

12266

HOUSE RES

Alliance House Resources testimony on HB 177  
Page 3

**Existing shippers should not be forced to subsidize expansion shippers by sharing the cost of pipeline expansions.** The bill attempts to pre-empt the authority of the Federal Energy Regulatory Commission (FERC) to administer access, expansion and tariff issues by dictating rolled-in tariff rates for expansions that would increase rates as much as 15%. Let FERC do its job. If the state believes an expansion is in Alaska's best interest and is eager to contribute public funds to the project without securing equity, it could underwrite pipeline expansions in order to maintain tariff rates. There may be instances - for example, gas production from federal OCS acreage - when rolled-in rates aren't in the state's interest, either.

**The bill needs clear and objective criteria for evaluating applications. This is fundamental to having an "open and transparent process."** Recent legislative amendments dictating that proposals be judged on the basis of net present value to the state and the applicant's ability to deliver on its promises enhanced the bill, and further specificity is needed.

**Safeguards against construction cost overruns for the state and shippers are inadequate.** Both the state and shippers need to be involved in and have oversight of a project execution plan that provides the greatest netbacks at the wellhead. A third-party pipeline builder with no production interests will have no incentive to reduce costs and no ability to "guarantee" the tariff in advance.

The Alaska Gasline Inducement Act may be our last and best chance to make a North Slope gas project a reality, but only if it's fixed before it's passed. In order to succeed, the bill must acknowledge the interests of Alaskans, of the developer and transporter and of North Slope producers and shippers.

Thank you.

My name is Joey Merrick, I'm from Eagle River and I'm also the Business Manager of Laborers' Local 341. We represent over 2100 members in south central Alaska comprised of Pipeline, Building Trades, Heavy and Highway workers.

We want to be sure that we are on record in support of a gas project as it is vital to Alaska's Future. We appreciate Governor Palin's and the Legislators efforts to bring our gas to market and to put Alaskan's to work.

There are many aspects of AGIA, but the issue that I would like to focus on, is the most important issue for the people that I represent and that is putting the Alaskan people to work.

The best way to do that is with a Project Labor Agreement. It is a way that you can guarantee that Alaskan workers will be dispatched through Alaskan Hiring Halls and Alaskan Apprentices will be afforded opportunities to learn their craft and to keep their wages and benefits in Alaska to help maintain the economy.

Only through a Project Labor Agreement can we make sure that Alaska Native Hire will take place and we can help the growing unemployment rates in the Rural Villages.

We would encourage you to make sure that a Project Labor Agreement will stay in the AGIA to be sure that the Alaska Workers are able to take advantage of the Biggest Project in the states history and that Alaskans can help develop our gas.

Thank you for allowing me to speak on behalf of the Laborers Local 341.

*a. j. Merrick II*

**HOUSE RESOURCES TESTIMONY****On HB 177****April 21, 2007**

Thank you Mr. Chairman and members of the Resource Committee for this opportunity to testify on House Bill 177, the Alaska Gasline Inducement Act. My name is Eric Dompeling; I am Vice President of the Alaska Support Industry Alliance.

When I came to Alaska 37 years ago, there was a term that doesn't get used as much today "We don't care how they do it outside!" Over the course of those 37 years, things have changed in Alaska; we now provide roughly 20% of the oil consumed in the United States; the revenue that comes from that oil development supports the state economy. But it was not the State that risked the capital to explore and develop those leases.

AGIA is intended to expand resource sales, this time the gas associated with North Slope Oil. Gas has been produced at Prudhoe Bay for 30 years and in that time has been an economic boon by maintaining pressure at Prudhoe Bay which in turn has allowed an additional 6 to 7 billion barrels of oil to be produced. Today that gas, that 7 Billion Cubic Feet of Gas, being produced with the oil and reinjected everyday is creating a handling issue and needs to be shipped to market. This gas project will be world class by any definition, but we are not alone in the development of World Class Resources. There is a project already underway in Qatar that has 1,500 trillion cubic feet of known reserves, 42 times larger than all 35 trillion Cubic Feet of gas currently producible on the North Slope. The Pipelines are in place the Tankers are built and the expansion is moving forward.

We have heard for years from oil producers that any project must compete globally for capital investment and be judged on the return on the capital invested. Based on that factor alone Construction and expansion of any project will not be prescribed; but determined by the economics.

The North Slope gas project will ultimately not be a political decision, it will be an economic decision by a resource leaseholder, whether they have known reserves or are exploring hoping to develop future reserves. In a free market, the tariffs will determine if a line gets built or expanded. In order to promote a project the States role should be to ensure that the resource owners know what the terms and conditions will be, I urge you not to leave the tax issue open to interpretation. open ended contracts expose both sides of any agreement to litigation not construction.

The efforts of Governor Palin and her team, to advance The North Slope gas project, through AGIA; are applauded by all Alaskans including the members of the Alliance. However, the Inducement Act as currently drafted does not include clear objective criteria for evaluating the economics of a project, without those economic objectives this project will not move forward. Attempts by government entities to determine economic viability do not have an enviable track record. Let the market decide by asking for a " Best Proposal" offer that is open and transparent and can be judged by the merits of the economics, because in the end it all comes down to the Tariff!

I spoke earlier about Alaskan's not caring how things are done outside! Today we compete in a Global Market, let us not focus only on Alaska's wants, but focus on how we compete for the development of our resources in that Global arena. The Alaska Gasline Inducement Act may be the best opportunity to make a North Slope gas project a reality, if it is to succeed, the bill must acknowledge the interests of not only Alaskans, but those of the project developer, the transporter and the North Slope producers and shippers.

Thank you for your time, this concludes my testimony.

