use its best efforts to advertise for, recruit, and employ  
21 qualified residents of the state;

22 (ii) to contract with existing licensed Alaska firms to fabricate  
23 the modules to develop the Northstar Unit leases within the state and, in  
24 contracting with those firms, to encourage its contractors to employ and, when  
25 necessary, train existing state residents;

26 (iii) to enter into contracts with Alaska-licensed vendors,  
27 contractors, and suppliers for the provision of supplies and services; and

28 (B) several state agencies with responsibility for improving the  
29 employment opportunities of state residents, including training, commit to efforts to  
30 supplement and support the lessee's undertakings;

31 (2) the lessee, BP Exploration (Alaska) Inc., has made significant investments

1 in the state, is ranked as one of the state's largest private sector employers, and regularly  
2 enters into contracts to obtain support services; consequently, the lessee's fulfillment of the  
3 undertakings described in (1) of this subsection should materially contribute to existing  
4 resident workforce employment opportunities and to the state's economic stability;

5 (3) a good faith effort by the lessee, BP Exploration (Alaska) Inc., and the state  
6 agencies to fulfill the undertakings described in (1) of this subsection should ensure that, under  
7 the amended leases, benefits will accrue directly and immediately to the people of the state;  
8 and

9 (4) the mutual commitments made by the parties to the lease in these  
10 amendments to secure to state residents and businesses the advantages and benefits of both  
11 expanded resident hire opportunities and additional work by in-state businesses are in the best  
12 interests of the people of the state and are considerations of paramount importance to the  
13 legislature in its decision to conditionally approve the proposed amendments of the Northstar  
14 Unit leases.

15 \* Sec. 2. AMENDMENT OF LEASES AUTHORIZED. (a) The State of Alaska and BP  
16 Exploration (Alaska) Inc. are parties to the following leases in the Northstar Unit:

17 (1) ADL 312798, effective February 1, 1980;

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19 (3) ADL 312808, effective February 1, 1980;

20 (4) ADL 312809, effective February 1, 1980; and

21 (5) ADL 355001, effective August 1, 1983.

22 (b) The commissioner of natural resources may amend the Northstar Unit leases  
23 described in (a) of this section to the extent set out in the "First Amendment to the Northstar  
24 Unit Leases Between the State of Alaska and BP Exploration (Alaska) Inc.", dated March 22,  
25 1996, if the amendment includes a provision as follows:

26 (1) Paragraph 41 of the leases described in (a)(1) - (4) of this section is  
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28 "41. EMPLOYMENT OF ALASKAN RESIDENTS. Lessee  
29 shall comply with all valid federal, State and local laws in hiring  
30 Alaska residents and contractors and shall not discriminate against  
31 Alaska residents or contractors. Within the constraints of law, lessee

1 shall employ Alaska residents and contractors to the extent they are  
2 available and qualified. Subject to the foregoing:

3 Lessee voluntarily agrees to adopt a program to hire residents of  
4 Alaska. Lessee shall advertise for available positions locally and use  
5 Alaska job service organizations to notify the Alaskan public. For work  
6 in connection with this lease, lessee shall use best efforts to contract  
7 with Alaska firms and fabricate modules in Alaska, whenever feasible.  
8 Lessee shall encourage its contractors to employ and train, when  
9 necessary, residents of Alaska. In determining feasibility, lessee shall  
10 consider commercial, health, safety, and environmental conditions and  
11 requirements to ensure maintenance of lessee's operational standards.  
12 Lessee shall submit annually to the director, division of oil and gas, for  
13 transmission to the Department of Labor, a report that details the  
14 specific measures lessee and its contractors and subcontractors have  
15 taken or are planning to take to recruit qualified Alaska residents for  
16 available jobs, describes on-the-job training opportunities, and describes  
17 lessee's efforts to hire Alaska firms for work in connection to this lease.  
18 Lessee shall furnish the Department of Labor a quarterly report  
19 regarding the employment of Alaska residents on the leased area in  
20 compliance with regulations by the Commissioner of Labor. The report  
21 must also include statistical data concerning the number of resident  
22 personnel hired within the past year for this lease";

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30 available and qualified. Subject to the foregoing:

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16 regarding the employment of Alaska residents on the leased area in  
17 compliance with regulations by the Commissioner of Labor. The report  
18 must also include statistical data concerning the number of resident  
19 personnel hired within the past year for this lease"; and

- 20 (3) These amendments take effect when and if an Act(s) substantially  
21 similar to the act, attached as Exhibit D and incorporated by reference,  
22 takes effect. This amendment is dated for reference purposes as of  
23 March 22, 1996.

24 \* Sec. 3. REPORTING PROVISIONS. The lessee, BP Exploration (Alaska) Inc., shall file  
25 with the commissioner of labor at least every six months the reports that the commissioner  
26 of labor determines are necessary to evaluate the lessee's efforts described under sec. 2(b) of  
27 this Act.

28 \* Sec. 4. SEVERABILITY. Under AS 01.10.030, the provisions of this Act are severable.

29 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE HOUSE

TO: Draft CSHB 548( ), version "M" dated 4/29/96

1 Page , line :

2 Insert new material to read:

3 "LEGISLATIVE INTENT. (a) The legislature wishes to set out its intent regarding  
4 meaning of certain words and phrases used in the "First Amendment to the Northstar Unit  
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10 that the Alaska residents and contractors discussed in the Employment Paragraphs are truly  
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12 employment on the Northstar project.

13 (b) The legislature believes that

14 (1) the findings made by the legislature in AS 36.10.005(a)(1) - (8) and (11) -  
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