

ALASKA LEGISLATURE COMMITTEE FILES

1997-1998

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HOUSE RESOURCES

HCR

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Official Business

COMMITTEES
Natural Resources
Legislative Council

Alaska State Legislature

Office of World Trade And State/Federal Relations

REPRESENTATIVE
RAMONA L. BARNES
District 22

SPONSOR STATEMENT

CS HCR 1 (WTR)

CS HCR 1 (WTR) urges the establishment of a stable fiscal and regulatory environment in order to provide the best opportunity for a new LNG project to be economically viable and attractive. To ensure economic viability, a huge volume of 14 million metric tons of gas must be sold per year. The proposed LNG project would transport and market the North Slope gas resource in the Asian Far East market. It is believed there exists an opportunity in 2005 when demand in that market will rise enough to accept the volume of gas which this project will provide. A critical element is the likelihood Alaska's huge volume of gas could be displaced from the market for many years if smaller, more easily placed projects come on line first.

CS HCR 1 (WTR) encourages the Governor to work with North Slope leaseholders as well as the Legislature, the federal government and Congress to develop and complete the LNG project.

The Governor is asked to work with leaseholders to develop a contract for execution with those who appear likely to become sponsors of the project. The contract would point out the nature, degree and duration of fiscal terms for the project and contractually guaranteeing the terms. The contract would be submitted to the Legislature for ratification. The Governor would also provide the Legislature with enabling legislation to authorize the State of Alaska to formally enter the contract.

The Legislature encourages potential sponsors of the LNG project to find suitable measures to support and encourage Alaska businesses and residents to participate in construction and operation of the project.

If built, the project would also be constructed so as to enable the marketing of gas to Alaska communities.

The Governor is asked to work with leaseholders and Alaska's Congressional delegation to identify appropriate federal action to help expedite the project. He is also asked to identify and report to the Legislature, the form of participation in the project by the State of Alaska.

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*Department of Revenue
Summary of Outstanding Area of Disagreement
on Proposed Memorandum of Understanding
(As of February 11, 1997)*

What is the disagreement all about?

How far should the State go in trying to guarantee fiscal certainty? Exxon would like the State to commit in the Memorandum of Understanding that any fiscal certainty deal we make will do all of the following:

- Freeze the rates for severance taxes and royalties for the oil produced from Prudhoe Bay
- Freeze the property tax rates relating to the facilities now operating to produce oil
- Freeze the corporate income tax rates relating to the existing operations at Prudhoe Bay
- Modify and then freeze the rates for the severance taxes and royalties applicable to the gas that will be produced and marketed as a result of the gas project
- Modify and then freeze the property taxes that would apply to the new facilities that would be constructed for the gas project

The State, ARCO and BP believe the parties should not try to pursue certainty beyond the last two items. They believe that any "certainty" should be confined to the taxes and royalties on the gas and the property taxes on the new facilities to produce and market the gas.

Exxon says it will not sign a Memorandum of Understanding that doesn't at least keep the issue of taxes on oil and oil facilities open for discussion. The State, ARCO and BP are willing to accept a Memorandum of Understanding that keeps the discussions open.

The State, ARCO, BP and Exxon have each offered different proposals expressing this concept. Exxon has rejected the State's and ARCO's proposals. Exxon is still thinking about BP's proposal. The State requested that ARCO, BP and Exxon negotiate among themselves to reach agreement before coming to the State with a new proposal. The State is now waiting for the Producers to do so. It is our understanding that ARCO and BP are waiting to hear Exxon's latest position to the compromise language they have offered.

Alaska North Slope Gas Project

Major Project Steps

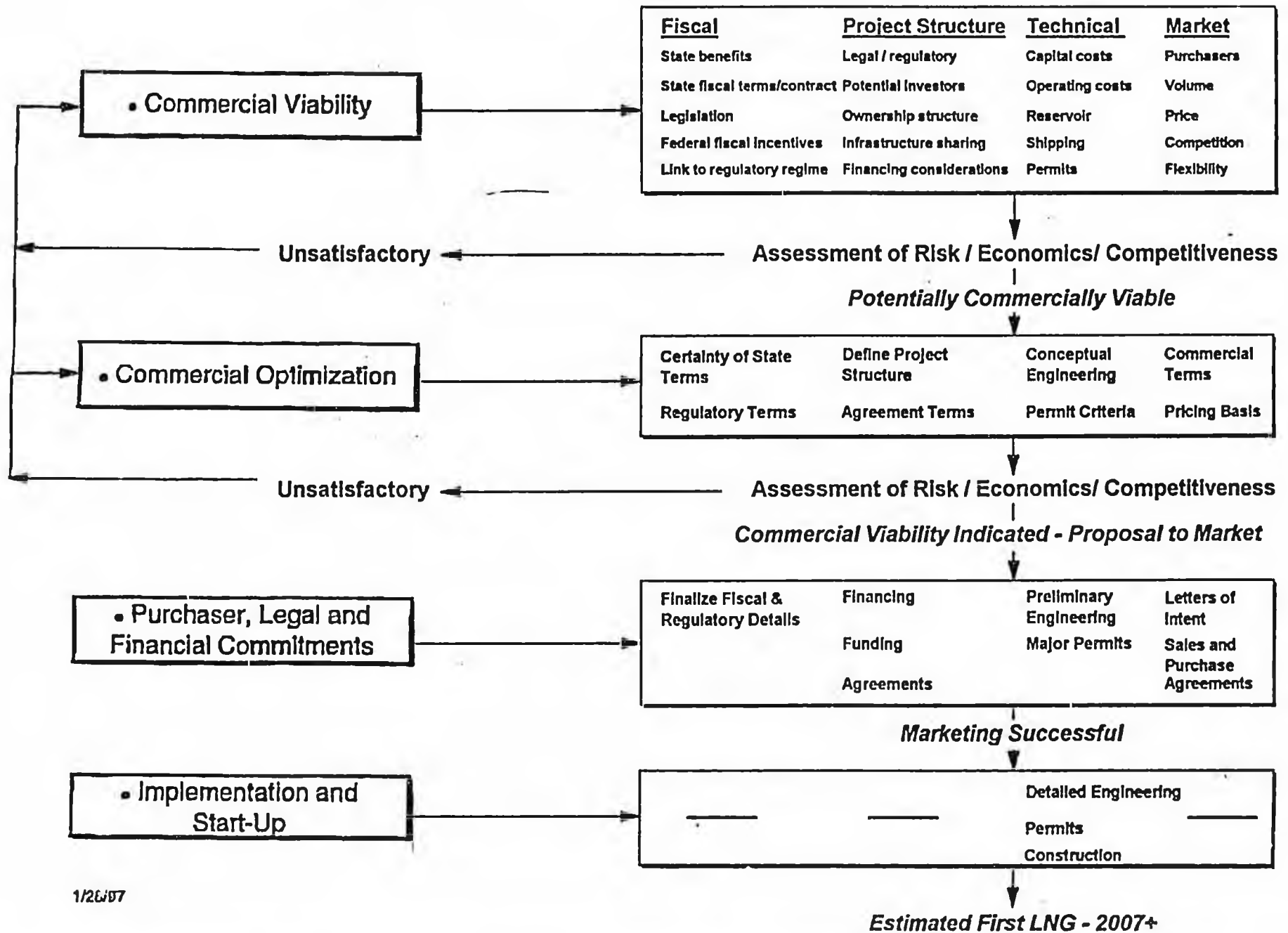
The accompanying chart shows the project steps in four major blocks. Within the blocks are some of the more significant activities that must be accomplished in order to advance the project to the next level of completion. Exxon's estimate of a success case is for LNG production to begin in 2007 or later depending on the time required to successfully work through the upper two blocks on the chart.

The time needed to accomplish the upper two blocks is more difficult to estimate given the particular conditions surrounding the Alaska North Slope Gas Project. The Project is not commercially viable today. The State Administration, the State's consultant, Pedro van Meurs, and the producers all agree on this point, Project costs must be significantly reduced. In order to provide for a long-term stable and appropriate fiscal and regulatory environment, the State's fiscal system as it applies to the project must be altered by legislation and some applicable regulatory provisions must be modified. Federal incentives may be needed, requiring action by Congress. Also, the State's role in the project must be determined. These are complex issues which must be thoughtfully dealt with. It is possible that market conditions, inability to reduce costs significantly enough, or inadequate fiscal/regulatory terms would not permit the project to become commercially viable. In such case activities in the first or second block would need to be readdressed and the process recycled as indicated by the arrows pointing to the left of the chart.

The time needed to accomplish the lower two blocks on the chart is estimated to require 7 to 9 years depending on permit conditions, sales and other agreements, and financing. Construction "risks" are not so much time related as cost-overrun related.

Exxon is working hard to advance the Alaska North Slope Gas Project as are Arco and BP. Activities planned for 1997 will address the more significant project issues. We look forward to working in a cooperative vein with the Alaska Administration and the Legislature on those issues requiring State action.

ALASKA NORTH SLOPE GAS PROJECT MAJOR PROJECT STEPS



North West Shelf Project

- 1971** Initial Discovery
- 1977** Development terms agreed with Government
- 1980** Construction begins - Domestic Gas
- 1984** First gas to domestic market
- 1985** Construction begins - LNG Plant
- 1986** LNG tankers ordered
- 1988** First LNG tanker floated
Pre-commissioning work on LNG plant starts
- 1989** First LNG shipment

OPERATING ENGINEERS APPRENTICESHIP PROGRAM

The Operating Engineers Apprenticeship Program is a 6,000 hour program with a total of 432 additional hours of related instruction time. A person has the choice of applying as a Heavy Duty Mechanic or a Heavy Equipment Operator, but not both. To receive information on applying to our program, the candidate may call our office at 561-5044 or come into one of our offices in Anchorage, Palmer, Fairbanks or Juneau. We take applications only once a year, usually in October. However, we advertise for a month prior to that at all of the unemployment offices across the state and in the major newspapers.

At the present time we have 53 apprentices of which 60% are minorities, including 30% Alaska Natives.

Our program is registered with the Bureau of Apprenticeship and Training, U.S. Department of Labor and is governed by their regulations.

January 24, 1997

The Honorable Ramona Barnes

Dear Ms. Barnes:

The Alaska Operating Engineers Training Site is located at 11 mile Palmer/Wasilla Highway. Our multi-million dollar facility is situated on 63 acres of land with two major training buildings along with almost any type of construction equipment. It is the only heavy equipment training school in the State of Alaska.

Our training staff holds classes for approximately 8 months out of the year. We have approximately 2200 members statewide who use our training on a regular basis. Our classes run from 8 hour refresher classes to 6 week classes. Since we own or have at our request any piece of equipment it would take to build a gas pipeline for the construction phase, we could train a large number of people at any given time, depending on what the union company or contractor wanted.

We cannot make a journeyman out of an apprentice in a short period of time, which is true of all of the other unions, also.

The International Union of Operating Engineers, also, has an equipment training program with Job Corp in Palmer and twelve other Job Corp sites in the "Lower 48."

Enclosed please find a list of the classes, which we give at our training site and a short description of our apprenticeship program.

If you have any questions, please feel free to call me at (907) 561-5044.

Sincerely,

Curtis Hall

Curtis Hall
Administrator

For info

ALASKA OPERATING ENGINEERS

TRAINING TRUST

CLASSES

1. HazMat: 40 hour.....6 certified instructors.
 - a. Respiratory protection
 - b. HazCom Standard
 - c. Toxicology
 - d. Personal protective equipment
 - e. Bloodborne pathogens
 - f. Site control
2. Supervisory HazMat: 40 hour.....6 certified instructors.
 - a. Site safety health plan
 - b. ES&H regulations
 - c. Emergency response
 - d. Monitoring
 - e. Confined space entry
 - f. Decontamination
3. Refresher for both HazMat and Supervisory HazMat.
4. OSHA 500 classes.
5. TAPS Block I & II.
6. Trench safety.
7. First call.
8. First aid/CPR.
9. Wheel & tire safety.
10. Advanced mechanics' classes (transmissions, engines).
11. Advanced operators' classes.
12. Welding & certification.

Alaska Operating Engineers Training Trust
List of Classes (continued)

13. Beginning & advanced electrical classes.
14. Preparation class for state electrical certification.
15. CDL with HazMat...shipping, packing, AND receiving.
16. Crane: Crane certification
 - a. Hoisting, sheeting, clamming, and bailing.
 - b. Two-week prep class for CCO test.
17. Grade checking & advance grade checking....40 hour and 80 hour.
18. 6.5 pickup classes...(same as Alyeska's fleet) with computer transmission.
19. Vehicle electrical class.
20. Blade class with lazer.
21. Forklift training & refresher class.
22. Safety class for crane (2 hours each):
 - a. Overhead cranes.
 - b. Jibs and lifts.
 - c. Aerial lift bucket & platform.
 - d. Cranes, derricks, and hoist
 - e. Welding, cutting.
 - f. Fire watch.
23. Power house operators..(we have a complete power house with all switch gear with 2 175 KW generator sets.)
24. Service oiling & rig oiling classes.
25. HazWoper...8 hour and refresher classes.
26. 8 hour PAT System for mechanics & operators on the new DS350 GW LMI Warning System.
27. Full apprentice training program.

ALASKA OPERATING ENGINEERS/EMPLOYERS TRAINING TRUST

LOCAL 302 JOURNEYMEN CLASSES

(We could, possibly teach basic Safety Classes with approval).

OPERATORS' CLASSES

Loader
Scraper (paddle wheel, push-pull, twin engine)
Dozer
Blade
Cranes (overhead, lattice & squirt boom)
Roller
Backhoe (rubber & track)
Crusher
Paving Equipment
Draglines

MECHANICS' CLASSES

Engines
Transmissions (truck & equipment types)
Hydraulics
Welding (gas & arc)
Advanced Welding
Basic Electrical
Basic Field Mechanics (undercarriages, etc.)

