

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

9002 SENATE RESOURCES



P.O. Box 1353
Valdez, AK 99686
Phone: 907-835-4300
Fax: 907-835-5679

To: Senator Loren Leman: Senate Natural Resources Committee
From: Nancy R. Lethcoe, President
Date: February 9, 1995

RE: HB 121 Timber Salvage Bill

Please include these comments in the legislative packet for committee members. Comments were written for AWRTA by consultant Bill Copeland. Mr. Copeland, retired DNR Fairbanks District Manager, now operates Raven Charters. *These comments replace AWRTA's February 3, 1995 comments to the House Resources Committee on HB 121.*

After further review of HB 121 and the issues surrounding salvage timber sales, AWRTA believes this bill in its entirety is unnecessary. Large volume timber sales should be offered competitively and with public notice. The existing statutes provide the mechanism to appropriately conduct salvage sales. To allow for the necessary expedited offering of salvage sales, it appears the only statute amendment necessary is to exempt salvage sales from the provisions of AS 38.05.113 that require timber sales to be placed in a five year schedule and a two year notice be given prior to offering the sale.

HB 121 in its present form presents many problems:

It would allow large scale, negotiated timber sales of up to 25 years.

It introduces hypothetical considerations in the decision process by requiring the prediction of factors such as timber health, unemployment, and timber manufacturing capacity in an area. In some cases this could actually hinder the speed with which a salvage sale could be issued. Also, while it is possible to determine that a timber stand is at high risk of insects or disease, it could not be reasonably predicted which stands will be so affected within the next two years.

No reforestation would be required within salvage sale areas, even if the area had been classified for forest management. Failure to reforest would lose

AWRTA, P.O. Box 1353, Valdez, AK 99686

p. 2

base acreage upon which the allowable cut is determined and leave the effects of a large clearcut unattended.

It utilizes AS 38.05.118 as a mechanism to facilitate salvage sales. This statute is a result of special interest legislation passed several years ago to facilitate a large scale negotiated timber sale near Haines. This statute has been utilized only once since its passage because its provisions are awkward and controversial.

AWRTA recommends that AS 38.05.113 be amended to exempt salvage timber sales from inclusion in the five year schedule and from the requirement to give two year advance notice prior to offering the sale. This seems to be the major impediment for the Department of Natural Resources to offer salvage sales where time is of the essence to avoid value loss in impacted timber stands.

The advantages of this amendment and using existing statutes to conduct salvage sales are many:

It requires minimal statute amendment and eliminates a bottleneck to speedy offering of salvage sales.

It utilizes existing mechanisms already in place.

It avoids public controversy by offering competitive, advertised salvage sales where there is opportunity for public involvement in the decision.

There appears to be only about two months difference between the time it takes to prepare a negotiated sale and an advertised competitive sale.

Speculative factors would not have to be included in the decision-making.

As with any other timber sale, large salvage sales would be offered consistent with existing land classifications and land use plans. This would ensure large salvage sales would be conducted in areas where it is appropriate to harvest timber and in areas where all interests have had an opportunity to be presented and considered. If it wasn't planned to cut trees in an area when they were green it doesn't necessarily mean it is appropriate to cut them

when they're dead. Conducting timber sales consistent with area plans or forest management plans avoids much controversy.

Other specific recommendations:

In areas where salvage timber cutting has taken place, and where the land had been previously designated for forest management, reforestation should be required. On lands designated for other uses, but where timber cutting is also appropriate, reforestation should be considered but not mandatory.

Salvage sales should be offered only when the impacts to the timber have occurred and not on the basis of speculation when they may occur.

AWRTA will submit additional comments on the potential impact of HB 121 on the tourism industry.

2/10/95

Representative Jerry Mackie
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Mackie,

I am writing in opposition to HB121. I am a tourism business owner hiring Alaskans almost exclusively and feel strongly that this bill will have adverse effects on the tourism business of Alaska. The long term effects of the logging this bill will allow should be considered more closely. This not only includes the negative impact on tourism but also on wildlife and fish habitat, over the long term.

With all the talk about how regulations should have their economic impact taken into account I wish that this bill would take into account the long term effects on the tourism industry. Please work to allow adequate public input into this bill as it is still early in the legislative year. It seems that this bill is not being given the public input it deserves.

Sincerely,

David Lesh

FAX

DATE: Friday, February 10, 1995

TO: Sen. Loren Lehman

FAX: 1/907-465-3810

FROM: Gustavus Inn

PAGES: 2

MEMO

Sen. Lehman

If HB 121 is sent to your committee please oppose it. Enclosed is a copy of my letter to Rep. Mackle with my views.

Sincerely,

David Lesh

TO: House Natural Resources Committee
State Capitol
Juneau, Alaska 99801-1102

ATTN: Mr. Jack Phelps

RE: House Bill 121

Message:

I have been involved in the forest industry as a timber faller since 1972 and I have worked in logging camps from Ketchikan to Icy Bay. I am also a registered big game guide and a recreation guide operating in the Haines area.

Over the years I have learned to keep an open mind to all aspects of utilizing our natural resources. But because of my diverse life style and knowledge concerning logging practices and the subsequent impact on wildlife and recreation as well as subsistence users, I am concerned that HB121 has the potential to abuse our state forest to the point where all other users take a back seat to logging.

HB121 is nothing more than an open ended bill that will circumvent local involvement in forestry management. The wording of that bill is so generalized that the commissioner of the DNR could offer gigantic timber sales in areas that are only "threatened" by insect infestation or forest fire. Any forest is at all times in a "threatened" state, yet we have always had old growth forests in Alaska.

In the early 1930's we had a local spruce bark beetle out-break near Haines. The old timers say that everyone thought we would lose all of our spruce trees. The outbreak ran its course and we still have our old growth forest today.

Presently the Haines State Forest is once again "threatened" by beetles. Under HB121 the commissioner could allow the entire area surrounding the Chilkat Bald Eagle Preserve to be clear cut.

Our local community has already hashed out a Haines State Forest Management Plan. Provisions are already in place to allow salvage sales in our forest, and HB121 could only prove to be detrimental to our wildlife, view sheds and subsistence users.

To call HB121 a "salvage sale" is erroneous. It is a free for all give away of public resources to the timber industry and it is destined to be abused, fought over and ultimately rejected in the years to come; should our legislature be foolish enough to support it.

I urge for the resounding defeat of HB121.

Sincerely,

Al Gilliam

TO: SENATE RESOURCES COMMITTEE
C/O LOREN LEMAN

FROM: AL GILLIAM

FAX: 465 3810

PHONE/FAX: 907-767-5522

DATE: FEBRUARY 16, 1995

PAGES: 2

MESSAGE: FOLLOWING IS A STATEMENT ADDRESSED TO THE ATTENTION
OF MR. JACK PHELPS REGARDING MY CONCERNS REGARDING
HOUSE BILL 121.

THIS STATEMENT IS BEING FAXED TO THE FOLLOWING PEOPLE:

DREW PIERCE
MR. WILLY DUNN.
LOREN LEMAN

To: Sen. Loren Lehman
Company: Alaska State Senate
Phone: 1-907-465-2096
Fax: 1-907-465-3810
From: Terry T. Brady



HUSKY WOOD & FORESTRY
SERVICES

Phone: (907) 333-9462
Fax: (907) 333-9462
Address: 3842 Wesleyan Drive
Anchorage, AK 99508

Date: 2/23/95

Pages including this page:

2

RE: HB 121

I Request immediate passage of HB 121, Timber Salvage and amendment to AS 38.05.118.

Alaskans must move together to stop the loss of the forest environments due to spruce bark beetle, fire and other destructive agents. Also, Alaskan people need high-tech jobs, that can be created by intelligent use of replenishable natural resources, as envisioned by the founders of this State (Article VIII of the Constitution of the State of Alaska).

However, in addition to new legislation (the intent of the Legislature) I strongly suggest that some fiscal control be put on the Division of

Forestry (ADNR) and ADF&G, to mandate action. These agencies have never met their responsibilities, though they have adequate legal authority (Titles 16, 38 and Title 41, most particularly AS 38.05.027, AS 38.05. 110 et seq., As 41.15.010 et seq., and AS 41.17.010 et. seq.)

They continually ignore the mandates (ministerial duties) and adhere only to the discretionary actions, and particularly the "negative" aspects of the laws. This has resulted in the current problems.

Finally, as a professional, I feel the Forest Management Agreement type legislation, putting more responsibility on the private sector, is advisable. However, creating a "Demonstration FMA" would be a "Paper Tiger" that would not show any results for many years, yet keep the remainder of the forest in "limbo."

The State of Alaska, by law, is responsible for the protection of all state., municipal and private forest land in the State. The record, vis a vis, the spruce bark beetle is horrendous, particularly at a time when the "wasting resources" are in demand.

Respectfully,



M.S. (forestry) with 36 years Alaskan professional experience.

Alaska Forest Association, Inc.



111 STEDMAN SUITE 200
KETCHIKAN, ALASKA 99801-8599
Phone 807-225-8114
FAX 907-225-8920

Position Paper
The Alaska Forest Association, Inc.
HB-121

The Alaska Forest Association supports passage of an unaltered HB-121.

Objective: This bill helps the forest, the general fund and rural Alaskans by allowing quicker access to dead and dying trees on state lands.

Present Situation:

- * 20 million trees died in Alaska last year (38 trees per minute!), and the rate of death is increasing at an increasing rate -per USFS.
- * Nearly 90% of Alaskans who live on the Kenai Peninsula and Anchorage believe dead and dying spruce trees are the most serious problem with forests on the Kenai Peninsula (IHER).
- * Government now pays to build inefficient fire breaks to protect communities and citizens from increased fire risk due to insect killed trees; when instead, stumpage receipts could provide a net gain to the treasury while eliminating the danger to people and property.
- * Without HB-121, the state does not have the legal ability to allow people quick enough access to dead trees to maximize the chance of the private sector paying reforestation costs.
- * substantial numbers of year-round, primarily rural, jobs are being lost because industry is not being allowed quick enough access to dead and dying trees.

Proposal: HB-121 provides a tool to allow state timber managers to salvage dead and dying trees on state lands while there is still enough value to pay for the harvest (and possibly reforestation) of the infested or damaged area.

Advantages: Numerous. There is such a thing as "waste". The concept of waste has to do with losing a time sensitive opportunity to help people when there is the ability to do so. Delaying harvest of dead and dying trees to the point where there is insufficient value to pay for both harvest and reforestation squanders valuable public property. The concept of "stewardship" has to do with maximizing benefits and minimizing risks while managing other people's assets. Allowing dead trees to rot on the stump when:

- a. they can be used by people who desperately need the jobs,
- b. additional damage can be averted,
- c. healthy forest can be more quickly restored,
- c. major habitat loss can be minimized,
- d. negative impacts to salmon and wildlife can be minimized, and
- e. lives and property can be protected

is neither good stewardship nor good public policy.

For these reasons, and many more, we urge your moving HB-121 with a "do pass" recommendation to the full senate.

AME: GARY WININGS
ADDRESS: Box 1327 (103 Victor Lane)
Seward, AK 99664

I am writing this letter in support of HB 121. I have been involved in the timber industry all of my adult life and have used the forests since I have been old enough to get out in them.

To keep a forest alive, it has to be a healthy forest. Right now on the Kenai Peninsula and in some parts of the Interior the health of our forests is very much in jeopardy due in large part to the Spruce Bark Beetle. There are natural enemies to this epidemic, such as birds and fire.

Fire is an enemy to the beetle in preventing the growth and the spread of the beetle. Because of the fire suppression practices in use today this weapon has been rendered largely useless.

I believe with proper management, logging this dead and dying timber could also be a partial answer to this problem. At the same time let me add, I don't want to see the forest leveled and left for a wasteland. I believe that with the proper tools and support from all agencies involved, public and private, we can help to create a healthy and vigorous forest for all people and creatures to use now and in the future.

Due to the rapid deterioration of this timber it is imperative that the means be in place to allow state agencies the directive to set up sale areas in heavily infested areas while there is still commercial value left in the affected timber. This would not only help to eliminate the source of the problem but also help generate revenues both, public and private, so that an active reforestation plan can be put into effect so that we can again have a healthy and vigorous forest instead of the sick and dying one that is becoming more and more evident.

I believe this bill could become a very important tool in this overall picture. In closing I urge passage of this bill and I thank you for your patience, time and support.

Sincerely,

Gary W. Winings



Ketchikan Pulp Company

A wholly owned subsidiary of Louisiana-Pacific Corporation

Post Office Box 6600
Ketchikan, Alaska 99901
USA
TEL 907/225-2151
FAX 907/225-4260

POSITION OF THE KETCHIKAN PULP COMPANY REGARDING HB 121 A BILL TO EXPEDITE THE SALVAGE OF DEAD AND DYING TIMBER FEBRUARY 27, 1995

The Ketchikan Pulp Company fully supports HB 121 as a method of expediting the salvaging of dead and dying timber, while still maintaining the quality of our environment. HB 121 is needed to address the urgent forest health crisis on the Kenai Peninsula and those future forest health crises which will certainly erupt in other forested regions of the State.

This legislation would allow for retrieving the greatest value from a State forest resource which is currently not being realized due to a lengthy procedural process which renders the resource valueless due to decay. Not only does the status quo result in an economic loss in State revenues, it also contributes to the continuing decline of forest health, loss and delayed rehabilitation of fish and wildlife habitat and the loss of the natural character of the forested areas we all enjoy. HB 121 would rectify this situation and allow for the timely rehabilitation of fire killed, insect infested, diseased and wind-thrown forest stands.

KPC urges the House Resources Committee to support HB 121 as good public and forest resource policy.

a:\feb\hb121pos

OPERATING DIVISIONS

WIND COVE PULP MILL
THORNE HAY LOGS

KETCHIKAN SAWMILL
TURKAN LOGS
NAUKATI LOGS

ANNETTE HENLOCK SAWMILL
EL CAMIAN LOGS



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

HB 121: Salvage Timber Sales

HB 121 would create a new category of timber sale called "salvage sales", in areas where the Commissioner of DNR has determined that timber will lose its economic value due to insects, disease or fire within two years.