**Alaska Trucking Association, Inc.**

3443 Minnesota Drive · Anchorage, Alaska 99503 · Phone (907) 276-1149 · Fax (907) 274-1946  
[www.aktrucks.org](http://www.aktrucks.org)

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Aves Thompson, Executive Director  
Alaska Trucking Association  
AGIA Testimony, SB104 / HB177  
Saturday, April 21, 2007

Thank you. Mr. Chairman and members of the committee, I am Aves Thompson, Executive Director of the Alaska Trucking Association. The Alaska Trucking Association is a state wide organization representing trucking interests from Barrow to Ketchikan for more than 49 years. Our more than 200 members represent all of the diverse trucking operations in the state and many associate members who provide goods and services to our industry. On behalf of ATA, I thank you for the opportunity to testify on the subject of AGIA.

The highest priority of the Alaska Trucking Association is to get a gas line built, up and running and delivering Alaska's gas to market. We applaud the Governor and her team for promptly presenting AGIA to the legislature for their consideration.

We believe like others, that AGIA has a chance to bring a gas line to fruition. We also believe that certain changes must be made to make the gas line a reality. I will address some of the important issues as we see them.



*If you got it, a truck brought it...*

**Alaska Trucking Association, Inc.**

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- 
- Bid requirements of the bill are far too specific. The better approach may be to set performance specifications or expectations or outcomes and let the bidders address how they will meet those expected outcomes. There may be other ways to reach these mutually beneficial outcomes, and the prescriptive nature of the current bill guarantees we will never hear the alternatives.
  - The bill needs clear and objective criteria for evaluating applications. Some recommendations for criteria are:
    - Best financial return to the state,
    - Lowest level of risk of delays due to lawsuits, etc,
    - Highest probability of success,
    - Jobs, instate use of gas, etc.
    - Expansion provisions for adding gas to the line.
  - The bill places too much emphasis on mitigating the short-term financial risks incurred by the pipeline builder and too little to address the much longer-term and greater risks of gas shippers. Fiscal certainty is an important issue for those that will be asked to commit to long term firm transportation agreements worth billions of dollars over the life of the agreements. Some notion of future tax or royalty law or at least, policy must be part of the deal.
  - As a corollary to the previous point, we feel the \$500 million giveaway is unnecessary and imprudent as we would like to see the successful licensee be financially capable of making their decisions based on the sound economics of the project rather than a subsidy or handout from the state.



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- It seems that existing shippers should not be forced to subsidize new shippers by sharing the cost of pipeline capacity expansions. It would seem more equitable and predictable to provide that the new shippers pay the cost of expansion.

These are a few of our concerns and I'm sure you will hear from others today as they share their testimony. The Alaska Trucking Association is eager for this project to succeed and stands ready to assist in any way to help make this dream a reality.

Thank you for your time.



*If you got it, a truck brought it...*

- Position on the Alaska Gasline Inducement Act -  
Senate Bill 104 / House Bill 177

My name is Maynard Tapp and I am a citizen of Alaska since 1990 and Alaskan in spirit since 1954 when my dad worked in Barrow for the Coast Guard.

**DO THE DEAL NOW**

At Thursday's spot price for natural gas at \$7.510 per MMBTU the states share @12.5% would be \$0.94 per MMBTU.

If 1MMBTU is approximately 1,000 Cubic feet then, at a production of 4.5 Billion Cubic feet per day, the state of Alaska revenues loss is \$4,224,375 per day.

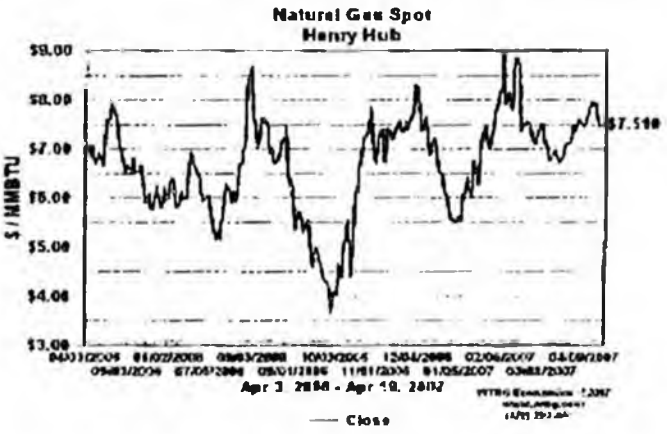
I worked on the Gasline Study from Jan 2001 until March 2002 (15 months) this study spent approximately \$125MM to get near the end of Conceptual Design. We accomplished a lot during that timeframe. Everyone worked hard and fast. The results of that effort indicated that the producer's wanted to move forward with the pipeline project.

It will take any new player at least 15 months say 450 days to get to the point where the producers study ended. At \$4.2MM per day that totals \$1.9 billion dollars loss in state revenues just to get to the place we are today, close to the end of Conceptual Design.

