

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 86/2

9679 SENATE RESOURCES

BP Exploration (Alaska) Inc.  
 Prudhoe Bay Unit  
 Royalty and Taxes Due State of Alaska  
 January 1997

	Total	BP	ARCO	EXXON	MOBIL	PJIL	CHEV	TEX	EOBCE
<b>State of Alaska Royalty Information</b>									
Royalty Base (Total Oil/Gas-LD-TIK)	26,106,137.0	10,109,735.9	7,290,886.0	7,703,556.7	366,859.3	364,589.4	161,269.4	100,128.9	9,111.3
Oil									
Royalty Base (subtract oil)	23,202,500.0	9,579,800.1	6,125,972.8	6,538,664.3	353,091.2	351,408.0	146,575.1	98,248.3	8,940.2
RIK	1,577,710.3	652,680.1	415,804.3	443,926.2	24,057.3	23,942.7	9,986.7	6,694.0	609.1
RFV	1,322,802.2	544,752.8	349,942.3	373,408.9	20,079.1	19,981.3	8,335.1	5,587.0	508.4
Total Royalty	2,900,512.5	1,197,432.9	765,746.6	817,335.0	44,136.4	43,924.0	18,321.8	12,281.0	1,117.5
<b>NGL &amp; ABL</b>									
Royalty Base	2,038,666.0	152,040.7	686,998.8	1,162,073.1	9,035.0	13,131.5	13,285.2	1,880.7	171.1
RIK	138,881.1	10,357.8	46,801.8	79,166.2	615.5	898.0	905.1	128.1	11.7
RFV	115,942.1	8,647.3	39,073.1	68,092.9	512.9	749.2	755.6	107.0	9.7
Total Royalty	254,823.2	19,005.1	85,874.9	145,259.1	1,128.4	1,647.2	1,660.7	235.1	21.4
<b>NGL (KRLD)</b>									
Royalty Base	864,971.0	378,095.1	477,914.4	2,819.4	4,733.1	0.0	1,409.0	0.0	0.0
RFV	108,121.4	47,281.9	59,739.3	352.4	591.8	0.0	178.1	0.0	0.0
Total Royalty Due	3,263,267.1	1,263,717.0	911,360.7	962,944.6	45,857.4	45,573.7	20,158.7	12,516.1	1,138.9

**Taxes**

Tax Base (Base-LD- NGL-Royalty)	20,303,001.2	8,382,312.9	5,360,551.7	5,721,656.7	308,954.8	307,482.0	128,253.2	85,967.2	7,822.7
Oil Tax due (18.00% * ELP)	2,960,765.4	1,222,383.9	781,723.8	834,383.2	45,054.6	44,839.8	16,703.0	12,536.5	1,140.8
NGL Barrels	2,038,666.0	152,040.7	686,998.8	1,162,073.1	9,035.0	13,181.5	13,285.2	1,880.7	171.1
NGL - Royalty	1,783,832.8	133,035.6	601,123.9	1,016,813.9	7,905.6	11,533.6	11,624.6	1,645.6	149.7
NGL MCF equiv.	2,122,778	158,240	715,274	1,210,168	9,412	13,732	13,814	1,960	178

Current Royalty Rate 12.5%  
 Current Tax Rate 15.0%  
 Economic Limit Factor 0.972193  
 Economic Limit Factor (for Gas) 0.784170

**Calculation of Royalty Value -- Prudhoe Bay Unit  
January 1997**

<b>Lessee</b>	<b>Oil (barrels)</b>	<b>Royalty Value</b>	<b>Product of Volume Times Royalty Value</b>
<b>Lisburne Production Center</b>			
<b>Lisburne Participating Area</b>			
ARCO	176,138.00	\$19.500	\$3,434,691.00
BP Exploration	88,069.00	\$18.120	\$1,595,810.28
Exxon	176,138.00	\$18.730	\$3,299,064.74
<b>Point McIntyre Participating Area</b>			
ARCO	1,514,824.19	\$19.500	\$29,539,071.71
BP Exploration	1,825,326.54	\$18.120	\$33,074,916.90
Exxon	1,899,334.27	\$18.730	\$35,574,530.88
<b>West Beach Participating Area</b>			
ARCO	29,463.50	\$19.500	\$574,538.25
BP Exploration	29,463.50	\$18.730	\$551,851.36
<b>Niakuk Participating</b>			
BP Exploration	651,808.00	\$18.120	\$11,810,760.96
<b>West Niakuk Participating Area</b>			
ARCO	62,528.00	\$19.500	\$1,219,296.00
Exxon	62,528.00	\$18.730	\$1,171,149.44
<b>P109</b>			
ARCO	20,575.00	\$19.500	\$401,212.50
<b>Prudhoe Bay Initial Participating Area</b>			
ARCO	6,812,971.60	\$19.880	\$135,441,875.41
BP Exploration	9,731,640.80	\$18.640	\$181,397,784.51
Chevron	159,860.30	\$23.248	\$3,718,432.25
Exxon	7,700,737.40	\$19.220	\$148,008,172.83
Forcengery	9,111.30	\$19.880	\$181,132.64
Mobil	362,126.20	\$19.539	\$7,075,583.82
Phillips	364,580.50	\$20.690	\$7,543,356.76
Texaco	100,129.00	\$18.950	\$1,897,444.55
<b>Totals</b>	<b>31,777,362.10</b>		<b>607,508,678.79</b>
<b>Average Royalty Value</b>			<b>\$19.11765</b>

APPENDIX A – Attachment 4

Monthly Average Change in ANS West Coast Destination Values

Production Month	ARCO Value	% Change Previous Month	BP Exploration Value	% Change Previous Month	Exxon Value	% Change Previous Month	Average Percentage Change
Jan-97	\$23.45	-0.21%	\$23.44	-0.26%	\$22.86	-0.26%	-0.24%
Feb-97	\$20.27	-13.56%	\$20.26	-13.57%	\$19.69	-13.87%	-13.67%

## APPENDIX B

### EXAMPLES OF INTEREST AND LATE PAYMENT PENALTY

The following illustrates the date from which interest will accrue and the date that a late payment penalty will be assessed.

January 1 – 31, 1998 – State delivers January 1998 Sale Oil.

February 6, 1998 – State sends Mapco a statement of account that contains the production month invoice for January.

February 11, 1998 – (The date of the statement of account that contains January's production month invoice plus three business days) – Mapco must pay the January production month invoice amount in full on or before this date. If Mapco does not pay on this date, interest and a late payment penalty will accrue from this date on the unpaid balance until paid in full.

March 9, 1998 – State sends Mapco the statement of account that contains the initial adjustment invoice for January 1998 Sale Oil. Mapco owes the State an additional sum.

March 12, 1998 – Mapco must pay the initial adjustment invoice amount in full plus interest from February 11, 1998 through the March 12. If Mapco does not pay on or before March 12, 1998, interest and a late payment penalty will accrue from this date on the unpaid balance until paid in full.

January 11, 1999 – State sends Mapco a subsequent adjustment invoice for January 1998 Sale Oil. Mapco is entitled to a credit. State pays interest from February 11, 1998 through January 14, 1999, the date the statement of account that contains the subsequent adjustment invoice amount is due.

April 10, 2008 – Exxon notifies the State that, due to a clerical error, it has revised its royalty value for January 1998. The revision causes the Royalty Value for January 1998 to change.

April 17, 2008 – the State sends Mapco a statement of account that contains a subsequent adjustment invoice for January 1998. Mapco owes the State an additional sum.

May 17, 2008 – Mapco must pay the subsequent adjustment invoice amount for January 1998 Sale Oil in full plus interest calculated from February 11, 1998 through February 11, 2004. If Mapco does not pay the subsequent adjustment invoice amount in full on or before May 17, 2008, interest and a late payment penalty will accrue on the unpaid balance from February 11, 1998 until paid in full.

November 10, 2008 – The court settles a dispute between the TAPS carriers and shippers: carriers are awarded a higher tariff for January 1998.

November 28, 2008 – The State sends Mapco a statement of account that contains a subsequent adjustment invoice and a State Warrant for the subsequent adjustment invoice amount plus interest. Mapco is entitled to a refund that includes interest calculated from February 11, 1998 through November 28, 2008.

THE ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD

Resolution 98-1

On January 30, 1998, the Commissioner of Natural Resources provided the Alaska Royalty Oil and Gas Development Advisory Board ("Board") with the Preliminary Finding and Determination to Sell Royalty Oil to Mapco Alaska Petroleum Inc. dated January 30, 1998 ("Finding") and a copy of the proposed Agreement for the Sale and Purchase of State Royalty Oil to Mapco Alaska Petroleum Inc ("Contract"). Under the Contract, the Department of Natural Resources will sell approximately 28,000 barrels per day of Prudhoe Bay Unit royalty oil to Mapco for five years. Mapco will process the oil in its refinery in North Pole, Alaska.

The Contract was negotiated between representatives of the Division of Oil and Gas and Mapco over the past four months. On January 30, 1998, the division published the Finding, the Contract and gave public notice that the Board would review the Contract at a public hearing on February 17, 1998.

On February 17, the Board met to discuss the Contract and take public comments. Representatives from the division, representatives of Mapco, and members of the public attended the meeting. A presentation from division staff about the proposed sale and contract was given to the Board. After review and consideration of the information presented, public comment, and the criteria of AS 38.06.070, the Board approved the proposed sale and recommended the proposed contract be approved by the legislature.

Based on the Board's review of the Contract, the Commissioner's Finding, and the information presented at its public hearing, the Board is of the opinion that the proposed disposition of Prudhoe Bay Unit royalty oil to Mapco is consistent with AS 38.06.070 and AS 38.05.183. In report to the legislature, the Board adopts the Commissioner's Finding by reference, and recommends that the Twentieth Alaska State Legislature approve the Agreement for the Sale and Purchase of State Royalty Oil to Mapco Alaska Petroleum Inc.

Lynn Aleshiere 2/17/98  
Date

Thomas Cook 2-17-98  
Date

Wilson Condon 2/17/98  
Date

Becky Gray 2-17-98  
Date

Becky Beck for Deborah B. Sedwick 2/17/98  
Date

John Shively 2/17/98  
Date

SENATE BILL No. 342  
HOUSE BILL No. 469

## MAPCO ALASKA PETROLEUM Inc. POSITION PAPER

### FIVE YEAR ROYALTY OIL CONTRACT WITH STATE OF ALASKA

April 2, 1998

MAPCO ALASKA PETROLEUM Inc. (MAPI) is seeking ratification of a new five year royalty oil contract from the Alaska State legislature. The contract was unanimously recommended for legislative approval by the Alaska Royalty Oil and Gas Development Advisory Board at their February 17, 1998, meeting. Approval of the contract is now before the legislature in the form of SB 342 and HB 469.

The contract has been signed by the Alaska Commissioner of Natural Resources and the President of MAPI. The contract calls for the sale of approximately 28,000 barrels per day (bpd) of North Slope royalty crude to MAPI. The contract will be effective December 1, 1998, and calls for MAPI to pay the State Royalty-in-Value price for the royalty oil plus a \$.15 per barrel premium. Over the five years of the contract, the State could receive an additional \$7.665 million in gross revenues over what they would receive from other Prudhoe Bay lessees for the royalty oil.

The effective date of December 1, 1998, coincides with the expiration of a current one year contract MAPI now has with the State for 13,000 bpd of royalty oil. The new contract will replace the volume in the one year contract and add the additional volume to provide feed-stock for the \$70 million refinery expansion currently underway at MAPI. The cornerstone of this expansion is the addition of a third crude unit to the refinery. The new crude unit will begin shipping the additional production approximately December 1, 1998.

The \$70 million expansion project currently has 50 Alaska workers on site. Construction employment will peak at about 375 workers this summer. Over 30 Alaskan vendors and contractors will be working on the refinery expansion. Once completed, the new crude unit will produce an additional 14,000 bpd of jet fuel for Alaska's growing air cargo and air passenger business. An additional 25 rail cars of jet fuel will be shipped daily on the Alaska Railroad from Fairbanks to Anchorage when the project is completed. Local property tax payments by MAPI will increase, revenues to GVEA and ARRC will increase, and vendors and contractors will benefit from both the construction and the ongoing operation of the third crude unit. Also, a total of 19 permanent new employees will be hired at the refinery and the Anchorage terminal to support the production expansion.

MAPCO has refining, marketing and retail activities throughout Alaska. MAPI employs 155 people in the refining and marketing business and about 350 workers at the 28 MAPCO Express retail stores in Alaska. MAPI spent approximately \$450 million with over 680 Alaskan vendors and contractors in 1997. In addition, MAPI provided approximately \$500,000 in funding to educational institutions, non profit organizations and for event sponsorships in 1997. MAPI has its refining headquarters at North Pole near Fairbanks and its marketing headquarters in Anchorage.

For more information contact Jeff Cook at (907) 488-5104

## MAPCO COMMENTS ON GASOLINE PRICES

April 8, 1998

There have been several articles recently in Alaska newspapers which expressed concerns about gasoline prices in Alaska. On behalf of MAPCO, I am pleased to respond to some of those concerns.

First, I need to note that crude oil is not the only component or cost involved with refining gasoline. Crude cost accounts for less than half of the retail price of gasoline. MAPCO and other Alaska refiners pay fair market value for the crude we purchase and we pay a pro-rated tariff to get it to our refinery. For one of our crude contracts with the State of Alaska, MAPCO pays a \$.15 per barrel premium for the crude oil.