Section 2 of HB 121 would give the Commissioner of DNR the power to negotiate timber sales in areas where certain conditions exist or will exist within two years. These conditions include high levels of unemployment and timber which will lose its economic value due to insects, disease or fire.

AEL opposes HB 121:

*** Salvage timber sales as proposed would be exempt from existing size limits, public review under the 5 year plan, and reforestation provisions of state law.**

Consideration would only be given to the economic value of timber while other economic values such as subsistence, recreation, fish and wildlife and other forest products would be ignored.

*** Many biologists and forest ecologists believe that forest insect epidemics are often self-regulating and can actually improve wildlife habitat.** Records indicate that bark beetle outbreaks in Alaska have occurred regularly over the past 70 years, without undue effects to overall forest health. However, forest health problems are often associated with poor logging practices, road building and seismic line activities. As DNR acknowledges, cutting down the forest does not solve forest health problems.

*** These provisions would give DNR extraordinary latitude in determining and even predicting forest health, employment levels and timber values while removing from the decision-making process, the wisdom of local residents and the concerns of the public which owns and uses these resources.**

*** Salvages sales would create a loophole allowing large scale, negotiated timber sales of up to 25 years to occur in areas such as the Kenai Peninsula -- all exempt from the planning process required in other timber sales.**

*** Under current Title 38 regulations, DNR can complete the timber sale process in less than 2 years. Salvage sales should be unnecessary if DNR efficiently and competently planned sales under existing law. DNR also has the authority to carry out emergency timber sales in order to respond to forest health problems.**

W. Dunne
2/1/95



Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone 907/276-0700 Fax 276-3887

EXECUTIVE DIRECTOR
Becky L. Gay

1994-95 EXECUTIVE COMMITTEE
David J. Parish, President
Elizabeth Rensch, Sr. Vice President
Scott L. Thorson, Vice President
Lyle Von Bergen, Secretary
Allen Bingham, Treasurer
Jacob Adams
Cynthia Bailly
Gerald G. Booth
Kelly M. Campbell
James L. Cloud
John Forcoskin
Mano Frey
Paul S. Glavinovich
Uwo L. Gross
Roger C. Herrera
Dan H. Keck
Jerome M. Selby
John Sturgeon
William A. Thomas
Mitch Usibelli
James D. Weeks

March 14, 1995

MAR 16 1995

Senator Loren Leman
Alaska State Senate
State Capitol Rm. 113
Juneau, AK 99801-1182

Dear Senator Leman:

The Resource Development Council is writing to urge your support of HB 121, the salvage timber bill. HB 121 will served as a vital forest management tool to help manage dead and dying forest land in Alaska.

RDC is a proponent of a healthy forest products industry and has worked over the years to advance a forest health initiative addressing the spread of the spruce bark beetle infestation in Southcentral and Interior Alaska. RDC supports timber salvage efforts directed at trees that will lose substantial economic value due to disease or fire.

RDC is a statewide, membership-funded, non-profit, pro-development organization working on behalf of Alaska's basic industries, including oil and gas, mining, timber, fishing and tourism. RDC's membership includes the aforementioned industries, as well as the sectors which support those industries, such as construction, labor and other technical service providers, individuals, Native corporations, communities and a wide variety of Alaska interests.

There is a great deal of misinformation about this legislation. HB 121 would not exempt salvage timber sales from public review nor eliminate public planning for lands and resources. The public process will still dominate the timber sale program if HB 121 is passed. Moreover, this bill does not exempt timber sales from reforestation provisions of existing state law. Operators will have to reforest harvested areas as is currently required under state rules. In addition, considerations currently given to the non-economic values of the forest are not restricted by HB 121. Consideration of other values are required under a Forest Land Use Plan for any salvage sale proposed under HB 121.

Some opponents of this bill claim there is no limit to the amount of time a company could have access to the forest under a negotiated sale. In reality, if the sale is a negotiated sale, it is limited to a duration of no greater than one year.

DIRECTORS

Will Abbott
Irene A. Anderson
Sharon E. Anderson
Ernesta Ballard
Richard F. Barnes
Mark Begich
William C. Behnke
R. G. "Dick" Birkinshaw
Rex I. Bishopp
James E. Carmichael
Thomas Cook
Marilyn Crockett
Larry Daniels
James C. Dore
James V. Drene
Paula P. Easley
Donald S. Follows
Scott Goldsmith
Arvid Hall
John L. Harris
Robert S. Hatfield, Jr.
Joseph R. Henn
Karen J. Hofstad
William L. Hopper
David W. Hughes
Jim Jansen
John T. Kelsey
John A. Landrum
Pete Leathard
Wayne Lewis
Dale R. Lindsey
Robert W. Loescher
Carl H. Marris
Howard McWilliams
H. Raymond Measles
Clarence "Rocky" Miller
E. M. "Pete" Nelson
John K. Norman
Wibur O'Brien
James Parsons
Kenneth E. Peavyhouse
Kenneth R. Peltis
Stephen M. Reinberg
John A. L. Rense
Dan Rowley
Walt Schlotter
George R. Schmidt
Thyes J. Shaub
Kenneth "Henry" Springer
H. B. Sales
Michael E. Stone
Scott B. Thompson
Barry D. Thomson
Doug M. Webb
J.C. Wingfield
George P. Wuerch

HONORARY DIRECTORS

Phu R. Holdsworth
William R. Wood

EX-OFFICIO MEMBERS

Senator Ted Stevens
Senator Frank Murkowski
Congressman Dan Young
Governor Tony Knowles

Currently, the Commissioner of Natural Resources can conduct a negotiated sale if there is a high level of unemployment, underutilized manufacturing capacity and an underutilized allowable cut of state timber. HB 121 merely amends current law to add "timber that will lose substantial economic value due to disease, fire or land use conversion." The bill simply adds another circumstance under which the commissioner can utilize the existing negotiated sale authority. The bill will give DNR the ability to accelerate its timber sale program for insect-damaged trees.

Time is a critical factor in harvesting dead or dying timber and reforesting infested stands. After an area has been infested by spruce bark beetles, there is irreversible loss of value to the timber. After two to four years of infestation, spruce stands will have lost nearly all of their potential economic value except for wood chips and firewood. Salvage timber sales through HB 121 would allow the private sector to respond in a timely manner to harvest dead trees and reforest infested areas. It is important to recognize, however, that once the trees deteriorate to an uneconomic level, there is insufficient value in the forest to meet the costs of reforestation, as well as the costs of the sale and the infrastructure required for harvests.

HB 121 provides the tools to advance proper forest management on state lands and help decrease the potential for damage to the forest and its resources. This bill would allow state timber managers to salvage dead and dying trees on state lands and help expedite the recovery of the forest by encouraging managed reforestation which is considerably faster than natural regeneration in Alaska. HB 121 will permit quick access to damaged trees when there is still enough value in the timber to allow for harvest and reforestation. Habitat values for fish and wildlife will benefit if Alaskans are allowed to harvest and reforest. In addition, HB 121 will encourage the establishment of a rural forest products industry with year round jobs and tax revenues for local communities.

Without HB 121, the state does not have the legal ability to allow quick enough access to dead trees to maximize private sector reforestation efforts. Without quick access to the dead timber, substantial numbers of high-paying, year-round, primarily rural jobs are being lost.

Trees across Southcentral Alaska are rotting on the stump and a major fire potential exists. In the short term, logging may appear unsightly to some, but a greener, healthier forest will grow back much sooner than if nothing is done. Natural regeneration takes considerably longer to reforest than managed reforestation. Greater damage may occur to habitat values for fish and wildlife if Alaskans do not harvest and reforest.

Opponents of this legislation claim logging will harm tourism and hurt habitat values, just as they claim oil and gas, mining and other development activities will cause harm to the visitor industry and the environment. Tourists, however, do not come to Alaska to see vast graveyards of dead and dying trees.

With proper forest management, a new young and vibrant forest will rise from the infested stands, but if nothing is done, the dead trees we see today will stand for many, many year, eventually blowing over. Vast areas will likely become dominated by grass. If that is allowed to happen, it could be decades or hundreds of years before an evergreen forest reestablishes itself.

HB 121 would help eliminate waste of a public asset. Delaying harvest of dead or dying trees to the point where there is insufficient value to pay for both harvest and reforestation, squanders a valuable public asset.

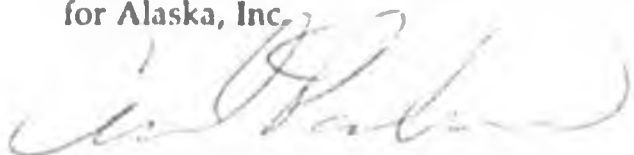
HB 121 will:

- Defend against loss of tourism and recreation values by protecting healthy trees and accelerating reforestation after an outbreak;
- Decrease the potential for further forest damage,
- Help maintain trees as dominate to grass in beetle-infested zones;
- Help create substantially better long-term fire management infrastructure and access for regional fire protection;
- Reduce what is currently paid to protect people and communities from increased risk due to fire as a result of the heavy loading of fuels in the forest;
- Reinforce existing public support for producing jobs with dead and dying timber;
- Maximize stumpage revenues to the state versus the current system;
- Allow the State to selectively harvest areas where the beetle is starting to attack -- to protect what remains of healthy forests
- Allow a rural industry to become established where year-round jobs are possible;
- Helps the State to maintain the sustainable ecological functions and biodiversity of the forest.

Senator, please support passage of HB 121 on the Senate floor. Alaska is rapidly losing its ability to cost-effectively rehabilitate impacted forest areas. Cutting is much better than "no action" for many good reasons. With your support, we can move beyond the gridlock and misinformation surrounding the issue and take the necessary steps to restoring forest health across Alaska.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.



Carl Portman
Communications Director



Alaska Society of American Foresters

Cook Inlet Chapter
Juneau Chapter
Ketchikan Chapter
Yukon Chapter
Sitka Chapter
Stikine River Chapter

A POSITION STATEMENT

ON

SOUTH-CENTRAL AND INTERIOR ALASKA'S

DETERIORATING FOREST HEALTH

I. Summary

The largest spruce bark beetle epidemic in North America is resulting in substantial and expanding impacts to wildlife, fisheries, recreation, and timber resources, as well as loss of critical old-growth habitat, in the white and Lutz spruce forests of Southcentral and Interior Alaska. Continued extensive tree mortality and associated resource impacts constitutes the greatest ecological crisis facing Alaska forests today.

An aggressive forest restoration and forest health maintenance program involving federal, State, local and private forest managers is necessary to fully recognize the severity and extent of impacts to forest resources and to develop coordinated forest management actions to restore damaged ecosystems and prevent unnecessary additional ecological impacts.

The Society of American Foresters fully supports coordinated multi-ownership forest health planning at the landscape scale, research to identify spruce beetle induced impacts to all forest resources, and development of a forest industry as the funding mechanism to support implementing planned forest health actions.

II. Definition of Issue

Forest health in Southcentral and Interior Alaska is rapidly deteriorating. The spruce beetle epidemic is manifesting unprecedented rapid forest change within the white, Lutz and Sitka spruce forest types. Spruce beetle induced mortality is in many instances eliminating all live forest cover (main canopy) in major portions of large drainages. Impacts associated with forest tree canopy losses are occurring to all resources that require a forested landscape (i.e. wildlife, fisheries, watersheds, scenic vistas, etc.). Many of these infested forest stands do not meet current definitions of "ecologically functional" old-growth and lack of regeneration following infestation has potential to convert these stands to

other than conifer forest cover for an extended period of time. Loss of old-growth habitat from spruce beetle infestation in the white, Lutz and Sitka spruce forests of Alaska (Southeast included) is occurring at a rate of 6-8 times the combined rate of all other forest change agents (fire, timber harvest, urban sprawl, etc.). This long-term beetle induced loss of old-growth habitat will have a significant impact on maintaining current biological diversity in Southcentral and Interior Alaska.

Lack of fully recognizing ecological impacts coupled with lack of a viable forest industry to provide cost effective management options has resulted in little direct action to address this declining forest health problem to date. Meanwhile, hundreds of thousands of acres of Alaska forests are being subject to ever-increasing negative impacts, losing future resource potential, and rapidly losing economic value that could fund positive management actions.

Long-term loss of old-growth habitat, substantial forest conversion, and associated resource impacts in the naturally fragmented landscape patterns of Southcentral and Interior Alaska, coupled with little direct action to contain the epidemic or rehabilitate previously impacted areas, make this situation the most ecologically critical issue to sustained ecosystems facing Alaska's forests today.

III. Background

Southcentral and Interior Alaska have hundreds of thousands of acres of white and Lutz spruce forest types that are simultaneously entering a mature, decadent condition and consequently becoming highly productive spruce beetle habitat. This, coupled with recent favorable weather conditions has increased spruce beetle population growths to epidemic proportions.

Systematic monitoring of insect conditions by the U.S.D.A. Forest Service has documented that the area of active spruce beetle infestation is growing at an exponential rate and will likely exceed 1 million acres by the summer of 1994.

There is currently a lack of research documenting specific resource impacts from this forest health crisis. Impacts to wildlife and streamside stability are observable, but documentation of these through research studies or published monitoring is limited.

IV. Discussion

Spruce beetle populations have shifted from endemic to epidemic levels. Halting the infestation in the near term is unlikely. However, concerted efforts by all landowners and resource managers can significantly slow the buildup, restore already impacted areas, and minimize future resource impacts from this insect.

The only recognized effective treatment to reduce hazard and risk of spruce beetle induced resource damage at the landscape scale is to maintain a mosaic of species and age types. Maximum resource values can be maintained using coordinated restoration and prevention silvicultural treatments. While economics should not be the major driver for addressing Alaska forest health problems, clearly, economics should not be ignored. The fact that implementation of forest management to address forest health will not only assist to pay for the needed forest health treatments, but meet other state goals such as rural economic development is significant. Particularly with wood product values anticipated to rise, the potential for significant economic returns from implementing forest health treatments, and consequent loss of these values through inaction, should not be ignored.