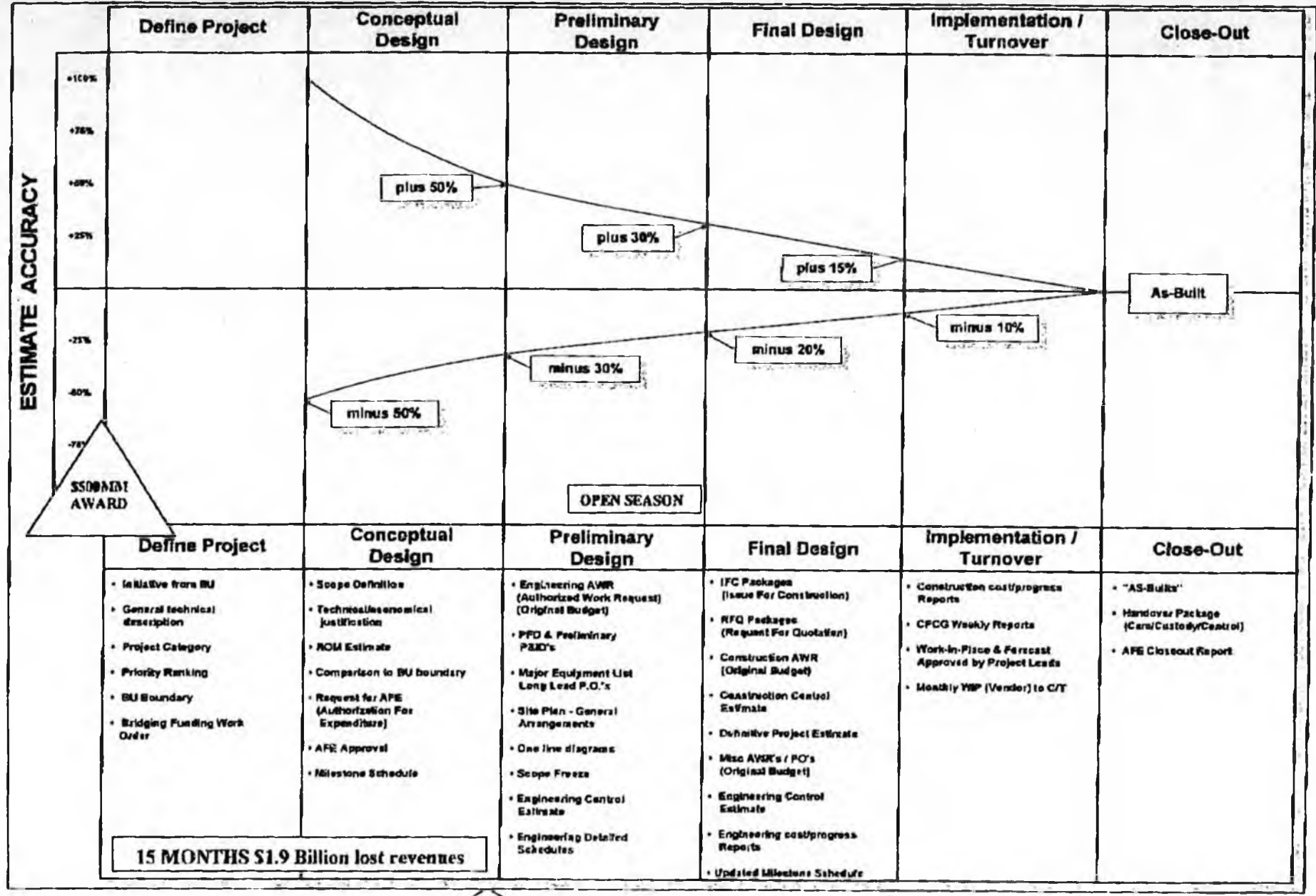
At the same time Prudhoe Bay production is declining at 6% per year and therefore the related state revenues from the oil production is declining at the same rate. And at the same time competing projects and technologies are moving forward.

The chart I am including in my testimony is one that I attained when working with a world class engineering company. It is used to help them determine the amount of contingency used at any point during the lifecycle of a project. It is, therefore, a measure of confidence that a project has regarding known and unknown costs. These milestones cannot be compressed. You already have two to three years of testimony.

Will you learn anything more in the next 15 months and \$1.9 billion in lost revenues.



**BE LEADERS  
PLEASE  
DO THE DEAL NOW**



EST. WHERE PRODUCERS ARE NOW









AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 177(O&G)

1 Page 30, following line 21:

2 Insert a new bill section to read:

3 "\*\* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 EXPEDITED CONSIDERATION OF COURT CASES. It is the intent of the  
6 legislature that the courts of the state, when considering a case related to the development and  
7 construction of a natural gas pipeline under this Act or to the commitment of a shipper to  
8 acquire firm transportation capacity during the first binding open season for a project  
9 developed under this Act, expedite the resolution of the case by giving the case priority over  
10 all other civil cases to the extent permitted under the Alaska Rules of Court."

11

12 Renumber the following bill sections accordingly.

13

14 Page 31, line 4:

15 Delete "sec. 9"

16 Insert "sec. 10"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 9, line 7:

2 Delete "and"

3

4 Page 9, following line 7:

5 Insert a new paragraph to read:

6 "(20) commit to establish an interest-bearing trust account to hold  
7 funds required by a regulatory agency having jurisdiction over the project for the cost  
8 of dismantlement, removal, surrender, or abandonment of the project, or for the  
9 restoration of the right-of-way in conjunction with the dismantlement, removal,  
10 surrender, or abandonment of the project; and"

11

12 Renumber the following paragraph accordingly.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

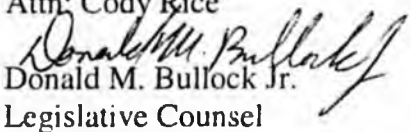
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 21, 2007

**SUBJECT:** Port Authority Amendments to CSHB 177(O&G)  
(Work Orders 25-GH1060\M.12 - M.14)

**TO:** Representative Carl Gatto  
Attn: Cody Rice

**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

You requested a number of amendments based on language presented to you by the Alaska Gasline Port Authority. Please review these amendments very carefully to ensure that they are consistent with your intent.

The suggested language was very general and often referred to sources outside of the Alaska Statutes. For example, the description for an amendment referred to "PBU, " which I presume is the Prudhoe Bay Unit, and a "Rule 9 limit." Neither term is used within the statutes and should be defined if those terms are used. I drafted amendment 25-GH1060\M.11 based on the suggestion and used more general terms, which I hope may reach the same intended results.

Amendment 25-GH1060\M.12 requires the applicant proposing the project to speculate about the availability of gas on the North Slope. Most of the existing language in AS 43.90.130 in CSHB 177(O&G) requires the applicant to submit information for which the potential pipeline developer will have first-hand knowledge. Amendment M.12 requires speculation about what and when some third party may act and how much that third-party might spend.

Similarly, amendment 25-GH1060\M.13 is a question that may be more appropriate for a producer than a potential pipeline operator. The effect on oil production of gas production is not related to the pipeline project except to the extent an oil production requirement may depress the availability of natural gas for the pipeline.