The other costs of refining product in Alaska are all higher than at lower 48 refineries. Electricity is an ingredient of refining and we pay several million dollars per year to GVEA for electricity. We pay twice the cost for electricity here compared to our Memphis refinery. And electricity costs are two to three times higher here than for refineries in the Pacific Northwest. The chemicals, fuel, labor and transportation components of refining and distributing our refined product are all considerably higher here than in the lower 48 states. The average rate of pay at our North Pole Refinery is about \$10.00 per hour higher than for comparable positions at our Memphis refinery. This is a 50% higher cost for labor at our Alaska refinery. Alaska has some of the most stringent environmental standards that impact costs at the refining, wholesale and retail levels. In addition, MAPCO paid a \$30 million quality bank penalty in 1997 for the 600 million gallons of refined product sold, which equates to \$.05 per gallon. Or you can look at the quality bank penalty as adding \$2.10 to the cost of each barrel of crude we refine. The \$70 million jet fuel expansion we are currently doing at our refinery would cost in the \$45 to \$50 million range in Memphis. So it follows that refined product prices will also be higher in Alaska than elsewhere in the Country.

But the prices in Alaska are much lower than they would be without the presence of the Alaska refiners. When I left for college at the University of Oregon driving down the Alcan Highway with Jim Dodson in the fall of 1963, the price of gasoline in Fairbanks was around \$.55 per gallon. We arrived in Eugene, Oregon, and paid about \$.26 per gallon. It was after 1969 when Tesoro started refining in Alaska that prices dropped. In 1978 gasoline was \$.859 in Fairbanks and it was \$.609 in Eugene. The percentage price difference had dropped considerably by 1978. MAPCO started refining gasoline in 1985 and prices dropped again. Today the price of gasoline in Fairbanks is \$1.209 and in Eugene, Oregon it is \$1.109. The gap has narrowed considerably. I should note that today the price of the Fairbanks Daily News-Miner is \$.75 and the cost of the Eugene Register Guard is \$.50. The news paper here costs 50% more than in Eugene, while the gasoline is only 9% more in Fairbanks. I should comment that I think the price of the Fairbanks Daily News-Miner is a bargain and is very reasonable in view of the costs associated with publishing the news paper here in Fairbanks.

I also wanted to point out that some of the data used in analyzing gasoline prices was not correct as pertains to the Fairbanks and Anchorage markets. The data provided to Senator Frank Murkowski by AAA that was quoted in some news articles appeared to show a price of \$1.269 for Alaska. The Fairbanks price is \$1.209 and the Anchorage price is about \$1.159. So the after tax price of Alaska gasoline is in the \$.89 to \$.94 per gallon range as opposed to \$1.00 per gallon. The price of gasoline in the bush areas is really not relevant to the analysis in my opinion since they can only receive fuel once or twice a year in relatively small volumes.

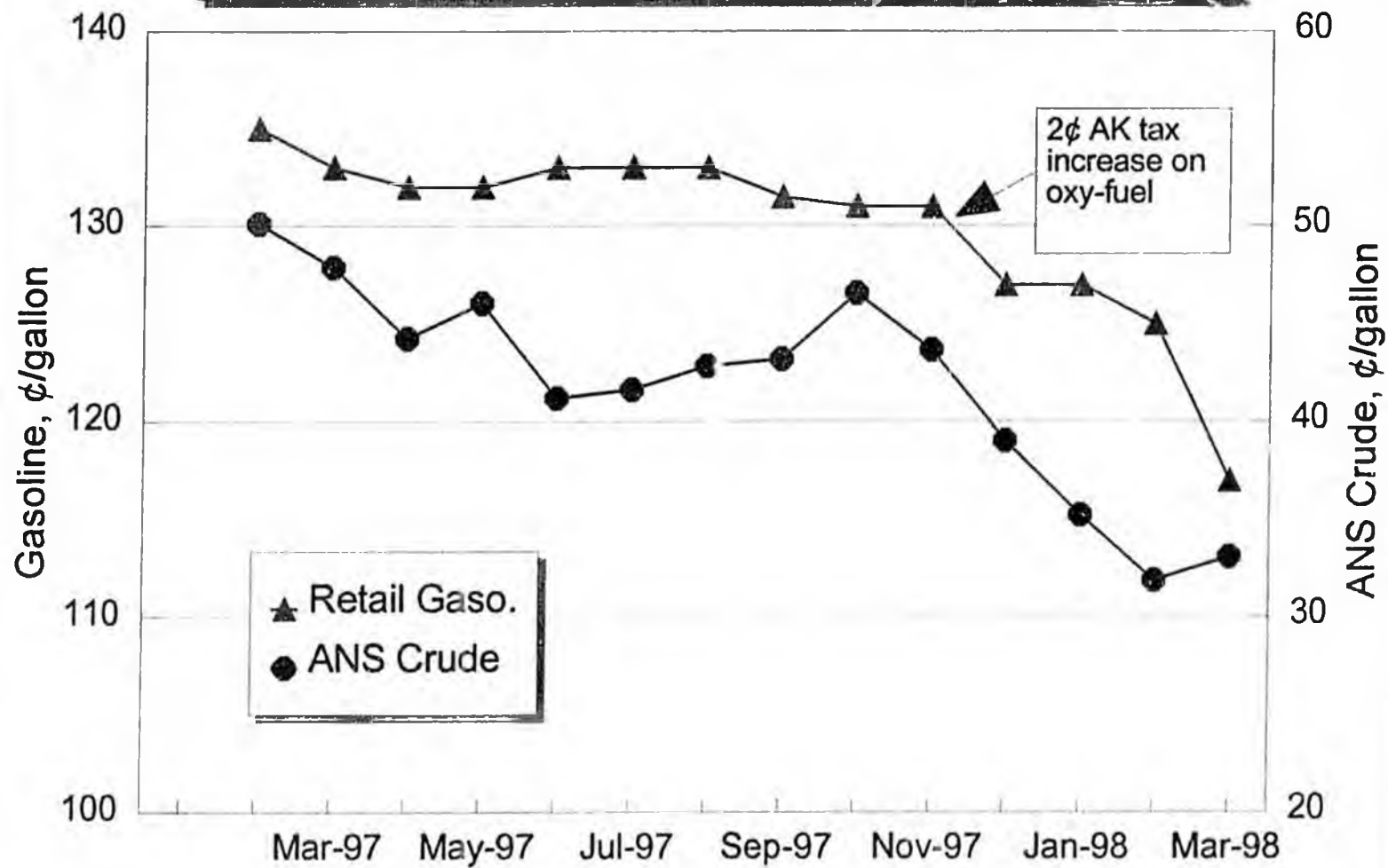
MAPCO is proud of our refining activity and the positive influence we have had on fuel prices over the 20 years we have operated at our North Pole Refinery. We are proud that in 1998 we supported 688 Alaskan vendors with \$450 million in spending. We spent more with everyone of those vendors than we would have for comparable goods or services in the lower 48 States. But that is a fact of life in Alaska. Our presence here means that \$450 million multiplies around the Alaska economy a number of times and helps thousands of Alaskans directly or indirectly. As an example, we pay approximately \$1.8 million in property taxes that are shared between the Fairbanks North Star Borough and the City of North Pole. Our refining and retail operations employ about 500 Alaskans with a total for payroll and benefits of approximately \$20 million per year. This payroll amount is in addition to the total paid to vendors in 1997.

Attached are three graphs showing that our price of gasoline, jet fuel and diesel fuel have fallen as fast, and in some cases faster, than crude oil prices have fallen since a year ago. We feel we have been very fair and sensitive to the Alaskan consumer, and we pledge to maintain that sensitivity and fairness in the future.

For additional information contact:

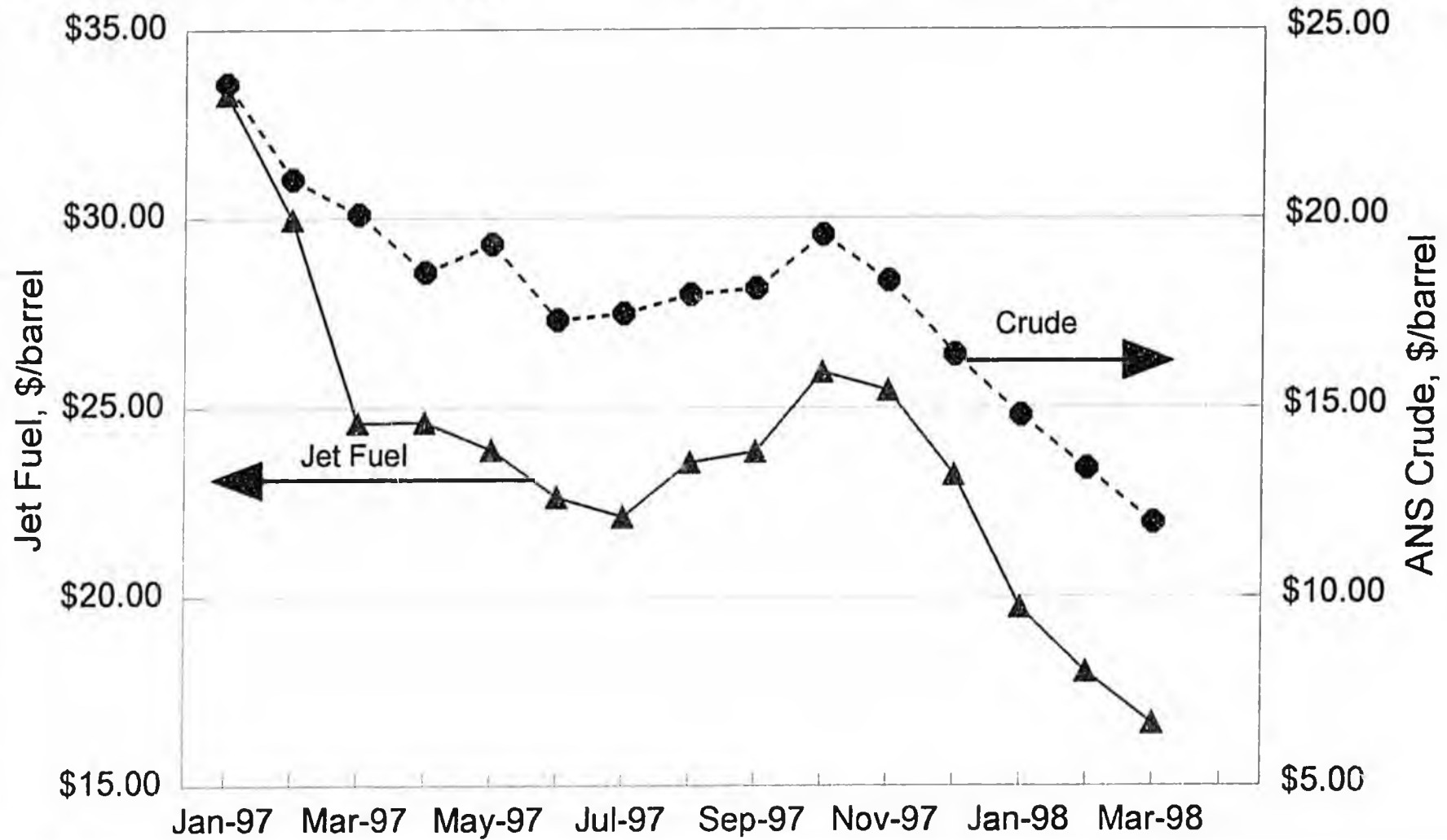
Jeff Cook, Vice President External Affairs  
MAPCO ALASKA PETROLEUM Inc.  
(907) 488-5104