The Society of American Foresters has recently published a National Task Force report "Sustaining Long-Term Forest Health and Productivity". This report describes the need to address the sustainability of healthy forests by considering social or human forces as well as considering scientific and economic forces. A coordinated effort applying positive management actions to deal with this Alaskan forest health crisis would be consistent with the recommendations of this report to sustain long-term forest health and productivity in our ecosystems. Lack of action allowing continuation of increasing forest health decline would be inconsistent with sustained ecosystem productivity.

V. Recommendations

The Alaska Society of American Foresters recommends and fully supports:

- (a) Coordinated multi-interest forest health planning at the landscape scale.
- (b) Research to identify spruce beetle induced impacts to all forest resources.
- (c) Development of a forest industry as the funding mechanism to subsidize planned forest health actions.

The Alaska Society of American Foresters should actively highlight the need for assertive management actions to address declining forest health in south-central and interior Alaska to local, state, and federal officials. This implies implementation of ecologically and silviculturally sound management approaches that will assure maintenance of the health of the forest as well as it's biodiversity.

The Alaska Society recommends using the 1994 National Convention to highlight the National significance of this extensive forest health problem and promote understanding and support for assertive ecological management applications within the American Forestry profession.

This position was approved by the Alaska Society of American Foresters Executive Committee on November 7, 1993 and will expire November 7, 1996.

A STUDY REPORT
of the
DETERIORATING FOREST HEALTH
OF SOUTH-CENTRAL AND INTERIOR ALASKA

Alaska State Society of American Foresters
July, 1993

TABLE OF CONTENTS

1. Background	1-2
2. Discussion	2-3
3. Statement of Findings.....	3-4
4. Conclusions	5
5. Recommendations	6
6. References	7-8

1. BACKGROUND

The largest spruce bark beetle epidemic in North America is resulting in substantial and expanding impacts to wildlife, fisheries, recreation, and timber resources, as well as loss of critical mature forest ecosystems, in white, Sitka, and Lutz spruce forests of south-central and interior Alaska. Increased spruce beetle activity is also occurring in the maritime Sitka spruce stands of Prince William Sound and southeast Alaska, although of lesser magnitude than infestations further north. This epidemic constitutes one of the most significant forest health declines currently impacting Alaska forests.

Historical descriptions from miners, fur traders and settlers (Lutz 1960, Johnson 1975) indicate common and extensive fires in these Alaska forest types in the mid-to late 1800's. Fire was a major natural change agent that helped maintain species and age class diversity on the landscape. Stand development following these early fires, and effective fire suppression since the 1950's, has created hundreds of thousands of acres of white, Sitka, and Lutz spruce forest types that are simultaneously becoming mature, decadent and highly susceptible to spruce beetle damage today.

In a 1987 timber inventory, the Kenai Peninsula was estimated to have 364,000 acres of white/Lutz spruce type, of which 220,500 acres was considered commercial timberland, -- that is producing over 20 cubic feet of wood per acre per year (Van Hees and Larson, 1991). This inventory estimated that on the Chugach National Forest portion of the Kenai Peninsula, mortality exceeds annual growth and that 57% of this mortality is estimated to have been caused by the spruce bark beetle. Van Hees (1992) noted dramatic increases in spruce bark beetle populations on the Kenai Peninsula since the 1987 inventory.

Systematic monitoring of insect conditions by the U.S. Forest Service has been in effect since the 1950's. Entomologists monitoring the spruce beetle infestations have been predicting substantial population increases for a number of years (Holsten 1990). Rapid beetle population increases to epidemic levels have become a reality in the last 4 years. Statewide, acreages of active spruce beetle infestation from the U.S. Forest Service annual forest insect and disease aerial surveys (USDA Insect Conditions Reports; 1989, 1990, 1991, 1992) are:

1989 -- 177,000 acres
1990 -- 232,000 acres
1991 -- 375,000 acres
1992 -- 600,000 acres

The current infestation of 600,000 acres is located in three principal geographic locations. These are the Kenai peninsula, the Copper River basin, and the Yukon River basin. This infestation is the largest area of active spruce beetle infestation ever mapped in Alaska and constitutes the largest existing spruce bark beetle infestation in North America.

This epidemic spans a variety of private as well as state and federal land ownerships. Addressing this situation will require coordinated land management actions. Significant ownerships of infested forest types include, the Bureau of Land Management, the U.S. Fish and Wildlife Service, the U.S. National Park Service, the State of Alaska, the U.S. Forest Service, several boroughs, and privately owned forest lands. Some of these ownerships have few or no forest management specialists to address this problem. (ie. The State Division of Forestry currently has less than 2 full time forestry people dedicated to planning and implementing forest health treatments on the Kenai Peninsula)

Efforts to address this problem to date include:

..During 1991 and 1992, the U.S. Forest Service coordinated a comprehensive forest health protection and restoration effort for the Cooper Landing area of the Kenai Peninsula. The majority of that project has been implemented.

..As part of a State Forest Health Initiative, the State Division of Forestry completed a general Forest Health plan for the Western Kenai Peninsula and Kalgin Island in 1992. Seven project areas were identified in that plan to receive management actions. The first of the seven areas (Falls Creek) is planned for project implementation, but is receiving criticism from the environmental community. Also as part of this initiative, the Division of Forestry has established a citizen working group to consider management actions in the Copper River basin.

..The U.S. Forest Service has begun a planning effort for the Seward Scenic By-Way and Hope portions of the Kenai Peninsula. These actions constitute the extent of coordinated planning and implementation efforts to date in spruce beetle impacted areas.

These actions have thus far resulted in approximately 3,000 of the current 600,000 acres (0.5%) receiving actual ground treatments.

2. DISCUSSION

Concern for maintenance of healthy forest ecosystems has become a national issue in recent years. A national strategic plan has been developed by the U.S. Forest Service to address concerns of forest health (USDA, 1993). The current national forest health monitoring programs by the U.S. Forest Service and the Environmental Protection Agency give strong emphasis to maintaining forest health along with forest biodiversity, all within the context of sound ecosystem management. Many existing silvicultural practices have strong application within this context.

Public perception regarding the spruce bark beetle problem in Alaska has been documented (Daniels 1991, Kruse 1991). Study respondents overwhelmingly were in favor of prevention of spruce beetle outbreaks, mitigation of associated impacts as well as providing management actions that would restore the health of the impacted forests. Surveyed publics expressed a willingness to subsidize reforestation actions if necessary.

The Society of American Foresters has recently published a National Task Force report 'Sustaining Long-Term Forest Health and Productivity' (Society of American Foresters, 1993). This report describes the need to address the sustainability of healthy forests by considering social or human forces as well as considering the scientific and economic forces. This Task Force Report includes 26 recommendations on ecologically sound approaches to maintaining or improving forest health. These fall in four broad areas of action:

- Advocate ecosystem management.
- Integrate ecosystem management into educational programs.
- Promote ecosystem management research.
- Coordinate between land owners and the public.

A coordinated effort applying assertive management actions to deal with this Alaskan forest health crisis would be consistent with the recommendations of this report to sustain long-term forest health.

and productivity in our ecosystems. Lack of action allowing continuation of increasing forest health decline would be inconsistent with sustained ecosystem productivity and biodiversity.

Not all resource disciplines are actively furthering the ecological significance of these forest alterations. Changes in forested wildlife habitat and/or old-growth habitat has not been raised as an issue in south-central or Interior Alaska. The limited and naturally fragmented landscape patterns of south-central and Interior Alaska make this loss of forest habitat a much more critical issue to sustained ecosystems than loss of habitat in southeast Alaska where the forested landscape is broader and more contiguous. Yet, habitat loss has been raised as a major issue in southeast and virtually not acknowledged in south-central or Interior Alaska.

Lack of fully recognizing the ecological impacts coupled with lack of a viable forest industry to provide cost effective management options has resulted in little direct action to address this declining forest health problem. Meanwhile, hundreds of thousands of acres of Alaska forests are being subject to ever-increasing negative impacts, losing future resource potential, and rapidly losing economic value that could fund positive management actions.

Forest economic development is often billed as the rationale for "logging". While economics should not be the major driver for addressing Alaska forest health problems, clearly, economics should also not be ignored. Implementation of forest management to address forest health can not only assist to pay for the needed forest health treatments, but contribute to other state goals such as rural economic development and economic diversification. Particularly with wood product values rising rapidly, the potential for significant economic returns from implementing forest health treatments, and consequent loss of these values through inaction, should not be ignored. The U.S. imports nearly thirty (30%) percent of its wood fiber, much of which comes from countries with less stringent environmental guidelines than our own (Salwasser, MacCleery, and Snellgrove). Non-use of the large and growing inventory of beetle killed spruce, while supporting the harvest of green trees from foreign sources, may be considered environmentally irresponsible.

The previous lack of viable timber markets in South-central and Interior Alaska have prevented development of a forest industry to utilize industrial wood recovered in silvicultural management activities. Without an industry to provide a reasonably cost effective vehicle to support forest management actions, few silvicultural management actions have been taken to assist ecosystem manipulations. The recent national rise in industrial wood product values has set the stage for ecosystem and silvicultural management that could subsidize assertive forest health enhancements. Markets are rapidly developing for a variety of forest products from Alaskan forest types including house logs, veneer, dimension lumber, and chips. All indications are that market values will increase in the future.

3. STATEMENT OF FINDINGS

Forest health in South-central and Interior Alaska is rapidly deteriorating. However, the greatest forest impact is potential long-term change in forest cover from spruce bark beetle induced tree mortality over extensive portions of the white, Sitka, and Lutz spruce forest types.

Spruce beetle populations have shifted from endemic to epidemic levels in many areas of Alaska. Spruce beetles have and always will be a feature of these ecosystems, however, the notion that this infestation is or should be managed as a totally "natural" event is erroneous. While several environmental factors such as annual weather conditions, host susceptibility, changes in predator and parasite populations, etc., continue to influence beetle population changes, past and future human intervention (such as fire suppression, clearing activities, or simply increased habitation) has re-

moved this situation from a 'natural' setting. Even if this event was natural, impacts are occurring which could be either positive or negative depending on the affected resource and the desired future condition. Consideration of human needs and influences to establish an appropriate desired future condition for these impacted forest types is ecologically appropriate.

Spruce beetle induced mortality is currently occurring on over 600,000 acres in these forest types (USDA, Insect Conditions Report-1993). In many instances this mortality is eliminating all live forest cover (main canopy) in major portions of large drainages. Impacts associated with forest tree canopy losses are occurring to all resources that require a forested landscape (ie. wildlife, fisheries, watersheds, scenic vistas, etc.).

Many of these spruce beetle impacted forest stands will not meet current definitions of 'ecologically functional' old-growth (USDA, Ecological Old-Growth Definitions-1992) following beetle infestation. This long-term loss of old-growth habitat will have a significant impact on maintaining current biological diversity in South-central and Interior Alaska.

Natural regeneration of spruce in these impacted stands is spotty at best. Without assertive reforestation actions, long-term forest conversion from spruce to hardwood stands or grass dominated areas could occur on many sites. This conversion will drastically alter current landscape patterns, substantially reducing forested wildlife habitat for the long term. Cover and large organic material input to anadromous streams will be significantly altered over time. From a human ecology standpoint, fire risk and hazard are increasing and causing substantial concern in rural communities as well as in the larger urban forest interface areas such as the Anchorage bowl.

Research on impacts of the bark beetle on the timber resource and control methods exists (Werner and Holsten, 1983; Werner, Hard, Holsten, 1988; Holsten and Werner, 1990; Hard, 1989), but more emphasis is needed in this area. There is currently a lack of research documenting impacts to non-timber resources associated with the spruce bark beetle infestation. Impacts to wildlife and stream side stability are observable, but documentation of these through research studies or long-term monitoring are limited. The emergency nature of this beetle epidemic dictates use of an adaptive management approach based upon known research.

Lack of action and continued forest health decline will result in:

- Increasing loss of wildlife habitat for mature forest species.
- Continued riparian area degradation.
- Substantial long-term conversion from forest to grass or hardwoods (lack of spruce regeneration).
- Increased community fire hazard & associated increased fire suppression costs.
- Degradation of aesthetic quality of forested landscapes.
- Degradation of developed recreation areas and increased trail maintenance costs for removal of hazard and down trees.

Continued focus of habitat loss in southeast Alaska (primarily the Tongass National Forest) with little expressed concern for habitat loss in south-central or interior Alaska is a serious wildlife management oversight. Applying fundamental habitat relations and fragmentation concepts, it is clear that hundreds of thousands of acres of tree mortality (with little natural regeneration) to forested habitat in a naturally fragmented environment (south-central and interior situation) has tremendously more impact than one-thirtieth of those acres being converted to young forest conditions a less fragmented environment (southeast situation). Wildlife species only respond to habitat changes, regardless if those changes are human induced (timber harvesting) or from another change agent (spruce

beetles). Ecologically sound resource management philosophy must be founded upon biological and ecological reasoning rather than development versus non-development opinion. Strong focus needs to be directed to maintaining the biological diversity through sound ecological management (including silvicultural) procedures.

4. CONCLUSIONS

Lack of forest management, non-recognition of the biological/ecological impacts, and lack of expressed professional concern have all contributed to this forest health problem.

Halting the infestation in the near-term is unlikely; however, concerted efforts by all landowners and resource managers can significantly slow the buildup, restore already impacted areas, and minimize future resource impacts from this insect.

Once forests are dead, options for the type and size of ecosystem management are limited. If, however, silvicultural treatments are considered not only for restoration of damaged areas, but also for damage prevention of currently uninfested areas, a variety of silvicultural options are available to meet various resource objectives. Maximum ecosystem values can be maintained using coordinated restoration and assertive silvicultural treatment planning.

Coordinated ecosystem enhancement and restoration planning has the capability to provide:

- Restoring damaged wildlife habitat (forage and cover).
- Restoring damaged riparian area integrity (cover and stream bank stability).
- Providing immediate reforestation.
- Reducing potential fire hazard to communities.
- Preventing additional uncontrolled impacts (reduced mortality).
- Providing rural community development (jobs).