Amendment 25-GH1060\M.14 relates to the availability of gas liquids for value-added processing. Unless the pipeline operator will also be the purchaser of North Slope gas production, the pipeline operator would have little say about what happens to the natural gas at the delivery point. Perhaps I could reword the amendment for you if you want to expand AGIA from a pipeline inducement act to something more. If the focus changes,

Representative Carl Gatto

April 21, 2007

Page 2

you should review the overall bill so that all necessary changes may be made that are consistent with the expanded focus.

I did not draft an amendment to require the timeliness of project construction to be given a high priority. This requirement is already expressed in the net present value criteria and the timeliness factor in AS 43.90.170(b) on page 11 of the bill. If you want an amendment to that subsection, please provide me with your suggested language.

DMB:Imb  
07-107.lmb

Enclosures

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 14, lines 13 - 15:

2 Delete "are necessary as a result of changed circumstances outside the licensee's  
3 control and not reasonably foreseeable before the license was issued"

4 Insert "maintain or improve the net present value to the state of the project or the  
5 project's likelihood of success"

6

7 Page 14, lines 16 - 17:

8 Delete "and may not diminish the net present value to the state of the project or the  
9 likelihood of success for the project"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 3, line 25, following "requirements.":

2 Insert "(a)"

3

4 Page 5, line 24:

5 Delete "section"

6 Insert "subsection"

7

8 Page 6, line 10:

9 Delete "section"

10 Insert "subsection"

11

12 Page 9, following line 10:

13 Insert a new subsection to read:

14 "(b) If an applicant requires an initial rate of natural gas production from an  
15 area on the North Slope that is greater than that authorized by the Alaska Oil and Gas  
16 Conservation Commission at the time the commissioners issue a request for  
17 applications under AS 43.90.120, the applicant is required to file a request with Alaska  
18 Oil and Gas Commission for an increase in the rate of production from that area before  
19 filing the application."

20

21 Page 11, line 17:

22 Delete "AS 43.90.130(9)"

23 Insert "AS 43.90.130(a)(9)"

1

2 Page 20, line 31:

3 Delete "AS 43.90.130(7)"

4 Insert "AS 43.90.130(a)(7)"

5

6 Page 21, line 5:

7 Delete "AS 43.90.130(7)"

8 Insert "AS 43.90.130(a)(7)"

9

10 Page 22, line 3:

11 Delete "AS 43.90.130(7)"

12 Insert "AS 43.90.130(a)(7)"

13

14 Page 22, line 9:

15 Delete "AS 43.90.130(7)"

16 Insert "AS 43.90.130(a)(9)"

A M E N D M E N T

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE GATTO

1 Page 5, following line 11:

2 Insert a new subparagraph to read:

3 "(E) if the project proposed by the applicant requires the  
4 discovery of additional gas, a timeline for the discovery and development of  
5 new gas reserves and a cost estimate for the exploration and development;"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 5, following line 11:

2 Insert a new subparagraph to read:

3 "(E) an analysis of how the proposed project may affect the  
4 production of oil on the North Slope, including the effect on the rate of  
5 production and the affect on the total volume of oil that may be produced;"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 8, following line 30:

2 Insert a new paragraph to read:

3 "(19) state whether the project will make gas liquids available in the  
4 state for value-added processing;"

5

6 Renumber the following paragraphs accordingly.

**HB**

**177**

**4/23/07**

AMENDMENT

A 20

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 4, line 4: After "pipeline"

Insert ", which may not be the route described in AS 38.35.017(b)"

CONCEPTUAL AMENDMENT #22

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

10 "project"  
Page 4, line 28 After "gas,"

Insert: "a detailed description of all pipeline access and tariff terms that the applicant would propose to offer,"

pg 4 Delete line 24-26

Failed

CONCEPTUAL

AMENDMENT

#24

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 9, line 16 After "use,"

Insert "for jobs not filled under subsection (17)"

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AMENDMENT

# 25

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 11, lines 2 - 5

Delete subsection (c)

In a separate section - language  
that ~~you~~ one can't challenge

~~Rescinded~~

~~AMENDMENT #45~~

Y  
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OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Ga

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Page 23, line 17 After "AS 43.90.130(7)"

Delete ";

Insert "if the Federal Energy Regulatory Commission does not have a policy in effect that presumes that rolled in rates apply to the recovery of expansion costs for the project;"

Page 24, line 18 After "AS 43.90.130(7)"

Delete ";

Insert "if the Federal Energy Regulatory Commission does not have a policy in effect that presumes that rolled in rates apply to the recovery of expansion costs for the project;"

#46

~~Admin. opposed - require them as must have. Don't want to have a pipeline make a presumption that they can't go forward with that. End of up scenario - license things apply - upstream entity opposes. Cost value of upstream inducements, shouldn't go counter to that presumption. Conflict - precludes~~

#46 fails -

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# 20

AMENDMENT

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 4, line 4: After "pipeline"

Insert ", which may not be the route described in AS 38.35.017(b)"

*Passed*

AMENDMENT #22 Concept

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

10  
Page 4, line ~~28~~ After "gas," project

Insert: "a detailed description of all pipeline access and tariff terms that the applicant would propose to offer,"

Delete 24 cft's Service  
line 25 & 26

AMENDMENT #2

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 9, line 16 After "use,"  
Insert "for jobs not filled under subsection (17)"

Failed  
to Pass

AMENDMENT

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 11, lines 2 - 5

Delete subsection (c)

~~#~~ 29

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Prescription on the "musthairs"

(( 25-29 ))

42

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AMENDMENT

45<sup>th</sup>

6-2

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 23, line 17 After "AS 43.90.130(7)"

Delete "."