# Alaska Gasoline Prices and ANS

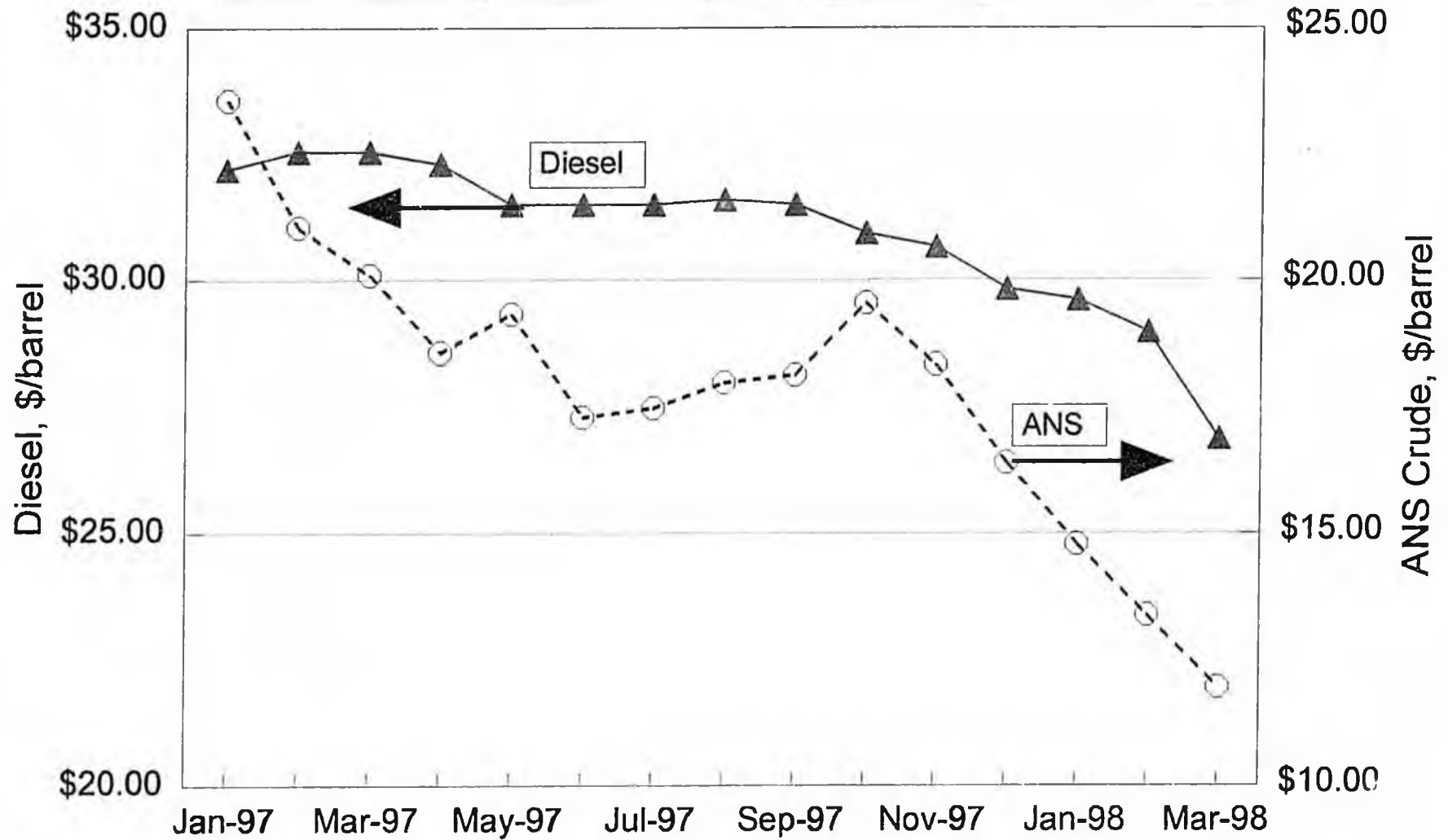


04/08/98

## Jet Fuel Price at Anchorage International Vs. ANS



# Anchorage Rack Diesel Vs. ANS





# MAPCO ALASKA PETROLEUM INC.

APRIL 9, 1998

Jeffrey J. Cook  
VICE PRESIDENT  
EXTERNAL AFFAIRS & ADMINISTRATION

## Gasoline Price Comparisons in Selected U S Cities

(Price per gallon of regular, unleaded motor gasoline at self-service pump)  
ACCRA Cost of Living Index - Second Quarter 1997

### SELECTED CITIES-Price w/tax

Anchorage, AK	\$1.32
Fairbanks, AK	\$1.42
Juneau, AK	\$1.44
Kodiak, AK	\$1.66
Bakersfield, CA	\$1.37
Los Angeles, CA	\$1.38
San Francisco, CA	\$1.53
Boise, ID	\$1.35
Billings, MT	\$1.40
Reno, NV	\$1.44

OIL PRICES			
Wednesday, April 1, 1998			
CRUDE GRADES	Wed	Tue Yr. Ago	
OFFSHORE d			
European "spot" or free market prices			
Arab 1#	10.75	10.66	15.15
Arab 2#	8.75	8.66	12.10
Iran 1#	11.33	11.39	15.85
Porties	13.05	12.79	17.45
Brent	12.80	12.71	17.42
Bonny II	12.33	12.77	17.55
Urals-Medit.	11.30	11.73	16.15
DOMESTIC			
Spot market			
W. Tex. Int. Crude			
(1300-1450) (1997)	15.55	15.21	19.23
W. Tex. Sour. Med. (1300-1325)	13.30	12.93	16.97
W. Tex. Sw. (1200-1494)	14.35	14.53	18.90
Alaska Slope Pacific Del.	12.72	12.82	17.20
Domestic market crude oil values in Northwest Europe around 17-20 \$/bbl. in this per barrel, for main loading ports in countries of origin for prompt loading, except as indicated			
REFINED PRODUCTS			
Fuel Oil, No. 2 1/4 gal.	4293	4214	5624
Distill Fuel, 100 S			
1/4 gal. low sulfur	4473	4357	5899
Gasoline, undec. premium			
1/4 gal. non-oxygenated	5017	4956	6345
Gasoline, undec. premium			
1/4 gal. oxygenated	5172	5091	6438
Gasoline, undec. reg.			
1/4 gal. non-oxygenated	4532	4456	5780
Gasoline, undec. reg.			
1/4 gal. oxygenated	4757	4683	6032
Propane, winter, Mont. Bayview			
100 lb. 201	2828	2828	3463
Propane, winter, Mont. Bayview			
100 lb. 201	2812	2812	3448

PRICE OF GASOLINE IN FAIRBANKS ONE YEAR AGO PER AMERICAN CHAMBER OF COMMERCE RESEARCH ANALYSIS SURVEY WAS \$1.42 per gallon. PRICE TODAY IS \$1.21 per gallon. THAT IS A DROP OF \$.21 per gallon.

PER WALL STREET JOURNAL OIL PRICES, PRICE OF NORTH SLOPE CRUDE ONE YEAR AGO WAS \$18.20 per barrel. PRICE AT CLOSING 4-8-98 WAS \$12.72 per barrel. THAT IS A DROP OF \$5.48 PER BARREL IN ONE YEAR. IF ONE WERE TO ASSUME CRUDE OIL WAS THE ONLY COMPONENT OF GASOLINE AND THERE WAS A LINEAR DROP IN PRICE, GASOLINE SHOULD HAVE DROPPED BY \$.13 per gallon (\$5.48 per barrel drop divided by 42 gallons per barrel).

ACTUAL DROP IS \$.21 per gallon. PROJECTED DROP FROM CRUDE PRICE IS \$.13 per gallon. RETAIL PRICE HAD ACTUALLY DROPPED FASTER THAN THE CORRESPONDING DROP IN CRUDE PRICE.

**SB**

**1002**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 5/26/98

FURTHER:

Date of 5-Day Notice: 5/21/98  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 5/27/98

Resources Committee considered SENATE BILL NO. 1002

"An Act delaying the repeal of the current law regarding subsistence use of fish and game until October 1, 1999; amending the effective date of secs. 3 and 5, ch. 1, SSSLA 1992; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 1002 (RES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical title  
 new: SCR \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Little Green</i>	✓	<i>Amended</i>	✓		
<i>Winnings</i>	✓				
<i>Henry A. Roman</i>	✓				
<i>Wesley Taylor</i>	✓				
<b>CHAIR: <i>Rick Helford</i></b>	✓	<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>SRCS</i>	<i>5/26</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

**BILL NO. CSSB1002(RES)**

Revision Date 5/26/98 Dept. Affected \_\_\_\_\_  
 Title Extend current subsistence law BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Rules \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES [ ]</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time					
Part-time					
Temporary					

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

This bill extends current law and is anticipated to have no fiscal impact on state agencies.

Prepared by Senate Resources Committee  
 Division \_\_\_\_\_  
 Approved by Senator Rick Halford, Chairman  
 Agency \_\_\_\_\_

Phone 465-4907  
 Date 5/26/98  
 Date \_\_\_\_\_

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

**CS FOR SENATE BILL NO. 1002(RES)**

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

**TWENTIETH LEGISLATURE - FIRST SPECIAL SESSION**

**BY THE SENATE RESOURCES COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATE RULES COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act providing for the repeal of the termination date of the current law  
2 regarding subsistence use of fish and game; repealing the effective date of secs.  
3 3 and 5, ch. 1, SSSLA 1992; and providing for an effective date."

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

5 \* **Section 1.** Sections 3 and 5, ch. 1, SSSLA 1992, are repealed.

6 \* **Sec. 2.** Section 12, ch. 1, SSSLA 1992, as amended by sec. 3, ch. 68, SLA 1995, sec. 3,  
7 ch. 130, SLA 1996, and sec. 1, ch. 109, SLA 1997, is repealed.

8 \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

**SENATE BILL NO. 1002**

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

**TWENTIETH LEGISLATURE - FIRST SPECIAL SESSION**

**BY THE SENATE RULES COMMITTEE**

Introduced: 5/26/98

Referred: Resources

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act delaying the repeal of the current law regarding subsistence use of fish  
2 and game until October 1, 1999; amending the effective date of secs. 3 and 5,  
3 ch. 1, SSSLA 1992; and providing for an effective date."

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

5 \* Section 1. Section 12, ch. 1, SSSLA 1992, as amended by sec. 3, ch. 68, SLA 1995,  
6 sec. 3, ch. 130, SLA 1996, and sec. 1, ch. 109, SLA 1997, is amended to read:

7           Sec. 12. Sections 3 and 5 of this Act take effect October 1, 1999 [1998].

8 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

**SB 1**

**2001**

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

July 20, 1998

The Honorable Mike Miller  
Senate President  
Alaska State Legislature  
State Capitol, Room 107  
Juneau, Alaska 99801-1182

*Mike*  
Dear President Miller:

The attached legislation was developed at the end of the last special session as part of a compromise approach to resolve the subsistence dilemma. Along with a constitutional amendment, which I am also transmitting today, this compromise is the fundamental step in regaining and retaining full state management of our fish and wildlife resources.

The bill grants the authority for the Alaska Legislative Council to pursue a constitutional challenge of Title VIII of ANILCA. This will confer legal standing to the Council in its current lawsuit before the US District Court. Although I personally do not support this suit, I will allow this bill to become law as part of the overall compromise approach to provide for subsistence under state management of fish and wildlife resources.

I urge the Legislature to take swift action on this and the constitutional amendment so we can allow the Alaskan voters to decide this long-standing issue once and for all.

Sincerely,

*Tony Knowles*  
Tony Knowles  
Governor

# FISCAL NOTE

No. 1  
 Bill Version: SB 2001  
 (S) Publish Date: 7.20.98

STATE OF ALASKA  
 1998 LEGISLATIVE SESSION

Revision Date (Note if correction) _____	Dept. Affected <u>Law</u>
Title <u>An Act authorizing the Alaska Legislative Council to</u>	BRU <u>Civil Division</u>
sue on behalf of the state .... validity of a rural subsistence priority ...	Component <u>Natural Resources</u>
Sponsor <u>Rules Committee</u>	
Requester <u>Governor</u>	Component Serial No. <u>2212</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill would support the Alaska Legislative Council's power to sue in the name of the state in Legislative Council v. Babbitt, Civil No. 1:98CV0069(JR), (DDC), and would have no fiscal impact on the Department of Law.

Prepared by <u>Joan M. Kasson</u>	Phone <u>465-5370</u>
Division <u>Attorney General's Office</u>	Date <u>7/13/98</u>
Approved by Commissioner <u>Bruce M. Botelho, Attorney General</u>	Date <u>7/13/98</u>
Agency <u>Department of Law</u>	

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

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

**SCR**

**2**



Official Business

# ALASKA STATE LEGISLATURE

## SENATE RESOURCES COMMITTEE

State Capitol  
Juneau, AK 99801

Chairman: Senator Rick Halford  
Vice Chair: Senator Lyda Green  
Senator Loren Leman  
Senator Bert Sharp  
Senator Robin Taylor  
Senator John Torgersen  
Senator Georgianna Lincoln

Teleconference Sites: ANC, Mat-Su, Fairbanks, Ketchikan

### AGENDA

3:30 TO 5:00 p.m.  
Friday, March 7, 1997

SCR 2: Management of wildlife resources                      Teleconferenced  
Senator Taylor, sponsor

Expected Witnesses:  
    Senator Taylor to present the resolution

**NEXT MEETING**  
Monday, March 10

SJR 20 - Modify federal wetlands program for Alaska's needs  
SB 64 - Shuyak Island State Park

\* Bills previously scheduled

**ADJOURN**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 1/17/97

FURTHER:

Date of 5-Day Notice: 2/27/97  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3/10/97

Resources Committee considered SENATE CONCURRENT RESOLUTION NO. 2  
Relating to management of Alaska's wildlife resources.

and recommends:

- be replaced with \_\_\_\_\_ CS SCR 2 (RES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
- same title
  - new title
- House Bill:
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DP/PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John Lougan</i>	✓	<i>[Signature]</i>			✓
<i>Karen J. Jensen</i>	✓				
<i>[Signature]</i>					
<i>Vice CHAIR: Luke Green</i>	✓	<i>CHAIR:</i>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>Resources</i>	<i>3/7</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*Include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SCR 2(RES)

Revision Date 3/7/97 Dept. Affected \_\_\_\_\_  
 Title Management of wildlife resources BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Taylor \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES</b>						
---------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This resolution has no fiscal impact on state agencies.

Prepared by Senate Resources Committee  
 Division \_\_\_\_\_  
 Approved by Senator Lyda Green, Vice-Chair *Lyda Green*  
 Agency \_\_\_\_\_

Phone 465-4907  
 Date \_\_\_\_\_  
 Date 3/7/97

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

# Alaska State Legislature

*Chairman.*  
Judiciary Committee

*Member.*  
Resources Committee  
Rules Committee  
Committee on Committees



State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

352 Front Street  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

*Senator Robin L. Taylor*

## Sponsor Statement

### Senate Concurrent Resolution 2

SCR 2 is a simple resolution. If the policies it advocates were implemented, the State of Alaska would go a long way toward solving the subsistence dilemma by managing wildlife for abundance.

A shortage of wildlife will not be solved by determining who may have a preference regarding harvest. Our state constitution is very explicit on this issue. Article VIII, Section 3 states "*Wherever occurring in their natural state, fish, wildlife and waters are reserved to the people for common use*".

Our constitution also mandates that fish and game resources be managed on the principle of sustained yield. The current administration has failed to implement an intensive management program that will ensure an abundance of wildlife. Attempting to manage complex wildlife populations by only addressing human use will not work. Alaskans currently harvest less than three percent of the harvestable surplus, an amount so small that it is statistically insignificant.