The most generally accepted treatment to reduce hazard and risk of spruce beetle induced resource damage at the landscape scale is to maintain a mosaic of species and age types. Considering public habitation and use of the forests, eliminating fire suppression now and allowing this change agent to create future mosaics through unrestricted burning is not a viable option. Active ecosystem management, applying appropriate silvicultural techniques to create a future desired mosaic is the most plausible solution.

An aggressive forest restoration and forest health maintenance program involving federal, state, local and private forest managers is necessary to fully address the severity and extent of impacts to forest resources and to develop coordinated forest management actions to restore damaged ecosystems and prevent unnecessary additional ecological impacts. This conclusion is consistent with the recommended option of the Kenai Peninsula Borough report (Hall 1992) addressing forest health management needs for the Kenai Peninsula.

5. RECOMMENDATIONS

The Alaska Society of American Foresters fully supports:

- 1) Coordinated multi-interest forest health planning at the landscape scale,
- 2) Research to identify spruce beetle induced impacts to all forest resources,
- 3) Development of a forest industry as the funding mechanism to subsidize implementing planned forest health actions.

Following the lead of the National SAF Task Force report on Sustaining Long-Term Forest Health and Productivity, it is recommended that the 26 specific recommendations from that Task Force Report be implemented in Alaska using ecologically sound approaches to maintaining or improving forest health. These recommendations will be applied through the following four broad areas of action:

- Advocate ecosystem management,
- Integrate ecosystem management into educational programs,
- Promote ecosystem management research,
- Coordinate between land owners and the public.

The Alaska Society of American Foresters should actively highlight the need for assertive management actions to address declining forest health in south-central and interior Alaska to local, state, and federal officials. This implies implementation of ecologically and silviculturally sound management approaches that will assure maintenance of the health of the forest as well as its biodiversity.

The Alaska Society recommends that agencies charged with a mandate to manage sustainable forest resources establish adequate organizations with appropriate expertise to develop site specific silvicultural treatments to accomplish those goals.

The Alaska Society recommends that the U.S. Forest Service's Pacific Northwest Research Station prepare a white paper evaluating the significance of the loss of old-growth habitat in south-central Alaska resulting from continued forest health decline.

The Alaska Society recommends using the 1994 National Convention to highlight the National significance of this extensive forest health problem and promote understanding and support for assertive ecological management applications within the American Forestry profession.

REFERENCES

- Alaska Dept. of Nat. Res. 1992. Forest Health Management Plan For The Western Kenai Peninsula and Kalgin Island. Div. of Forestry. 40 p.
- Daniel, T. C.; Orland, B.; Hetherington, J.; Paschke, J. L. 1991. Public Perception and Attitudes Regarding Spruce Beetle Damage to Forest Resources on the Chugach National Forest, Alaska. USDA For. Serv., Alaska Region Report. 35p.
- Hall, John L. 1992. Report to the Kenai Peninsula Borough Economic Development District, Inc. for a master timber harvesting program plan development for the Kenai Peninsula Borough, Alaska. 53p.
- Hard, John S. 1989. Sequence of trees attacked by spruce beetles in a mature even-aged spruce stand in south-central Alaska. Northwest Science 63 (1) 5-12.
- Holsten, E. H. 1990. Spruce Beetle Activity in Alaska: 1920-1989. USDA For. Serv., State and Private Forestry, Alaska Region, Tech. Rpt. R10-90-18. 28p.
- Holsten E. H.; Wernor, R. A. 1990. Comparison of white, Sitka and Lutz spruce as hosts of the spruce beetle in Alaska. Canadian Jour. of For. Research. 20(3) 292-297.
- Johnson, A. 1975. History of Fires on the Kenai Moose Range. Canadian-Alaska Fire Seminar, October, 1975. Unpublished report, 4p.
- Kruse, J.; Pelz, R. 1991. Developing a Public Consensus on the Management of Spruce Beetles on the Kenai Peninsula. Institute of Social and Economic Research, University of Alaska Anchorage. 36p.
- Kruse, J.; Pelz, R. 1991. Managing Beetle-killed Spruce on the Kenai Peninsula. 1991. Research Summary No. 51. 4p.
- Lutz, H. J. 1960. History of the Early Occurrence of Moose on the Kenai Peninsula and on Other Sections of Alaska. Alaska Forest Research Center, U.S. Forest Service, Juneau, AK, Miscellaneous Pub. 1, 25p.
- Salwasser, H.; MacCleery, D.; Snellgrove, T. 1992. New Perspectives for Managing The U.S. National Forest System. Report to the North American Forestry Commission, Sixteenth Session, Cancun, Mexico, February 1992. 24p.
- Society of American Foresters, 1993. Sustaining long-term forest health and productivity. A Task Force Report. Bethesda Md. 83 p.
- USDA For. Serv. 1989. Forest Insect and Disease Conditions in Alaska-1989. For. Pest Mgt., State and Private Forestry, USDA For. Serv., Alaska Reg., Juneau, AK. FPM Conditions Rpt. R10-89-C-1. 19p.
- USDA For. Serv. 1990. Forest Insect and Disease Conditions in Alaska-1990. For. Pest Mgt., State and Private Forestry, USDA For. Serv., Alaska Reg., Juneau, AK. FPM Conditions Rpt. R10-90-C-1. 25p.

USDA For. Serv. 1992. Forest Insect and Disease Conditions in Alaska, 1991. USDA For. Serv. Alaska Reg., Forest Health Mgmt. Rpt. R10-TP-22. 25p.

USDA For. Serv., Alaska Region. 1992, August. Ecological Definitions for Old-Growth Forest Types in South-central Alaska. Tech. Rpt. R10-TP-28. 30p.

USDA For. Serv. 1993. Forest Insect and Disease Conditions in Alaska, 1992. USDA For. Serv. Alaska Reg., Forest Health Mgmt. Rpt. R10-TP-32. 27p.

USDA For. Serv., Washington Office. 1993. Healthy forests for America's future, a strategic plan. Washington, DC, Doc. number MP-1513, 58 p.

van Hees, Willem W. S.; Larson, Frederic R. 1991. Timberland resources of the Kenai peninsula, Alaska, 1987. Resour. Bull. PNW-RB-180, Portland, OR: U. S. Department of Agriculture, Forest Service, Pacific Northwest Research Station, 56 p.

van Hees, Willem W.S. 1992. An analytical method to assess spruce beetle impacts on white spruce resources, Kenai Peninsula, Alaska. Res. Pap. PNW-RP-446. Portland, OR: U.S. Department of Agriculture, Forest Service, Pacific Northwest Research Station. 15p.

Werner, R.A.; Holsten, E.H. 1983. Mortality of white spruce during a spruce beetle outbreak on the Kenai Peninsula in Alaska. Canadian Journal of Forest Research. 13: 96-101.

Werner, Richard A.; Hard, John S.; Holsten, Edward H. 1988. The development strategies to reduce the impact of the spruce beetle in south-central Alaska. The Northwest Environmental Journal. 4: 319-323.

HB

128

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 128 (RES) am

Revision Date: _____
 Title: "An Act relating to the disposal of waste, giving the Alaska Oil and Gas..."
 Sponsor: Representative Williams
 Requestor: _____

Department Affected: Administration
 BRU: Alaska Oil and Gas Conservation Commission
 Component: Alaska Oil and Gas Conservation Commission
 COMPONENT SERIAL NO. 2010

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 95) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Economic Impact: Bill consolidates management of annular disposal under the Alaska Oil and Gas Conservation Commission (AOGCC). Currently, both AOGCC and the Department of Environmental Conservation have oversight of annular disposal. Bill will streamline permitting and reporting requirements under one agency.

Prepared by: David W. Johnston, Chairman, AOGCC
 Division: Alaska Oil and Gas Conservation Commission

Phone: (907) 279-1433
 Date: _____

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

Date: 2/16/95

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSSSHB 128(RES) am

Revision Date: 3/21/95 Dept. Affected: Fish and Game
 Title: Waste disposal permit exemption BRU: Habitat and Restoration
 Component: Habitat
 Sponsor: Representative Williams
 Requester: Senate Resources COMPONENT SERIAL NO. 488

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Geron Bruce Phone: 485-6143
 Division: Commissioner's Office Date: 3/21/95
 Approved by Commissioner: [Signature] Date: 3-21-95
 Agency: Fish and Game

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

No. 1
 Bill V ion: CS SSB 128(RES)
 (H) Publish Date: 3/3/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: 3/1/95 Dept. Affected: Fish and Game
 Title: Waste disposal permit exemption BRU: Habitat and Restoration
 Component: Habitat
 Sponsor: Rep. Williams
 Requester: House Resources COMPONENT SERIAL NO. 486

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This committee substitute better defines the scope of the exemptions. Most of the listed categories are covered by existing Corps of Engineers general or nationwide permits; others, such as roadside ditching could be addressed through an individual Corps of Engineers permit, if wetlands are involved. Not much is gained by keeping an essentially redundant ADEC permitting requirement. This committee substitute addresses the department's concerns.

Prepared by: Geran Bruce Phone: 465-6143
 Division: Commissioner's Office Date: 3/1/95
 Approved by Commissioner: Frankie De Date: 3.1.95
 Agency: _____

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

COMMITTEE COPY

Mr. Kyle Brown
Discovery Drilling Inc.
Box 111165
Anchorage, Alaska 99511-1165

EB 2.3.1995

February 20, 1995

Representative Williams
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Williams,

I'm writing today to offer total support of pending HB 128. I feel that some background information is critical to understanding the value of this legislation.

Alaska Statute 46.03.100. states, in so many words, that all solid or liquid discharges to the lands or waters of the state shall procure a permit. This requirement has gone largely unenforced since its inception. Recently, pressure from a certain special interest group, has been brought to bear on A.D.E.C. to enforce this statute on a specific industry. This pressure brought into existence a proposed drilling wastewater permit (Permit No. 9540-DB001). The problems with this proposed permit are many;

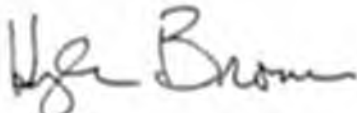
- The proposed permit targets a specific industry and ignores all others.
- The proposed permit is not based on any specific hazard. It is in response to a political need.
- The proposed permit shows a blatant lack of any cost benefit analysis.
- The proposed permit is far more complicated, expensive and burdensome than what should be required for operations with, as the permit states, "minimal environmental impact and no perceived risk to human health".
- The permit is unnecessary in light of the fact that there are already laws in effect that prohibit any pollution of state lands or waters that are enforced.
- A.D.E.C. representatives have verbally stated that the only affected parties will be the targeted group and that other drilling concerns (water well drillers etc.) need not be concerned about enforcement.
- The statute is far to broad. All discharges are included without regard to their size, source or harmless nature.

As a drilling contractor, we would be adversely affected by this permit, however our clients (engineering firms) and their clients would suffer the most from the unnecessary time delays, paperwork, monitoring and lab costs required by this permit, as they are the ones who would ultimately have to deal with these issues.

The proposed permit is clearly not representative of responsible government policy. I feel that HB 128 goes a long way to addressing the overly broad nature of the statute and concurrently deals with A.D.E.C.'s need to respond to the special interest group in question.

Thank you very much for your time in this matter. Please contact me at your convenience if you have any questions or if I can help in some other way to help with this issue.

Very Truly Yours,



Kyle Brown
Discovery Drilling Inc.

February 27, 1995

To: Representative Bill Williams

From: Anita Williams

Anita Williams

Subject: Support for HB-128

I want to thank you for taking the steps to introduce HB-128 concerning drilling wastes. Government has become so encumbered with useless rules and regulations that it is difficult to concentrate on the important issues and problems. By sponsoring this bill you are making an important statement that government need to focus its energies on solving real problems, not making rules and regulations just because it can.

Thank you for your efforts. Keep up the good work.

Post-It® brand fax transmittal form 7571		1 of pages 1	
To: <i>Bill Williams</i>	From: <i>Anita Williams</i>		
Co: <i>Star House</i>	Co:		
Dept:	Phone:	<i>907-562-0709</i>	
Fax: <i>907-465-3793</i>	Fax:	<i>907-563-7559</i>	

February 27, 1995

COOK INLET REGION, INC.

Honorable William K. Williams
Co-Chairman, House Resources Committee
State Capitol
Juneau, AK 99801-1182

VIA FAXCOM 907-465-3793

Dear Representative Williams:

I am writing to express my support for HB 128 which provides a statutory alternative to the General Permit (GP) for drilling wastes proposed by the Alaska Department of Environmental Conservation (ADEC). ADEC's proposed GP, which would selectively apply to the drilling industry, derives from the permitting requirements of AS 46.03.100 which requires a permit for any disposal of solid or liquid waste into the waters or onto the lands of the state. The proposed GP would create additional regulatory compliance burdens for drilling programs where no environmental problem has been shown to exist.

HB 128 adopts the reasonable approach of providing a general exemption for discharges which are incidental to drilling, trenching and construction activities and not directly discharged into waters of the state. It would remove the need for yet another permit that would do little, if anything, to protect the state's environment. By streamlining the permitting process, it would promote responsible resource development and would help ease the work load on state agencies charged with the administration of environmental permitting. HB 128 makes good sense for industry and government alike and I strongly support its passage.

Sincerely,

COOK INLET REGION, INC.



Thomas C. Crafford
Manager, Minerals and Coal

cc G. Booth
C. Marris
L. Kimball



February 17, 1995

EB 27 1995

Representative Bill Williams
Room 128
State Capitol
Juneau, AK 99811-1182

EB 27 1995

Dear Representative Williams:

This letter is written to express our support of your proposed HB 128 establishing an exemption to the requirement of obtaining a waste disposal permit for certain activities, etc. The proposed draft regulations by the DEC that is obviously directed at exploration drilling; it is onerous, ridiculous, and would be nothing more than one more "road block" for miners and mining companies. Your proposed bill would fix this dilemma. I applaud your actions.