Insert "if the Federal Energy Regulatory Commission does not have a policy in effect that presumes that rolled in rates apply to the recovery of expansion costs for the project;"

---

Page 24, line 18 After "AS 43.90.130(7)"

Delete ";"

Insert "if the Federal Energy Regulatory Commission does not have a policy in effect that presumes that rolled in rates apply to the recovery of expansion costs for the project;"

Amend 46

#48

1 **Guttenberg**  
2 **Conceptual Amendment- ask AOGCC and Department of Revenue to analyze impact of**  
3 **increasing gas off take rate on oil production**  
4 **On HB177 (RES) Work Draft 25-GH1060\K**

5  
6 Page 28, line 12

7  
8 add

*withdraw*  
*Amendment #48*

9  
10  
11 **Sec. 43.90.480**

12  
13 The Alaska Oil and Gas Conservation Commission and the Department of Revenue shall  
14 jointly develop a report that analyzes the oil production and state oil revenue impacts of  
15 increasing the gas off take rates from North Slope fields.

16  
17 The report shall be delivered to the presiding officers of each house of the legislature by  
18 March 1, 2008.

19  
*Admin - objects - Dec has no expertise  
in this area. feel that AOGCC should  
do this and forward info on.  
Will ask AOGCC to move forward  
with their evaluation.*

# 40

**AMENDMENT**

OFFERED IN THE HOUSE RESOURCES COMMITTEE

To: CSHB177(RES)

by Rep Edgmon

Page 19, lines 26-29:

Delete: "The initial appointment is subject to confirmation by the legislature and an appointment is subject to reconfirmation by the legislature during the first regular legislative session after a general election at which a governor is elected."

CONCEPTUAL AMENDMENT # 39

OFFERED IN THE HOUSE

BY

*Seaton*

TO CSHB 177 (RES)

Page 19, lines 3-4

Delete subsection (d)

Comment: The purpose of this amendment is to clarify that arbitration awards and requests to vacate those awards should be dealt with exclusively under the provisions of the Revised Uniform Arbitration Act (AS 09.43.300-.595). Subsection (d) uses terms and procedures that are inconsistent with the Act. Removing subsection (d) will resolve any conflicts between AGIA and the Arbitration Act.

Under the Revised Uniform Arbitration Act, which would be applicable here, a party may file a motion asking the arbitration panel to "modify" or "correct" its award only for certain reasons listed in AS 09.43.470.

A party that wins an arbitration may seek a "confirmation" of the award in superior court (AS 09.43.490). The other party(ies) may then oppose the confirmation order only on limited specified grounds by asking the court to "vacate" the award (AS 09.43.500) or to "modify" or "correct" it for certain technical errors (AS 09.43.510).

A number of Alaska cases have held that the party filing the motion to correct or modify the award or opposing confirmation of the award and asking the court to vacate it always bears the burden of convincing the court that the award was legally erroneous under those statutes.

Subsection (d) is therefore unnecessary and incorrectly written. One does not "appeal" the arbitrators' award. An "appeal" can only be taken from the superior court's order confirming or refusing to confirm the award. Also, the party does not "bear the burden of proof" in any of these procedures, just showing that the award was legally "erroneous" under the statutes on an appeal to the supreme court from the superior court's award, the appellant must show that the court below committed "reversible error."

withdrawn

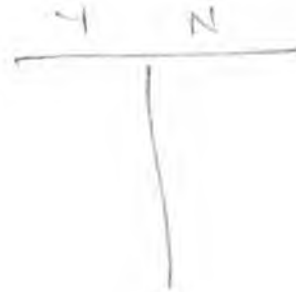
AMENDMENT #43

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G) VERSION K

BY REPRESENTATIVE SEATON

Page 22, line 26 After "notice"  
Insert "to two years"

~~part is~~ would like to see future presentation  
made clear  
negotiated time frame - not "2 yrs."



CONCEPTUAL AMENDMENT # \_\_\_\_\_

OFFERED IN THE HOUSE

BY

TO CSHB 177 (RES)

Page 19, lines 3-4

Delete subsection (d)

**Comment:** The purpose of this amendment is to clarify that arbitration awards and requests to vacate those awards should be dealt with exclusively under the provisions of the Revised Uniform Arbitration Act (AS 09.43.300-.595). Subsection (d) uses terms and procedures that are inconsistent with the Act. Removing subsection (d) will resolve any conflicts between AGIA and the Arbitration Act.

Under the Revised Uniform Arbitration Act, which would be applicable here, a party may file a motion asking the arbitration panel to “modify” or “correct” its award only for certain reasons listed in AS 09.43.470.

A party that wins an arbitration may seek a “confirmation” of the award in superior court (AS 09.43.490). The other party(ies) may then oppose the confirmation order only on limited specified grounds by asking the court to “vacate” the award (AS 09.43.500) or to “modify” or “correct” it for certain technical errors (AS 09.43.510).

A number of Alaska cases have held that the party filing the motion to correct or modify the award or opposing confirmation of the award and asking the court to vacate it always bears the burden of convincing the court that the award was legally erroneous under those statutes.

Subsection (d) is therefore unnecessary and incorrectly written. One does not “appeal” the arbitrators’ award. An “appeal” can only be taken from the superior court’s order confirming or refusing to confirm the award. Also, the party does not “bear the burden of proof” in any of these procedures, just showing that the award was legally “erroneous” under the statutes on an appeal to the supreme court from the superior court’s award, the appellant must show that the court below committed “reversible error.”

# \_\_\_\_\_

**AMENDMENT**

OFFERED IN THE HOUSE RESOURCES COMMITTEE

To: CSHB177(RES)

by Rep Edgmon

Page 19, lines 26-29:

Delete: "The initial appointment is subject to confirmation by the legislature and an appointment is subject to reconfirmation by the legislature during the first regular legislative session after a general election at which a governor is elected."