An abundance of fish and wildlife for all Alaskans is the only practical solution to the subsistence impasse. Present policies only perpetuate shortages. An abundance of wildlife is what the people of Alaska need, want and demand. Plentiful populations are good for consumptive users, wildlife viewers, photographers and tourists.

SCR 2 calls on the administration to do everything possible to implement management based on abundance.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell



# Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

## TWENTIETH LEGISLATURE ~ FIRST SESSION

### SCR 2: a resolution relating to management of Alaska's wildlife resources

While this resolution at first encounter appears benign, the ambiguity and restrictive aspects of this legislation create a document that the Alaska Environmental Lobby is unable to support.

- **Ambiguity:** the phrase "biological basis for abundance" is so vague as to create confusion: is the sponsor applying the term equally to predator and prey species alike? If two differing prey species are in competition for the same habitat (for example, black tail deer and introduced elk), which species is to be given preference for "abundance" management?
- **Restriction of management options:** wildlife management issues frequently must be examined on a case-specific basis - factors to consider are constantly changing, new studies offer fresh data to evaluate. The formulation and coordination of plans of action for managing a given population require that complex decisions be made, decisions that should be made within the public forum. To restrict wildlife biologists at ADF&G and members of the boards of game and fisheries to decisions based solely on the vague concept of biological abundance is to deny the reality of the realm in which these people must function - they must consider "people" needs as well as the "biological" needs of the wildlife.

The Alaska Environmental Lobby must take exception with the sponsor's attempts to obscure an issue that is clearly addressed by the Alaska Constitution, Article VIII, Section 4 on Sustained Yield. If the sponsor has concerns with the expenditure of money for wildlife research, AEL suggests that more directed legislation could be drafted to deal with those specific concerns.

Neil Plested, Volunteer  
3/7/97



# Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

## TWENTIETH LEGISLATURE ~ FIRST SESSION

### SCR 2: a resolution relating to management of Alaska's wildlife resources

While this resolution at first encounter appears benign, the ambiguity and restrictive aspects of this legislation create a document that the Alaska Environmental Lobby is unable to support.

- **Ambiguity:** the phrase "biological basis for abundance" is so vague as to create confusion: is the sponsor applying the term equally to predator and prey species alike? If two differing prey species are in competition for the same habitat (for example, black tail deer and introduced elk), which species is to be given preference for "abundance" management?
- **Restriction of management options:** wildlife management issues frequently must be examined on a case-specific basis - factors to consider are constantly changing, new studies offer fresh data to evaluate. The formulation and coordination of plans of action for managing a given population require that complex decisions be made, decisions that should be made within the public forum. To restrict wildlife biologists at ADF&G and members of the boards of game and fisheries to decisions based solely on the vague concept of biological abundance is to deny the reality of the realm in which these people must function - they must consider "people" needs as well as the "biological" needs of the wildlife.

The Alaska Environmental Lobby must take exception with the sponsor's attempts to obscure an issue that is clearly addressed by the Alaska Constitution, Article VIII, Section 4 on Sustained Yield. If the sponsor has concerns with the expenditure of money for wildlife research, AEL suggests that more directed legislation could be drafted to deal with those specific concerns.

Neil Plested, Volunteer  
3/7/97



RECEIVED

AS 1.....

# ALASKA STATE LEGISLATURE

PLEASE ENTER INTO THE RECORD MY TESTIMONY TO THE Senate Resources  
COMMITTEE NAME

COMMITTEE ON SCR 2 DATED \_\_\_\_\_  
BILL/SUBJECT

We support SCR No. 2. Over the last 20 years ~~of~~ ~~the~~ Alaskans have lot focus on the fact that plentiful wildlife resources are necessary for satisfying the various uses of them. ~~the~~ Our fish and game professionals and Boards have zeroed in on who should have the "last moose" rather than doing everything possible to enhance moose populations and habitats.

There are special interests who pretend that Alaskans who hunt can not or should not detract from visitors who wish to view game in its natural habitat. This argument is eyewash. There must be strong, healthy populations for hunting and viewing. Abundance is the goal. The concept of management on a biological basis is sound. Let the social science experiment of the last 10 years end.

SIGNED Mike Tinker MIKE TINKER Thank you.  
TESTIFIER

AWCA Alaska Wildlife Conservation Association  
REPRESENTING (OPTIONAL)

+79-2561 H.M. 451-5120 W.K.  
ADDRESS/PHONE NUMBER

Toni Utt  
HC30 Box 5446  
Wasilla, AK 99654  
(907)376-5718 phone  
(907)373-7719 fax

COMMENTS FOR TELECONFERENCE

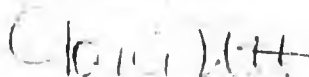
RE: SENATE CONCURRENT RESOLUTION NO. 2

The main item that strikes me about this Bill is "shortages currently exist in numerous wildlife populations in Alaska and are continuing unabated: and whereas it is in the best interest of all Alaskans that the replenishable resources of Alaska are biologically managed for abundance" ... if I remember correctly, it wasn't too long ago that there was a "cow season"....this really makes sense - there is a shortage and our "biological management" decides to kill mothers and unborn??!!  
*Where is the common sense?*

Then there was an article in the Anchorage Daily News yesterday regarding the wolf that was caught in a snare in the Yukon Charley Rivers National Preserve...I didn't think you could hunt or trap in a Park or Preserve to start with and then not only did it snare a wolf, but it snared caribou also! Then, Fish and Game Commissioner Frank Rue stated that "state law prohibited anyone but the trapper from touching the wolf." - Does that mean that if I am out walking in the park, not paying attention to where I am going, looking at the birds flying overhead and step into a snare; anyone with me cannot get me out of the snare, they have to wait until the trapper comes to check it? I know you are going to say that I should be watching where I'm walking and being aware of my surroundings, but when you are out in the beauty of Mother Nature some things are more important than watching where you put your foot! And then you'll say that this is a different case - I am human and the wolf is an animal....WE ARE ALL ANIMALS! Both wolf and man bleed if they are cut, breathe air, must have food and water to survive.

Please think twice before messing with Mother Nature. God created us all and He takes care of us as He sees fit....There is an overabundance of human animals.....are we going to start trapping specific segments of humans to manage the balance?

Thank you.



Toni Utt

JoAnn Utt  
PO Box 1114  
Palmer, AK 99645  
fax (907)373-7719

COMMENTS FOR TELECONFERENCE

RE: SENATE CONCURRENT RESOLUTION NO.2

Line 12: "Whereas an abundance of wildlife will benefit all user groups and will greatly reduce competition amount Alaskans for wildlife resources."

I am sure line 11 and 12 refer to the destruction of the wolf. I have very strong reservations on this....why is it the wolf is #1 on the hit list? Maybe, we should "trim" our hunting permits to levels of which caribou (etc.) can return to acceptable heights.

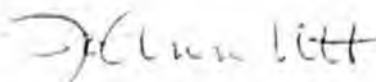
If you read the 3/6/97 issue of Anchorage Daily News, Metro Section (front page) - \*Alert\* - there is a problem when a wolf trap besides snaring 1 wolf - killed 4 caribou (on a dwindling herd - maybe more than the wolf should be blamed)! Maybe, these lobby-paid trappers should be outlawed!

I attended the Board of Game hearings a few years ago in Anchorage. A very knowledgeable Elder from the Fortymile area said limited hunting needed to be evoked until herds were replenished - too bad Fish & Game, as well as our Juneau politicians, do not look at both sides of an issue as our Native leaders can.

However, as you have seen, the American public have shown their disillusionment with "politics as usual" from our paid public servants. Let's be a different breed - *be fair* and look at both sides! Poeti justice to save the caribou from the wolf for a hunter (no-win situation for the caribou?)!

Thank you for your time.

Respectfully,



JoAnn Utt

P.S. Senator Taylor: You need to stop worrying about the plight of the Alaska Outdoor Council and start worrying about unemployment in Southeast - you know *Timber?*

**SCR**

**3**



Official Business

# ALASKA STATE LEGISLATURE

## SENATE RESOURCES COMMITTEE

State Capitol  
Juneau, AK 99801

Chairman: Senator Rick Halford  
Vice Chair: Senator Lyda Green  
Senator Loren Leman  
Senator Bert Sharp  
Senator Robin Taylor  
Senator John Torgerson  
Senator Georgianna Lincoln

### AGENDA

3:30 TO 5:00 p.m.

Wednesday, March 5, 1997

SCR 3: Northstar agreement litigation  
Senator Donley, sponsor

Expected Witnesses:

Senator Donley to present the resolution

SJR 16: Reform the Endangered Species Act  
Senator Lemman, sponsor

Expected Witnesses:

Senator Lemman to present the bill

### NEXT MEETING

Friday, March 7

SCR 2 - Management of wildlife resources

- Bills previously scheduled

ADJOURN



# SENATOR DAVE DONLEY

---

ALASKA STATE LEGISLATURE

## Sponsor Statement for Senate Concurrent Resolution 3

On February 13th British Petroleum (Alaska) Inc. announced they have suspended work on the Northstar oil field development project. British Petroleum is concerned with a lawsuit (Baxley, The Republican Moderate Party vs. State of Alaska & John Shively) challenging the revisions to the lease terms of Northstar field ratified by the legislature and signed by the Governor last year.

SCR 3 urges the Attorney General of the State of Alaska to use every appropriate resource and due diligence to defend the state's interests in this case. SCR 3 also respectfully requests the Superior Court to expedite consideration of the pending legislation so that work on the project can resume as quickly as possible.

In 1996 the legislature authorized the Commissioner of Natural Resources to revise the Northstar unit oil and gas leases. The legislature emphasized to British Petroleum (Alaska) Inc. the importance of a strong commitment to Alaska-hire, Alaska-build, and Alaska-buy in the development of the Northstar field. British Petroleum (Alaska) Inc. has honored its commitment to these important Alaskan issues.

Following the revised lease agreement, construction of modules for the Northstar project began in Anchorage. Several Alaskan construction and oil services companies made preparations for the increased work load. People were hired. Plans were put into place.

The lawsuit has directly resulted in many Alaskans losing their jobs. In the interest of all Alaskans, this case must be resolved quickly.

SCR 3 simply asks the Courts to act as expeditiously as possible on this hearing in order to put Alaskan families back to work.

DD/jja

January-May: STATE CAPITOL • JUNEAU, AK • 99801-1182 • (907) 465-3892 • FAX: (907) 465-6595  
June-December: 716 W. 4TH AVE. • STE. 430 • ANCHORAGE, AK • 99501 • (907) 258-8181 • FAX: (907) 258-1648

---

MEMBER: Senate Finance Committee • Legislative Budget & Audit Committee  
• Senate Community & Regional Affairs Committee

Produced in House

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 2/19/97

FURTHER:

Date of 5-Day Notice: 2/27/97  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 3/5/97

Resources Committee considered

SENATE CONCURRENT RESOLUTION NO. 3

NORTHSTAR AGREEMENT LITIGATION

and recommends:

- be replaced with \_\_\_\_\_ CS SCR 3 (RES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title
- House Bill:**  
 same title  
 technical title  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Chris DeLeon</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<b>CHAIR: <i>Rick Halford</i></b>	✓	<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>Resources</i>	<i>3/4</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

## MEMORANDUM

TO: Senator Halford

FROM: Brett Huber

DATE: March 7, 1997

SUBJECT: SCR 3

=====

SCR 3 is on the floor today. Following is a synopsis of the changes made to the original resolution with the Resource Committee substitute:

- 1) Page 2, line 11 - added "voluntary" before commitments
- 2) Page 2, line 16 - changed "would ask" to "has asked"
- 3) Page 2, line 26 - deleted "so that the in-state construction activities associated with the Northstar project and development of the leases may begin as early as possible"

0-LS0606\B  
Chenoweth  
3/4/97

**CS FOR SENATE CONCURRENT RESOLUTION NO. 3( )**

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

**TWENTIETH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATOR DONLEY**

**A RESOLUTION**

1 **Urging the Attorney General of the State of Alaska to use every appropriate**  
2 **resource and due diligence to defend the state's interests in the civil action filed**  
3 **against the state challenging the 1996 revisions of the Northstar unit leases, and**  
4 **respectfully requesting the Superior Court of the State of Alaska to give**  
5 **expeditious consideration to the matter.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS a majority of Alaskans support safe and responsible oil development in**  
8 **the state and the jobs it creates for Alaskans; and**

9 **WHEREAS development of other oil fields in Alaska has resulted in thousands of jobs**  
10 **throughout this state and the United States; and**

11 **WHEREAS Prudhoe Bay production is declining by approximately 10 percent a year;**  
12 **and**

13 **WHEREAS Alaskans recognize that oil production from the North Slope is declining**  
14 **and new development is needed to create new jobs in the state and to bring additional revenue**  
15 **to the state; and**

1           **WHEREAS**, the commissioner of natural resources negotiated revisions to existing  
2 Northstar unit leases between the state and BP Exploration (Alaska), Inc.; the lease revisions  
3 have the effect of expediting the development of the Northstar field and ensure oil production  
4 under a new payment system; and

5           **WHEREAS**, last year, the legislature overwhelmingly approved legislation, ch. 139,  
6 SLA 1996, authorizing the commissioner of natural resources to revise the Northstar unit oil  
7 and gas leases; and

8           **WHEREAS** the legislature and British Petroleum, the lessee's parent company, have  
9 acknowledged the importance of a strong commitment to Alaska-hire, Alaska-build, and  
10 Alaska-buy in the development of the Northstar field; and

11           **WHEREAS** British Petroleum, honoring its voluntary commitments, has already hired  
12 many residents and companies holding state business licenses; and

13           **WHEREAS** a civil action was recently filed in the superior court challenging the 1996  
14 revisions of the Northstar unit leases; and

15           **WHEREAS**, in response to dislocations arising from the filing of the court challenge,  
16 the Attorney General has publicly commented that the state has asked the court to expedite  
17 consideration and resolution of the litigation; and

18           **WHEREAS** the legislature recognizes the grave effects this challenge to the revisions  
19 of the Northstar leases are having on the development of the Northstar field;

20           **BE IT RESOLVED** that the Alaska State Legislature urges the Attorney General of  
21 the State of Alaska to use every appropriate resource and due diligence to defend the state's  
22 interests in this civil action challenging the 1996 amendment of the Northstar unit leases; and  
23 be it

24           **FURTHER RESOLVED** that the legislature respectfully requests the Superior Court  
25 in which this litigation is filed and scheduled for hearing to expedite consideration of the  
26 pending litigation.