Yours truly,

Richard A. Hughes, P. E.
Project Manager



AMBLER EXPLORATION INC.
CONTRACT DRILLING & EXPLORATION SERVICES

1310 W. INTERNATIONAL AIRPORT ROAD, UNIT 11
ANCHORAGE, ALASKA 99518

TEL (907) 662-8263
FAX (907) 662-8264

February 27, 1995

William K. "Bill" Williams
House District 1
State Of Alaska
P.O. Box 6374
Ketchikan, Alaska 99901

Re: HB-128 (Drilling Wastes)

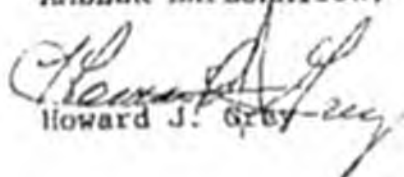
This letter is to acknowledge our support for HB-128 which resolves the issue of discharge from drilling operations. I understand this was initially raised to penalize or target a single operation. Your perseverance in helping to legitimize the permitting and regulatory process is appreciated.

Industry's faith in Alaska is at a low ebb with investment dollars continuing to go overseas where a more temperate investment climate prevails. We need to send a message that Alaska is not adverse to development of our natural resources and that we need to foster such development if we are to continue to provide employment opportunities, social programs and an acceptable lifestyle.

Again, thank you for your assistance.

Sincerely,

AMBLER EXPLORATION, INC.


Howard J. Gray

Howard J. Grey
1927 West 13th Avenue
Anchorage AK 99501
(907) 272-2617

February 27, 1995

Via Fax 907-465-3793
1 Page to Transmit

William K. "Bill" Williams
House District 1
State of Alaska
PO Box 6374
Ketchikan AK 99901

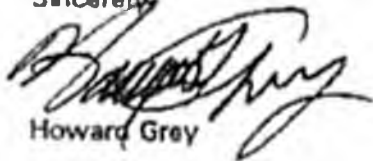
RE: HB-128 (Drilling Wastes)

Dear Representative Williams:

Thank you for introducing HB-128. This legislation will correct any misinterpretation with regard to permitting of drilling operations, for what amount to low volume discharges.

I appreciate your assistance in watching over the regulatory process.

Sincerely,



Howard Grey

HG:las

NANA/DYNATEC

1001 C. OLSON BOULEVARD, ANCHORAGE, ALASKA 99501
TELEPHONE (907) 260-4100



February 28, 1993

Honorable William K. Williams
Co-Chairman House Resources Committee
State Capitol
Juneau, AK 99801

Dear Rep. Williams:

This letter is to express support from both NANA and its subsidiary NANA/Dynatec for HB 129. This is a very viable alternative to the proposed general permit for incidental wastes from drilling programs. The proposed general permit would create additional regulations for programs in which no environmental problems have been shown to exist. The ADEC has a lot of real problems with which to deal and should be allowed to channel their efforts into things such as safe water, sewage disposal and land fills in communities and villages.

Thank you for your time and effort in sponsoring HB-129. It is a very reasonable and responsible approach to solve the present dilemma.

Sincerely,

Anita Williams
Senior Geologist

cc J. Rense
J. Schaffner

Postnet barcode for automated mail sorting	
To: William K. Williams	From: Anita Williams
Co: State House	By: NANA
Date: 02/28/93	Phone: 907-260-4100
Fax: 907-260-3770	Fax: 907-260-3757



Calista Corporation

601 W 5th Avenue Suite 200 • Anchorage AK 99501-2225 • (907) 279-5516 • FACSIMILE (907) 272-5060

MAR 02 1995

February 28th, 1995

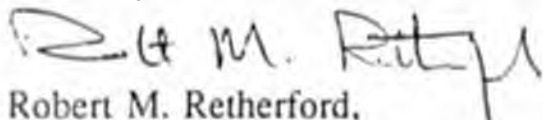
Representative Bill Williams
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK, 99801-1182

Representative Williams,

I support House Bill No. 128, specifically the language which exempts mineral trenching and drilling from additional regulation. Certain language proposed as part of the Alaska DEC permit process would have provided unnecessarily burdensome controls over activities such as the discharge of minor flows of diamond-drill circulation water. Drill sizes and water flows are very small compared to oil and gas drilling. Mineral-drill discharge consists of water, rock dust, and heavily diluted drill additives which are environmentally benign.

HB 128 adopts the reasonable approach of providing a general exemption for discharges which are incidental to drilling, trenching and construction activities and not directly discharged into waters of the state. It would remove the need for yet another permit that would do little, if anything, to protect the state's environment. By streamlining the permitting process, it would promote responsible resource development and would help ease the work load on state agencies charged with the administration of environmental permitting. HB 128 makes good sense for industry and government alike and I support its passage.

Sincerely,



Robert M. Retherford,
Senior Exploration Geologist



ASSOCIATED GENERAL CONTRACTORS of ALASKA

41-1-2014 P. 1
1-907-262-2444 • FAX 1-907-262-2445
1555 W. 4th Ave. Ste. 100 • Anchorage, Alaska 99501

MAR 06 1995

2-28-95

Fax 1-907-465-3793

To
Representative Bill Williams
State House of Representatives
Juneau

Subject: HB 128

"An Act establishing an exemption to the requirement of obtaining a waste disposal permit for certain activities that yield water and waste material discharges ancillary to those activities".

Dear Representative Williams:

This is to inform you that we are in full support of this bill in its present form. This bill will clarify those activities and provides a realistic base.

Thank you for action.

Sincerely,

Heinrich Springer
Exec. Director

Alaska Forest Association, Inc.



111 STEEDMAN SUITE 200
KETCHIKAN, ALASKA 99901-8688
Phone 907-225-8114
FAX 907-226-5920

POSITION PAPER ALASKA FOREST ASSOCIATION, INC.

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL - 128
TITLE: "AN ACT RELATING TO DISPOSAL OF WASTES..."

The Alaska Forest Association, Inc. a statewide forest products trade and development association supports passage of Representative William's CS SSHB-128 for the following reasons:

- A. This bill tightens a regulation which was never intended to apply to miscellaneous cuttings or de minimus activities relating to a main permit.
- B. The fiscal gap is real. It's time to make it easier for the private sector to operate in Alaska.
- C. The act facilitates commerce within the state's core resource development industries.
- D. The act assists present and future forest products manufacturing firms to operate in Alaska - producing jobs and economic activity of value to the state.

For the above reasons we urge your passage of CS SSHB-128.



Denali Drilling

March 7, 1995

State of Alaska
Alaska Legislative Branch
Juneau, Alaska

Attn: Rep. Bill Williams

Ref: HB 128

Dear Rep. Williams:

Denali Drilling, Inc. is in total support of your sponsoring House Bill #128. This addendum to AS 46.03.100 will hopefully eliminate the ADEC's proposal for requiring a general permit for discharging non-contaminated drilling waste water by drilling contractors such as ourselves or the client's for whom we work.

If we can be of any help on this issue, please do not hesitate to contact our office.

Sincerely,
DENALI DRILLING, INC.

Ron Pichler
Vice President

RP:kh

February 24, 1995

Representative William K. Williams
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

MAR 01 1995

Re: CSSSHB-128

Dear Representative Williams:

I wish to go on record favoring CSSSHB-128. It benefits the State by clarifying the line of authority between the Alaska Oil & Gas Commission and the Department of Environmental Conservation. The apparent overlap between the two agencies has in the past resulted in some disagreement.

More importantly, it puts into law a logical and usual practice concerning the need for a permit for certain solid and liquid waste discharges.

Where such discharges are benign there should be no need for a permit. Unfortunately, the current law does not provide for an exception, and some individual State employees have required a permit. This bill, if enacted, should not only clarify the requirement, but would help advertise Alaska's invitation to explore for minerals and drill for water. Such industries would provide not only high paying jobs, but income to the State during the time oil revenues are falling.

Again, I favor passage of CSSSHB-128, and thank you for introducing the original bill.

Sincerely,



George R. Schmidt
2356 Sonstrom Drive
Anchorage, Ak 99517

Phone: 1-907-243-0644



ALASKA MINERS ASSOCIATION, INC.

501 W. Northern Lights Blvd., Suite 203, Anchorage, Alaska 99503 FAX (907) 279-7997 Telephone (907) 276-0347

EB 27 1995

February 24, 1995

Honorable William Williams
Co-Chairman
House Natural Resources Committee
State Capitol
Juneau, AK 99801-1182

RE: CSSH-128(RES), Drilling Wastes

Dear Representative Williams,

On behalf of the Alaska Miners Association I wish to go on record in support of House Bill 128 dealing with discharge of drilling and other incidental wastes. This issue is very important for exploration, construction, landscaping, and any other commercial activity that results in disturbance of the ground.

This bill will correct a technicality in the existing statute and maintain the status quo regarding minimal discharges. Without the changes proposed in this bill, a special additional permit is required for any commercial activity that causes a surface disturbance. This would include water well drilling, mineral exploration drilling, construction foundations, landscaping, ditching, trenching and similar activities.

This is a prime example of an area where requirements exist that add to the permitting burdens for industry without providing any benefit. This is also the type of item that Governor Knowles has indicated he wants to see corrected. There is no evidence that there is a problem with these discharges. The status quo has worked for years without harm to the environment and changing the statute as proposed in this bill will keep the current practice in place.

Thank you for sponsoring this bill and we urge its rapid passage so the affected activities will not need to obtain a permit for the immediate future exploration and construction season.

Sincerely,

Steven C. Borell, P.E.
Executive Director

cc: Governor Tony Knowles

PAUL S. GLAVINOVICH
MINERALS CONSULTANT

PO Box 112016
Anchorage, Alaska 99511

Telephone
(907) 345-3646

February 24, 1995

Rep. Bill Williams, Chairman
House Resources Committee
Alaska State Legislature
Juneau, Alaska

Re: HB 128

Dear Representative Williams:

HB 128 will amend AS 46.03.100 to exempt certain activities associated with mineral exploration, construction, water well drilling and etc. from the requirement of obtaining a waste disposal permit. The activities so exempted represent no threat to environmental quality and had been ignored by DEC until 1994 when an environmental activist demanded this statute be enforced on all activities irrespective of environmental impact. DEC Southeastern Region's immediate and arbitrary response was extremely disruptive and had the potential to seriously delay, defer or cancel ongoing exploration activities.

I cannot believe that AS 46.03.100 was intended to include the minimal discharges associated with those activities addressed in your legislation. HB 128 corrects this oversight and provides very welcome regulatory relief with the attendant reduction in associated costs.

I strongly recommend the Committee's support for HB 128.

Sincerely,



Paul S. Glavinovich



AMERICAN ARCTIC CO.

P.O. BOX 61618 • FAIRBANKS, ALASKA • 99706 • PHONE (907) 451-4350 • FAX (907) 451-4356

FEB 16 1995

February 7, 1995

Representative Bill Williams
Co-Chairman, House Resources Committee

Dear Mr. Williams,

I whole heartedly support H.B. 128. I am a drilling contractor in Fairbanks, Alaska and understand the negative implications of selective enforcement of A.S. 46.03 100. The matter of permitting drilling waste water discharge is of great concern to me and others in the drilling fraternity in Alaska. H.B. 128 will help limit a statute written to broadly.

Sincerely,

Rocky MacDonald



ALASKA EARTH SCIENCES

February 27, 1995

Representative Bill Williams
Alaska State Legislature
State Capitol (MS 3100)
Juneau AK 99801-1182

Representative Williams,

I would like to express my support for House Bill No. 128, specifically the language which exempts mineral trenching and drilling from additional regulation. Certain language proposed as part of the Alaska DEC permit process would have provided unnecessarily burdensome controls over activities such as the discharge of minor flows of diamond-drill drilling water. Drill sizes and water flows are very small compared to oil and gas drilling, and in general mineral-drill discharge consists of water, rock dust, and heavily diluted drill additives which are environmentally benign.

As an active exploration geologist and a director of the Anchorage Branch of the Alaska Miners association, I will actively support regulations and procedures which will prevent, minimize, or reclaim unnecessary damage to the environment by mineral exploration or mining activities. I do, however, strongly object to overly complicated or burdensome regulation which serves no meaningful environmental purpose. In my opinion House Bill 128 forestalls potential regulation of this type.

Sincerely,

Toni K. Hinderman
Consulting Exploration Geologist



ON-LINE EXPLORATION SERVICES, INC.

11976 WILDERNESS DR. ANCHORAGE, AK 99516-2238
(907) 345-4815 (907) 345-1987 Fax

February 26, 1995

Rep. Bill Williams, Chairman
House Resources Committee
Alaska State Legislature
Juneau, Alaska 99801-1182

RE: HB 128

Dear Representative Williams:

Thank you for introducing HB 128. HB 128 will amend AS 46.03.100 to exempt certain activities associated with mineral exploration, well drilling or transportation from the requirements of obtaining a waste disposal permit. The activities listed in the bill create only minimal disturbances and are not a significant impact on the environment.

The State needs to encourage resource development, not require a permit for each stone overturned. Swift passage of the bill will affirm the State's commitment to encourage responsible resource development.

I wish to thank you and the Resource Committee for your efforts to ease unnecessary regulatory burdens and encourage the Committee's strong support for HB 128.