## Presidential Documents

Executive Order 13202 of February 17, 2001

### Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded Construction Projects

By the authority vested in me as President by the Constitution and laws of the United States of America, including the Federal Property and Administrative Services Act, 40 U.S.C. 471 *et seq.*, and in order to (1) promote and ensure open competition on Federal and federally funded or assisted construction projects; (2) maintain Government neutrality towards Government contractors' labor relations on Federal and federally funded or assisted construction projects; (3) reduce construction costs to the Federal Government and to the taxpayers; (4) expand job opportunities, especially for small and disadvantaged businesses; and (5) prevent discrimination against Government contractors or their employees based upon labor affiliation or lack thereof; thereby promoting the economical, nondiscriminatory, and efficient administration and completion of Federal and federally funded or assisted construction projects, it is hereby ordered that:

**Section 1.** To the extent permitted by law, any executive agency awarding any construction contract after the date of this order, or obligating funds pursuant to such a contract, shall ensure that neither the awarding Government authority nor any construction manager acting on behalf of the Government shall, in its bid specifications, project agreements, or other controlling documents:

(a) Require or prohibit bidders, offerors, contractors, or subcontractors to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction project(s); or

(b) Otherwise discriminate against bidders, offerors, contractors, or subcontractors for becoming or refusing to become or remain signatories or otherwise to adhere to agreements with one or more labor organizations, on the same or other related construction project(s).

(c) Nothing in this section shall prohibit contractors or subcontractors from voluntarily entering into agreements described in subsection (a).

**Sec. 2.** Contracts awarded before the date of this order, and subcontracts awarded pursuant to such contracts, whenever awarded, shall not be governed by this order.

**Sec. 3.** To the extent permitted by law, any executive agency issuing grants, providing financial assistance, or entering into cooperative agreements for construction projects, shall ensure that neither the bid specifications, project agreements, nor other controlling documents for construction contracts awarded after the date of this order by recipients of grants or financial assistance or by parties to cooperative agreements, nor those of any construction manager acting on their behalf, shall contain any of the requirements or prohibitions set forth in section 1(a) or (b) of this order.

**Sec. 4.** In the event that an awarding authority, a recipient of grants or financial assistance, a party to a cooperative agreement, or a construction manager acting on behalf of the foregoing, performs in a manner contrary to the provisions of sections 1 or 3 of this order, the executive agency awarding the contract, grant, or assistance shall take such action, consistent with law and regulation, as the agency determines may be appropriate.

**Sec. 5.** (a) The head of an executive agency may exempt a particular project, contract, subcontract, grant, or cooperative agreement from the requirements of any or all of the provisions of sections 1 and 3 of this order, if the agency head finds that special circumstances require an exemption in order to avert an imminent threat to public health or safety or to serve the national security.

(b) A finding of "special circumstances" under section 5(a) may not be based on the possibility or presence of a labor dispute concerning the use of contractors or subcontractors who are nonsignatories to, or otherwise do not adhere to, agreements with one or more labor organizations, or concerning employees on the project who are not members of or affiliated with a labor organization.

**Sec. 6.** (a) The term "construction contract" as used in this order means any contract for the construction, rehabilitation, alteration, conversion, extension, or repair of buildings, highways, or other improvements to real property.

(b) The term "executive agency" as used in this order shall have the same meaning it has in 5 U.S.C. 105, excluding the General Accounting Office.

(c) The term "labor organization" as used in this order shall have the same meaning it has in 42 U.S.C. 2000e(d).

**Sec. 7.** With respect to Federal contracts, within 60 days of the issuance of this order, the Federal Acquisition Regulatory Council shall take whatever action is required to amend the Federal Acquisition Regulation in order to implement the provisions of this order.

**Sec. 8.** As it relates to project agreements, Executive Order 12836 of February 1, 1993, which, among other things, revoked Executive Order 12818 of October 23, 1992, is revoked.

**Sec. 9.** The Presidential Memorandum of June 5, 1997, entitled "Use of Project Labor Agreements for Federal Construction Projects" (the "Memorandum"), is also revoked.

**Sec. 10.** The heads of executive departments and agencies shall revoke expeditiously any orders, rules, regulations, guidelines, or policies implementing or enforcing the Memorandum or Executive Order 12836 of February 1, 1993, as it relates to project agreements, to the extent consistent with law.

**Sec. 11.** This order is intended only to improve the internal management of the executive branch and is not intended to, nor does it, create any right to administrative or judicial review, or any right, whether substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.



THE WHITE HOUSE,  
February 17, 2001

## TALKING POINTS ON PRESIDENT BUSH'S EXECUTIVE ORDER ON PLAS

On February 17, 2001, President George W. Bush signed Executive Order No. 13202, *"Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded Construction Projects."*

- This Executive Order declares that neither the federal government, nor any agency acting with federal assistance, shall require or prohibit construction contractors to sign union agreements as a condition of performing work on government construction projects. The Executive Order puts an end to government-mandated union-only PLAs on federal construction projects, as well as federally-funded or assisted projects.
- President Bush has correctly recognized that the government's proper role is to promote and ensure open competition on government projects, while maintaining government neutrality towards construction contractors' labor relations. In this way, the government can reduce construction costs, expand job opportunities and prevent unfair discrimination based upon labor affiliation or non-affiliation.
- The Executive Order is a great victory for principles long supported by ABC – that construction work should be awarded and performed on the basis of merit through open competition, without favoritism to special interest groups. The Bush Order revokes the policies of the Clinton Administration that encouraged government agencies to adopt union-only requirements on government construction projects.
- The Executive Order took effect immediately upon its issuance on February 17, 2001, and applies to all contracts awarded after that date. There was some confusion as to whether the Executive Order applied to projects that were already awarded under a union-only PLA. On April 6, 2001, the Bush Administration issued an amendment to the Executive Order, which exempts from the ban any project which has had at least one contract awarded with a PLA.
- The Bush Order contains 11 sections, but the heart is in the first two sections:
  - Section 1 orders all federal agencies to ensure that neither they nor any construction manager acting on their behalf shall require or prohibit bidders, offerors, contractors or subcontractors to enter into or adhere to agreements with any labor organization, or otherwise discriminate against anyone on this ground.
  - Section 2 further requires all federal agencies to ensure that no union-only requirements appear in any contracts awarded pursuant to federal grants, federally assisted projects, or federal cooperative agreements.
- The Executive Order also extends to contracts awarded by construction managers acting on behalf of government agencies. Because they are acting on behalf of the government, the Executive Order forbids such construction managers from requiring any contractor or subcontractor to sign a union agreement as a condition of performing government work.