It is against the law for us to teach anybody other than members in these classifications. We are a Trust and the members of Local 302 own the equipment. We could teach ONLY safety classes to non-members.

If our Board of Trustees gave their approval, we could help out with the following classes:

- First Aid/CPR
- Boat Handling
- Noise, Hearing Conservation
- Respiratory Protection
- Mobile Crane Safety and Rigging
- Overhead Cranes, Jibs & Lifts Safety
- Commercial Driver's License Training

Again I would like to stress these classes can be taught only with the approval of the Board of Trustees.

Respectfully Submitted,

Curtis Hall
Administrative Coordinator

Morrison/Canadian 88 28 (Continued from p. 1)

Canadian 88 stock. Morrison closed Jan 27 at \$10.30/share, down 5 cents, in Toronto Stock Exchange trading.

While the prospect of success for Canadian 88's bid is uncertain, several analysts said one thing appeared clear: Morrison will soon not resemble the company it was at the start of the year. "The company has to do something," said Smith Barney's Kurt Wulff, whether it is taken over, merges with another producer, or makes a big change in its capital structure.

A "white knight" has yet to show itself, and analysts said time is getting short, as Canadian 88's bid expires Feb 7. Rumors have centered on another Alberta producer stepping to the table. "It's a strong market for companies and for properties, and there's a big company on the table," said Wood Gundy analyst Peter Linder. "So there's a lot of interest."

Canadian 88 president Greg Noval said the company has no intention of extending its offer past the original 21 days or increasing the cash price. "Ten dollars is a clear knock-out punch, and that's our offer," said Noval, who has just wrapped up a tour of major US and Canadian cities presenting the offer to institutional shareholders. Canadian 88 has control of 8% of Morrison shares.

Noval said Morrison's statement rejecting the takeover offer acknowledges the compatibility of the two companies. "They've admitted what a nice couple we'd make walking down the aisle," Noval said. He referred in particular to a statement that read: "The offer does not reflect the strategic value of Morrison's assets to Canadian 88, especially in view of Morrison's large land holdings located near Canadian 88's Waterton property and Morrison's nearby Coleman gas plant."

Morrison also calls the bid "opportunistic. It seeks to exploit the recent technical difficulties encountered at Morrison's Racehorse Creek property and the fact that new drilling and test results are not expected until early March 1997."

The option of creating a royalty trust, which would deliver the bulk of earnings and cash flow directly to shareholders, is a viable alternative to the Canadian 88 offer, analysts said. Scott Inglis of FirstEnergy Capital Corp said there are few better ways of maximizing the value of the company, if the market is able to absorb the trust.

He estimated Morrison could be worth at least C\$12/share (\$8.90) as a royalty trust, even though some of its reserves have a relatively short lifespan. Morrison has already spun off a natural gas processing plant and a British Columbia pipeline into an income trust, a transaction that will net it C\$180-million (\$133.4-million) when it closes Jan 28. —Peter Zipf, with Gary Park in Calgary

Alaska LNG warning: pick up the pace

Anchorage—State Rep. Ramona Barnes (Republican-Anchorage) is warning North Slope oil and gas producers not to drag their feet on a gas pipeline project to Valdez as she pushes for the Alaska legislature to officially back the project.

Barnes, who chairs the House Special Committee on World Trade and State/Federal Relations, said Alaska might miss opportunities to sell gas to Asian countries if projects elsewhere are developed first.

Last week, Barnes' committee passed House Concurrent Resolution 1, which calls for Alaska officials to provide a fiscal and regulatory environment that would give the proposed new LNG project the best chance to become economically viable in time to bring product to market by 2005. The project would include a gas pipeline for transporting more than 26 Tcf of natural gas from Alaska's North Slope to tidewater and a liquefaction plant to prepare the gas for transport to market by tanker.

"We see a window of opportunity existing for Alaska gas by 2005 and 2007 at the latest," Barnes said in an interview Jan 24. "We feel those commitments must be in place and signed so consumers in Japan, Korea and Taiwan know the gas will be coming in a timely manner."

The resolution essentially urges holders of the North Slope gas leases, Arco Alaska Inc, BP Exploration (Alaska) Inc and Exxon Co USA, to sign an agreement developed by the Knowles administration several weeks ago for all the parties to work together on the LNG project.

Barnes said the House Resources and Special Oil & Gas committees will take up the resolution in a joint hearing Jan 28, and hopefully, it will come to the House floor for a vote by Jan 31.

Meanwhile, Barnes is researching whether the state could take back Alaska gas leases from companies that dawdle on the project. Barnes made the comments at a Jan 22 legislative hearing where the state unveiled the latest drafts of agreements between the state and companies involved in

the gas project.

Barnes said she was directing her remarks at Exxon representatives at the hearing. "Arco is ready to sign and BP has indicated to expect the go-ahead in two to three weeks," Barnes said. "But Exxon has indicated that they have problems with certain aspects of the agreement."

"From time to time, people have to be motivated," Barnes said. "I just know there's a time for us to get into the gas market, and if we don't get there, we're in serious trouble."

Exxon spokesman Bob Davis said the company is working with Alaska on the project and has fulfilled all its lease obligations and duties. The problem with the proposed pipeline and LNG facility, Davis said, is that the project is not yet commercially viable.

"It may become viable, through a combination of improved fiscal terms, improved market terms and reduced costs," Davis said. "We've been, and continue to be, prudent in seeking ways to commercialize North Slope oil and gas." Project costs have been estimated at \$15-billion.

Barnes accused Exxon of holding up the deal in favor of other Exxon projects.

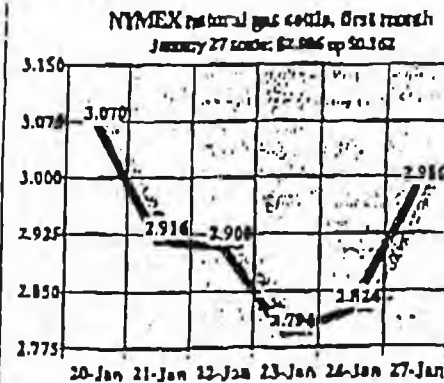
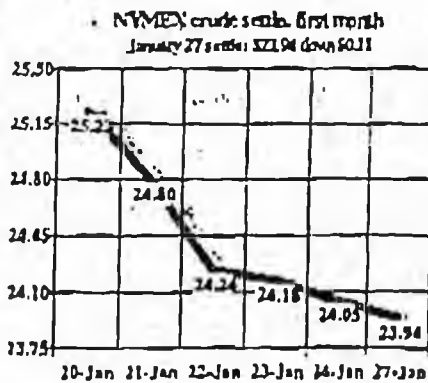
The Alaska Constitution provides that Alaska's resources be used for the maximum benefit of the people," she said. "Gas sitting in the ground is not benefiting the people of Alaska. If Exxon chooses to continue on this path, then we would have to look for ways of taking those gas leases away from Exxon to maximize their use for the people of Alaska."

Davis said Exxon has other gas projects elsewhere that could compete with Alaska and that each project has to stand on its own.

Yukon Pacific Corp, a company owned by CSX Corp, has most of the major permits needed for the pipeline, but still needs to work out deals with producers and buyers. Jeff Lowenthal, Yukon Pacific's president, said he believes Barnes' efforts are likely to help move the project along.

—Rose Ragsdale

What crude and natural gas markets are doing...



**MEMORANDUM OF UNDERSTANDING RELATING TO THE
PROPOSED ALASKA NORTH SLOPE GAS PROJECT
AMONG THE STATE OF ALASKA, ARCO ALASKA, INC.,
BP EXPLORATION (ALASKA) INC., AND EXXON COMPANY, U.S.A.**

This is a Memorandum of Understanding (Memorandum) among the State of Alaska, acting through the executive branch of state government (State), and the three largest working interest owners in the Prudhoe Bay Unit, ARCO Alaska, Inc., BP Exploration (Alaska) Inc., and Exxon Company, U.S.A. (Producers), who are some of the potential sponsors of a North Slope gas project. (Together the State and the Producers are referred to as the Parties.)

I. INTRODUCTION

The Parties wish to pursue establishing a viable project to produce gas from the Alaska North Slope and to transport that gas to markets in the Far East ("Alaska North Slope Gas Project" or "the Project") and thereby realize value for the Parties' respective interests in that gas. The Parties intend to take a series of actions, both separately and together, to pursue the Alaska North Slope Gas Project.

In addition to potential public and private revenue, the construction and operation of the Alaska North Slope Gas Project offers the possibility of a significant number of jobs for Alaskans and natural gas for Alaskan communities.

The three Producers are pursuing their private economic interests with respect to this Project. The State is charged with pursuing and protecting the public interest and promoting the public benefits pertinent to this Project. The Parties will explore the steps they can take individually and together to harmonize the Producers' private interests and the State's public interest relating to the Project.

The Parties recognize that the State and the Producers have a contractual relationship through the lease of State lands. The Producers have the right to continue to hold their leases so long as they operate those leases prudently and produce oil and gas from them with reasonable diligence. The State believes the Producers are currently complying with these obligations.

The Parties agree that the following constitute the latest assumptions pertinent to the Project:

1. The most recent capital cost projection (excluding interest during construction) is about \$15 billion in 1995 dollars;
2. The prevailing nominal market price for liquefied natural gas (LNG) delivered to Far East markets in 1995 dollars is about \$3.50 per million BTUs; and
3. The LNG product volume tentatively planned for the Project (about 14 million metric tons of LNG per year) is as follows: 2-3 million metric tons of LNG during the first year of operation, increasing by 2-3 million metric tons per year until the full volume is reached in the sixth year of operation, continuing at that volume for the life of the project.

The Parties believe the Project's chance of success will be enhanced if:

1. The Project can be constructed for substantially less than the projections specified above.
2. The LNG from the Project can be marketed for prices substantially above the price prevailing during 1995.
3. The full volume of LNG available from the Project can be placed in the market more rapidly than in the schedule set forth above.
4. The Project is subject to an appropriate fiscal and regulatory environment that is stable and certain over a long period.

Version: January 22, 1997

The State's current fiscal system applicable to a project of this type includes a royalty interest, production tax, property tax, conservation and surcharge tax, and corporate income tax (Project State Fiscal System).

The Parties will examine whether modifications to the Project State Fiscal System might significantly improve the economic feasibility and competitiveness of the Project. The Producers represent that such modifications may be necessary to make the Project either economically feasible or competitive in the market or both. If any of these propositions is true, then modifications to the Project State Fiscal System might be necessary for the State to receive value for its interest in the North Slope gas resource.

Any changes to the Project State Fiscal System must be consistent with the public interest and the legislature's duty to provide for the use, development, and conservation of all natural resources belonging to the State for the maximum benefit of its people.

The State has retained a consultant, Pedro Van Meurs and Associates, to evaluate the Project State Fiscal System and, if appropriate, to make recommendations for possible changes in that system to enhance the possibility that the Project will be built.

The major purposes of this Memorandum are to assist (1) in evaluating the need for and, if needed, the timing of modifications to the Project State Fiscal System; (2) if appropriate, in developing proposals for modifications to the Project State Fiscal System; (3) if appropriate, in compiling the information base required for the responsible deliberation and debate that such proposed changes would occasion; (4) in setting the framework for future discussions and joint work to enhance the possibility that the Project will be built; and (5) in pursuing the best interests of the State.

The major issues that may affect the Project's viability are its economic feasibility and its ability to compete with other proposed LNG projects, other non-LNG energy projects that might serve Far East markets, and other investment opportunities available to potential Project sponsors. The contributing factors include:

1. The projected costs of the Project and means for reducing those costs;
2. The market terms, conditions and opportunities available for the Project;
3. The federal, state, and local tax and state royalty obligations of the Producers and of potential Project sponsors;
4. The stability and certainty of the Project State Fiscal System;
5. The public costs and benefits of the Project; and
6. The legal requirements applicable to the Project, including federal, state, and local regulations, permits, and licenses

II. PROJECTED COSTS AND COST REDUCTIONS

The Parties recognize that the current cost estimate of about \$15 billion in 1995 dollars (excluding interest during construction) is subject to a great deal of uncertainty and that the actual cost of constructing the Project might be considerably lower or higher than this estimate.

The Parties recognize that determining a reliable cost estimate will be a critical step in developing the Project. A reliable cost estimate will be essential to conclude successfully the sales contracts necessary to support the Project and attract capital investment to the Project.

The Parties recognize that the potential Project sponsors would have to spend a large sum of money to develop a reliable cost estimate and that this money would not be recouped if the

Project is not constructed. The Producers will continue their work to reduce the uncertainty in their estimates and find cost savings for the Project.

III. MARKET TERMS, CONDITIONS AND OPPORTUNITIES

The Parties recognize that a viable Project offers many potential benefits to buyers and governments in the Far East. These benefits may include the opportunity to:

1. Further diversify the buyers' supply portfolios with an LNG source that has stable political institutions and geopolitical characteristics different from the majority of their current sources;
2. Reduce balance of payment surpluses with the United States and gain consequent political benefits; and
3. Invest in and provide some of the important components of the Project.

The Parties recognize there are other potential projects competing for a place in the Far East markets and the possibility of successfully completing this Project will be increased by advancing it as far as possible in the eyes of potential LNG purchasers toward the front of the queue of potential projects. The Parties believe that reducing costs and increasing fiscal and regulatory certainty may assist in advancing this Project's place in the queue of potential projects. The Parties further recognize that forecasts of demand for natural gas and LNG in Far East markets generally show annual increases for the next twenty years. Based on these forecasts, the Parties agree that opportunities for placing LNG in Far East markets are expected to continue to grow in the twenty-first century. The Parties recognize that ultimately the market will dictate the need for and timing of the Project.

The Parties further recognize that if this project could be developed and marketed with larger product volumes, its economic feasibility would be greatly enhanced. Conversely, if this Project could be developed cost effectively with smaller product volumes its marketability, and hence its economic feasibility, would be greatly enhanced.