Sincerely,

Kevin P. Adler, P.E.
Vice President

★ 1975 *Serving Alaska for 20 years* 1995 ★

Resource Development Council

for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907/276-8700 Fax 276-3887

EXECUTIVE DIRECTOR

Decky L. Gay

HONORARY EXECUTIVE COMMITTEE

David J. Finkel, President
Luzanne Honick, Jr. Vice President
Scott L. Thomson, Vice President
Lyle von Burgon, Secretary
Allen Byngman, Treasurer
Jacob Arlene
Cynthia McKinley
Gerald G. Dooch
Kathy M. Campbell
James L. Cloud
John Forsythe
Margo Fry
Paul S. Gierowich
Lore L. Gross
Roger C. Harriss
Dan H. Koch
Jerome M. Saffy
John Sargison
William A. Thomas
Lance Usabish
James D. Waska

DIRECTORS

W.H. Abbott
Lene A. Anderson
Sharon E. Anderson
Erica Ballard
Richard F. Barrow
Mark Baych
William C. Behrns
R.G. "Dick" Byrdstone
Hes I. Mahood
James E. Carmichael
Thomas Cole
Marym Crockett
Larry Derwet
James G. Dore
James V. Dore
Paula F. Eassey
John A. S. Fulkow
Scott Gotschall
Annel Hall
John L. Harris
Robert S. Harfelo, Jr.
Joseph R. Hend
Karen J. Hufstad
William L. Kopper
David W. Hughes
Joe Jensen
John T. Kelley
John A. Landrum
Hole Lundford
Wayne Lavin
Dale H. Lindsay
Robert W. Lonscher
Carl H. Mays
Howard McWilliams
H. Raymond Measures
Charles "Flicky" Miller
B. M. "Pete" Nelson
John R. Norman
Walter O'Brien
Jaron Pincus
Kenneth E. Pienyhout
Kareem R. Pines
Stephen M. Reinberg
John A. E. Reuse
Cen Rusby
Wes Schuchert
George R. Schmidt
Thys J. Shaul
Herick "Harry" Springer
R.B. Sims
Michael S. Stone
Scott B. Thompson
Darryl D. Thomson
Craig M. Waco
J.C. Winkfield
George P. Zuerch

HONORARY DIRECTORS

Paul R. Hollenhorst
William A. Wood

EX-OFFICIO MEMBERS

Senator Ted Stevens
Senator Frank Miller
Congressman Don Young
Governor Tony Knowles

RDC Comments on HB 128 February 27, 1995

The Resource Development Council supports HB 128, "An Act relating to the disposal of wastes: giving the Alaska Oil and Gas Conservation Commission authority to regulate disposal in the annular space of an oil or gas well of drilling mud, cuttings, and nonhazardous drilling operation wastes, and exempting the disposal of those wastes from the requirement of a waste disposal permit issued by the Department of Environmental Conservation; and establishing an exemption from the requirement of obtaining a waste disposal permit from the Department of Environmental Conservation for certain activities that yield solid and liquid waste material discharges and cooling water discharges."

The Resource Development Council is a long-time proponent of providing a regulatory regime within the State of Alaska that ensures environmental protection while at the same time providing regulations that are realistic and necessary.

RDC supports HB 128, which would provide a general exemption for discharges which are incidental to activities such as mineral drilling and trenching, well drilling, or road and facility construction.

RDC is a statewide, membership-funded, non-profit, pro-development organization working on behalf of Alaska's basic industries, including oil and gas, mining, timber, fishing and tourism. RDC's membership includes the aforementioned industries, as well as the sectors which support those industries, such as construction, labor and other technical service providers, individuals, Native corporations, communities and a wide variety of Alaska interests.

Providing a general exemption for incidental discharges, not a point source, allows for environmental protection while reducing the regulatory burden on industries already complying with multiple regulatory and environmental permits and standards.

RDC comments on HB 128

February 24, 1995

Under existing law there are no provisions for an exemption regardless of how minimal or benign the deposit may be. Incidental discharge regulations may be administered inconsistently given changes in department personnel and political agendas. Providing the exemption in statute restores the status quo which has worked for years without harm to the environment and ensures that this exemption will not be at risk in the future.

It's important for the State to provide regulatory incentives to resource development activities. The industries which will be affected by this discharge exemption are vital to the economy of Alaska.

RDC believes HB 128 sends a refreshing message to Alaska's resource development community that the State of Alaska is cognizant of the burdensome nature and potential economic hardships environmental regulations can impose upon resource projects and to the private development sector in general.

RDC commends Representative Williams for a bill that makes good environmental, regulatory and economic sense. RDC hopes this bill is passed expeditiously by the Nineteenth Alaska State Legislature.

Thank you for the opportunity to submit comments on HB 128.

TESTIMONY OF THE
ALASKA OIL AND GAS ASSOCIATION
ON
CSSSHB 128 (Res) am, WASTE DISPOSAL PERMIT EXEMPTION
BEFORE THE
SENATE RESOURCES COMMITTEE
MARCH 22, 1995

Good afternoon. My name is Chris Phillips. I am Manager of Operations Engineering for Prudhoe Bay with BP Exploration (Alaska), Inc. I am here today representing the Alaska Oil and Gas Association as Chairman of the AOGA AOGCC Task Force.

The Alaska Oil and Gas Association (AOGA) is a trade association whose 18 member companies account for the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

AOGA supports the intent behind Sections 1 and 2 of the bill. Those sections relate to the regulation of the disposal of nonhazardous drilling operation wastes through the annulus of wells associated with the exploration and production of oil or gas. They would effectively transfer jurisdiction from the Alaska Department of Environmental Conservation to the Alaska Oil and Gas Conservation Commission. This adjustment of regulatory authority makes eminent sense. The Alaska Oil and Gas Conservation Commission is the regulatory agency with the greatest knowledge and experience with regard to regulating oil and gas operations in general, and with well-related disposal operations in particular. The Commission already regulates these

Alaska Oil and Gas Association
Testimony on CSSSHB 128 (Res) am
March 22, 1995
Page 2

wells for conservation and correlative rights purposes, has authority over underground injection operations, and has an established arrangement for working with the EPA. Thus, transfer of the jurisdiction will promote regulatory efficiency and effectiveness.

Section 3 of the bill creates certain exemptions from the permitting requirements of AS 46.03.100 (a). Although this section is not focussed on the oil and gas industry, it is relevant to our industry because the proposed new subparagraph AS 46.03.100(f)(1)(B) would create an exemption for certain discharges that arise from facility and road construction and maintenance, which are activities associated with oil and gas development. Although AOGA supports this exemption, its main concern is that, as stated, the statute could be interpreted as creating new permitting requirements. Thus, AOGA recommends that the Senate make two clarifying amendments to Section 3.

First, we recommend deletion of the lead-in phrase to the proposed new section (f), which reads "Except as to discharges arising out of exploration and development drilling for oil and gas resources..." This language is unnecessary because the exempted activities are specifically stated in the bill. In the absence of any clear import, there is a danger that the language could be construed as creating a new permitting requirement.

Alaska Oil and Gas Association
Testimony on CSSSHB 128 (Res) am
March 22, 1995
Page 3

Second, we recommend that language be added to make it explicit that the proviso in the proposed new subparagraph (f)(1)(B), which states that "the exemption provided under this subparagraph does not relieve a person from obtaining a permit under (a) of this section," is not interpreted as expanding the scope of permitting requirements under AS 46.03.100(a). This clarification can be simply effected by adding language such as the following on page 3, line 15 and 16 - "the exemption provided under this subparagraph does not relieve a person from obtaining a permit otherwise required under (a) of this section."

In combination, these two amendments would make clear that Section 3 of the bill creates exemptions only, and no new permitting requirements.

Thank you for the opportunity to comment.

Page 3 of 3

Alaska Oil & Gas Association

121 W. Fireweed Lane, Suite 207

Anchorage, Alaska 99503



907/272-1481



907/279-8114

Judy Brady, Executive Director - Marilyn Crockett, Assistant Executive Director - Ardie Gray, Public Affairs Manager - Thomas Rockhill, Administrator - Tamara Sheffield, Support Secretary

Date: 3/21 Total # of pages including cover sheet: 4

To: Annette Kreitzer

Company: _____

From: Ardie

MESSAGE: _____

If problems occur during transmission call 907/272-1481

(31) "oil and grease" means oil and grease as defined by the procedure used under 18 AAC 70.020(c);

(32) "pH" means the negative logarithm of the hydrogen-ion concentration, expressed as moles per liter: $pH = -\log_{10} (H^+)$;

(33) "point source" means a discernible, confined, and discrete conveyance, including a pipe, ditch, channel, tunnel, conduit, well, container, rolling stock, or vessel or other floating craft, from which pollutants are or may be discharged;

(34) "pollution" means the contamination or altering of state land or water in a manner that creates a nuisance or makes land or water unclean, noxious, impure, or unfit so that it is actually or potentially harmful, detrimental, or injurious to

(A) public health, safety, or welfare;

(B) domestic, commercial, industrial, or recreational use; or

(C) livestock, wildlife, or aquatic life;

(35) "residues" means floating solids, debris, sludge deposits, foam, scum, or any other material or substance remaining in a water body as a result of direct or nearby human activity;

(36) "secondary recreation" means recreation activities in which water use is incidental, accidental, or sensory; it includes fishing, boating, camping, hunting, hiking, and vacationing;

(37) "sediment" means solid material of organic or mineral origin that is transported by, suspended in, or deposited from water; it includes chemical and biochemical precipitates and organic material such as humus;

(38) "sheen" means an iridescent appearance on the water surface;

(39) "sodium adsorption ratio (SAR)" means the estimated degree to which sodium from a given water will be adsorbed in soil, as proposed by the U.S. Salinity Laboratory, U.S. Department of Agriculture, "Handbook 60"; it is expressed as the quotient of the sodium ion concentration and the square root of half the sum of the calcium and magnesium ion concentrations:

$$\frac{(Na^+)}{\sqrt{\frac{(Ca^{++}) + (Mg^{++})}{2}}}$$

(40) "spawning" means the process of producing, emitting, or depositing eggs, sperm, seed, germ, larvae, young, or juveniles, especially in large numbers, by aquatic life;

(41) "thermocline" means a layer of water between a warmer, surface zone and a colder, deep-water zone in a thermally stratified body of water, in which water temperature decreases rapidly with depth;

Alaska State Legislature

Committees:
House Resources
Co-Chairman
World Trade &
State Federal Relations
Transportation
Rules
Oil & Gas

Representative William K. Williams

During Session:
State Capitol
Juneau, AK 99801-1102
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

SPONSOR STATEMENT

CS SSHB 128 (RES)

The current language of AS 46.03.100 requires a permit for any disposal of solid or liquid waste into the waters or onto the land of the state. Under the existing law there is no provision for an exemption regardless of how minimal or benign the deposit may be.

Until recently, the Alaska Department of Environmental Conservation (ADEC) treated negligible discharges as if there were a minimal exemption in the statute. Presently, the department is in the process of considering a general permit that would apply to "mine drilling exploration, water well drilling and monitoring well drilling" (Proposed permit #9540-DB001). It is not apparent that the department is contemplating regulations that would apply to other industries which would be affected if the current law was followed to the letter.

CS SSHB 128(RES) would provide in statute a general exemption for discharges which are incidental to activities such as mineral drilling and trenching, well drilling, or road and facility construction when the discharge is not directly into the surface waters of the state. This would restore the status quo which has worked for years without harm to the environment.

CS SSHB 128(RES) also eliminates current dual jurisdiction over the disposal of oil field drilling wastes into the annular space of wells in the oil fields. Currently, both ADEC and the Alaska Oil & Gas Conservation Commission (AOGCC) regulate this activity. In 1992, the Interstate Oil & Gas Compact Commission recommended that the regulation of annular disposal be consolidated under the AOGCC. Sections 1 & 2 of CS SSHB 128(RES) would accomplish that goal.

CS SSHB 128(RES) is an important step in reaching the oft-repeated goal of minimizing unnecessary regulatory burdens on Alaska's resource development industries. I urge its speedy passage.

**CS SSHB 128(RES) am
Waste Disposal
Permit Exemption**

Sectional Analysis

Section 1 of the bill amends AS 31.05.030(e) to give authority to the Alaska Oil & Gas Conservation Commission to regulate annular pumping.

Section 2 of the bill amends AS 46.03.100(d) to exclude annular pumping from the permitting authority granted to the Department of Environmental Conservation by AS 46.03.100(a).

Section 3 of the bill adds a new subsection to AS 46.03.100 establishing an exemption from the requirement of obtaining a permit for the incidental discharge of solid and liquid waste materials and certain water discharges arising from mineral drilling, trenching, and ditching; landscaping; water well drilling, geophysical drilling and coal bed methane drilling; and certain construction activities within the state.

To qualify for the exemption, the discharge must be incidental to the activity and the activity must not produce a discharge from a point source directly into the surface waters of the state.

Under this bill, bilge pumping is exempt providing it conforms to current U.S. Coast Guard standards. Engine cooling water discharges are also exempted by the bill.

NOTES TO DECISIONS

Quoted in *State v. Anderson*, 749 P.2d
1342 (Alaska 1988).

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

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

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

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

(3) on the expiration or cancellation of the surety bond, guarantee, or insurance agreement.

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

(d) This section does not apply to injection projects permitted under AS 31.05.030(h).

(e) A person who applies for a solid waste permit under this section shall demonstrate to the satisfaction of the commissioner that the applicant has reasonably considered all solid waste management options and that the permit would be consistent with the practices and priorities established under AS 46.06.021. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976; am § 9 ch 93 SLA 1981; am § 4 ch 91 SLA 1984; am § 3 ch 88 SLA 1990)

Revisor's notes. — Subsections (b) and (c) were formerly (c) and (b), respectively. Relettered in 1987.

Cross references. — For further requirements for persons submitting proof of financial ability under this section, see AS 46.03.833.

Effect of amendments. — The 1990 amendment added subsection (e).

Opinions of attorney general. — This section confers upon the Department of Environmental Conservation permit authority over dredge or fill activities, including residential subdivisions, within

wetlands, estuaries, and inland and coastal marshes periodically inundated by discernible bodies of fresh or salt water upland from the mean high tide line to the extent of the aquatic or salt water vegetation line. November 13, 1975 Op. Att'y Gen.