- At the same time, the Executive Order is careful to state that nothing in its terms prohibits any contractor or subcontractor from voluntarily entering into PLAs or other labor agreements. There is thus no danger of the Executive Order's interfering with labor agreements protected by the National Labor Relations Act (NLRA). The NLRA does not apply to government-mandated union agreements, nor does the NLRA restrict the federal government from choosing not to impose any union requirement on government contractors.
- The Executive Order is good news for merit contractors, government contracting officials, and taxpayers. No longer will they have to suffer from the increased costs and reduced competition of government-mandated union-only PLAs on federal or federally-funded construction projects.

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Committee Member Amendments from Legislative Legal Services

Leg	Legal	Date	Sponsor	page #(s)	line #(s)
<del>M.4</del>		4/12	?	30	after 21,
<del>M.5</del>		4/12	GATTO	9	7, after
<del>M.10</del>		4/21	GATTO	14	13-15,16-17
<del>M.11</del>		4/21	GATTO	3,5,6,9,11,20,21,22	
M.12		4/21	GATTO, AGPA	5	after 11,
M.13		4/21	GATTO, AGPA	5	after 11,
M.14		4/21	GATTO, AGPA	8	after 30,
#9 #11A #11B #12 <del>M.10</del>		4/21	KAWASAKI	30, 31	after 21, 4, respectively <span style="border: 1px solid black; padding: 2px;">failed</span>
M.17		4/23	SEATION	11	19
M.18		4/23	SEATION	20	23, 25
M.20		4/23	JOHNSON	11	4
M.21		4/23	JOHNSON	10, 12	2, after 6, respectively

#10 (conceptual) Kawasaki 30 after 26, new Sec. 7 FAILED

#11A M.17 Seaton - passed

#11B M.17 " - failed

#12 M.18 Seaton (conceptual) - passed

#13 M.20

M.10  
 M.11  
 M.12  
 M.13  
 M.14  
 M.15  
 M.16  
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 M.29  
 M.30

HB 1774 SB104 AGIA

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 177(O&G)

1 Page 30, following line 21:

2 Insert a new bill section to read:

3 "\* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 EXPEDITED CONSIDERATION OF COURT CASES. It is the intent of the  
6 legislature that the courts of the state, when considering a case related to the development and  
7 construction of a natural gas pipeline under this Act or to the commitment of a shipper to  
8 acquire firm transportation capacity during the first binding open season for a project  
9 developed under this Act, expedite the resolution of the case by giving the case priority over  
10 all other civil cases to the extent permitted under the Alaska Rules of Court."

11

12 Renumber the following bill sections accordingly.

13

14 Page 31, line 4:

15 Delete "sec. 9"

16 Insert "sec. 10"

AMENDMENT

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE GATTO

1 Page 9, line 7:

2 Delete "and"

3

4 Page 9, following line 7:

5 Insert a new paragraph to read:

6 "(20) commit to establish an interest-bearing trust account to hold  
7 funds required by a regulatory agency having jurisdiction over the project for the cost  
8 of dismantlement, removal, surrender, or abandonment of the project, or for the  
9 restoration of the right-of-way in conjunction with the dismantlement, removal,  
10 surrender, or abandonment of the project; and"

11

12 Renumber the following paragraph accordingly.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 14, lines 13 - 15:

2 Delete "are necessary as a result of changed circumstances outside the licensee's  
3 control and not reasonably foreseeable before the license was issued"

4 Insert "maintain or improve the net present value to the state of the project or the  
5 project's likelihood of success"

6

7 Page 14, lines 16 - 17:

8 Delete "and may not diminish the net present value to the state of the project or the  
9 likelihood of success for the project"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 3, line 25, following "requirements.":

2 Insert "(a)"

3

4 Page 5, line 24:

5 Delete "section"

6 Insert "subsection"

7

8 Page 6, line 10:

9 Delete "section"

10 Insert "subsection"

11

12 Page 9, following line 10:

13 Insert a new subsection to read:



14 "(b) If an applicant requires an initial rate of natural gas production from an  
15 area on the North Slope that is greater than that authorized by the Alaska Oil and Gas  
16 Conservation Commission at the time the commissioners issue a request for  
17 applications under AS 43.90.120, the applicant is required to file a request with Alaska  
18 Oil and Gas Commission for an increase in the rate of production from that area before  
19 filing the application."

20

21 Page 11, line 17:

22 Delete "AS 43.90.130(9)"

23 Insert "AS 43.90.130(a)(9)"

1

2 Page 20, line 31:

3 Delete "AS 43.90.130(7)"

4 Insert "AS 43.90.130(a)(7)"

5

6 Page 21, line 5:

7 Delete "AS 43.90.130(7)"

8 Insert "AS 43.90.130(a)(7)"

9

10 Page 22, line 3:

11 Delete "AS 43.90.130(7)"

12 Insert "AS 43.90.130(a)(7)"

13

14 Page 22, line 9:

15 Delete "AS 43.90.130(7)"

16 Insert "AS 43.90.130(a)(9)"

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

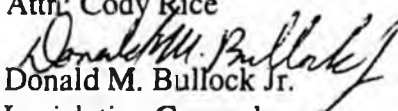
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 21, 2007

**SUBJECT:** Port Authority Amendments to CSHB 177(O&G)  
(Work Orders 25-GH1060\M.12 - M.14)

**TO:** Representative Carl Gatto  
Attn: Cody Rice

**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

You requested a number of amendments based on language presented to you by the Alaska Gasline Port Authority. Please review these amendments very carefully to ensure that they are consistent with your intent.