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SCR 3

Revision Date 2/19/97 Dept. Affected \_\_\_\_\_  
 Title Northstar agreement litigation BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Donley \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES [ ]</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

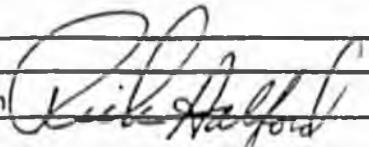
Estimate of any current year (FY97) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This resolution has no fiscal impact on state departments.

Prepared by Senate Resources Committee  
 Division \_\_\_\_\_  
 Approved by Senator Rick Halford, Chairman   
 Agency \_\_\_\_\_

Phone 465-4907  
 Date \_\_\_\_\_  
 Date 3/4/97

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

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

**SCR**

**10**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 4/9/97

FURTHER:

Date of 5-Day Notice: 4/17/97  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 4/23/97

Resources Committee considered      SENATE CONCURRENT RESOLUTION NO. 10

Supporting continued use of Alaska's renewable furbearer resources.

and recommends:

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

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DP PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Loren A. Seman</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓	<i>IM FUR IT!</i>			
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<b>CHAIR:</b> <i>Rick Halford</i>	✓	<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>S. RESOURCES</i>	<i>4/21</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*Include fiscal notes accompanying Governor's bill

## GARY WILKEN

SENATOR

Districts 29 & 30

West Fairbanks



### Senate Standing Committees

Chairman: Health, Education,  
and Social Services (HESS)

Vice Chairman: Transportation

Vice Chairman: Community and  
Regional Affairs

### Special Committee

Member: Administrative Regulation Review

### During Session:

State Capitol, Room 510

Juneau, Alaska 99801-1182

(907) 465-3709 (v)

(907) 465-4714 (f)

www: akrepublicans.org/wilken.htm

E-mail: Senator\_Gary\_Wilken@legis.state.ak.us

### Interior:

119 N. Cushman St., Room 213

Fairbanks, Alaska 99701

(907) 452-3421

Fax (907) 452-3426

## SPONSOR STATEMENT

### SCR 10 - Supporting Use of Furbearer Resources

Senate Concurrent Resolution 10 calls for the Alaska State Legislature's endorsement of continued harvest and use by Alaskans of the state's renewable furbearer resources, consistent with the principles of sustained yield.

There are some that feel trapping should no longer be allowed in our state. I strongly disagree and through this legislation I hope the Legislature will too.

We, in Alaska, are blessed with abundant furbearer populations and renewable natural resources. Not only is trapping an important management tool for helping to maintain healthy furbearer populations; it is also a traditional activity for many Alaskans that helps to promote self-reliance by providing income, food, and clothing. Trapping ties Alaska to its pioneer roots, and helps to keep alive the very values that built the forty-ninth state.

# FISCAL NOTE

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

**BILL NO. SCR 10**

Revision Date 4/9/97 Dept. Affected \_\_\_\_\_  
 Title Supporting use of furbearer resource BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Wilken \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES [ ]</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This resolution will have no fiscal impact on state agencies.

Prepared by Senate Resources Committee  
 Division \_\_\_\_\_  
 Approved by Senator Rick Halford, Chairman  
 Agency \_\_\_\_\_

Phone 485-4907  
 Date \_\_\_\_\_  
 Date 4/21/97

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

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



## ALASKA NATIVE HARBOR SEAL COMMISSION

April 17, 1997

### BOARD OF DIRECTORS

Monica Riedel  
Chair

*Chugach Region*

Harold Martin

Vice-Chair

*Southeast Region*

Alfred Quiljance

Sec'y/Treas.

*Cook Inlet Region*

Flore Lekanof

*Aleutian/Pribilof*

Mitch Simeonoff

*Kodiak Region*

Senator Gary Wilken  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

REFERENCE: Senate Concurrent Resolution #10,  
Supporting Continued Use of Alaska's  
Renewable Furbearer Resources.

Dear Senator Wilken:

The Alaska Native Harbor Seal Commission supports the Senate Concurrent Resolution #10. The Commission especially supports the statement made in SCR #10 that trapping provides social benefits by enhancing self-reliance and maintaining traditional lifestyles.

Thank you.

Sincerely,

*Monica Riedel*

Monica Riedel, Chair  
Alaska Native Harbor Seal Commission

P.O. Box 2729 • Cordova, Alaska 99574 • (907) 424-5882 • Fax (907) 424-5883

*Conserving and sustaining the harbor seal for our cultural well-being*

---

**Indigenous Survival International**

---



I.S.I. (Alaska)  
P.O. Box 200908  
Anchorage, Alaska  
99520-0908  
(907) 279-2511  
Fax: (907) 279-6343

April 18, 1997

Senator Gary Wilken  
Alaska State Legislature  
State Capitol (MS-3100)  
Juneau, AK 99801-1182

REFERENCE: Senate Concurrent Resolution #10, Supporting  
Continued Use of Alaska's Renewable Furbearer  
Resources

Dear Senator Wilken:

Indigenous Survival International - Alaska would like to extend its support for Senate Concurrent Resolution #10. The Indigenous trappers of Alaska appreciate this positive resolution in favor of continued use of furbearer resources since using furbearer resources is a part of our way of life, and has been since time immemorial. Our winter clothing in particular is made from the pelts of furbearers, which is necessary in minus 50 degree temperatures on a continuous basis.

There have been many animal rights protectionists in Alaska in the past winter, speaking against the use of fur. Their activities can only harm our endeavors to feed and clothe our families by the use of furbearing animals. Therefore it is essential to let them know of our dependence on furbearer resources.

Thank you for introducing this resolution.

Sincerely,

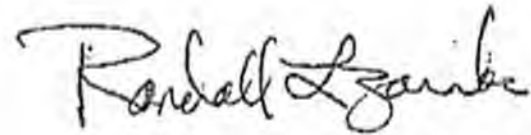
Clarence Alexander, Chairman  
Indigenous Survival International-Alaska

Thank you for the opportunity to present this testimony. My comments are made on behalf of the several hundred members of the Alaska Trappers Association. We are pleased that you are considering Senate Concurrent Resolution #10. We respectfully request that you join us in support of SCR #10.

There are several reasons why we believe that it is appropriate to request this support:

- (1) Alaska's furbearer populations are RENEWABLE natural resources,
- (2) Alaska trappers espouse and practice wise use of these resources,
- (3) Trapping is compatible with many other land uses,
- (4) Trapping provides an important financial impact for many residents,
- (5) Trapping helps to build and maintain ties between humans and Nature.

For these reasons, and many others, we encourage you to approve SCR #10.

  
Randall L. Zarwke

**My name is Pete Bulst, Box 71561, Fairbanks.**

**Thank you for the opportunity to speak in support of SCR 10.**

**I have trapped in the Interior for nearly 30 years and 24 years ago I am proud to say that I helped organize our state trapping association. We were a small group, now much bigger; city dwellers and bush residents, Native and caucasian. We organized because we envisioned a time when extremists would try to take away the tools of our trade and indeed our right to operate our traplines. Unfortunately, it appears as if that time is upon us. I suggest that this resolution can help forestall or prevent these misguided political efforts.**

**SCR 10, by Senator Wilken and the other sponsors draws upon extremely diverse support. There is no urban-rural split here, nor is there a partisan difference. A way of life is at risk and all who practice it or understand it are asking for your help in rising to its defense.**

**As you know, the resolution speaks to the many economic, biological and sociological benefits of this incredibly important Alaskan tradition.**

**I urge the Committee's support. Thank you.**





# TANANA CHIEFS CONFERENCE, INC.



122 FIRST AVENUE, SUITE 600  
FAIRBANKS, ALASKA 99701-4897  
PHONE 907/452-8251 • FAX 907/459-3850

APR 21 1997

April 18, 1997

Senator Rick Halford  
State Capitol, Room 121  
Juneau, Alaska 99801-1182

RE: Senate Concurrent Resolution No. 10

Dear Honorable Halford:

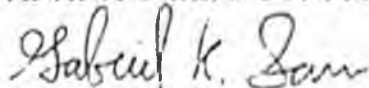
Tanana Chiefs Conference, Inc. supports SCR 10, "Supporting continued use of Alaska's renewable furbearer resources" for three reasons:

1. Trapping provides income to the people that only have an opportunity to work in a seasonal summer job. For the rest of the winter they trap to make payments on bills that are still coming in. Trapping season begins November 1st and ends in early March.
2. Trapping helps to keep the furbearer population at a health number. Other wise the population could explode and disease may set in and wipe out what is left of the healthy population.
3. Trapping teaches values of respect for the land and how to only take what you need. It also teaches the next generation how to manage the land through wildlife conservation. After a trapper reaches the limit of what they are regulated to catch, the trapper quit trapping. He knows that the land could only sustain so much harvest, this way he could ensure that there will be something to trap next year.

This resolution will promote trapping of furbearing animals in a positive atmosphere. Trapping is a way of life to many Alaskans. It has shown to be good for the economy and generates a healthy cash flow in the rural communities.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.



Gabe Sam  
Director Wildlife & Parks

**GARY WILKEN**

SENATOR  
Districts 29 & 30  
West Fairbanks

Senate Standing Committees

Chairman: Health, Education,  
and Social Services (HESS)  
Vice Chairman: Transportation  
Vice Chairman: Community and  
Regional Affairs

Special Committee

Member: Administrative Regulation Review

Alaska State Legislature

Senate

During Session:  
State Capitol, Room 510  
Juneau, Alaska 99801-1182  
(907) 465-3709 (v)  
(907) 465-4714 (f)  
[www: akrepublicans.org/wilken.htm](http://www.akrepublicans.org/wilken.htm)  
E-mail: [Senator\\_Gary\\_Wilken@legis.state.ak.us](mailto:Senator_Gary_Wilken@legis.state.ak.us)

Interior:  
119 N. Cushman St., Room 213  
Fairbanks, Alaska 99701  
(907) 452-3421  
Fax (907) 452-3426

## SPONSOR STATEMENT

### SCR 10 - Supporting Use of Furbearer Resources

Senate Concurrent Resolution 10 calls for the Alaska State Legislature's endorsement of continued harvest and use by Alaskans of the state's renewable furbearer resources, consistent with the principles of sustained yield.

There are some that feel trapping should no longer be allowed in our state. I strongly disagree and through this legislation I hope the Legislature will too.

We, in Alaska, are blessed with many renewable resources including abundant furbearer populations. Not only is trapping an important management tool for helping to maintain healthy furbearer populations, it is also a traditional activity for many Alaskans and helps promote self-reliance by providing income, food, and clothing. Trapping ties Alaska to its pioneer roots, and helps to keep alive the very values that built the forty-ninth state.



## **ALASKA OUTDOOR COUNCIL, INC.**

**P.O. Box 73902  
Fairbanks, AK 99707-3902  
907-455-4262 ph/FAX**

January 2, 1997

U.S. Fish & Wildlife Service  
Division of Refuges  
Attention: Trapping Project  
4401 N. Fairfax Drive, Rm 670  
Arlington, VA 22203

To whom it may concern:

This letter responds to your solicitation of comments regarding the use of "animal traps" or "steel jaw leghold traps" in the National Wildlife Refuge System on behalf of the Alaska Outdoor Council.

The Council is a statewide Alaskan umbrella organization comprised of over 50 conservation - outdoor user clubs plus 1100 individual members with a total membership of about 12,000. The purposes of the Outdoor Council are to promote sound scientific fish and wildlife and habitat management, public access to public resources consistent with the Alaska state constitution, and ethical uses of these resources. As the official state association of the National Rifle Association, the Council also supports the individual right to keep and bear arms, and safe, ethical, legal firearm uses.

The Council advocates fishing, hunting, trapping and other outdoor activities. These activities are regularly challenged at local, state and federal government levels by various groups and individuals. The Council supports well regulated fish, wildlife and habitat uses, but opposes unsound and discriminatory laws. The Council categorically rejects arguments that fishing, hunting and trapping should be prohibited. Such arguments are not based on fact, reflect an unacceptable intolerance of others' values, and threaten the traditional values and lifestyles of fishers, hunters, trappers and many others.

Trapping furbearers is a way of life for thousands of Alaskans, and an important element of Alaskan lifestyles for thousands more. Trapping provides income for people living where jobs are scarce and for those who need supplementary income and are willing to work for it. Trapping provides furs widely used for practical Alaskan winter clothing. Trapping contributes to scientific management of wildlife resources.

The main kinds of "animal traps" used in Alaska are leghold traps, snares, and body-grip traps. Leghold traps are most common and are used for species ranging from weasels to wolves. Leghold traps are sometimes used for bears and other species by wildlife agencies for research, management, and depredation control.