Dredge or fill activities in coastal and fresh water wetlands shoreward to the aquatic vegetation line do result in the disposal of solid waste material into the waters of the state within the meaning of this section and thus, to the extent that these activities are of a commercial or in-

Alaska Oil and Gas Conservation Commission
3001 Porcupine Drive
Anchorage, Alaska 99501

Phone: (907) 279-1433

Fax: (907) 276-7542

Facsimile Cover Sheet

To: Jack Phelps
Representing: c/o Rep. Williams
Phone:
Fax:

From: David W. Johnston
Title: Alaska Oil and Gas Conservation
Commission
Phone: 907-279-1433
Fax: 907-276-7542

Date: 24/02/95

**Pages including this
cover page:** 8

Comments: Enclosed are the few pages from the Interstate Oil and Gas Compact Commission's report on Alaska's Oil and Gas Waste Management programs. The recommendation concerning annular disposal is on page 11, Recommendation I.9.

I bring a copy of the entire document with me. See you next week.

ALASKA STATE REVIEW

**IOGCC/EPA STATE REVIEW OF OIL AND GAS EXPLORATION
AND PRODUCTION WASTE MANAGEMENT REGULATORY PROGRAMS**



**A PROJECT OF THE
Interstate Oil and Gas Compact Commission**

DECEMBER 1992

INTRODUCTION

This report contains the findings and recommendations of a six-person team appointed by the Interstate Oil and Gas Compact Commission (IOGCC) to review components of the regulatory programs of the state of Alaska that pertain to the management of wastes derived from the exploration and production (E&P) of crude oil and natural gas. The review was coordinated by the IOGCC in cooperation with the United States Environmental Protection Agency (EPA) and other interest groups.

BASIS FOR THE REVIEW: The primary basis for the Alaska review is the EPA/IOCC Study of State Regulation of Oil and Gas Exploration and Production Waste, hereinafter, referred to as the "IOGCC Guidance" or "IOGCC Guidelines". The review team evaluated Alaska's E&P waste regulatory programs against the guidelines and criteria listed in the IOGCC Guidance. However, the review team also had some latitude to make inquiries, findings, and recommendations beyond the specific guidelines and criteria contained in the IOGCC Guidance. These outside comments are identified as such in the report. The Guidance deals only with E&P waste identified as exempt from Subtitle C of the Resource Conservation and Recovery Act (RCRA). Since the potential exists for non-exempt waste to be commingled with exempt waste at E&P sites, steps should be taken to prevent such mixing. This issue is not the subject of this report.

The ultimate purpose of the review was to identify strengths and recommend improvements for the state's E&P waste regulatory programs. Because it is not intended to be a detailed review of the effectiveness of Alaska's E&P waste program, the review did not include an evaluation of site-specific case studies or environmental data. The review (and the criteria upon which it is based) is more of an evaluation of whether the state has certain elements of an E&P waste regulatory program than it is a determination of the extent of which the Alaska program is protective of human health and the environment.

Ground rules for the Alaska review were established by an IOGCC steering committee comprised of state environmental and oil and gas regulatory officials, representatives of industry and environmental organizations, and officials of interested federal agencies. Members of the review team, official observers of the reviews, rules of participation, and guidelines for preparation of the draft and final reports were approved by the steering committee.

CONTENTS OF THE REVIEW: A questionnaire (see Appendix B), based primarily on criteria listed in the IOGCC Guidance, was developed by the steering committee and used as a focal point for the Alaska review. The questionnaire touched only briefly on E&P waste management issues that were not addressed in the administrative and technical criteria of the IOGCC Guidance. Those practices and issues excluded are:

- Technical requirements for injection wells regulated under the federal Safe Drinking Water Act (SDWA);
- Effluent limitations for discharges to surface waters regulated under federal Clean Water Act's National Pollutant Discharge Elimination System (NPDES) permits;
- Monitoring and regulation of naturally occurring radioactive materials (NORM) in oil field wastes; and
- Air emission from oil field wastes or waste management facilities.

Questions concerning injection wells and NPDES-permitted discharges were limited, both in the questionnaire and during the in-state review, to how the regulatory programs for those practices interface with other E&P waste management practices.

The review team focused its evaluation on Alaska's regulatory requirements for onsite disposal of drilling and production wastes and offsite treatment and disposal facilities. The review addressed management of those wastes in onsite pits, one-time land application, burial, roadspreading, commercial drilling mud pits, commercial soil farms, surface facilities at commercial disposal wells, solid waste landfills, and crude oil and tank bottom reclamation plants.

Statutory and administrative components of the Alaska programs, including staffing and funding levels and enforcement activities, were assessed against applicable criteria in the IOGCC Guidance. How Alaska's programs interface with federal programs applicable to E&P wastes was also reviewed.

REVIEW TEAM MEMBERSHIP: The review team chosen for the Alaska review included: Mr. William R. Bryson (review team chairman), State of Kansas, Corporation Commission; Mr. James E. Erb, Commonwealth of Pennsylvania, Department of Environmental Resources; Ms. Patti Saunders, Alaska Center for the Environment; Mr. Michael Stottner, State of California, Department of Conservation, Division of Oil & Gas; Mr. Bob Lipchak, ARCO-Alaska, Inc.; and Ms. Janie Nelson, State of Wyoming, Oil and Gas Conservation Commission. Observers included: Mr. Curt Eilo, EPA Region 10; Mr. Bill Hochholser, U.S. Department of Energy, Office of Fossil Energy; Mr. David Lowe, BP Exploration; and Mr. Jim Roderick, Public Awareness Committee for the Environment-Cook Inlet Vigil. Others present included Mr. Jerry R. Simmons, IOGCC staff; Ms. Bronda Craiger, IOGCC staff; Mr. Dennis Ruddy, U.S. Environmental Protection Agency, Office of Solid Waste; and Mr. M.G. "Marty" Mafford, IOGCC contractor.

WHERE AND HOW THE REVIEW WAS CONDUCTED: The Alaska review was conducted in Anchorage, Alaska at the Alaska Oil and Gas Conservation Commission (AOGCC) offices on July 13-17, 1992. Mr. David Johnston, Oil and Gas Conservation Commission Commissioner was responsible for AOGCC staff's responses to the questionnaire and review panel questions, and provided members of his staff as necessary during the review process. Mr. Glenn Miller, Alaska Department of Environmental Conservation (DEC) was responsible for DEC staff's responses to the questionnaire and review panel questions, and provided members of his staff as necessary during the review process.

The review was conducted by discussing the answers in the questionnaire provided to the review team by AOGCC, DEC and DNR. Prior to beginning each section of the questionnaire, the appropriate staff member would give an overview of the topic to be discussed (i.e., permitting, enforcement, technical requirements, etc.). Each review team member was responsible for leading the questioning and ensuing discussion for particular topics. Observers were also permitted to ask questions throughout the review. At the end of each day, the review team and observers identified issues raised during the daily sessions.

The review team prepared a list of findings and areas of concern. On Friday, July 17, 1992, an exit interview was conducted with each agency to inform them of the review team's preliminary findings, including positive aspects and areas of concern.

Each review team member was assigned one or more sections to prepare into draft report. The review panel met again on September 21-25, 1992, to complete the draft report. Once completed, the draft report was distributed for review and comment to all participants in the review, including the Alaska regulatory officials and review observers. The review panel met on November 8-10, 1992 to consider all comments and to prepare a final report.

The review team reached consensus on most of the findings and recommendations contained herein. In areas where consensus was not achieved, appropriate entries have been made in the report.

OIL AND GAS PRODUCTION AND WASTE MANAGEMENT IN THE STATE OF ALASKA

The first commercial oil production occurred in the Katalla field in the Gulf of Alaska, which was discovered in 1902. The field was abandoned in 1933, after processing 154,000 barrels of oil, when the refinery burned. Modern day production began with the discovery of the Swanson River field on the Kona Peninsula in 1957 (Cook Inlet Area) and the Prudhoe Bay field in 1967 (North Slope Area).

The State of Alaska owns 30 percent of the land in the state. This includes all of the North Slope oil fields, as well as most of the Cook Inlet fields. Thus, the State of Alaska is involved in oil and gas exploration and production waste management both as a regulatory agency and as a landowner.

In 1991 Alaska produced 16.4 million barrels of oil from the Cook Inlet fields and 685 million barrels from the North Slope fields. Cook Inlet production peaked at 83 million barrels in 1970 and the North Slope peaked at 744 million barrels in 1988. The North Slope fields produced a peak of 2.1 trillion cubic feet (tcf) of natural gas in 1991; all but 248 billion cubic feet (bcf) was reinjected to maintain pressure and improve ultimate recovery. All gas produced is utilized or returned to the reservoir on the North Slope, as there are no pipelines carrying gas to other markets. North Slope gas production started with the Barrow field which was discovered in 1949. Cook Inlet gas production began from Swanson River in 1958 and peaked at 311 bcf in 1990. The 1991 production was 308 bcf. Gas from the Cook Inlet Area goes to Anchorage, Kenai and other South Central Alaska communities. It is also used to produce ammonia and urea as well as being exported as LNG to Japan. Alaska currently has 1,572 producing oil wells and 108 producing gas wells. Currently, Alaskan oil fields produce nearly 25 percent of domestic production.

No information about reserves was provided to the review team; however, production from Cook Inlet fields is expected to decline from approximately 39,000 barrels per day (b/d) in 1992 to 17,000 b/d in the year 2000. The North Slope fields will decline from 1,700,000 b/d in 1992 to an estimated 100,000 b/d in the year 2016, depending on the economic limits of the fields, and assuming no other discoveries are made and developed.

Alaska currently has 613 injection wells, of which 34 are Class II disposal wells and 579 are enhanced recovery (EOR) wells. Twenty-four disposal wells were active at the end of 1991, injecting 125,683,277 barrels of produced water in that year. In 1991, approximately 830,193,000 barrels were reinjected into producing formations through EOR wells. In addition, 999,700 barrels of fluid associated with North Slope operations were disposed of into Class I non-hazardous/industrial wells at Pad 3. Data on volumes of waste disposed into reserve pits or through permitted NPDES

discharges were not made available to the review team. Volumes were also not available for burial and landfilling practices on the North Slope, although the volume was characterized as a "small amount."

Major sources of groundwater are from alluvial deposits in the Kona Peninsula (Cook Inlet). On the North Slope, no fresh groundwater zones have been identified in oil and gas fields. The Swanson River field is located in a federal wildlife refuge on the Kona Peninsula. Only a small portion of Alaska's oil and gas production activities are conducted on privately owned lands.

E&P waste management practices in Alaska have been changing in the last few years. Over the past five years, the industry-state relationship on the North Slope has matured into a more cooperative, proactive and open approach to solving problems. This relationship has been possible because of the small number of operators, all of whom are major oil companies that have adequate multidisciplinary personnel resources to deal with Alaska environmental regulations and problems.

The acceptability of some longstanding practices has been rethought by industry, state and federal agencies. New technologies for waste treatment and disposal are being developed. As these new technologies come on line, old practices are being phased out. For instance, on the North Slope, muds, cuttings and some associated waste are now being ground and injected, replacing above ground reserve pits, which have in the past been the primary method of disposal. Also, prior to 1988, the general practice was to discharge the liquid fraction in the pits (consisting of snow melt and some free liquids in the wastes) to the adjacent tundra. This practice was conducted pursuant to DEC wastewater permits, but without federal NPDES permits. These liquids are now disposed of in injection wells.

Although not prohibited by regulation, above-grade pits, tundra discharges and roadspreeding of pit liquids have not been authorized on the North Slope since 1988. The use of reserve pits for E&P waste management continues on the Kona Peninsula, although roadspreeding of pit liquids was discontinued in 1988, as it was on the North Slope.

Non-commercial E&P waste management facilities such as tank batteries, reserve pits and EOR/disposal wells are used in both the North Slope and Cook Inlet Areas. Neither producing area has commercial E&P waste management facilities, nor are there any roadspreeding or landfarming operations.

EPA and DEC have signed a Memorandum of Agreement pursuant to which DEC conducts certain aspects of the RCRA hazardous waste program in Alaska. Alaska does not have RCRA Subtitle C primacy. EPA also retains authority for the Clean Water Act's NPDES wastewater discharge program, while DEC manages a state water quality program.

FINDING 1.7.

Consistent with IOGCC Guideline 3.1, Title 46 of Alaska Statutes sets forth DEC's programs for environmental protection. AS 46.03.010 is a declaration of the state's policy to protect the environment and the health and welfare of the people of Alaska.

FINDING 1.8.

The declaration of policy in AS 46.03.010 is an outstanding example of the goal statement called for by IOGCC Guideline 3.2.

DEC administers the following technical criteria relevant to:

- | | |
|-------------------|-----------------------------------------------|
| 18 AAC Chapter 50 | Air quality control |
| 18 AAC Chapter 60 | Solid waste management |
| 18 AAC Chapter 62 | Wastewater disposal |
| 18 AAC Chapter 70 | Water quality standards |
| 18 AAC Chapter 72 | Hazardous waste |
| 18 AAC Chapter 75 | Oil and hazardous substance pollution control |
| 18 AAC Chapter 80 | Drinking water standards |
| 18 AAC Chapter 85 | Radiation protection |

FINDING 1.9.

Annular disposal of wastes is regulated by DEC's wastewater program, while injection of wastes through tubing into Class II wells is controlled by AOGCC.

RECOMMENDATION 1.9.

To maximize efficient and effective use of resources, especially in light of fiscal and staffing shortfalls, and to take advantage of existing technical expertise, AOGCC and DEC should consider unifying administration of the annular disposal and UIC programs under AOGCC using an MOU or other such delegation. (IOGCC Guidance 3.1.e.)

Issue Paper

Minor Discharge and Disposal Regulatory Issues

A.H. Clough- DCED- DED

8 September, 1994

Background:

The Alaska Department of Environmental Conservation (ADEC) has recently changed how it regulates incidental discharges from mineral related drilling. This occurred during the spring of 1994 in response to AJ Mine opponents complaints to the SE Region of ADEC.

The crux of this regulatory issue is 18 AAC 72.500. This statute is under the nondomestic wastewater section of the Alaska Administrative Code. The code, under 18 AAC 72.500, cites restrictions on nondomestic wastewater disposal. It states; "A person who disposes of nondomestic wastewater into or onto land, surface water, or groundwater in Alaska must have a permit issued by the department (ADEC) for that disposal."