The Producers will make regular contact with potential LNG buyers and pertinent government officials in the Far East to apprise them of the progress of the Project. The Producers will continue to promote interest in the success of the Project.

IV. THE STATE FINANCIAL MODEL

The State has developed a financial model to use for public discussion of the Project's economic feasibility. The model is available for public inspection and is subject to modification as appropriate. The model permits the Parties and the public to analyze the effect changes in the following factors have on the economic feasibility of the Project:

1. State and Federal fiscal terms;
2. Debt-equity ratios;
3. Return on debt;
4. Return on equity;
5. Required project rates of return;
6. Capital and operating costs;
7. Time to place the full LNG volumes in Far Eastern markets;
8. Full LNG Project volume,
9. LNG market prices; and
10. Reduced oil recovery as a result of a gas sale.

V. STATE FISCAL MODIFICATIONS

The Parties recognize that changes in the Project State Fiscal System may be necessary or advisable for two reasons. First, such changes may be required to make the Project economically feasible and hence able to attract the necessary capital investments. Second, such changes may be necessary for the Project to successfully compete for a place in the market against other proposed LNG projects or other potential energy sources for the pertinent Far East markets.

The Parties will examine whether changes in the Project State Fiscal System will significantly improve the economic feasibility of the Project or significantly improve the competitiveness of the Project in its ability to secure a place in the Far East markets. The Parties recognize that an evaluation of the Project State Fiscal System in relation to the Project will be facilitated by a frank and open exchange of information.

The Parties recognize that the appropriateness of proposed changes to the Project State Fiscal System must be evaluated by examining whether the changes would be socially responsible, given the strain on public services the Project would create, by considering the non-renewable nature of the resources the Project would exploit and by considering the benefits the State and its citizens would receive from the Project. The Parties recognize that any changes to the Project State Fiscal System must maximize the expected benefit of Alaska North Slope gas resources for the people of Alaska.

Where the Parties conclude that a change in the Project Fiscal System would (1) significantly improve the viability or competitiveness of the Project; (2) be socially responsible; (3) maximize the expected benefit of Alaska's North Slope gas resources for its people; and (4) enhance the Project sponsors' shareholder value, the Parties agree to work together in an effort to develop appropriate proposed legislation and to take other actions needed to effect such change. If appropriate, the State will assess the Project's socioeconomic effects on the people of the State.

Finally, the Parties agree that, where possible, modifications to the Project State Fiscal System should be able to respond to variations in the Project's profitability -- where, for example, lower energy prices (or higher costs) produce lower profits or higher energy prices (or lower costs) produce higher profits -- and to adjust the State's share in the economic benefits of the Project accordingly, while Project sponsors retain upside profit potential commensurate with the risks they are undertaking.

Possible changes to the Project State Fiscal System the Parties might consider include:

1. Tax and royalty offsets for early expenditures prior to Project commitment;
2. Accelerated capital depreciation;
3. Investment credits;
4. Deferrals of or reductions in royalties and certain taxes;
5. Recognition of losses in wellhead revenue for royalty payments by either an offset or carry forward of those losses;
6. Profit based taxes and royalties; and
7. Coordination of tax and royalty provisions with the Project tariff arrangements.

If the Parties agree it is necessary or appropriate, the State will work with local governments

regarding how modifications to property taxes may enhance the Project's chance of success.

VI. STATE FISCAL STABILITY AND CERTAINTY

The Parties recognize that due to the anticipated length of time between many of the Project's enormous capital expenditures and the receipt of significant Project revenues, and the Project's need for a reliable revenue stream over a long period, it is likely that potential sponsors will require assurance that the Project State Fiscal System will not change adversely over a significant part of the life of the Project. The Parties also recognize that the Constitution of the State of Alaska imposes some limits on the ability of the State to commit itself irrevocably to certain levels and kinds of taxation. The Parties agree to search for suitable measures within the pertinent Constitutional framework to achieve the fiscal stability and certainty the Project requires.

The Parties also recognize that they can increase the fiscal stability and certainty surrounding the Project by, among other things, agreeing to dispute settlement procedures and clear definitions of tax and royalty obligations, common carrier requirements, tariff methodology, and other regulatory obligations before the Project commences.

VII. RELATIONSHIP WITH THE ALASKA LEGISLATURE

Since the Alaska Legislature must determine whether to modify the Project State Fiscal System, the Parties will keep appropriate members of the Alaska Legislature informed of their respective efforts on the Project. Further, the Parties will develop and provide information to assist in the public discussion and debate occasioned by any proposed modifications to the Project State Fiscal System.

By HJR 54, the Alaska Legislature established an interim working group. This group is scheduled

to report to the House and Senate Resources Committees by February 1, 1997 on the status of efforts to advance exports of Alaska North Slope gas to Far East markets. The group also is to report on any proposed legislative actions appropriate to those efforts. The executive branch and the Producers will work individually and together to ensure that the Alaska Legislature's interim working group created by HJR 54 is kept apprised of the efforts of the Parties, has the information it requires to do its work, and is supported in its efforts in any other appropriate manner.

VIII. HIRING ALASKANS

The Parties recognize that an important potential benefit of the Project is the employment of Alaska residents and Alaska businesses in the construction and operation of the Project. The Parties recognize that Alaskans expect a strong "Alaska-hire" effort for the Project. The Parties are determined to find suitable measures to successfully ensure that a maximum number of Alaska residents and Alaska-based businesses are hired to construct and operate the Project while recognizing that, in order to assist in achieving a commercially viable Project, there will be a need for competitively priced goods and services. The Parties agree that clearly defining who qualifies as an Alaska resident or Alaska business will help this effort.

IX. ENVIRONMENTAL INTEGRITY, HEALTH, SAFETY AND NATURAL GAS AVAILABILITY FOR ALASKAN COMMUNITIES

In addition to public revenue and employment within the State, other important public interests that would be affected by the Project must be considered. They include:

1. Protection of the environment;
2. Protection of the health and safety of workers and the public; and
3. Providing natural gas to Alaskan communities.

The Parties agree to search for suitable measures to ensure that, if the Project is constructed:

1. Its construction and operation will properly protect Alaska's environment;
2. It will be constructed and operated in a manner that properly protects the health and safety of workers and the public; and
3. Where economically, technically, and legally feasible, it will be configured and operated so that natural gas can be marketed to Alaskan communities.

X. THE POTENTIAL EFFECT OF PERMITTING REQUIREMENTS AND DELAYS

The Parties recognize that permitting requirements and delays may affect the viability of the Project. The Parties intend to search for suitable and mutually agreeable measures to aid Project viability while still protecting essential regulatory goals such as environmental quality and the health and safety of all Alaskans.

XI. FEDERAL ACTIONS THAT MIGHT ASSIST THE PROJECT

The Parties recognize that there may be some steps the Federal government could take to improve the economic feasibility and competitiveness of the Project. These steps include, for example, potential changes to federal laws and regulations relating to taxes and permitting requirements. The Parties intend to evaluate these potential changes, including federal fiscal modifications such as:

1. Investment and other tax credits;
2. Accelerated depreciation;
3. Sharing of tax revenues with the State of Alaska; and
4. Authorizing tax free bonds for the Project.

Based on these evaluations, the Parties may encourage federal policy makers and agencies to pursue selected federal changes.

XII. YUKON PACIFIC CORPORATION

Yukon Pacific Corporation (YPC) is a business unit of CSX Corporation and managing general partner for Yukon Pacific Company, L.P. Since 1983 YPC has been engaged in the preliminary design and permitting of facilities very similar to the facilities needed for the Project that is the object of this Memorandum. In carrying out this work, YPC has contacted pertinent government officials and policy makers in this country and potential LNG buyers and pertinent government officials in Asia. The Project may or may not fit closely with the rights-of-way, permits, approvals, and licenses that have been obtained by YPC for its proposed facilities. Nevertheless, the Producers, at an appropriate time, will evaluate YPC's existing work to determine whether there are acceptable, cost-effective means to use the work to add value to the Project; and where there are acceptable, cost-effective means to use the work, the Producers will endeavor to do so. Further, the Parties recognize that success in developing and marketing Alaska North Slope natural gas requires that interested parties emphasize the merits and benefits of any project proposed to achieve that objective.

XIII. MAJOR GAS SALE INCENTIVE STUDY

The State has prepared an analysis of the relative incentives for each of the major Prudhoe Bay producers to engage in a Major Gas Sale (MGS). Each Producer has had an opportunity to review this analysis to ensure that it accurately reflects the impacts of the Prudhoe Bay Unit Operating Agreement and related amendments pertaining to an MGS. The State has concluded that the Producers among themselves have similar incentives for an MGS, and the Producers agree with this conclusion.

XIV. LIMITATIONS

The Parties intend to work together to accomplish the steps outlined in this Memorandum of Understanding. However, this document does not commit any Party to invest or participate in the Project, or create any legally enforceable rights or obligations. The Parties recognize that a future change in circumstances may alter any Party's current intentions or willingness to participate as contemplated by this Memorandum of Understanding.

DRAFT

**MEMORANDUM OF UNDERSTANDING RELATING TO A
PROPOSED ALASKA NORTH SLOPE GAS PROJECT
BETWEEN THE STATE OF ALASKA AND
YUKON PACIFIC CORPORATION**

- I. INTRODUCTION**
- II. PROJECTED COSTS AND COST REDUCTIONS**
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**MEMORANDUM OF UNDERSTANDING RELATING TO A
PROPOSED ALASKA NORTH SLOPE GAS PROJECT
BETWEEN THE STATE OF ALASKA AND
YUKON PACIFIC CORPORATION**

This is a Memorandum of Understanding (Memorandum) between the State of Alaska, acting through the executive branch of state government (State), and Yukon Pacific Corporation (YPC), a business unit of CSX Corporation and managing general partner of Yukon Pacific Company, L.P. (Together the State and YPC are referred to as the Parties.)

I. INTRODUCTION

The Parties wish to pursue establishing a viable project to produce gas from the Alaska North Slope and to transport that gas to markets in the Far East ("Alaska North Slope Gas Project" or "the Project"). The Parties intend to take a series of actions, both separately and together, to pursue an Alaska North Slope Gas Project.

In addition to potential public and private revenue, the construction and operation of the Alaska North Slope Gas Project offers the possibility of a significant number of jobs for Alaskans and natural gas for Alaskan communities.

The State recognizes that since 1983 YPC has been engaged in preliminary design, permitting and marketing for a specific North Slope Gas Project, the Trans-Alaska Gas System (TAGS). YPC recognizes that the State, at this time, does not support a specific North Slope Gas Project, but instead must seek to realize value from the natural gas that has been discovered on the Alaska North Slope. The Parties will endeavor to find acceptable, cost-effective means by which the TAGS proposal can be coordinated with other potential Projects.

The State recognizes that YPC, with some conditions, has secured or completed the following in its efforts to promote TAGS:

1. Presidential approval of gas exports as required under the Alaska Natural Gas Transportation Act;
2. A Project-wide Environmental Impact Statement;
3. A right-of-way grant for Ahtna lands;
4. A right-of-way grant for federal lands;
5. A right-of-way grant for State lands;
6. Department of Energy authorization for North Slope gas exports;
7. An Environmental Impact Statement for the Anderson Bay LNG facilities and marine terminal site;
8. Federal Energy Regulatory Commission approval of Anderson Bay as an export site (YPC believes this is an exclusive license);
9. Contacts with customers, trading companies and market country governments;
10. Memoranda of Intent with Korea Gas Corporation and Chinese Petroleum Corporation for purchase volumes of LNG from a North Slope Gas Project;
11. A financial feasibility and financing plan with CS First Boston dated June 24, 1996; and
12. The creation and funding of an environmental oversight group called the TAGS Environmental Review Committee.

YPC is pursuing its private economic interests with respect to TAGS. The State is charged with pursuing and protecting the public interest and promoting the public benefits pertinent to a North Slope Gas Project. The Parties will explore the steps they can take individually and together to harmonize YPC's private interests in TAGS and the State's public interest in a North Slope Gas Project.

The Parties recognize that the State and the North Slope producers (Producers) have a contractual relationship through the lease of State lands. The Producers have the right to continue to hold their leases so long as they operate those leases prudently and produce oil and gas from them with reasonable diligence. The State believes the Producers are currently complying with these obligations.

The State believes that the following constitute the latest assumptions pertinent to the Project:

1. The most recent capital cost projection (excluding interest during construction) is about \$15 billion in 1995 dollars;
2. The prevailing nominal market price for liquefied natural gas (LNG) delivered to Far East markets in 1995 dollars is about \$3.50 per million BTUs; and
3. The LNG product volume tentatively planned for the Project (about 14 million metric tons of LNG per year) is as follows: 2-3 million metric tons of LNG during the first year of operation, increasing by 2-3 million metric tons per year until the full volume is reached in the sixth year of operation, continuing at that volume for the life of the project.

YPC believes that the Project's economics should be assessed using different assumptions. Nevertheless, the Parties agree that the Project's chance of success will be enhanced if:

1. The Project can be constructed for less than the projections specified above.
2. The LNG from the Project can be marketed for prices above the price prevailing during 1995.
3. The full volume of LNG available from the Project can be placed in the market more rapidly than in the schedule set forth above.
4. The Project is subject to an appropriate fiscal and regulatory environment that is stable and certain over a long period.

The State's current fiscal system applicable to a project of this type includes a royalty interest, production tax, property tax, conservation and surcharge tax, and corporate income tax (Project State Fiscal System). Although YPC does not own North Slope gas, it may be an owner of the transportation (including ships) and liquefaction facilities needed for a North Slope Gas Project. As an owner of such facilities, YPC would contribute to the state treasury through the property tax and the corporate income tax. The portion of the Project State Fiscal System that relates to the transportation and liquefaction facilities, the so-called "downstream," is referred to as the Downstream Project State Fiscal System.