Snares probably rank second in extent of use. The use of bodygrip traps is increasing, but is probably still third in the extent of uses.

Alaska contains 76 million acres of National Wildlife Refuge lands. That's about 85 % of the entire National Wildlife Refuge system acreage. Most federal refuges in Alaska were established by the Alaska National Interest Lands Conservation Act (ANILCA). The lands designated "refuge" in ANILCA were mostly those with important wildlife populations and habitats. All have supported trapping using steel traps, snares and home-made traps for up to 200 or more years. Historically, trapping intensity varied from highly commercialized with high harvests to limited personal use, depending on various social, political and economic factors.

None of that detracted from the suitability of these areas for Refuge designation by ANILCA. Indeed, the rallying cry was to preserve these pristine ecosystems..

Because the Alaskan refuges (85% of the entire refuge system) were designated on prime wildlife lands, they almost always surrounded numerous towns and villages. People of these towns and villages fish, hunt, trap and gather natural resources as part of their lifestyle and life support. They use steel traps, snares, bodygrip traps, guns, boats, snowgos, etc. People from larger towns also fish, hunt and trap on refuges--many of them trap as part of their livelihood and lifestyle, just as local people do.

There is no evidence that trapping as regulated over the last 40 to 50 years has caused ecological problems on any of the refuges. There is no reason to believe that traps as a capture tool will cause conservation problems in the future.

If future conservation problems arise it will be because ANILCA's "customary and traditional" language allows for fishing, hunting and trapping with no closed season and no bag limit under the rural subsistence priority, not because traps or any other particular tool or tolls are used.

There are not endangered species subject to trapping on refuges in Alaska--85 % of the entire federal refuge system.

Wildlife lives and dies by tooth and claw, disease and starvation. Big animals eat little animals. Prey is often eaten while still alive--bleeding, broken, disemboweled, struggling to escape while pieces are torn from its body, until it can struggle no more. Animals die lingering deaths if small game, mice, berries, moose, caribou or other foods are scarce. Beaver get frozen in, unable to reach their feed--or flooded out, drowning kits in spring. While some trapping techniques do cause physical trauma to trapped animals, trapping can scarcely be more inhumane than nature. In

general, trappers work to minimize physical damage to furbearers for two reasons: a) they wish to minimize physical trauma and suffering; and b) for economic and esthetic reasons, they wish to minimize damage to the furs they've worked hard to obtain.

In summary, there are no substantive reasons to categorically propose elimination or significant restriction of the use of traps on federal refuges, and certainly not on the 85% of the refuge system in Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard H. Bishop".

Richard H. Bishop  
Executive Director

P.S. Alaska is also affected by trapping practices on lower 48 refuges. Waterfowl populations that migrate between Alaska and the lower 48 can be severely impacted by high populations of skunk, raccoon, and other furbearing predators. There is no need to further discourage the trapping of these abundant predators on refuges.

**SCR**

**20**

# Alaska State Legislature

*During Interim: (June - Dec)*  
716 West 4th Avenue, Suite 500  
Anchorage, AK 99501-2133  
(907) 258-8185  
Fax (907) 258-0226



**Drue Pearce**

*During Session: (Jan - May)*  
State Capitol  
Juneau, AK 99801-1182  
(907) 465-4993  
Fax (907) 465-3872

## Sponsor Statement

SCR 20

“Relating to support of the State of Alaska’s Oil and Gas Leasing Program.”

*Sponsor: Senator Drue Pearce*  
*Co-Chair Senate Finance Committee*

In 1996 the Legislature created the State’s current Areawide Leasing Program with unanimous support by all 60 legislators and the Governor. The current program has been implemented successfully by the Department of Natural Resources and has provided a cost and labor savings approach to offering lease sales in areas of Alaska already subjected to extensive leasing.

The oil and gas industry operates in a very contentious environment in Alaska. The administration of programs authorized by the Legislature is continually under attack by special interest groups. By passing this resolution, the 20th Alaska State Legislature lends its unwavering support for this practical approach to leasing our State’s oil and gas lands. This resolution further emphasizes the benefits of this program for all Alaskans.

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 1/13/98

FURTHER:

Date of 5-Day Notice: 1/29/98  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/6/98

Resources Committee considered

SENATE CONCURRENT RESOLUTION NO. 20

Relating to support of the State of Alaska's areawide leasing program.

and recommends:

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

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John L. Taylor</i>	<input checked="" type="checkbox"/>				
<i>James</i>	<input checked="" type="checkbox"/>				
<i>Bob</i>	<input checked="" type="checkbox"/>				
CHAIR: <i>Lyle Green</i>	<input checked="" type="checkbox"/>	CHAIR:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal

<i>S. Resources</i>	<i>2/2</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

BILL NO. SCR 20

Revision Date January 13, 1998 Dept. Affected \_\_\_\_\_  
 Title State Areawide Leasing Program BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Pearce \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES [ ]</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This resolution is anticipated to have no fiscal impact on state agencies.

Prepared by Senate Resources Committee  
 Division \_\_\_\_\_  
 Approved by Senator Rick Halford, Chairman *Rick Halford*  
 Agency \_\_\_\_\_

Phone 465-4907  
 Date 2/2/98  
 Date \_\_\_\_\_

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

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

**Alaska Support Industry  
ALLIANCE**

4220 'B' Street, Suite 200  
Anchorage, AK 99503  
Phone 907.563.2226  
Fax 907.561.8870

**OFFICERS**

President Chuck Sullivan  
*Parker Drilling Company*  
VP Policy John Wheatley  
*Willis Corroen Corporation*  
VP Administration Bob Tallent  
*Dayon Universal Services*  
VP Events Matthew Fagnani  
*WorkSafe, Inc.*  
Secretary Bill Stamps  
*Peak Oilfield Service Company*  
Treasurer Sally Ann Caray  
*NATCHIQ, Inc.*

**DIRECTORS**

Tom Brennan  
*Brennan Communications*  
Robert Britch  
*Northern Consulting Group*  
Bill Cheuk  
*NATCHIQ, Inc.*  
Robert Dickson  
*Atkinson, Conway & Gagnon*  
Eric Damppling  
*BJ Services*  
Darr Dewey  
*Sea-Land Freight Services, Inc.*  
Linda Leary  
*Carule/K&W Enterprises*  
Jim Mills  
*Halliburton Energy Services*  
Smokay Morton  
*Peak Oilfield Service Company*  
Michael Ryan  
*Gal Worthington Ford*  
Bob Elinson  
*CONAM Construction Company*  
Maynard Tapp  
*H&W Construction Consultants, Inc.*  
Nancy Tesch  
*Arctic Telephone*  
Howard Thies  
*Scordough Express, Inc.*

**DIRECTORS EMERITI**

Chuck Becker  
*Alaska Export Assistance Center*  
Bill Bennett  
*Law Office of WD Bennett*  
Dr. Milton Byrd  
*Charter College*  
David Mauge  
*Lyden, Inc.*  
Lawell Humphrey  
*Quester Consulting, Inc.*  
Martin King  
Joe Mathis  
*NANA Development Corporation*  
Val Mathews  
*VECO Corporation, Inc.*  
Wes Muson  
*H.C. Furr Company*  
Mary Shields  
*Northwest Technical Services*  
Jim Udell  
*Udell/Boyer Oilfield System Services*  
Bill Webb  
*A.T. Publishing & Printing, Inc.*

**GENERAL MANAGER**

Karen Cowart



**THE ALLIANCE**

... for responsible development of Alaska's Oil, Gas & Mineral Resources

February 3, 1997

Senator Druce Pearce  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear Senator Pearce:

One of the most important issues facing Alaska's oil & gas industry, and thus the economy, is the state's new Areawide Leasing Program. It would appear that the Legislature agrees, having passed the law creating the program. In fact, the vote says it all. In 1996, every single one of Alaska's elected officials ... democrat, independent and republican ... passed HB388. As a trade organization consisting of over 300 businesses that supply products and services to oil and gas companies and activities, The Alliance was extremely pleased to see the law pass in such a unified manner.

Unfortunately, there are those that are choosing to ignore our state leader's unanimous passage of areawide leasing. The opposition claims that they did not have sufficient time to express their opinions on the legislation. Given the two-year time period during which the bill was considered and modified, The Alliance believes there was in fact ample time to provide comment at numerous stages. For this reason, The Alliance asks that the legislature reiterate support for areawide leasing through a resolution. This reiteration will assist The Alliance in efforts to accurately portray the program and the benefits to be reaped by all Alaskans.

Smart global economics... efficiency in government... business and job opportunities ... additional royalty revenue for our Permanent Fund. Areawide leasing simply makes good sense for Alaska.

Sincerely,

Karen Cowart  
General Manager

Atch: Alliance Resolution #98-02

## Areawide Leasing

In 1996 the Alaska State Legislature unanimously passed, and Governor Knowles signed, HB 388, finding that annual areawide lease sales are in the best interest of the state.

Areawide lease sales are a cost and labor saving approach to offering lease sales in areas that have already had extensive leasing.

The primary difference between areawide lease sales and past state lease sales is that the legislation extends the life of the Best Interest Finding from 5 to 10 years.

All public processes that have governed past state oil and gas lease are unchanged, i.e., the requirements for notice to the public, the requirement for a Best Interest Finding, the opportunities for public comment, and the requirement that the sale be consistent with the Alaska Coastal Zone Management Program.

The legislation encourages annual sale of unleased lands within the sale area approved in the Best Interest Finding.

The legislation requires that before the state can offer the unleased land for sale each year, the Department of Natural Resources must notify the public of its intent to do so and must issue a request for substantial new information.

The legislation requires that if the DNR Commissioner determines there is substantial new information, a supplement to the Best Interest Finding must be issued 90 days before a sale.

The legislation requires that the public be given opportunity to comment on the supplement.

In the Department of Natural Resource's Five Year Oil & Gas Program submitted to the Legislature in January of 1997, the state is proposing three areawide lease sales, one in Cook Inlet (April, 1999), one in the Beaufort Sea (October, 1999) and one on the North Slope (February, 1999).

## House Bill 388 - Area-Wide Lease Program

	For	Against		For	Against
Senator Al Adams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. David Finkelstein	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Dave Donley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Richard Foster	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Jim Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Joe Green	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Johnny Ellis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Ben Grussendorf	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Steve Frank	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Mark Hanley	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Lyda Green	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Ivan Ivan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Rick Halford	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Jeanette James	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Lyman Hoffman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Pete Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Tim Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Vic Kohring	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Loren Leman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Pete Kott	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Georgianna Lincoln	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Gene Kubina	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Mike Miller	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Don Long	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Drue Pearce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Jerry Mackie	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Randy Phillips	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Eileen MacLean	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Steve Rieger	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Terry Martin	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Judith Salo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Beverly Masek	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Bert Sharp	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Carl Moses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Robin Taylor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Eldon Mulder	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator John Torgerson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Mike Navarre	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Senator Fred Zharoff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Irene Nicholia	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rep. Scott Ogan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rep. Sean Parnell	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rep. Gail Phillips	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Alan Austerman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Brian Porter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Ramona Barnes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Caren Robinson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Tom Brice	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Norman Rokeberg	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Kay Brown	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Jerry Sanders	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Con Bunde	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Gene Theriault	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. John Davies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Cynthia Toohey	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Bettye Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Al Vezey	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Gary Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Bill Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Kim Elton	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rep. Ed Willis	<input checked="" type="checkbox"/>	<input type="checkbox"/>

For    Against

Governor Tony Knowles

## AREAWIDE LEASING

To better achieve stability and predictability in the leasing program, and in response to industry's request for more frequent lease sales, the state is implementing areawide leasing on the North Slope, in the Beaufort Sea and in the Cook Inlet region. The first areawide lease sale is scheduled for June 1998 on the North Slope. Then, beginning in 1999, the state intends to conduct annual areawide lease sales in all three regions. Areawide leasing will provide an established time each year that the state will offer for lease all available acreage within a geographical region. By conducting annual areawide sales, companies will be able to fiscally plan and develop their exploration strategies years in advance. The result will be more efficient exploration and earlier development.

### Administrative Process

Areawide leasing necessitates changes to DNR's administrative process prior to and following a sale. Previously, industry was asked to nominate areas to include in a lease sale, and DNR sought public comment on the sale areas being proposed for addition to the program. Areawide leasing will include all available acreage within each geographic region, so there will no longer be the need for industry nominations. Nor will there be the need for public comment on a sale area being proposed as long as the configuration of the area does not change in successive years. Should the boundaries of a prescribed geographical area be altered, DNR will seek public comments on the new configuration.

Each geographic region will be divided into tracts that will remain fixed for future sales. The extent of the state's ownership interest in these lands will not be determined prior to the sale. Instead, following the sale DNR will verify title only for acreage that is leased. Therefore, should a potential bidder require title or land status information for a particular tract prior to the sale, it will be the bidder's responsibility to obtain that information from DNR's public records. It is possible that a tract included in the sale may contain land that the state cannot legally lease (existing lease, federal, native or private land, etc.). Once title has been verified, the legal descriptions for each tract's leasable acreage will be made available to the public for inspection prior to issuing the leases. Depending on the number of tracts leased and the complexity of the land holdings involved, it could be weeks to months following the sale before the leases are issued.

### Best Interest Finding Process

In 1996, to facilitate areawide leasing, the Alaska State Legislature passed legislation establishing that a best interest finding developed for a lease sale would be in effect for ten years. Previously, a finding had a life of five years. As a result of this legislation, once a finding has been written for an areawide sale, DNR can then conduct a lease sale in that same area each year for up to ten years without having to repeat the entire finding process. Areawide leasing will still provide an opportunity for public comment. Prior to each sale, DNR must solicit any new information that is available, determine if it necessitates such a revision, and then issue either a revised finding or a finding of new no information.