The Waste Disposal Permit process is provided under Sec. 46.03.100. Waste Disposal Permit; (a) "A person who conducts an operation that results in the disposal of a solid or liquid waste material or heated process or cooling water into the waters or onto the land of the state shall procure a permit from the department before disposing of the waste material or water. The permit shall be obtained for direct disposal and for disposal into publicly operated sewerage systems." It is important to note that under 46.03.100 both liquid and solid waste discharge and disposal is to be regulated.

Until these issues were raised by AJ mine opponents various activities which resulted in minor discharges of either solid or liquid waste were treated as insignificant by ADEC and ignored. Examples of such diminutive activities include; mineral drilling, marine bilge pumping, roadway construction and maintenance, along with other routine construction and maintenance activities.

The scope of these disposal issues were discussed in detail with ADEC in Juneau on several occasions. Participating in discussions were ADEC, the Department of Commerce and Economic Development (DCED), the Division of Governmental Coordination (DGC), and the Department of Law (DoL). The Department of Law maintained that under the statute (18 AAC 72.500) no diminutive exemption existed

and that ADEC must require a permit for all discharges, no matter how minor or insignificant. However, DoL allowed that a "0" discharge situation did not require a permit.

Thus far, the only activity which ADEC has chosen to enforce this statute on is drilling by mining companies. Furthermore, this requirement has only been selectively applied to Echo Bay Alaska's AJ project. Even more disturbing, contemporaneous with the development of this issue, at a construction site adjacent to the ADEC Juneau office significant drilling, blasting, pile driving, and other excavations which clearly had significant discharge and disposal of both liquid and solid waste were ongoing. The similarities of these activities to the mineral related drilling by Echo Bay was noted to ADEC. Nevertheless, no effort was made by ADEC personnel to require a permit for the adjacent construction activities. This selective enforcement of statute and regulation is an example of government at its worst. Such actions are against equal protection under the law doctrine and clearly contrary to good public policy. That such a duality of enforcement has developed readily demonstrates that something is fundamentally wrong with the strict application of the statute along with subordinate regulation and enforcement.

Mining companies, or others, may claim exemption from the statute and regulation by maintaining "0" discharge during drilling. However, total "0" discharge is likely rarely obtained; due to leaking of drill string joints, fluids lost during core retrieval and such. Further, it is doubtful that construction related excavations could be considered for a "0" discharge exemption from 18 AAC 72.500.

As indicated, this statute and regulation are not being applied to any other interest such as marine bilge pumps along with construction and maintenance activities. This is not just a mining issue. Clearly, any activity which results in the discharge of solid or liquid waste are at issue. The only statutory exemption is for domestic wastewater. It is not certain whether the domestic exemption would be applied to the drilling of domestic water wells or not.

Issue:

Various construction, mining related, marine related, and other routine activities clearly result in relatively small discharge and disposal of solid and liquid waste to land and/ or waters of the state. These waste fall into three main categories: either water (usually on-site derived with or without any suspended solids or additives), on-site derived soil, and on-site derived rock. Further, the clean fill material commonly used for various construction purposes represents a similar discharge/ disposal situation under the current statute. In

essence it is not possible to drill a hole, excavate a trench, or pump a bilge without some level of discharge and disposal. Such discharged and disposed materials are typically of locally derived natural materials, are non-toxic, and any additives are benign (for example, the common polymer additive used in mineral related drilling is approved by the US EPA for potable water well drilling). These diminutive discharge and disposal practices present no significant environmental hazard. In recognition of these situations such discharges and disposals have not previously been regulated.

Discussion:

The enforcement undertaken by ADEC on this issue is highly selective. SE Region indicated that unless a complaint is lodged, such as the case with the AJ Mine opponents, that ADEC will not go looking for compliance or violations: an arbitrary "don't ask- don't tell" type policy. This policy is clearly evident by the total disregard of the discharges related to the construction site adjacent to ADEC headquarters. Contemporaneous with the "don't ask- don't tell" policy ADEC indicated they would be investigating the development of a general permit or other similar mechanism to deal with the regulation of minor discharges. Work is apparently being done by ADEC on the development of a General Permit. However, neither DCED or industry representatives have been asked to participate in the GP development at this time. Therefore, the status of the General Permit project is unknown.

Clearly, the current selective enforcement policy of ADEC is not acceptable. Three viable options seem available concerning resolution of the discharge permit issue.

First, individual or project wide permits could be sought by mining companies (or any other activity which results in a discharge) as the need arises. This is not a workable situation. In addition to the time required by any applicant to apply for and receive such permits, the staff time, costs and commitment by ADEC could be much better utilized on more pressing issues. Requiring and enforcing such restrictions could effectively delay any and all activities which discharge. The "0" discharge argument could be advanced, but as already indicated actual "0" discharge is nearly impossible to attain in a field situation: especially in the case of any excavations.

Secondly, a general permit could be developed by ADEC and then used to allow diminutive activities. This represents an improvement over the project permitting but still requires development of the GP as well as a permitting process for diminutive activities. A GP may be a workable system but it still represents another layer of bureaucracy

and regulatory interference which is likely not necessary. As with individual and project wide permits, a GP still requires significant staff time and effort to regulate and enforce activities which clearly do not need such scrutiny. For these reasons a general permit approach is not favored. Nevertheless, the development and implementation of a general permit may be useful as an interim measure awaiting a statutory change.

Finally, statutory change could be granted to eliminate the problem. Such a statutory approach is the most desirable "fix" although it will undoubtedly require a concerted effort to move the necessary legislation through the Alaska legislature and the Governor. The statutory fix represents the best way to eliminate the problem. A statutory change would be envisioned to define diminutive activities along with allowable exemptions. This would eliminate the subjectiveness of the current system, not result in expanded or redirected bureaucracy thus responding in a positive manner to industry, government, and citizen needs. All this can be accomplished without adding additional bureaucracy and layers of permitting process. Finally, the statutory changes can clearly define activities which do require additional oversight as well as those which clearly do not.

Recommendations:

Pursuing a statutory change is the preferred course of action. A statutory change is recommended for several reasons. First of all, maintaining the status quo is simply not workable. It places any activity which requires a discharge/ disposal open to litigation by project opponents. The second option, that of a general permit, represents a great improvement over the current situation still requires a permitting process for insignificant activities and does not represent either a business, government, or public friendly system. The statutory change results in fixing the problem, allowing certainty of activities, and brings all the stake holders into the issue. Such statutory changes should be actively sought during the 19th Legislature.

ALASKA MINERALS COMMISSION

1995 REPORT TO THE GOVERNOR AND ALASKA STATE LEGISLATURE

DIMINUTIVE DISCHARGES

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

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

THE COMMISSION RECOMMENDS THAT:

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

HB

140

Revision Date: _____ Dept. Affected: Revenue
 Title: Small Fish Processor Surety Bonds BRU: Audit Operations
 Component: Income and Excise Audit
 Sponsor: Rep. Austerman
 Requestor: (H) FSH COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE:	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current (FY95) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Barnhart, Security Director *Robert N. Barnhart* Phone: 465-2320
 Division: Income and Excise Audit Date: 2/9/95
 Approved by Commissioner: *[Signature]* Date: 2/9/95
 Agency: Department of Revenue

PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO MEMBERS, LEGISLATIVE OFFICE
 For further distribution information call the Legislative Office

Bill Analysis

This bill reduces the amount of surety bond required for small fish processors that process 30,000 pounds or less of fish a year from \$10,000 to \$2,000. Processors who initially filed a \$2,000 bond under this bill and then process more than 30,000 pounds of fish in a year are required to notify the Department and comply with the \$10,000 bond requirement.

In lieu of the surety bond, small processors may file a cash deposit or other negotiable security acceptable to the Department in the amount specified for the bond.

Operating Costs

Department of Revenue does not anticipate any additional operating costs for implementing the provisions of this bill. This bill only affects the dollar amount of surety bonds required for small processors and will not establish new filing requirements for processors.

Revenue

This bill does not impact revenue because surety bonds, cash deposits and other negotiable securities filed under the surety bond program are filed as security and held in trust for the period of time specified under statutes.

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC DEVELOPMENT

P.O. BOX 110804
JUNEAU, ALASKA 99811-0804
PHONE: (907) 465-2017

DCED Comments on House Bill 140

This bill reduces the amount of surety bond required for small fish processors that process 30,000 pounds or less of fish a year from \$10,000 to \$2,000. Processors, who initially filed a \$2,000 bond under this bill and then process more than 30,000 pounds of fish in a year, are required to notify the department and comply with the \$10,000 bond requirement.

The purpose of the bond is to protect fishermen and processing workers from processing companies that do not pay them in full at the end of the fishing season. The bond payment is made to the Department of Revenue and, according to agency officials, is rarely activated.

Changes in market conditions and fishery management have caused many fishermen to consider marketing their own fish. One of the biggest impediments to the development of these entrepreneurial enterprises are the costs of permits, licenses and bonding requirements which were designed for compliance by large processing companies. Furthermore, operations that process less than 30,000 pounds of fish annually are likely processing the fish harvested by their own fishing operation and bonds posted to protect them from nonpayment to themselves would be rendered meaningless.

HB 140 will significantly help reduce capital investment costs for small direct marketing operations and increase their likelihood for success.

SENATE COMMITTEE REPORT

DATE: 3/14/95

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-24-95

Resources Committee considered CS FOR HOUSE B'LL NO. 140(FSH)

"An Act relating to surety bonds required of certain fish processors."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical change

new: SCR* _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>					
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
CHAIR: <i>[Signature]</i>	✓				

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>Revenue</i>	<i>2/92</i>	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill



REPRESENTATIVE ALAN AUSTERMAN Alaska State Legislature

P.O. Box 2368, Kodiak, Alaska 99615 (907) 486-5930 • Session: State Capitol, Juneau, Alaska 99801 465-2487

SPONSOR STATEMENT

HB 140 - "SMALL FISH PROCESSOR SURETY BONDS"

February 14, 1995

House Bill 140 reduces the surety bond or cash deposit that small processors pay to the Department of Revenue if the processor processes 30,000 pounds of fish or less annually. These businesses would otherwise have a \$10,000 surety bond obligation or cash deposit.

HB 140 is an economic development bill for Alaska. It benefits the smallest of potential fish processing operations by lowering the bond amount from \$10,000 to \$2,000, and thereby providing an incentive for value-added businesses to establish themselves in the fishing industry.

This bill originated from a SWAMC resolution which later passed unianimously as an AML resolution. The AML version revised the annual poundage to 100,000 pounds.

Sponsor Statement



Southwest Alaska Municipal Conference

Putting Resources to Work For People

3300 Arctic Blvd., Suite 203 • Anchorage, Alaska 99503 • (907) 562-7380 • FAX (907) 562-0438

RESOLUTION 94-19

A RESOLUTION REGARDING BONDING REQUIREMENTS FOR SMALL PROCESSORS

Whereas, communities in Southwest Alaska are involved in the seafood and fishing industries and;

Whereas, declines in fish prices have forced fishermen to look for alternative markets or processes that would allow for higher prices for their fish and;

Whereas, the amount of bonding required by the State of Alaska is the same for a small processor as a large processor and;


Whereas, small processors do not have the same financial resources as large processors and;

Whereas, allowing a lesser amount of bond for small processors would alleviate much of the financial burden to mom and pop processing operations and;

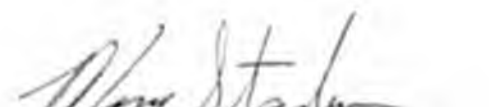
Be It Resolved that a small processor that processes 30,000 lbs. or less of fish a year shall pay a \$2,000 bond to the State of Alaska and;

Be It Further Resolved that SWAMC respectfully requests its legislators to introduce and push legislation for the bond requirement for small processors.

PASSED AND APPROVED BY THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE
THIS 19th DAY OF SEPTEMBER, 1994.



Jack McFarland, President



Mary Stadum, Executive Director

94-19-194-19

Support Letter

Representing the Bristol Bay, Pribilof, Kodiak Island and Aleutian Island areas.



217 Second Street Suite 200 • Juneau Alaska 99801 • Tel: (907) 586-1325 Fax: (907) 586-5487

February 9, 1995

TO: Representative Alan Austerman
Chairman, Fisheries Committee

FROM: *Kevin C. Fitchie*
Executive Director

RE: HB 140 - Surety Bonds Required of Certain Fish Processors

Attached please find a copy of the Alaska Municipal League Resolution 95-19 regarding bonding requirements for small processors. This resolution passed at the Alaska Municipal League Conference in November 1994

A revision was made to the resolution on the floor of the annual meeting to change the number from "30,000 pounds to 100,000 pounds or less of fish a year" There were no objections

The League supports allowing a lesser amount of bond for the smaller fish processors because they don't have the financial resources of the larger processors

2 (A) kg/3 HB140 lz

Support Letter

Resolution of the Alaska Municipal League

Resolution No. 95-19

A RESOLUTION REGARDING BONDING
REQUIREMENTS FOR SMALL PROCESSORS

WHEREAS, communities in Alaska are involved in the seafood and fishing industries; and

WHEREAS, declines in fish prices have forced fishermen to look for alternative markets or processes that would allow for higher prices for their fish; and

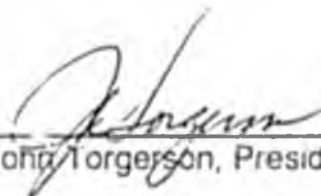
WHEREAS, the amount of bonding required by the State of Alaska is the same for a small processor as a large processor; and

WHEREAS, small processors do not have the same financial resources as large processors; and

WHEREAS, allowing a lesser amount of bond for small processors would alleviate much of the financial burden to "mom and pop" processing operations:

NOW, THEREFORE, BE IT RESOLVED, that a small processor that processes 100,000 pounds or less of fish a year shall pay a \$2,000 bond to the State of Alaska.

BE IT FURTHER RESOLVED that the Alaska Municipal League respectfully requests its legislators to introduce and push legislation for the bond requirement for small processors.



John Torgerson, President

ATTEST



Kevin C. Ritchie, Executive Director