The Parties will examine whether modifications to the Downstream Project State Fiscal System might significantly improve the economic feasibility and competitiveness of the Project. The Producers have represented that such modifications may be necessary to make the Project either economically feasible or competitive in the market or both. If any of these propositions is true, then modifications to the Downstream Project State Fiscal System might be necessary for the State to receive value for its interest in the North Slope gas resource.

Any changes to the Downstream Project State Fiscal System must be consistent with the public interest and the legislature's duty to provide for the use, development, and conservation of all natural resources belonging to the State for the maximum benefit of its people.

The State has retained a consultant, Pedro Van Meurs and Associates, to evaluate the Project State Fiscal System and, if appropriate, to make recommendations for possible changes in that system to enhance the possibility that the Project will be built.

The major purposes of this Memorandum are to assist (1) in pursuing the means for coordinating the TAGS proposal with other potential Projects; (2) if appropriate, in developing proposals for

modifications to the Downstream Project State Fiscal System; (3) if appropriate, in compiling the information base required for the responsible deliberation and debate that such proposed changes would occasion; (4) in setting the framework for future discussions and joint work to enhance the possibility that a Project will be built; and (5) in pursuing the best interests of the State.

The major issues that may affect the Project's viability are its economic feasibility and its ability to compete with other proposed LNG projects, other non-LNG energy projects that might serve Far East markets, and other investment opportunities available to potential Project sponsors. The contributing factors include:

1. The projected costs of the Project and means for reducing those costs;
2. The market terms, conditions and opportunities available for the Project;
3. The federal, state, and local tax and state royalty obligations of the potential Project sponsors;
4. The stability and certainty of the Project State Fiscal System;
5. The public costs and benefits of the Project; and
6. The legal requirements applicable to the Project, including federal, state, and local regulations, permits, and licenses.

II. PROJECTED COSTS AND COST REDUCTIONS

The Parties recognize that the State's current cost estimate of about \$15 billion in 1995 dollars (excluding interest during construction) is subject to a great deal of uncertainty and that the actual cost of constructing the Project might be considerably lower or higher than this estimate.

The Parties recognize that determining a reliable cost estimate will be a critical step in developing the Project. A reliable cost estimate will be essential to conclude successfully the sales contracts necessary to support the Project and attract capital investment to the Project.

The Parties recognize that the potential Project sponsors would have to spend a large sum of money to develop a reliable cost estimate and that this money would not be recouped if the Project is not constructed. YPC will continue its work to reduce the uncertainty in its estimates and find cost savings for the Project.

III. MARKET TERMS, CONDITIONS AND OPPORTUNITIES

The Parties recognize that a viable Project offers many potential benefits to buyers and governments in the Far East. These benefits may include the opportunity to:

1. Further diversify the buyers' supply portfolios with an LNG source that has stable political institutions and geopolitical characteristics different from the majority of their current sources;
2. Reduce balance of payment surpluses with the United States and gain consequent political benefits; and
3. Invest in and provide some of the important components of the Project.

The Parties recognize there are other potential projects competing for a place in the Far East markets and the possibility of successfully completing this Project will be increased by advancing it as far as possible in the eyes of potential LNG purchasers toward the front of the queue of potential projects. The Parties believe that reducing costs and increasing fiscal and regulatory certainty may assist in advancing this Project's place in the queue of potential projects. The Parties further recognize that forecasts of demand for natural gas and LNG in Far East

markets generally show annual increases for the next twenty years. Based on these forecasts, the Parties agree that opportunities for placing LNG in Far East markets may continue to grow in the twenty-first century. The Parties recognize that ultimately the market will dictate the need for and timing of the Project.

The Parties further recognize that if this project could be developed and marketed with larger product volumes, its economic feasibility would be greatly enhanced. Conversely, if this Project could be developed cost effectively with smaller product volumes its marketability, and hence its economic feasibility, would be greatly enhanced.

YPC will continue to make regular contact with potential LNG buyers and pertinent government officials in the Far East to apprise them of the progress of the Project. YPC will continue to promote interest in the success of the Project.

IV. THE CS FIRST BOSTON REPORT AND THE STATE FINANCIAL MODEL

YPC has commissioned a report by CS First Boston addressing the Project's financial feasibility. The Parties recognize that the CS First Boston report purposely did not reflect or incorporate all elements of the current Project State Fiscal System. The CS First Boston report concludes that:

- a. Under current Project cost estimates and current capital market conditions, the Project will require an LNG price that escalates 3% annually, from an assumed 1996 price of \$3.57 per MMBtu, through the year 2035;
- b. The size and complexity of the Project will require multiple participants, and the participation of at least one major international oil company as a Project sponsor and potential operator; and
- c. The participation of the Prudhoe Bay oil companies would seem to be most sensible in terms of economic and timing efficiencies.

The State has developed a financial model to use for public discussion of the Project's economic feasibility. The model is available for public inspection and is subject to modification as appropriate. The model permits the Parties and the public to analyze the effect changes in the following factors have on the economic feasibility of the Project:

1. State and federal fiscal terms;
2. Debt-equity ratios;
3. Return on debt;
4. Return on equity;
5. Required project rates of return;
6. Capital and operating costs;
7. Time to place the full LNG volumes in Far Eastern markets;
8. Full LNG Project volume;
9. LNG market prices; and
10. Probable reduced oil recovery as a result of a gas sale.

V. STATE FISCAL MODIFICATIONS

The Parties recognize that changes in the Downstream Project State Fiscal System may be necessary or advisable for two reasons: First, such changes may be required to make the Project economically feasible and hence able to attract the necessary capital investments. Second, such changes may be necessary for the Project to successfully compete for a place in the market against other proposed LNG projects or other potential energy sources for the pertinent Far East markets.

The Parties will examine whether changes in the Downstream Project State Fiscal System will significantly improve the economic feasibility of the Project or significantly improve the

competitiveness of the Project in its ability to secure a place in the Far East markets. The Parties recognize that an evaluation of the Downstream Project State Fiscal System in relation to the Project will be facilitated by a frank and open exchange of information.

The Parties recognize that the appropriateness of proposed changes to the Downstream Project State Fiscal System must be evaluated by examining whether the changes would be socially responsible, given the strain on public services the Project would create, by considering the non-renewable nature of the resources the Project would exploit and by considering the benefits the State and its citizens would receive from the Project. The Parties recognize that any changes to the Downstream Project State Fiscal System must maximize the expected benefit of Alaska North Slope gas resources for the people of Alaska. Where the Parties conclude that a change in the Downstream Project State Fiscal System would (1) significantly improve the viability or competitiveness of the Project; (2) be socially responsible, and (3) maximize the expected benefit of Alaska's North Slope gas resources for its people, the Parties agree to work together in an effort to develop appropriate proposed legislation and to take other actions needed to effect such change. If appropriate, the State will assess the Project's socioeconomic effects on the people of the State.

Finally, the Parties agree that, where possible, modifications to the Downstream Project State Fiscal System should be able to respond to variations in the Project's profitability -- where, for example, lower energy prices (or higher costs) produce lower profits or higher energy prices (or lower costs) produce higher profits -- and to adjust the State's share in the economic benefits of the Project accordingly, while Project sponsors retain upside profit potential commensurate with the risks they are undertaking.

Possible changes to the Downstream Project State Fiscal System the Parties might consider include:

1. Tax offsets for early expenditures prior to Project commitment;
2. Accelerated capital depreciation;
3. Investment credits;
4. Deferrals of or reductions in certain taxes;
5. Profit based taxes; and
7. Coordination of tax provisions with the Project tariff arrangements.

If the Parties agree it is necessary or appropriate, the State will work with local governments regarding how modifications to property taxes may enhance the Project's chance of success.

VI. STATE FISCAL STABILITY AND CERTAINTY

The Parties recognize that due to the anticipated length of time between many of the Project's enormous capital expenditures and the receipt of significant Project revenues, and the Project's need for a reliable revenue stream over a long period, it is likely that potential sponsors will require assurance that the Project State Fiscal System will not change adversely over a significant part of the life of the Project. The Parties also recognize that the Constitution of the State of Alaska imposes some limits on the ability of the State to commit itself irrevocably to certain levels and kinds of taxation. The Parties agree to search for suitable measures within the pertinent Constitutional framework to achieve the fiscal stability and certainty the Project requires.

The Parties also recognize that they can increase the fiscal stability and certainty surrounding the Project by, among other things, agreeing to dispute settlement procedures and clear definitions of tax obligations, common carrier requirements, tariff methodology, and other regulatory obligations before the Project commences.

VII. RELATIONSHIP WITH THE ALASKA LEGISLATURE

Since the Alaska Legislature must determine whether to modify the Project State Fiscal System, the Parties will keep appropriate members of the Alaska Legislature informed of their respective efforts on the Project. Further, the Parties will develop and provide information to assist in the public discussion and debate occasioned by any proposed modifications to the Project State Fiscal System.

By HJR 54, the Alaska Legislature established an interim working group. This group is scheduled to report to the House and Senate Resources Committees by February 1, 1997 on the status of efforts to advance exports of Alaska North Slope gas to Far East markets. The group also is to report on any proposed legislative actions appropriate to those efforts. The executive branch and YPC will work individually and together to ensure that the Alaska Legislature's interim working group created by HJR 54 is kept apprised of the efforts of the Parties, has the information it requires to do its work, and is supported in its efforts in any other appropriate manner.

VIII. HIRING ALASKANS

The Parties recognize that an important potential benefit of the Project is the employment of Alaska residents and Alaska businesses in the construction and operation of the Project. The Parties recognize that Alaskans expect a strong "Alaska-hire" effort for the Project. The Parties are determined to find suitable measures to successfully ensure that a maximum number of Alaska residents and Alaska-based businesses are hired to construct and operate the Project, while recognizing that, in order to assist in achieving a commercially viable Project, there will be a need for competitively priced goods and services. The Parties agree that clearly defining who qualifies as an Alaska resident or Alaska business will help this effort.

**IX. ENVIRONMENTAL INTEGRITY, HEALTH, SAFETY
AND NATURAL GAS AVAILABILITY FOR ALASKAN COMMUNITIES**

In addition to public revenue and employment within the State, other important public interests that would be affected by the Project must be considered. They include:

1. Protection of the environment;
2. Protection of the health and safety of workers and the public; and
3. Providing natural gas to Alaskan communities.

The Parties agree to search for suitable measures to ensure that, if the Project is constructed:

1. Its construction and operation will properly protect Alaska's environment;
2. It will be constructed and operated in a manner that properly protects the health and safety of workers and the public; and
3. Where economically and technically feasible, it will be configured and operated so that natural gas can be marketed to Alaskan communities.

**X. THE POTENTIAL EFFECT OF PERMITTING
REQUIREMENTS AND DELAYS**

The Parties recognize that permitting requirements and delays may affect the viability of the Project. The Parties intend to search for suitable and mutually agreeable measures to aid Project viability while still protecting essential regulatory goals such as environmental quality and the health and safety of all Alaskans.

XI. FEDERAL ACTIONS THAT MIGHT ASSIST THE PROJECT

The Parties recognize that there may be some steps the Federal government could take to improve the economic feasibility and competitiveness of the Project. These steps include, for example, potential changes to federal laws and regulations relating to taxes and permitting requirements. The Parties intend to evaluate these potential changes, including federal fiscal modifications such as:

1. Investment and other tax credits;
2. Accelerated depreciation;
3. Sharing of tax revenues with the State of Alaska; and
4. Authorizing tax free bonds for the Project.

Based on these evaluations, the Parties may encourage federal policy makers and agencies to pursue selected federal changes.

XII. THE NORTH SLOPE PRODUCERS

YPC recognizes that the State is working with the Producers to enhance the possibility that a North Slope Gas Project will be completed. These Producers jointly own ninety-five percent of the working interest in the natural gas in the main Prudhoe Bay Unit reservoir.

YPC recognizes that the State intends to pursue efforts to harmonize the Producers private interests and the State's public interests in a Project. The Parties recognize that success in developing and marketing Alaska North Slope natural gas requires that interested parties emphasize the merits and benefits of any project proposed to achieve that objective.

XIII. MAJOR GAS SALE INCENTIVE STUDY

The State has prepared an analysis of the relative incentives for each of the major Prudhoe Bay producers to engage in a Major Gas Sale (MGS). YPC has had an opportunity to review this analysis to ensure that it accurately reflects the agreements in the Prudhoe Bay Unit Operating Agreement and related amendments pertaining to an MGS. The State has concluded that the Producers among themselves have similar incentives for an MGS, and YPC does not materially dispute the State's conclusions.

XIV. LIMITATIONS

The Parties intend to work together to accomplish the steps outlined in this Memorandum of Understanding. However, this document does not commit any Party to invest or participate in the Project, or create any legally enforceable rights or obligations. The Parties recognize that a future change in circumstances may alter any Party's current intentions or willingness to participate as contemplated by this Memorandum of Understanding.

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Resources Supplement
January 14, 1997
No.1/97

Gas pipeline politics

Expect plenty of gas pipeline gyrations in Juneau this spring. The legislature convened Jan. 13, and Republican state lawmakers will be looking for ways to one-up Gov. Tony Knowles, who is a Democrat. One way is to tweak the administration about going "too slow" on state legislation on a gas pipeline.

Right now, the administration is trying to get the three major North Slope producers, ARCO Alaska, BP Exploration and Exxon USA to sign a "Memorandum of Understanding," to set out a protocol as to how the state and the producers would work together. State Revenue Commissioner Wil Condon says he expects to have the producers' MOU signed by the end of January, as well as a separate MOU between the state and Yukon Pacific Corp. The producers and Yukon Pacific have had the draft MOUs for several months and the delays, we're told, are mainly caused by nit-picking over wording. It is difficult to get three big companies to agree on wording on such a speculative and very large project, but we're told by administration insiders that the sticking points are over clauses which limit the producers saying nasty things about Yukon Pacific, and similar clauses in the MOU Yukon Pacific will sign that limits that company from saying nasty things about the producers. In fact, the reason why there are different MOUs for the producers and YPC is that the producers will not sign a joint agreement with Yukon Pacific.