The public notification process for individual sales will be different depending on whether or not an original finding is required.

### When an Original Best Interest Finding is Required:

The planning and execution of an oil and gas lease sale that requires a finding is a lengthy process which begins years before a sale is conducted. This process involves the participation of a number of state agencies, with DNR serving as the lead agency. It also involves federal agencies, industry, environmental organizations, local communities and the public.

Aside from statutory requirements, there are important reasons for starting the leasing process far in advance of an actual lease sale. An early start provides the time to conduct analyses of the region prior to each sale. An analysis of the socioeconomic and environmental effects of activity resulting from the sale allows DNR to develop mitigation measures designed to protect the environment, wildlife resources, and subsistence uses. Much of the environmental and socioeconomic information

for each sale is obtained as a result of DNR's requests for comments from federal, state, and local agencies, industry and environmental groups, as well as the public. The balance of this information is obtained by staff research.

DNR believes that public involvement in the leasing process is especially important. Therefore, the department provides several opportunities prior to a scheduled lease sale for the public to comment. A call for comments for general information on the area is issued approximately three years before the sale. About two years prior to the sale DNR requests specific socioeconomic and environmental information. All public and agency comments received by DNR are then used to develop the director's preliminary best interest finding. The preliminary finding describes the proposed sale and its potential impacts, and is normally published approximately nine months before the sale. DNR encourages public comment on the preliminary finding, including the proposed mitigation measures. For each of these comment opportunities and findings display ads or legal notices are placed in statewide and local newspapers. Comments received help develop the final finding and the decision of the director as to whether or not the sale is in state's best interests.

During the public process, DNR staff may attend public meetings or teleconferences in affected communities and meet with local governments and organizations in order to gather information on the proposed lease area, and to provide information on the leasing process. During the 60-day comment period following the issuance of the preliminary finding, DNR staff conduct a public hearing in one or more of the affected communities.

Concurrent to writing the best interest finding, DNR analyzes a proposed lease sale for consistency with the Alaska Coastal Management Program (ACMP) and the local coastal management plans. The consistency analysis is issued along with the preliminary finding and the final consistency determination is issued concurrent with the final finding.

When an Original Best Interest Finding is Not Required:

Approximately nine months before a sale, DNR issues a call for comments requesting substantial new information that has become available since the most recent finding for that region. Based on information received, DNR determines whether or not it is necessary to revise the finding. Either a revised finding, or a decision of no new information justifying a revision to the best interest finding, is issued 90 days prior to the sale.

Mitigation measures placed on earlier leases will be carried forward to all future sales unless, as a result of new information, DNR deems it necessary to change some of the measures, or add additional ones. A new coastal management consistency review will be done whenever new information or conditions suggest the proposed lease sale may no longer be consistent with ACMP standards.

**SJR**

**8**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 1/23/97

FURTHER:

Date of 5-Day Notice: 1/30/97  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/10/97

Resources Committee considered **SENATE JOINT RESOLUTION NO. 8**

Urging the United States Congress to give an affirmative expression of approval to a policy authorizing the state to regulate, restrict, or prohibit the export of unprocessed logs harvested from its land and from the land of its political subdivisions and the University of Alaska.

and recommends:

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

**Senate Bill:**

- same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR# \_\_\_\_\_

SIGNING, DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Adrian L. Taylor</i>	✓	<i>[Signature]</i>	✓		
<i>John Archibald</i>	✓				
<i>Karen S. Jensen</i>	✓				
<i>Linda Green</i>	✓				
<i>[Signature]</i>	✓				
<b>CHAIR:</b> <i>Linda Green</i>		<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>SENATE RESOURCES</i>	<i>2/4</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# Alaska State Legislature

## Committee Membership

Senate Finance  
Senate Resources  
Senate Rules  
Legislative Budget & Audit



*Senator John Torgerson*

**District Address:**  
145 Main St. Loop; Ste. 226  
Kenai, AK 99611  
(907) 283-2690  
fax 283-9267

**Session Address:**  
State Capitol; Room 514  
Juneau, AK 99801-1182  
(907) 465-2828  
fax 465-4779

## SPONSOR STATEMENT

### **SJR 8 - Primary Manufacturing of Publicly Owned Timber**

This resolution urges Congress to provide the authority necessary for the State of Alaska to regulate, restrict or prohibit the export of unprocessed logs from State Lands, Municipal Lands, and the University of Alaska Lands.

In 1984, the Supreme Court ruled that Alaska's Primary Manufacture laws were in conflict with the Commerce Clause of the United States Constitution, where the requirement of in-state manufacture placed an unauthorized restriction of the free trade between states.

In 1990, Congress adopted the Forest Resources Conservation and Shortage Relief Act, which in part authorized eleven Western States an exemption to the Commerce Clause. The exemption has led these States to restrict the purchase of timber to only entities that are in operation within their borders.

Alaska was not included in this legislation; therefore, authorizing other states to come to Alaska and purchase our raw materials and "export" them from Alaska to their own state; however, Alaska's manufacturers are restricted from going to any of the other states in search of raw timber to run our facilities.

When authorized by Congress, primary manufacturing of our timber resources will create value added jobs within the State. We will be using our raw materials to provide jobs for Alaskans.

This resolution is the same as SJR 37, which was passed late in the 19th Legislative Session. I believe there is good reason to reinforce the Legislature's position on the issue and again submitting the resolution to the persons named in the body of the resolution.

SJR 37(1)

Urging the United States Congress to give an affirmative expression of approval to a policy authorizing the state to regulate, restrict, or prohibit the export of unprocessed logs harvested from its land and from the land of its political subdivisions and the University of Alaska.

Sponsor(s): SENATOR(S) TORGERSON; REPRESENTATIVE(S) Navarre,Green,Ogan  
G.Davis,James

Current Status: LEGIS RESOLVE 52 Status Date: 5/29/96

Jrn-Date	Jrn-Pg	Action
2/12/96	2381	(S) READ THE FIRST TIME - REFERRAL(S)
2/12/96	2382	(S) RESOURCES
3/08/96		(S) RES AT 3:30 PM BUTROVICH ROOM 205
3/08/96		(S) MINUTE(RES)
3/11/96		(S) RES AT 3:30 PM BUTROVICH ROOM 205
3/11/96		(S) MINUTE(RES)
3/12/96	2705	(S) RES RPT 6DP
3/12/96	2705	(S) ZERO FISCAL NOTE (S.RES)
3/13/96		(S) RLS AT 11:00 AM FAHRENKAMP RM 203
3/13/96		(S) MINUTE(RLS)
3/25/96	2865	(S) RULES RPT 2CAL 1NR 1OTHER 3/25/96
3/25/96	2883	(S) READ THE SECOND TIME
3/25/96	2883	(S) ADVANCED TO THIRD READING UNAN CONSENT
3/25/96	2883	(S) READ THE THIRD TIME SJR 37
3/25/96	2883	(S) PASSED Y20 N-
3/25/96	2886	(S) TRANSMITTED TO (H)
3/26/96	3360	(H) READ THE FIRST TIME - REFERRAL(S)
3/26/96	3360	(H) RESOURCES
3/26/96	3381	(H) CROSS Sponsor(s): NAVARRE
4/17/96		(H) RES AT 8:00 AM CAPITOL 124
4/17/96		(H) MINUTE(RES)
4/17/96	3812	(H) RES RPT 5DP 1NR
4/17/96	3812	(H) DP: DAVIES, WILLIAM <sup>S</sup> GREEN, AUSTERMAN
4/17/96	3812	(H) DP: KOTT
4/17/96	3812	(H) NR: NICHOLIA
4/17/96	3812	(H) SENATE ZERO FISCAL NOTE (S.RES) 3/12/96
4/26/96	4067	(H) RULES TO CALENDAR 4/26/96
4/26/96	4067	(H) READ THE SECOND TIME
4/26/96	4067	(H) ADVANCED TO THIRD READING UNAN CONSENT
4/26/96	4067	(H) READ THE THIRD TIME SJR 37
4/26/96	4067	(H) PASSED Y33 E6 A1
4/26/96	4067	(H) RETURN TO (S), TRANSMIT TO GOVERNOR NEXT
4/26/96	4076	(H) CROSS Sponsor(s): GREEN, OGAN, G.DAVIS,
4/26/96	4076	(H) JAMES
8/30/96	4338	(S) 3:20 PM 5/9/96 TRANSMITTED TO GOVERNOR
8/30/96	4371	(S) FILED PERMANENTLY 5/29 LEGIS RESOLVE 52

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SJR 8

Revision Date 1/23/97 Dept. Affected \_\_\_\_\_  
 Title Primary manufacture of publicly owned timber BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Torgerson \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES [ ]</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This resolution has no fiscal impact on state departments.

Prepared by Senate Resources Committee  
 Division \_\_\_\_\_  
 Approved by Senator Rick Halford, Chairman  
 Agency \_\_\_\_\_

Phone 465-4907  
 Date \_\_\_\_\_  
 Date 2/4/97

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

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

SJR

9

**-SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 1/29/97

FURTHER:

Date of 5-Day Notice: 2/6/97  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 2/10/97

Resources Committee considered

SENATE JOINT RESOLUTION NO. 9

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to the \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Robin L. Taylor</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>			<input checked="" type="checkbox"/>
<i>John Johnson</i>	<input checked="" type="checkbox"/>				
<i>Henry D. Leman</i>	<input checked="" type="checkbox"/>				
<i>Lyle Green</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
CHAIR: <i>Lyle Green</i>		CHAIR:			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>SENATE RESOURCES</i>	<i>2/10</i>	<i>X</i>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# Alaska State Legislature

*During Interim: (June - Dec)*  
716 West 4th Avenue, Suite 500  
Anchorage, AK 99501-2133  
(907) 258-8185  
Fax (907) 258-0226

*During Session: (Jan - May)*  
State Capitol  
Juneau, AK 99801-1182  
(907) 465-4993  
Fax (907) 465-3872

**Drue Pearce**

## **Sponsor Statement For SJR 9**

**SJR 9 encourages the United States Congress to pass legislation for oil and gas exploration, development, and production on the coastal plain of the Arctic National Wildlife Refuge.**

SJR 9 urges the United States Congress to pass legislation allowing access to the estimated 10,000,000,000 barrels of recoverable oil on the coastal plain of the Arctic National Wildlife Refuge (ANWR). This resolution is supported by the local residents of the coastal plain of the North Slope Borough and by a majority of Alaskans.

Development of the oil and gas resources in ANWR will help to offset declining oil revenues in Alaska and decreasing energy production nationwide. Considering that demand for crude oil rose in the United States by 2.5 percent in the past year, and that domestic production of oil continues to decline while import prices increase, the successful development of the resources in this region is of the utmost importance to all Americans.

Furthermore, the authors of this resolution express their resolve to conduct all oil and gas activities to the benefit of the state's work force and in a manner sensitive to the environment of the Arctic National Wildlife Refuge. Copies of this resolution will be sent to the Honorable President of the United States, Vice-President, Secretary of the Interior, and all current members of Congress.

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SJR 9

Revision Date 1/29/97 Dept. Affected \_\_\_\_\_  
 Title Endorsing ANWR leasing BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Pearce \_\_\_\_\_  
 Requester Senate Resources Committee Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

CHANGE IN REVENUES [ ]						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
 This resolution has no fiscal impact on state agencies

Prepared by Senate Resources Committee Phone 465-4907  
 Division \_\_\_\_\_ Date \_\_\_\_\_  
 Approved by Senator Rick Halford, Chairman Date 2/10/97  
 Agency \_\_\_\_\_

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



# Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035  
(907) 276-0700 Fax: (907) 276-3887 e-mail: rdc@aonline.com

Founded 1975

**EXECUTIVE DIRECTOR**  
Becky L. Gay

**1996-97 EXECUTIVE COMMITTEE**

Scott L. Thorson, President  
Allen Bingham, Sr. Vice President  
John Sturgeon, Vice President  
Gerald G. Booth, Secretary  
Michael E. Stone, Treasurer  
Jacob Adams  
Cynthia Bailey  
Charlie Boddy  
James F. Branch  
Frank Brown  
Dennis Egan  
Roy S. Ewan  
Manó Frey  
Paul S. Glavinovich  
Uwe L. Gross  
David J. Parish  
William E. Pierce  
Elizabeth Rensch  
Jerome M. Selby  
Thyas J. Shaub  
Robert B. Siles  
Cliff R. Taro

**DIRECTORS**

Wili Abbott  
Irene A. Anderson  
Ernesta Ballard  
Richard F. Barnes  
Raz I. Bishopp  
James E. Carmichael  
James L. Cloud  
Jenny J. Cook  
Edward E. Crane  
Marilyn Crockett  
Larry Daniels  
John T. Donohue  
James V. Drew  
Paula P. Easley  
Bill Elander  
Donald S. Follows  
William B. Goodhard  
Lennie Gorsuch  
Elary Gromoff, Jr.  
Annd Hall  
John L. Harris  
Robert S. Hatfield, Jr.  
Joseph R. Henri  
Karen J. Holstad  
David W. Hughes  
Jim Jansen  
John T. Kelsey  
John Key  
John A. Landrum  
Pete Leahard  
Dale R. Lindsey  
Robert W. Loeschner  
Frank E. McQueary  
H. Raymond Mervine  
Clarence "Rocky" Miller  
Wesley P. Naason  
John K. Norman  
Wilbur O'Brien  
Michael O'Connor  
Kenneth E. Peavyhouse  
Kenneth R. Pohle  
Troy Reinhart  
John A.L. Rense  
Ronald L. Ricketts  
Walt P. Schlotfeldt  
George R. Schmitt  
John Stein  
William A. Thomas, Jr.  
Scott B. Thompson  
Barry D. Thomson  
Leo A. Walsh  
David W. Waller  
Douglas M. Webb  
J.C. Wingfield  
George P. Wuerch  
Eric P. Youki

**HONORARY DIRECTORS**

Phil R. Holdsworth  
William R. Woods

**EX-OFFICIO MEMBERS**

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

February 10, 1997

Senator Rick Halford, Chair  
Senate Resources Committee  
State Capitol  
Juneau, AK 99811

**RE: SJR 9, urging the U.S. Congress to pass legislation to open the coastal plain of ANWR to oil & gas exploration, development and production.**

I am writing on behalf of the Resource Development Council to urge your support of SJR 9, a resolution endorsing the opening of ANWR's Coastal Plain to environmentally-responsible oil and gas exploration and development.