MOUs will raise public expectations, political rhetoric

In any event, the MOUs only set out a framework for discussions with the state over changes to state fiscal terms on a pipeline project, which the pro-

Continued next page

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Investment intended to boost BP's production

ducers think are needed for the project to become viable. But when the MOUs are signed, the attendant press coverage will probably raise public expectations that the big project is actually moving forward. That will tempt legislators to play games with the issue. Also, Yukon Pacific will be more than willing to help stir the pot in Juneau.

Rep. Barnes will be chief legislative foil

The chief legislative foil is Rep. Ramona Barnes, R-Anch., a tough former House Speaker who chaired a special gas pipeline task force last year and who this year is sponsoring a resolution that is widely co-sponsored asking the administration to get on with negotiations on a new fiscal arrangement. The administration, of course, doesn't want to be locked into any specific timeframe on a large and complex project, and one that will be politically sensitive because the public may see "fiscal changes" as tax-breaks, which they may not really be. The producers are in no hurry, either. The project will most likely be built to meet 2010 market demand, so there's time to approach the issue carefully.

Where does Yukon Pacific fit in?

How does Yukon Pacific fit into this? The company, a CSX subsidiary, has invested substantially in securing permits, rights-of-way and doing environmental work and hopes to see this translated into an equity in a project. The company has been active for years in promoting the gas pipeline and has a lot of support and sympathy from Alaskans. But a problem may be that a gas pipeline project reconfigured for lower costs may need additional permits, which may mean Yukon Pacific's existing permits might not be as useful as the company hopes. In the end, this is a business problem the producers and Yukon Pacific will have to sort out.

Legislative maneuvering could raise public wariness

The only problem may come if there is a perception that the legislature will become another arena for this to be played out, which will confuse lawmakers and the public. That may hurt the project, because the jockeying in Juneau could raise a public wariness over fiscal changes.

Administration focuses on consultant study

The main effort within the Knowles administration right now is a study of possible state "fiscal adjustments" by consultant Pedro Van Muers, of Calgary, Alberta. A draft has now been submitted and the study is expected to be released in final in mid-February. This will be the starting point for the legislature and state administration's consideration of state action to help the big gas project. A resolution by Rep. Ramona Barnes cosponsored by 12 House colleagues including Speaker Gail Phillips, is also in the hopper. This is the product of the special gas pipeline committee chaired by Barnes and Rep. Gene Kubina that held several interim hearings last summer.

Van Muers looks at an escalating state fiscal take in LNG project

The Van Muers study looks at the fiscal relationships between host governments and major LNG projects in other countries with projects considered to be competitive with Alaska's. It then lays out a series of options for the governor and legislature to consider. Included in the "menu" is the possibility of combining the state royalty and severance tax on gas, and then placing the combined fiscal take to an escalating schedule. Suggested in Van Muers' study is five percent until 2015; 12.5 percent (the current royalty) until 2020; 30 percent until 2025; and 45 percent after 2025.

The theory behind this is that the project would pay down its capital investment over time, allowing an escalating state royalty/tax at the wellhead. Van Muers also talks about alternatives of linking the fiscal take (combined royalty/tax) to downstream LNG prices, and linking the fiscal incentive to a committed timetable, perhaps even as a "work commitment" amendment to North Slope leases.

State financial participation in a gas pipeline project

The consultant study also notes options of state financial participation in the project. If earnings on a Permanent Fund investment are tax-free, it creates an advantage for the project, Van Muers notes. There may be other ways the state can extend lower-cost financing, such as the state now does through tax-exempt financing through the Alaska Industrial Development and Export Authority.

Fiscal "modification," not a "tax-break"

The fiscal modification contemplated is not really a tax break so much as a change in the structure of state royalty and taxes. The goal is to provide long-term fiscal security for the project, but another problem is that the particular structure of current state taxes, particularly property taxes, creates a burden on a project that is marginally profitable. Van Muers doesn't suggest doing away with the property tax, although he does suggest a temporary suspension during construction. But others who have looked at the problem suggest that converting all of the state's "take" into a form of net profits participation would be the best way to go. It allows the project to get up and running without the drag of a regressive tax, and yet cuts the state in over the longer term when the investment is paid down. One problem in this strategy, however, is what to do about municipal taxes.

Legislature's resolution sets the stage

The resolution by legislators, at least as worded in the draft, would set the stage for the state's consideration of a revised fiscal package. It asks the administration to identify fiscal modifications needed and to submit a contract with gas pipeline sponsors to the legislature for modification.

Ratification.

Coming in future resource reports:

- State mental health lands
- Alaska coal prospects
- Mineral exploration outlook
- National Petroleum Reserve oil exploration

TAGS PERMITS AND AUTHORIZATIONS

Over the past twelve years YPC has secured or satisfied all of the necessary legal approvals and requirements to export North Slope natural gas to Asia. These include:

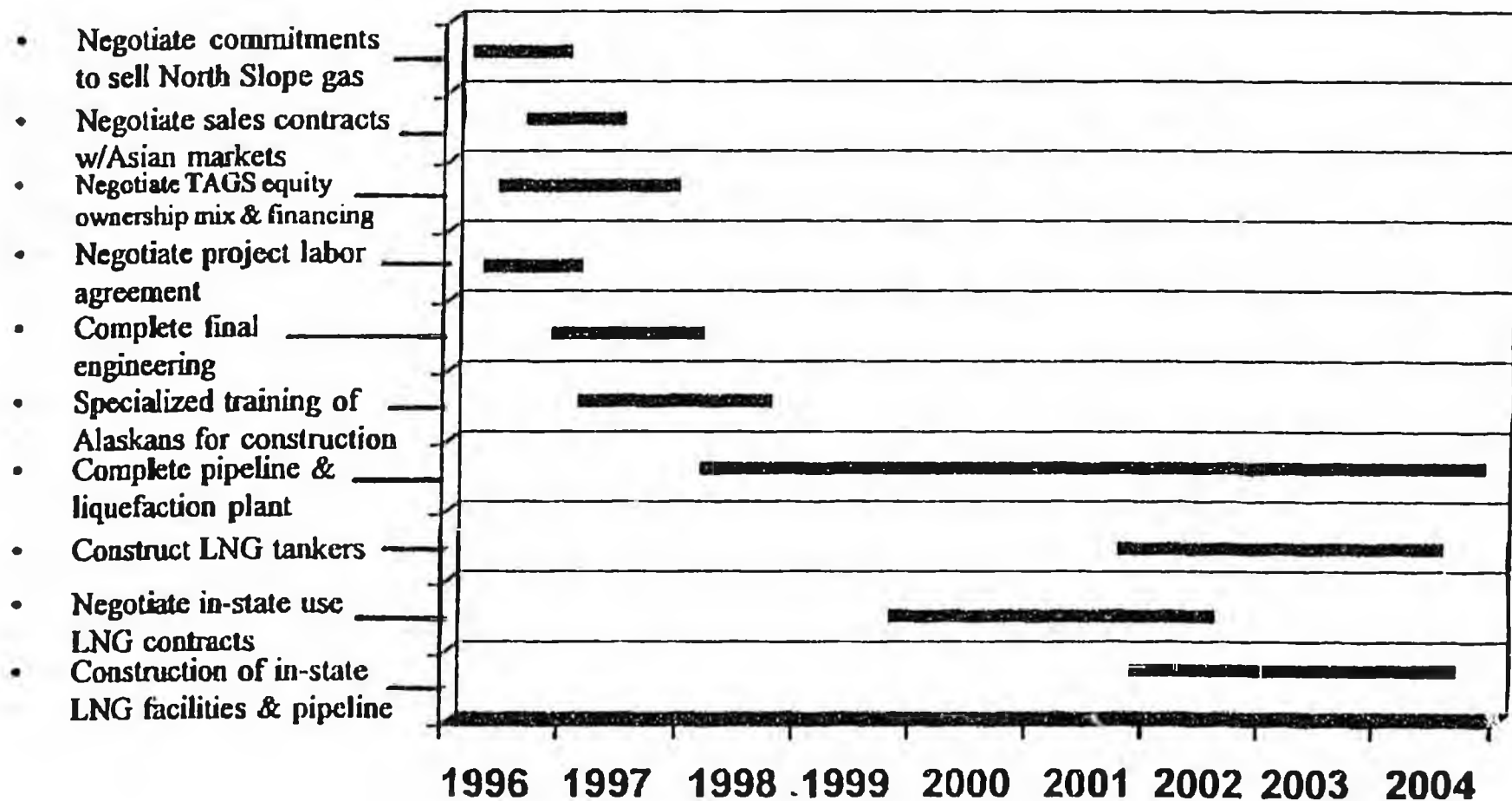
1. **Presidential Approval:** *Presidential Finding Concerning Alaska Natural Gas: Removes impediment to Alaska natural gas exports required by Section 12 of the Alaska Natural Gas Transportation Act (15 U.S.C. 719j), January 13, 1988;*
2. **Project-Wide Environmental Impact Statement¹:** *Trans-Alaska Gas System Final Environmental Impact Statement, June 1988 (21 federal and State agencies);*
3. **Ahtna Right-of-Way¹:** *Grants to Yukon Pacific Corporation the right to designate and acquire certain rights in any and all lands acquired by or otherwise available to Ahtna under the Alaska Native Claims Settlement Act of 1971 which are reasonably necessary to construct, maintain operate or terminate the pipeline, October 14, 1988;*
4. **Federal Right-of-Way¹:** *Right-of-Way Grant for the Trans-Alaska Gas System from The United States of America to The Yukon Pacific Corporation, October 17, 1988;*
5. **State Right-of-Way¹:** *Trans-Alaska Gas System Conditional Right-of-Way Lease, December 10, 1988;*
6. **DOE's Authorization for Export of Gas¹:** *DOE/FE Opinion and Order No. 350, Order Granting Authorization to Export Liquefied Natural Gas From Alaska; Limiting of FERC's jurisdiction, November 16, 1989;*
7. **Confirmation of Order 350¹:** *DOE/FE Opinion and Order No. 350-A, Order Denying Requests for Rehearing and Modifying Prior Order for Purpose of Clarification, March 8, 1990;*
8. **Anderson Bay Final Environmental Impact Statement¹:** *Yukon Pacific Corporation LNG Project: Final Environmental Impact Statement, March 1995;*
9. **Order Granting NGA Section 3 Authorization for the Siting, Construction and Operation of LNG Facility:** *Federal Energy Regulatory Commission's approval of Anderson Bay, Port Valdez, Alaska as the Place of Export, May 22, 1995.*

10. **Prevention of Significant Deterioration (PSD) application in progress:**
Reserves critical Port Valdez airshed "space" for future LNG plant and marine terminal emissions.¹

¹These assets are exclusive property rights of Yukon Pacific Corporation currently held through its interest in Yukon Pacific Company L.P. and represent over 12 years of effort. It is important to note that the majority of these property rights were obtained before the *Exxon Valdez* oil spill and it is highly unlikely that they could be duplicated in a reasonable period of time, if ever.

Taken together, these authorizations and agreements give YPC the exclusive right to construct TAGS and export Alaska's North Slope natural gas to Asia.

TAGS Best Case Development Scenario



BEST CASE DEVELOPMENT SCENARIO

TRANS-ALASKA GAS SYSTEM

PREPARED BY YUKON PACIFIC CORPORATION

The construction and operation of the Trans-Alaska Gas System and sales of Alaska's North Slope natural gas are critical to Alaska's future. State revenues, local government revenues, private sector jobs, contracts for Alaskan businesses, and use of the gas for residential and commercial purposes along the pipeline corridor all hinge upon conclusion of a unified proposal to present to the Asian markets.

Representatives of these Asian markets have recently substantiated that a market now exists for Alaskan gas and that if we do not move quickly to meet this market demand, they will have to make commitments to other competing projects.

The Alaska Legislature recently unanimously passed a resolution in support of the project which established an interim Legislative working group to "track progress and assist the transportation permit holder, the working interest owners of the Prudhoe Bay and Point Thompson units, and the administration in developing a unified proposal for presentation to the Asian market."

This resolution was supported by the Alaska Municipal League, the Alaska AFL-CIO, the Alaska Environmental Lobby, the Fairbanks North Star Borough, the Alaska Trucker's Association, the Fairbanks North Star Borough, the City and Borough of Juneau, the Bristol Bay Borough, the Southwest Marine Pilots and others throughout Alaska.

Korea and Taiwan have already signed letters of intent to purchase Alaskan gas and President Clinton also promoted Alaska North Slope gas sales in Japan on his recent mission to Asia.

Many of the components of this project are already in place. What is the best case development scenario for the earliest completion of this project?

PERMITTING:

Environmental permits are a major uncertainty in any large scale development project. Fortunately, in this instance, Yukon Pacific has already obtained all the permits and an export license within the existing pipeline corridor. This process took 10 years to accomplish. Any alternative to this route would have to start from scratch to seek permits which would delay beginning of this project for at least 5 years. The participation of Yukon Pacific Corporation is critical to any near term Alaska LNG project.

NEGOTIATION OF COMMITMENTS TO SELL GAS:

This is the most pressing component of the project at this time. Until the working interest owners on the North Slope actually agree to put Alaskan gas on the market this project cannot move forward. There are several options to conclude these agreements. First, the major oil companies could agree to let Yukon Pacific market the gas and agree to a sales price and production schedule.

As an alternative they could join as ownership partners with Yukon Pacific to jointly present this project to the Asian markets. Yukon Pacific has offered up to 75% ownership of TAGS to the oil companies or other investors.

If due to reinjection requirements, or the Issues Resolution Agreement, the oil companies cannot market their gas before 2005, Point Thomson could lead the production required for this project to begin, and the oil companies could agree to bring Prudhoe Bay production on line after 2005.

NEGOTIATE SALES CONTRACT WITH ASIAN MARKETS:

Korea and Taiwan have already signed letters of intent with Yukon Pacific to buy Alaskan gas. Representatives of Japan National Oil Corporation who recently visited Juneau indicated their interest in Alaskan gas and encouraged Alaskans to present a unified proposal to them for their consideration. President Clinton also promoted sales of Alaskan gas on his recent mission to Asia. Long term contracts (20 to 30 years) need to be negotiated to facilitate financing of the project.

NEGOTIATE TAGS OWNERSHIP AND FINANCING:

This component would involve establishing an ownership and management structure for the project. This will be partially determined by the investors of the project. Total costs and returns from the project need to be presented to potential financiers including Yukon Pacific, the oil companies, banks, and end users of the gas. Although it is not required to secure adequate project financing, the State of Alaska may want to consider investing in the project if it can be shown that the State can achieve a higher rate of return than its existing investments.

NEGOTIATE PROJECT LABOR AGREEMENT:

Yukon Pacific has stated its willingness to negotiate a project labor agreement for the project to ensure availability of qualified workers and to ensure maximum Alaskan hire. A no strike clause will be an essential part of this agreement.

COMPLETE FINAL ENGINEERING:

Preliminary engineering has been completed but final engineering and construction blueprints need to be completed. During this phase all opportunities for shared facilities

with existing pipeline operations need to be considered in an effort to lower costs of the project.

CONSTRUCT PIPELINE AND LIQUEFACTION PLANT:

Estimated construction schedule is five years from start to completion. This phase will overlap to some degree with the 2-3 years required for final engineering and design discussed above. The pipeline will be buried except for occasional stream crossings.

CONSTRUCT LNG TANKERS:

Construction of the initial vessels required is estimated to take 2 years. New tankers will be phased in as production ramp up occurs.

NEGOTIATE IN STATE USE OF NATURAL GAS:

This would include local distribution companies and potential industrial users including petrochemical production, etc.

CONSTRUCTION OF IN STATE NATURAL GAS FACILITIES AND PIPELINES:

This construction would be timed to coordinate with completion of the main gas line.

Grass Roots LNG Projects Cost Comparison

Project	Production (MMTPA*)	Estimated Cost \$ Billions	Cost in \$ Billions per MMTPA	Capital ** per MMBTU
Alaska TAGS	15	13.6	0.91	0.70
TAGS at higher cost	15	15.0	1.00	0.70
Qatargas	6	6.0	1.00	1.00
Natuna Island	15	21.3	1.42	1.00
Sakhalin	6	7.9	1.32	1.00

* million metric tons per annum

** does not reflect capitalized interest, cost of gas, time value of money or operating expenses

TAGS Competition is Other Undeveloped Gas Fields in:

	<u>Start-up Date</u>	<u>Annual Volume</u>
▲ Qatar (Qatargas & Rasgas) - Mobil	2005	6-10 MMTA
▲ Indonesia (Natuna Island) - Exxon	2004	15 MMTA
▲ Sakhalin (Russia) - Exxon x2, Marathon/Shell	2004	15 MMTA
▲ Yemen - Exxon	??	15 MMTA
▲ Papua New Guinea - BP	??	15 MMTA
▲ Oman - Shell	2005	6 MMTA
▲ Australia - Shell, BP	2003	16 MMTA

Each host country (together with the private gas producers shown above) is actively promoting its project as the next post-2000 LNG supplier to Asia.



General Teamsters Local 959 State of Alaska

Affiliated with the International Brotherhood of Teamsters

ANCHORAGE, ALASKA 99504, 4300 BONIFACE PKWY. (907) 269-4122 FAX (907) 337-6668 GERALD L. HOOD Secretary/Treasurer

FAIRBANKS, ALASKA 99707, P.O. Box 70609
JUNEAU, ALASKA 99801, 306 Willoughby

(907) 452-2959 FAX (907) 452-5051
(907) 586-3225 FAX (907) 586-1227

January 28, 1997

Representative Mark Hodgins
Chair - Oil & Gas Committee
State Capitol
Juneau, ak. 99801

Dear Representative Hodgins:

On January 22, 1997, I testified before HJR 54 Working Group in favor of the Alaska Gas line on behalf of Teamsters Local 959. At the conclusion of my testimony, you had requested some general information regarding training that may be available through our Union or any of the other unions as it relates to the demands of a gas line.

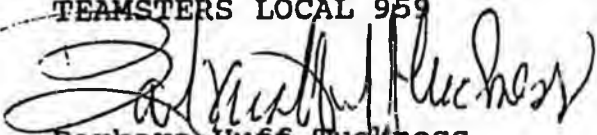
The attached information is a brief overview of the Teamster training programs as well as most of the other unions, defining in general the training that is available currently. It should be noted that these programs continue to expand depending on the changes in the job market and technology. Although the attached information is not complete and may not answer all of your questions, it will at least provide a general idea of what is available within the State. I can assure you the Unions can and will respond to any questions you may have.

It should also be noted that it was Union members who built the oil pipeline and today many of those some Unions maintain it. Each and every Union prides it self on its ability to provide well trained, highly skilled and competent Alaskans to further expand or enhance the resources of our State.

If I can be of any further assistance, please fell free to contact me at 907-586-3907 in Juneau or at 907-269-4236 in Anchorage.

Sincerely,

TEAMSTERS LOCAL 959


Barbara Huff Tuckness

Director, Legislative and Government Affairs

Attachments



General Teamsters Local 959 State of Alaska

Affiliated with the International Brotherhood of Teamsters

ANCHORAGE, ALASKA 99504 4300 BONIFACE PKWY (907) 269-4122 FAX (907) 337-6668 GERALD L. HOOD Secretary/Treasurer

FAIRBANKS, ALASKA 99707 PO Box 70609
JUNEAU, ALASKA 99801 306 Willoughby

(907) 452-2959 FAX (907) 452-5051
(907) 586-3225 FAX (907) 586-1227

January 27, 1997

To Whom It May Concern:

The following information is in response to comments and questions as to whether the Alaskan Unions can provide the needed work force for the upcoming future work in Alaska:

- Local 959 total Teamster membership **7500**
- Currently working in Construction Industry **350**
- People working in other Teamster Industries who previously worked in the Construction Industry and would probably return if a big project came along **500**
- People working outside the Union with Construction Industry experience who would probably return if a big project came along **1500**
- People (40 to 60 years of age) currently drawing a retirement who would return to work if a big project came along **500**
- New sign-ups seeking work in the Construction Industry (per month) . . . **75 - 100**
- Currently our statewide offices receive **200** calls per month from outside Alaska inquiring about upcoming work. These calls are from people wanting to return to Alaska or relocate to Alaska.
- Experienced and qualified people available to Teamsters Local 959 from other teamster locals through the United States **100,000 +**

Aside from the above numbers of people Local 959 can provide, the Union is constantly providing training classes through the Local's training school and our private school.

In closing, with proper notice, Teamsters Local 959 can provide qualified people for any and all work that becomes available in an emergency, or on a long term basis, with the

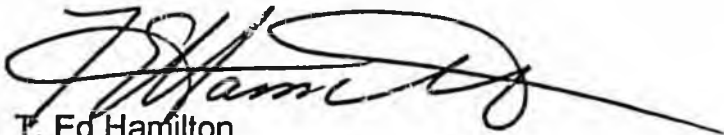
To Whom It May Concern
January 27, 1997
Page 2.

most highly trained, and most experienced people in our trade. An excellent example is during the building of the Trans Alaska Pipeline, 959's membership was over 20,000 strong and no jobs went unfilled.

If you have any further questions, please advise. My telephone number is 269-4346.

Sincerely,

TEAMSTERS LOCAL 959

A handwritten signature in black ink, appearing to read 'F. Ed Hamilton', with a long horizontal flourish extending to the right.

F. Ed Hamilton
Director of Construction, Oilfield
Maintenance, and Technical Engineers

/kk
CONST97A27

VISIT ALASKA - IT'S AN AMERICAN ADVENTURE



**HOTEL EMPLOYEES, RESTAURANT EMPLOYEES UNION
LOCAL 878**

530 E. 4th Avenue - P.O. Box 100584 - Anchorage, Alaska 99510
(907) 272-6591 - 1-800-478-HERE - FAX: (907) 277-8595
Health / Pension / Legal Information: call collect (907) 581-5119 or 581-5278

- Juneau area office:
(907) 780-4844
- Kenai/Soldotna area office:
(907) 283-2803
- Ketchikan area office:
(907) 226-4508
- Kodiak area office:
(907) 488-4561
- Valdez area office:
(907) 835-2391

January 24, 1997

T. Ed Hamilton, Director of Construction,
Oilfield Maintenance, & Technical Engineers
Teamsters Local 959 State of Alaska
4300 Boniface Parkway
Anchorage, Alaska 99504

Dear Mr. Hamilton,

In response to your memo of today's date Local 878 Hotel and Restaurant Employees Union are very much interested in being a participant in the proposed gasline project.

Local 878 now has statewide jurisdiction, an event that took place at the beginning of 1996.

We currently do not have an active apprenticeship program however we feel confident that we do in fact have ready access to numbers of qualified workers. We have lists of people that are looking for work. These lists are located in Fairbanks and Anchorage, and are comprised of people that this union has examined thoroughly and knows them to be fully qualified for camp work. Due to the great demand for qualified camp workers during the oil pipeline construction Local 878 maintains these lists for just such an event as is now being proposed.

Thank you for your time and consideration. If any further information is necessary please advise me.

Fraternally,

Audrey Sunnyboy

Audrey Sunnyboy,
vice-President\Business Rep.

Post-it® Fax Note	7671	Date	1-24-97 10:28am
To	Ed Hamilton	From	Audrey Sunnyboy
Co./Dept.	Local 959	Co.	Local 878
Phone #	269 4122	Phone #	272 6591
Fax #	337 6668	Fax #	272 8595

Sheet Metal Workers' International Association

ANCHORAGE
MAIN OFFICE
237 NORTH ORCA STREET
ANCHORAGE, ALASKA 99501 1843
PHONE (907) 277-8313
FAX (907) 277-2487



FAIRBANKS
3680 BRADDOCK STREET
FAIRBANKS, ALASKA 99701
PHONE (907) 482-3864
FAX (907) 486-3413

LOCAL
UNION
23

January 24, 1997

The State of Alaska Legislature;

RE: Sheetmetal design, fabrication and welding in Prudhoe Bay
and any other State projects.

The Sheetmetal Workers' Local 23 can provide 250 journeymen, apprentices and pre-apprentices trained to do all types of sheetmetal fabrication, welding and installation. We have 2 dispatch points, one in Anchorage and one in Fairbanks from which we can draw a pool of Alaskan sheetmetal workers.

Our apprenticeship program has been training sheetmetal workers for 17 years and could double its size when the work returns to the Alaskans.

We have local sheetmetal shops that date back to the early 1900's. These shops have the latest high tech fabrication equipment. Our local sheetmetal contractors have been called upon in the past for design built projects.

Once again, Sheetmetal Workers local 23 can provide qualified trained Alaskans to do any type of sheetmetal design, fabrication, welding or installation.

Any agreement on oil related work must be a BUILDING AND CONSTRUCTION TRADES AGREEMENT and not for a few select unions.

Sincerely,



Donald M. Dokken
Business Representative



FOUNDED 1889

United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada

(907) 562-2810

FAX (907) 562-2587

LOCAL NO.

367

STREET ADDRESS

610 W. 54TH AVENUE

CITY, STATE, ZIP

ANCHORAGE, ALASKA 99518

SUBJECT MATTER

DATE

JANUARY 24, 1997

To: Ed Hamilton, Teamsters Local 959
From: Larry Gallagher, Plumbers & Steamfitters Local 367
Subject: Response to your questions about training

Ed,

Local 367 has a BAT registered Apprenticeship Training program in place as well as Journeyman Skills upgrading classes offered on an ongoing basis.

We currently have just under 100 Apprentices in our program with the ability and willingness to take more as employment opportunities become available. Native Alaska trainees are an important element of this program. We are actively seeking new recruits from among that population to add to the workforce of existing Journeymen Alaska Natives.

Local 367's Joint Apprentice and Training Committee's responsibility is to provide instruction in the craft specific skills directly related to the plumbing and pipe fitting industry. Some of the areas we train in are: Medical Gas Systems installation, Backflow Prevention, welding (all types), uniform plumbing code, steam systems, rigging, job safety and health, trade related mathematics, blueprint reading, trade related science and mechanics, gas installations, mechanical equipment service, pipe fabrication formulas, valve repair.

The above list, although lengthy, is by no means exhaustive. Local 367 maintains and operates its own school on its own premises and has the ability to train in the specific areas of demand required by the employers. For example, it is not uncommon to put on a special course of training in specialized welding processes should a contractor have that need.

MARVIN J. BOEDE
General President

MARION A. LEE
General Secretary-Treasurer

DONALD F. McNAMARA
Asst. General President

Letters should
be confined to
one subject

Page 2

Local 367's J.A.T.C. program is financially stable and has the ability to expand its training facilities to whatever numbers of people that would be required to staff a major project such as a cross country pipeline and associated projects.

Thank you, Ed, for helping take the lead in telling the Union's story to those with the need to know. Do not hesitate to call me at 562-2810 should you require further information about Local 367's training program.

Larry Gallagher



International Union of
Bricklayers & Allied Craftsmen

BRICKLAYERS, TILELAYERS, AND HELPERS
LOCAL NO. 1 OF ALASKA

P.O. BOX 553

ANCHORAGE 99510



TELEPHONE 378-3789



1-24-97

ED Hamilton

Teamsters Local 959

Re: Training.