Alaskans strongly supports a leasing, exploration and development program on ANWR's Coastal Plain. Their support is based on first-hand knowledge and experience with Arctic oil and gas development.

Oil Production from ANWR would continue Alaska's contribution to the nation's daily energy needs beyond the time when the giant reserves at Prudhoe Bay dry up, leasing in ANWR would probably result in a bigger incremental increase in domestic oil production than could be obtained from any other action.

Thank you for giving RDC the opportunity to comment on this resolution which deserves your strong support.

Sincerely,

  
Becky L. Gay  
Executive Director

TANANA CHIEFS CONFERENCE, INC.  
122 FIRST AVENUE  
FAIRBANKS, ALASKA 99701  
(907) 452-8251

Testimony to the  
Alaska State Senate on  
SJR 9 titled "Open ANWR to oil exploration"

We oppose the passage of this resolution and we urge that the resolution remain in committee for further discussion.

The resolution speaks to an oil development record of no adverse impact to wildlife populations. We clarify for the committees' benefit that no development has ever occurred directly within a calving ground of any caribou herd in Alaska. Prudhoe Bay was developed near the Central Caribou Herds' bull summering population but the calving ground was several miles away. Federal and state biologists have declared, after many years of scientific research, that the Porcupine Caribou Herd could be expected to lose about 10% of the herd population per year if development were to occur within the calving ground. They also concur that the migration route could be altered as a result of the development in ANWR.

Although we support oil and gas exploration, we do not support any efforts to explore within the calving grounds of the Porcupine Caribou Herd.



**ARCTIC OIL RESERVE**  
**JOBS AND ENERGY**  
**FOR AMERICA**

4220 B Street, Suite 201  
Anchorage, AK 99503  
(907) 563-2697  
Fax (907) 562-6782  
<http://alaskan.com/anwr/>

203 Maryland Avenue, N.E.  
Washington, D.C. 20002  
(202) 544-6355  
(202) 544-6655  
Fax (202) 544-5763

February 6, 1997

Senator Drue Pearce  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Pearce,

Thank you for introducing Senate Joint Resolution 9 supporting oil and gas development on the Coastal Plain of ANWR. Arctic Power strongly supports this legislation and its speedy passage.

As you know, Since 1992 Arctic Power has been coordinating Alaska's efforts to gain congressional and presidential approval to open the Coastal Plain area of ANWR to oil and gas development. We work closely with Alaska's Congressional Delegation, the Governor's Office, the Alaska Legislature, business community and our individual membership base to maintain a positive debate on the issue. The passage of SJR 9 will reaffirm that Alaska's Legislature strongly supports Coastal Plain development.

The arguments supporting development in Coastal Plain have only strengthened over time. Today, the U.S. is more dependent on foreign oil - exceeding 52%, demand is up and our domestic production is continuing to fall. A recent Government Accounting Office report estimated that our imports of foreign oil could rise to over 80% by the year 2015. ANWR, considered the highest potential for discovery of a very large oil and gas field on the continent of North America by the U.S. Department of Interior, could change that decline in domestic production and lessen our reliance on foreign oil.

Alaska's Arctic development is conducted under the strictest environmental regulations and review in the world, emphasizing great care for the animals, people and physical environment. Alaska's North Slope operators have demonstrated the ability to safely produce oil and gas in the region utilizing the best in Arctic technology developed right here in Alaska.

Arctic Power appreciates the Legislature's continued help in working to open ANWR for development. Thanks again for introducing SJR 9 and assisting in its movement towards passage.

Best Regards,

Cam Toohey,  
Executive Director



## A CASE FOR OIL DEVELOPMENT IN ALASKA

### **ARCTIC OIL RESERVE JOBS AND ENERGY FOR AMERICA**

4220 H Street, Suite 201  
Anchorage, AK 99503  
(907) 563-2697  
Fax (907) 562-6782  
<http://alaska.com/anwr/>

203 Maryland Avenue, N.E.  
Washington, D.C. 20002  
(202) 544-6355  
(202) 544-6655  
Fax (202) 544-8763

- \* The U.S. imports over 50% of the nation's needed petroleum. These oil imports cost more than \$55.1 billion a year. These figures are rising and could exceed 67% imports by the year 2000.
- \* Beneath a 1.5 million acre tract on the North Slope of Alaska is estimated to be between 3 and 9 billion barrels of recoverable oil. This area is a specially designated area within the 19 million-acre Arctic National Wildlife Refuge (ANWR). Known as the "Coastal Plain", this area was designated by Congress in 1981 as requiring special study to determine its oil and gas potential and the effects of development on the environment. In 1987, the Department of Interior recommended development. Congressional authorization is required for the Coastal Plain to be open.
- \* Prudhoe Bay, located 60 miles to the west of ANWR, has been operating for nearly 20 years and has produced in excess of 10 billion barrels of oil during that time. It is among the most environmentally sensitive oil operations in the world. Present output at Prudhoe Bay has declined to 1.4 million barrels per day, and is continuing to decline.
- \* The Coastal Plain of ANWR is America's best bet for the discovery of another giant "Prudhoe Bay-sized" oil and gas field in North America. Many economic benefits would result:
  - The Coastal Plain could produce up to 1.5 million barrels per day for at least 25 years - nearly 25% of current daily U.S. production.
  - The U.S. would save \$14 billion per year in oil imports.
  - Between 250,000 and 735,000 jobs are estimated to be created by development of the Coastal Plain.
  - Federal revenues would be enhanced by billions of dollars from bonus bids, lease rentals, royalties, and taxes.
- \* Advancing technology has greatly reduced the "footprint" of Arctic oil development. If Prudhoe Bay were built today, the footprint would be 1,526 acres, 64% smaller.
- \* Oil and gas development and wildlife are successfully coexisting in Alaska's Arctic. For example, the Central Arctic caribou herd at Prudhoe Bay has grown from 3,000 to as high as 23,400 during the last 20 years.
- \* More than 75% of Alaskans favor exploration and production in ANWR.
- \* The Inupiat Eskimos who live in and near ANWR support onshore oil development on the Coastal Plain.



**ARCTIC OIL RESERVE**  
**JOBS AND ENERGY**  
**FOR AMERICA**

4220 B Street, Suite 201  
Anchorage, AK 99503  
(907) 563-2697  
Fax (907) 562-6782  
<http://alaskan.com/awr/>

203 Maryland Avenue, N.W.  
Washington, D.C. 20002  
(202) 544-6355  
(202) 544-6655  
Fax (202) 544-5763

**"WHAT DEVELOPMENT OF ALASKA'S ARCTIC COASTAL  
PLAIN MEANS TO ALASKA"**

**Jobs**

Jobs that could be created from Coastal Plain  
development in Alaska: **38,300 jobs**

examples: direct employment in oil exploration and production  
service, supplies and transportation sectors  
computer, environmental and local government employment

Number of direct petroleum industry jobs in Alaska: **12,893 jobs**

**Economic Impact**

Dollars spent in Alaska from Prudhoe Bay  
development since 1980:  
(excludes payments to State of Alaska) **\$ 4.9 billion**

Alaska vendors doing business in AK oil fields: **over 1,500**

Alaska energy expenditures per capita ranks well over the national average!

**Petroleum Statistics**

Daily consumption of motor gasoline in Alaska: **750,000 gallons**

Daily consumption of petroleum products in Alaska: **4.4 million gallons**

Daily production of oil products in Alaska:  
(25% of current U.S. domestic production) **61.6 million gallons**

Alaska's reliance on imported foreign oil **0 %**

**"WHAT DEVELOPMENT OF ALASKA'S ARCTIC COASTAL  
PLAIN MEANS TO THE NATION"**

**Jobs**

Jobs that could be created from Coastal Plain development nationally:	<b>735,000 jobs</b>
Direct petroleum industry jobs nationwide:	<b>1.5 million jobs</b>

**Economic Impact**

Since discovering oil on Alaska's North Slope, spending on exploration and development nationwide is over:	<b>\$50.0 billion</b>
Nationwide vendors doing business in AK oil fields since 1990:	<b>over 10,000</b>
To buy foreign oil in 1995 America spent:	<b>\$55.1 billion</b>

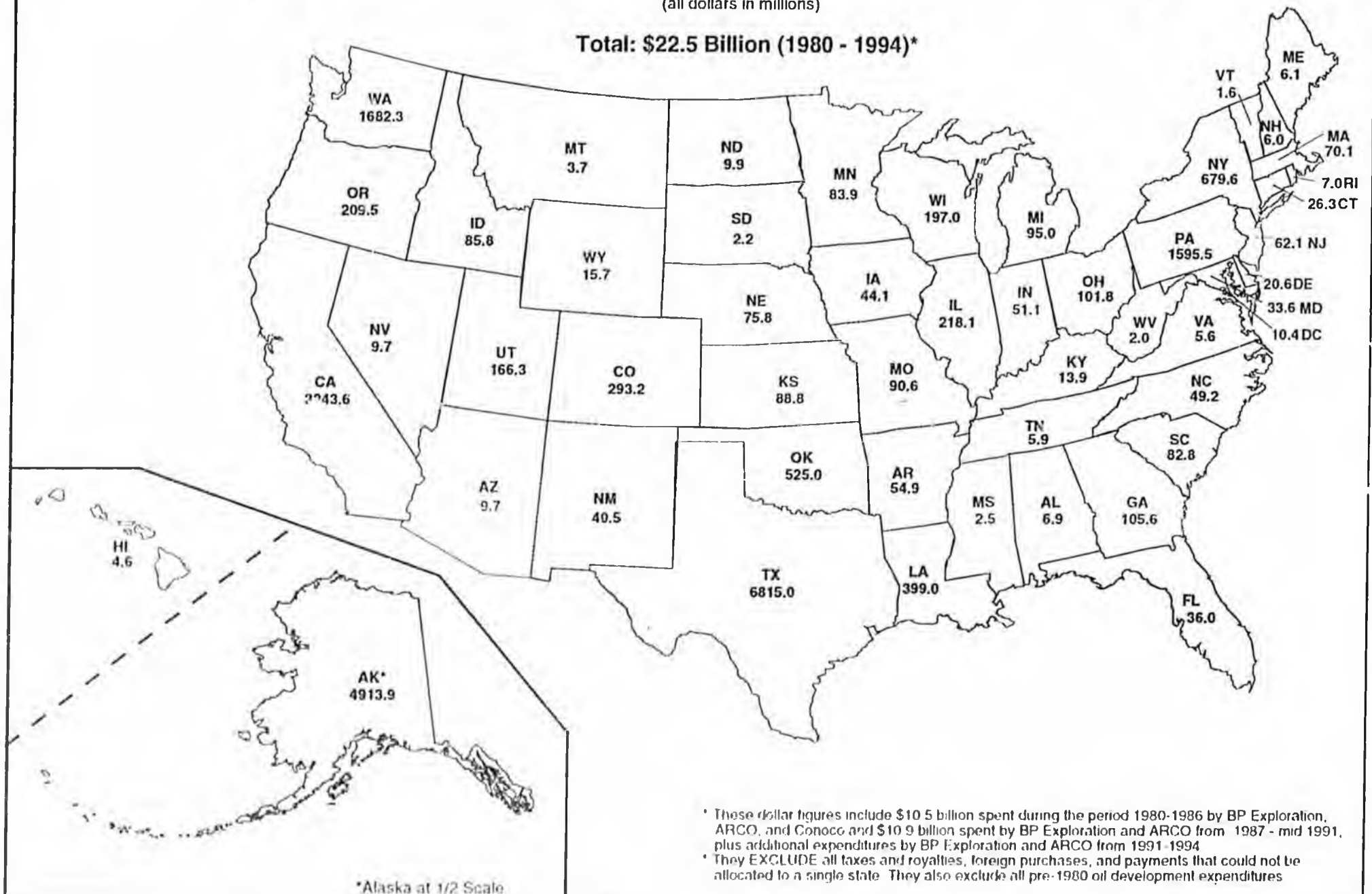
**Petroleum Statistics**

Today U.S. imports of foreign oil exceeds:	<b>52%</b>
Current U.S. imports of oil per day:	<b>9 million barrels</b>

# Dollars Spent in Each State for North Slope Oil Development

(all dollars in millions)

Total: \$22.5 Billion (1980 - 1994)\*



\* These dollar figures include \$10.5 billion spent during the period 1980-1986 by BP Exploration, ARCO, and Conoco and \$10.9 billion spent by BP Exploration and ARCO from 1987 - mid 1991, plus additional expenditures by BP Exploration and ARCO from 1991-1994.  
 \* They EXCLUDE all taxes and royalties, foreign purchases, and payments that could not be allocated to a single state. They also exclude all pre-1980 oil development expenditures.