The International Masonry Institute provides any of our JATC's training needs. All of our apprenticeship, advanced training, and safety training such as HAZMAT & confined space are provided. The IMI provides us with a vast resource for training.

I do not see a great need for the skills within the jurisdiction of BAC Local #1 Alaska in building a gas line. But if the need arose we would be able to meet any training needs.

Page 2 lists classifications and wages for crafts within our jurisdiction.

Fraternally
William Walter
Business Manager



International Union of
Bricklayers & Allied Craftsmen

BRICKLAYERS, TILELAYERS, AND HELPERS
 LOCAL NO. 1 OF ALASKA

P. O. BOX 553

ANCHORAGE 99510

TELEPHONE 278-3788



WAGE SCHEDULES 1 JULY, 1996 to 30 JUNE, 1997

Classification	Hourly Rate	Health & Welfare	I.U. Pension	Local Pension	IMI	Total
Bricklayer	25.78	3.15	1.25	5.00	.40	35.58
Blocklayer	25.78	3.15	1.25	5.00	.40	35.58
Marble Mason	25.78	3.15	1.25	5.00	.40	35.58
Stone Mason	25.78	3.15	1.25	5.00	.40	35.58
Tilesetter	25.78	3.15	1.25	5.00	.40	35.58
Tuck Pointer & Caulker	25.78	3.15	1.25	5.00	.40	35.58
Refractory	25.78	3.15	1.25	5.00	.40	35.58
Terrazzo Worker	25.78	3.15	1.25	5.00	.40	35.58
Torginal Applicator	23.69	3.15	1.25	5.00	.40	33.49
Marble Finisher	20.35	3.15	1.25	5.00	.40	30.15
Tile Finisher	20.35	3.15	1.25	5.00	.40	30.15
Terrazzo Finisher	20.35	3.15	1.25	5.00	.40	30.15

Foremen will receive \$1.00 per hour above classification.
 General Foremen will receive \$2.00 above classification.

Check off dues are to be deducted from the hourly rate.

International check off dues .36

Local check off dues .25

Members running masonry saws four (4) or more hours any given day shall receive \$0.25 per hour above scale. Rate for saw man will be paid to only one (1) operator per saw used.



Technical Engineers of Alaska

Affiliated with General Teamsters Local 959 State of Alaska

ANCHORAGE, ALASKA 99504, 4300 BOHIFACE PKWY (907) 269-4392 Fax (907) 337-8668 GERALD L. HOOD, Secretary/Treasurer

FAIRBANKS, ALASKA 99701, P.O. Box 70609 (907) 452-2952 FAX (907) 452-5051
JUNEAU, ALASKA 99801, 305 W. Douglas St. (907) 585-3225 FAX (907) 586-1227
KENAI, ALASKA 99511, P.O. Box 3150 (907) 293-4498 FAX (907) 293-8030

ALASKAN NATIVE APPRENTICESHIP OPPORTUNITIES IN SURVEYING

OFFERED BY THE TECHNICAL ENGINEERS OF TEAMSTER LOCAL 959

As our apprenticeship program matures, it becomes necessary that we develop a catalogue/brochure which briefly explains our progress and our mission. Such a publication is in the process of being drafted. Until the time when it is distributed, please accept this letter as a brief introduction to our program.

The Tech Engineers of Teamster Local 959 are primarily engaged in construction surveys. We dispatch to dozens of employers statewide. In 1996, ninety-five (95) people were dispatched.

Starting in 1992 efforts were made to start up an apprenticeship program in conjunction with various Alaskan Native organizations involved in Section 638 allotment surveys under the direction of the BLM. We continue in the attempt to offer this program to those entities and believe that long term benefits will accrue to all parties from the training, employment, and development of professional careers in all areas of this State.

To attain journey status from this program, the apprentice must successfully pass 600 hours of classroom study, as well as, 4000 hours of on the job training. Full pension and health benefits are paid when working and the wages range from 60 to 75 percent of the journey wage. We intend to offer training and education beyond journey status to those who may want to develop a career as a Professional Land Surveyor and practice this profession in their home regions.

We have utilized the human resource departments at Ahtna, Tanana Chiefs, and the Kodiak Tribal Council for the recruitment of apprentices. The applicants are then directly entered into the program. We currently have ten apprentices and eight of them have entered the program by this method. Three of those eight apprentices are female. We will admit as many into the program as long term employment opportunities allow. Apprentices from this program have worked on the Trans Alaska Pipeline, the Ft. Knox Gold Mine Development, the Healy Clean Coal Project, and numerous highway and building projects throughout the State. We welcome the participation of any Native organization with young people interested in a surveying career and with either land surveying or construction projects on which they would have an opportunity to work.

The minimum qualifications are:

1. Eighteen years of age or older.
2. High school diploma or GED equivalent
3. Physically fit, without regard to any occupationally irrelevant physical disability.
4. Alaskan resident one year prior to application.

The tuition costs of approximately \$2750.00 a year per apprentice are paid for by all working Journeypeople. The classes are offered in Anchorage during the winter months. Apprentices are responsible for room and board expenses during the five-week class each year (most of our Native apprentices receive a stipend from their Region to underwrite these costs).

We are pleased with the progress of this the program. We offer to you the opportunity to develop stable careers among the young people throughout the State. Skills that can be utilized close to home or far away from home.

We look forward to working with you.



Technical Engineers of Alaska

Affiliated with General Teamsters Local 959, State of Alaska

ANCHORAGE ALASKA 99504 4300 BONIFACE PKWY 907 269 4595 FAX 907 337 8888 GERALD L. MOOD, Secretary, Treasurer

FAIRBANKS, ALASKA 99707 P.O. Box 16613 907 452 2959 FAX 907 452 5051
 JUNEAU ALASKA 99801 306 N. G. Street 907 586 3225 FAX 907 586 1227

APPRENTICESHIP PROGRAM FOR TECHNICAL ENGINEERS (SURVEYORS) OF ALASKA TEAMSTERS LOCAL 959

Apprentice Name	Level # (In years)	Hometown	Referred By	Working Experience as an Apprentice
C.R.	3	Copper Center	Ahtna	Trans Alaska Pipeline
T.C.	3	Anderson	Ahtna	Trans Alaska Pipeline
D.B.	3	Hoonah	Tanana Chiefs	Ft. Knox, Highways
L.L.	3	Eagle River	N/A	Ft. Knox, Highways
B.A.	2	Tanacross	Tanana Chiefs	Ft. Knox
N.E.	2	Fairbanks	Tanana Chiefs	Healy Coal Plant
L.S.	2	Gulkana	Ahtna	Trans Alaska Pipeline
S.S.	2	Kodiak	Kana	Trans Alaska Pipeline
C.J.	2	Seward	N/A	Highways
P.T.	1	Nicoloi	Ahtna	Trans Alaska Pipeline

- Four Year Program
 - 600 classroom hours (150 each year)
 - 4000 on the job hours (1000 each year)
 - Classroom study in Anchorage
- Direct entry into the program for motivated, qualified Alaskan Natives
- Emphasis on construction and land surveying
- Excellent opportunities for BLM 638 trainees, rural water/sewer projects upon Agreement with Union
- Union journeyman underwrite the \$2,750.00 yearly tuition
 - One time equipment cost of \$175.00 paid by referring organization
 - Room and Board paid by apprentice or referring organization
- Four year curriculum available after achieving journeyman status leading to exam and license as a Registered Land Surveyor
- Unique opportunity for developing skills as a surveyor which can utilized either in a region near home or on projects throughout Alaska

STANDARDS OF APPRENTICESHIP

DEVELOPED FOR

TECHNICAL ENGINEERS OF ALASKA (I.B.T. LOCAL 959)

&

PRICE/AHTNA (A JOINT VENTURE)

FOR THE TRADE OF

SURVEYOR ASSISTANT

Approved by: Alaska Teamster Employer Service Training Trust
A.T.E.S.T.T.



DEVELOPED IN COOPERATION WITH THE
BUREAU OF APPRENTICESHIP AND TRAINING
U.S. DEPARTMENT OF LABOR

REGISTERED AS PART OF THE NATIONAL APPRENTICESHIP PROGRAM IN
ACCORDANCE WITH BASIC STANDARDS OF APPRENTICESHIP ESTABLISHED
BY THE SECRETARY OF LABOR.

BY:


WILLIAM F. WADSWORTH, REGIONAL DIRECTOR
BUREAU OF APPRENTICESHIP AND TRAINING

DATE: February 9, 1995

REGISTRATION NO. X-92248

AIMS AK000-0111

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	Addendum #3.....	Attached
	Addendum #4...(Related Training Outline).....	Attached

I. PURPOSE and POLICY

Parties signatory to the following Standards of Apprenticeship declare their purpose and policy to be that of establishing and sponsoring an organized system of apprenticeship training. The Standards are in conformity with Federal Labor Standards (29 CFR 29), which govern employment and training in apprenticeable occupations.

II. DEFINITIONS

Apprentice shall mean a person at least sixteen (16) years of age, who has signed a written Apprenticeship Agreement with a Sponsor to learn an apprenticeable occupation, as outlined in these Standards.

Journeyman shall mean an individual who has sufficient skills and knowledge of a trade, craft, or occupation, whether through formal apprenticeship training or through practical on-the-job work experience, to be recognized by a State or Federal registration agency and/or an industry as being fully qualified to perform the work of the trade, craft, or occupation.

Apprenticeship Agreement shall mean a written agreement between an apprentice and the Sponsor, which has been registered with the registration agency.

Sponsor shall mean the Joint Apprenticeship and Training Committee (JATC). This Committee shall have two members representing the employer, and two members representing the Union, one of whom shall be an employee trustee from the Alaska Teamster Employer Service Training Trust (ATESTT). The Sponsor shall administer these Standards with the approval of the ATESTT. ATESTT shall reserve the right to withdraw their approval in the event these standards are not administered properly.

Employer shall mean Price/Ahtna, a joint venture, 301 W. Northern Lights Blvd. Suite 300, Anchorage, Alaska.

Apprenticeship Committee (sponsor) shall mean a Joint Apprenticeship and training Committee composed equally from management and labor. (See Sponsor above for committee composition.)

Standards shall mean this entire document, including Addenda, containing specific provisions for operation and administration of the apprenticeship program.

Registration Agency shall mean the Bureau of Apprenticeship and Training, U.S. Department of Labor.

III. ADMINISTRATIVE PROCEDURE and COMMITTEE RESPONSIBILITIES

The sponsor is the policy making and administrative body and has full responsibility as to the operation and success of the apprenticeship and Training System. Those responsibilities are:

1. Elect a chairperson and a secretary each year, EXCEPT that either may succeed themselves.
2. Hold regular meetings and record minutes thereof. Meetings at least quarterly is recommended.
3. Determine need for apprentices in the locality.
4. Establish minimum standards of education and skilled occupational experience required of apprentices.
5. Rotate apprentices in the various processes of the skilled occupation, to assure a well rounded, competent worker.
6. Determine the adequacy of the employer to furnish proper on-the-job training in accordance with provisions of this standard.
7. Recommend competent instructions and related class instruction.
8. Recommend a course outline for related instruction, as well as to coordinate related instruction with on-the-job work experience.
9. Hear and adjust all complaints of violations of Apprenticeship Agreements.
10. Adopt, as necessary, local rules and regulations for the conduct of the program as may be required to carry out the purposes of these Standards; PROVIDED, however, that such rules and regulations are not in conflict with these Standards.
11. In general, be responsible for the successful operation of the apprenticeship system, by performing the duties shown above, by obtaining publicity to develop support and interest of the public in apprenticeship.

IV. TERM OF APPRENTICESHIP

The term of apprenticeship (not less than 2000 hours of work experience in each occupation identified in these Standards as apprenticeable) shall be stated in hours or months and shall include the probationary period. The Sponsor may accelerate, by an evaluation process, the advancement of apprentices who demonstrate unusual abilities and mastery of the occupation, to the level for which they are qualified. (See Addendum)

V. WORK PROCESSES

An outline of the Work Processes in which the apprentice will receive supervised work experience and training on the job and the allocation of the approximate time to be spent in each major process shall be set forth in these Standards. (See Addendum)

VI. RELATED INSTRUCTION

The apprentice shall attend related instruction classes a recommended 144 hours per year, when available, correspondence courses, or home study courses, or a combination of classroom and home study courses of equivalent value, will be substituted. In case of failure on the part of any apprentice to fulfill this obligation, the Sponsor shall have authority to withhold their periodic wage advancement, suspend or revoke the Apprenticeship Agreement. Time spent in related instruction classes shall not be considered as hours of work, and the apprentice shall not be paid for time so spent, unless related instruction is required during the regular hours of work.

VII. APPRENTICE WAGES and WAGE PROGRESSION

A progressively increasing schedule of wages shall be paid to the apprentice, consistent with the skill acquired. The entry wage shall be not less than the minimum wage is required by other applicable Federal law, State law, respective regulations, or by collective bargaining agreement.

A progressively increasing schedule of wages, in percentages, is recommended, indicated in hours or monthly periods to be set by the Sponsor. (See Addendum)

VIII. PERIODIC REVIEW, EVALUATION, AND MAINTENANCE OF PROGRAM RECORDS

It shall be the duty of the Sponsor to periodically review and evaluate apprentices, before advancement to their next progression period. The basic evidence of such advancement shall be the record of the apprentice's progress on the job and during related instruction. If such progress is not satisfactory, the Sponsor shall have the right to withhold their periodic wage advancements, suspend or revoke the Apprenticeship Agreement, or make such recommendations it feels desirable. A recordkeeping system shall be established by the Sponsor for such purposes.

IX. RATIO of APPRENTICES

As determined by the Sponsor, a numeric ratio of apprentices to journeymen shall be included in these Standards. It shall be consistent with proper supervision, training, safety, continuity of employment, and applicable provisions in collective bargaining agreement, if any; EXCEPT where such ratios are expressly prohibited by collective bargaining agreement. The ratio language shall be specific and clear as to application in terms of job site, work force, department or plant. (See Addendum #2)

X. PROBATIONARY PERIOD

All apprentices are subject to a probationary period (to be determined as reasonable to the full apprenticeship term), for which they shall receive full credit toward completion of apprenticeship. (See Addendum #1) During the probationary period, the Apprenticeship Agreement may be terminated by either the Sponsor or apprentice, without the formality of a hearing or stated cause. After the probationary period, the apprentice may be cancelled for causes deemed adequate and so indicated to the registration agency.

XI. SAFETY and HEALTH TRAINING

Sponsor shall instruct the apprentice in safe and healthful work practices and shall ensure that apprentice is trained in facilities and other environments that are in compliance with applicable Federal standards or State standards that have been found to be at least as effective as Federal standards.

XII. MINIMUM QUALIFICATIONS

The Sponsor shall establish minimum qualifications for persons entering the apprenticeship program. All minimum qualifications must be clearly stated and directly related to job performance, with an eligible starting age of not less than eighteen (18) years of age. (See Addendum #1)

XIII. APPRENTICESHIP AGREEMENT

Each apprentice (and, if under eighteen (18) years of age, the parent or guardian) shall sign an Apprenticeship Agreement with the Sponsor, who shall then register such Agreement with the registration agency before employment or attendance at related instruction classes, or within the first thirty (30) days of employment. Following such registration, all signatory parties thereto shall receive copies. Specifically, or by reference, the Apprenticeship Agreement shall incorporate these Standards of Apprenticeship.

The registration agency shall receive timely notice of all dispositions of Agreements, which can be: (1) cancellation; (2) Certificate of Completion; (3) military suspension; (4) suspension.

XIV. CREDIT for PREVIOUS EXPERIENCE

Applicants accepted by the Sponsor, who have creditable experience in the skilled occupation or in some other related capacity, may be granted advanced standing as apprentices. Those admitted to advanced standing shall be paid the wage rate for the period to which such credit advances them.

XV. TRANSFER of APPRENTICES and CONTINUITY of EMPLOYMENT

It shall be the obligation and responsibility of the Sponsor to provide, insofar as possible, continuous employment for all apprentices in its program. If unable to provide apprentices the diversity of experience necessary for all-around training and experience in the various processes of the occupation, as set forth in the apprenticeship Agreement; or where the Sponsor's business is of such character as not to provide reasonable continuous employment, the Sponsor may arrange to transfer an apprentice to another employer, who shall assume all the terms and conditions of these Standards. If, for any reason, a lay-off of an apprentice occurs, the Apprenticeship Agreement shall remain in effect, unless cancelled by the Sponsor.

XVI. SUPERVISION of APPRENTICES

The Sponsor shall assure that apprentices are under the supervision of competent and qualified journeymen on the job, so as to ensure training in all phases of the work. Apprentices shall work the same hours as journeymen, EXCEPT where such hours may interfere with related instruction classes.

XVII. CERTIFICATE of COMPLETION

Upon successful completion of apprenticeship, as set forth in these Standards, and passing such examination as the Sponsor may require, Sponsor shall complete an "Application for Certification of Completion of Apprenticeship" which shall be forwarded to the Registration Agency. Based upon such evidence, a certificate of completion will be issued.

XVIII. MODIFICATION, CANCELLATION and DEREGISTRATION of PROGRAM

These Standards may be modified or changed, for the betterment of the apprenticeship system, by submitting proposed modification(s) or change(s), in writing, to the registration agency, for approval. If approved, they shall be recorded and acknowledged as an amendment to the program. HOWEVER, such modification(s) or change(s) shall not affect Apprenticeship Agreements then in force, without consent of all parties signatory to the Agreement.

Cancellation and deregistration of the program may be accomplished voluntarily, by a written request from the Sponsor to the registration agency, or by formal deregistration proceedings, under reasonable cause, by the registration agency instituting formal deregistration proceedings in accordance with the provisions of 29 CFR 29.7.

XIX. EQUAL EMPLOYMENT OPPORTUNITY in APPRENTICESHIP and TRAINING

Each Sponsor establishing an apprenticeship program under these Standards hereby includes, as part of these Standards, the following Equal Employment Opportunity Pledge:

The recruitment, selection, employment and training of apprentices during their apprenticeship shall be without discrimination because of race, color, religion, national origin or sex. The Sponsor shall take affirmative action to provide equal opportunity in apprenticeship and will operate the apprenticeship program as required by Title 29 Part 30 of the CODE OF FEDERAL LABOR STANDARDS.

Each Sponsor with five (5) or more apprentices shall adopt an Affirmative Action Plan and selection procedures, which shall include goals and timetables, if analysis indicates underutilization of minorities and/or women (minority and non-minority) and conduct, operate and administer this program in conformity with Title 29 CFR Part 30. Such Affirmative Action Plan and selection procedures shall be adopted through a separate document.

XX. DISPOSITION of COMPLAINTS

After completion of the stated probationary period, any difference relative to the Apprenticeship Agreement, which cannot be adjusted by the Sponsor, any affected party may appeal to the registration agency for interpretation of any part of the Standards over which there is a difference. It shall be understood that this provision applies only to problems affecting Apprenticeship Agreements. Parties may avail themselves of the grievance procedure of the collective bargaining agreement, if any.

The registration agency shall be furnished the name and address of the appropriate authority to receive, process and make disposition of complaints.

XXI. REGISTRATION AGENCY RECORD REQUIREMENTS

It shall be the responsibility of the Sponsor to establish and maintain such apprenticeship records as may be required by the registration agency and other applicable laws.

XXII. SAVINGS CLAUSE

If and when any part of these Standards become illegal, as pertains to Federal and/or State law, that part and that part alone shall become inoperative and null and void. The remainder of the Standards shall remain in full force and effect.

XXIII. TEMPORARY DISABILITY

An apprentice who is unable to perform the on-the-job portion of apprenticeship training may, if the apprentice so requests, participate in related instruction classes, subject to the apprentice obtaining and providing to the Sponsor written medical approval for such participation. HOWEVER, time so spent will not count toward on-the-job portion of apprenticeship training.

XXIV. TRAINING COORDINATOR - TRAINING DIRECTOR

Sponsor may employ a competent person as a full or part time Training Coordinator/Training Director. Such person shall assume responsibilities and authority for the operation of the programs are delegated by the Sponsor.

XXV. CONSULTANTS

Consultants may be asked to participate, without vote, in conferences related to apprenticeship.

APPROVED BY THE EMPLOYER TRUSTEE REPRESENTING THE A.T.E.S.T.T.

Dick Cattanach
Dick Cattanach, Chairman

APPROVED BY THE EMPLOYEE TRUSTEE REPRESENTING THE A.T.E.S.T.T.

Bill Pierce
Bill Pierce, Trustee

ADOPTED BY THE PRICE/AHTNA JATC REPRESENTATIVES

Jim Ruhwedel
Jim Ruhwedel

Nick Jackson
Nick Jackson

ADOPTED BY THE UNION JATC REPRESENTATIVES

Bill Pierce
Bill Pierce, Union/ ATESTT Trustee

Mike Kenny
Mike Kenny, Union Representative

Registered as incorporating the
basic fundamentals recommended
by the Federal Committee on
Apprenticeship

By *Gregory M. Berg*

Title *State Director*

Date *2/10/95*

DEFINITION (not elsewhere listed):

EMPLOYER shall mean PRICE/AHTNA - A JOINT VENTURE.

UNION shall mean TECHNICAL ENGINEERS OF ALASKA INTERNATIONAL BROTHERHOOD OF TEAMSTERS, Local 959.

PROBATIONARY PERIOD

All apprentices employed in accordance with these Standards, shall be subject to a probationary period not exceeding the first 1150 hours of the term of the apprenticeship.

MINIMUM QUALIFICATIONS

Apprenticeship applicants, before being considered as apprentices, must meet the following: (only checked items)

- Must be at least 18 years of age or older
- Must have been a high school graduate, or possess a G.E.D. Equivalency Diploma
- Must be physically fit, without regard to any occupationally irrelevant physical handicap
- Must be an Alaskan Resident for a period of one year prior to application

Skilled occupational objective: SURVEYORS ASSISTANT

TERM of APPRENTICESHIP

The term of apprenticeship shall not be less than 4000 hours of reasonably continuous employment.

APPRENTICE WAGES and WAGE PROGRESSION

Apprentices shall be paid based upon the following percentages of the journeyman wage rate:

1st <u>1000 Hour</u> period <u>60</u> %	3rd <u>1000 Hour</u> period <u>70</u> %
2nd <u>1000 Hour</u> period <u>65</u> %	4th <u>1000 Hour</u> period <u>75</u> %

As of 1/1/95, the journeyman wage rate for this skilled occupation is \$ 19.51 per hour. Should this wage rate be increased during the term of apprenticeship, adjustments in apprentice wages shall be made to reflect stated percentages of the higher journeyman wage rate.

RATIO OF APPRENTICES

For one journeymen regularly employed, employer may have one apprentice and may have one additional apprentice for each one journeymen regularly employed thereafter.

Skilled occupational objective: SURVEYOR ASSISTANT, INSTRUMENTS
 DOT #018.167-034 AIMS #0551

WORK PROCESS*

During the term of apprenticeship, the apprentice shall receive such instruction and experience, in all branches of the occupation, as the necessary to develop a practical and versatile worker. Major processes in which apprentices will be trained (although not necessarily in the order listed) and approximate hours (not necessarily continuous) to be spent in each are as follows:

APPROXIMATE HOURS

1	Learn basic first aid treatment practices for medical emergencies	50
2	Learn traffic control and safety procedures for surveying and construction operations	50
3	Apply basic math, science, history of surveying geography, and measurements. Make arithmetic calculations	300
4	Care, clean, and sharpen a variety of surveying tools and equipment	100
5	Set up, transport and calibrate surveying field instruments	200
6	Identify names, purposes and parts of various surveying instruments	50
7	Learn basic surveying measurements, including linear, angular, elevation and unit systems conversions	400
8	Identify the types of surveying and their basic differences	50
9	Set wooden stakes or other survey point markings and monuments	200
10	Set up and operate specialized surveying instruments related to boundary surveying and construction	1000
11	Operate manual and electronic distance measuring equipment, computers, calculators	1000
12	Learn to obtain and process data for survey plats, maps, charts and other documents using generally accepted procedures relating to boundary surveying.	600

TOTAL HOURS 4000

LEVEL 1

150 HOURS

Introduction: History and Use of Surveys
Chaining and Taping Techniques
Rodding and Leveling Techniques
Setting up Instruments, Prisms, Backsights
Definitions - Center Line Profile, Original Cross Sections, Etc.
Abbreviations
Decimal Foot System
Control Surveys - Horizontal & Vertical; Monuments & Benchmarks
Angular, Horizontal & Vertical Measurements
Introduction to Basic Math
Slope Staking and Stake Hopping
First Aid/CPR
Hazardous Material Course
Public Relations
Introduction to Azimuths and Bearings
STADIA
Precision of Measurements
Types of Monumentation

LEVEL 2

150 HOURS

Development of Mathematical Skills
Use of Total Stations, Theodolites, Levels, EDM's
Control Surveys - Traversing and Inversing
Different Types of Surveys
Field Note Keeping
Plan Reading
Developing Understanding of Angular, Horizontal & Vertical Measurements
Elements of Construction, Pipeline, and Cadastral Surveys
Introduction to Calculators, Data Collectors and Computers
Precision Levels
Hazardous Material Course
Public Relations
Reducing Notes
Determining Azimuths and Bearings
Horizontal and Vertical Curves
Blunders, Systematic Errors and Random Errors

LEVEL 3

150 HOURS

Understanding of more sophisticated mathematics
Development of Skills in Calculators and Data Collectors
Development of Skills in Computer Operating Systems
Coordinate Geometry (COGO)
Geographic Information Systems
Plan Reading in Construction and Piping
Designing in the field
Drafting
Utility Surveys
As Builts
Plot Plans
Subdivision Surveys
Design Surveys
First Aid/CPR
Hazardous Material Course
Public Relations
Traverse Closures and Adjustments
Triangulation and Trilateration

LEVEL 4

150 HOURS

Legal Studies Relating to Surveys
Planning and Design of Surveys
Computer Use - AUTOCADD
Developing Proficiency in Calculators, Data Collectors, Modems
Use of Global Positioning Systems
Intersections and Resections
State Plane Coordinates
Geodetic
UTM
Lambert Projections
Least Square Adjustments
Scale Factors
Hydrographic Surveys
Tunnel Surveys
Developing Relations with Contractors
Ethics
Hazardous Material Course

The United States Department of Labor



Bureau of Apprenticeship and Training Certificate of Registration

PRICE/AHTNA JATC

*Registered as part of the National Apprenticeship Program
in accordance with the basic standards of apprenticeship
established by the Secretary of Labor*

February 9, 1995

Date

Y-92248

Registration No.

Secretary of Labor

Director, Bureau of Apprenticeship and Training

International Association of Heat and Frost Insulators & Asbestos Workers



Local No. 97 City ANCHORAGE State ALASKA

Address _____

P.O. BOX 203212

99520

Tel.#(907) 272-8224

Fax# (907)277-8860

1-24-97

To: Mr. Ed Hamilton

RE: Alaska Hire and Training

In reference to your letter regarding the gas pipeline we definitely wish to participate in this project.

Our Apprentice Program is a Four (4) year program designed to fully train all of our people in all aspects of the Insulation Industry. It is jointly administrated by both the Contractors and Members of Local 97. This program is adaptable to fulfill any local hire needs as we are capable of having our training school at any time. We are in full compliance with the affirmative action goals as well as being approved by the Ak. Commission of Post Secondary Education . Such approval allows qualified Veterans to recieve their training benefits. New construction techniques as well as maintenance procedures are a basic part of our training.

Sincerely,

Caroline Starr - Bates
President #97