The suggested language was very general and often referred to sources outside of the Alaska Statutes. For example, the description for an amendment referred to "PBU," which I presume is the Prudhoe Bay Unit, and a "Rule 9 limit." Neither term is used within the statutes and should be defined if those terms are used. I drafted amendment 25-GH1060\M.11 based on the suggestion and used more general terms, which I hope may reach the same intended results.

Amendment 25-GH1060\M.12 requires the applicant proposing the project to speculate about the availability of gas on the North Slope. Most of the existing language in AS 43.90.130 in CSHB 177(O&G) requires the applicant to submit information for which the potential pipeline developer will have first-hand knowledge. Amendment M.12 requires speculation about what and when some third party may act and how much that third-party might spend.

Similarly, amendment 25-GH1060\M.13 is a question that may be more appropriate for a producer than a potential pipeline operator. The effect on oil production of gas production is not related to the pipeline project except to the extent an oil production requirement may depress the availability of natural gas for the pipeline.

Amendment 25-GH1060\M.14 relates to the availability of gas liquids for value-added processing. Unless the pipeline operator will also be the purchaser of North Slope gas production, the pipeline operator would have little say about what happens to the natural gas at the delivery point. Perhaps I could reword the amendment for you if you want to expand AGIA from a pipeline inducement act to something more. If the focus changes,

Representative Carl Gatto  
April 21, 2007  
Page 2

you should review the overall bill so that all necessary changes may be made that are consistent with the expanded focus.

I did not draft an amendment to require the timeliness of project construction to be given a high priority. This requirement is already expressed in the net present value criteria and the timeliness factor in AS 43.90.170(b) on page 11 of the bill. If you want an amendment to that subsection, please provide me with your suggested language.

DMB:lmb  
07-107.lmb

Enclosures

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 5, following line 11:

2 Insert a new subparagraph to read:

3 "(E) if the project proposed by the applicant requires the  
4 discovery of additional gas, a timeline for the discovery and development of  
5 new gas reserves and a cost estimate for the exploration and development;"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 5, following line 11:

2 Insert a new subparagraph to read:

3 "(E) an analysis of how the proposed project may affect the  
4 production of oil on the North Slope, including the effect on the rate of  
5 production and the affect on the total volume of oil that may be produced;"

**AMENDMENT**

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 8, following line 30:

2 Insert a new paragraph to read:

3 "(19) state whether the project will make gas liquids available in the  
4 state for value-added processing;"

5

6 Renumber the following paragraphs accordingly.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 177(O&G)

1 Page 11, line 19, following "state":

2       Insert ", including the value of state income tax or equivalent payment in lieu of tax,  
3 supplemental profit-sharing to the state if contractually stipulated, and supplemental profit-  
4 sharing to municipalities if contractually stipulated and equitably distributed to all  
5 municipalities"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 177(O&G)

1 Page 20, line 23, following "by":

2 Insert "(A)"

3

4 Page 20, line 25, following "project":

5 Insert "; or

6 (B) eliminating the ability of the state to switch between taking  
7 its royalty in value or in kind for gas in the quantity and volume committed to  
8 the firm transportation capacity acquired during the first binding open season  
9 of the project, if the person entitled to this election agrees to provide gas for in-  
10 state residential and commercial uses at the delivery points described in the  
11 license at the same value as would be received by the state if the state receives  
12 its royalty in value with the corresponding distance-sensitive transportation  
13 charges; if the lessee or other person exercising this election fails to adequately  
14 supply the in-state gas requirements, after reasonable notice, the election is  
15 considered to terminate, and the provisions of the original lease relating to the  
16 state's taking its royalty gas in kind or in value apply"

ALASKA STATE LEGISLATURE  
House Resources Committee

**Carl Gatto, Co-Chair**

State Capitol Building, Room 108  
Juneau, AK 99801-1182  
(907) 465-3743  
FAX (907) 465-2381  
Rep\_Carl\_Gatto@legis.state.ak.us



**Craig Johnson, Co-Chair**

State Capitol Building, Room 126  
Juneau, AK 99801-1182  
(907) 465-4993  
FAX (907) 465-3872  
Rep\_Craig\_Johnson@legis.state.ak.us

COMMITTEE MEMBER  
AMENDMENTS

CSHB 177(O&G)

1 **Guttenberg**  
2 ~~Conceptual Amendment~~- Assess community impacts  
3 Page 24, line 25

Amendment #1  
amended #1  
amended #2

4  
5 Add

6 Sec. 43.90.480 Community impacts. The Legislature recognizes that as a result of  
7 construction of an Alaska Natural Gas Pipeline, municipalities and communities will be faced  
8 with potential increased demand for public services without increased tax revenue to pay for  
9 those services. The Department of Commerce, Community and Economic Development shall  
10 develop an assessment of the socio-economic impacts of the Natural Gas Pipeline project.  
11 The examination of community impacts should include socio-economic impacts, revenue  
12 impacts, subsistence and socio-cultural impacts, and cumulative impacts.

13  
14 The Department shall review the Stranded Gas Development Act Municipal Impact Analysis,  
15 dated November 8, 2004 (corrected) developed by the Municipal Advisory Group as a basis  
16 for developing the socio-economic impact assessment.

17  
18 The Department shall also make recommendations to the Legislature about <sup>the</sup> ~~the best way~~ to  
19 provide assistance, such as Payment in Lieu of Taxes, or other financial assistance to  
20 impacted communities.

now amended #1

21  
22 The Department shall deliver a report and recommendations on municipal and community  
23 impacts to the Speaker of the House and President of the Senate of the Alaska Legislature  
24 within 30 days after the convening of the 2<sup>nd</sup> Regular Session of the Alaska Legislature after  
25 the date a natural gas pipeline project that provides for delivery points in the state receives a  
26 license under 43.90.100, as enacted by sec. 1 of this Act.

~~amended~~  
30 to 15 days #2

withdraw



Withdrawn

Amendment #2

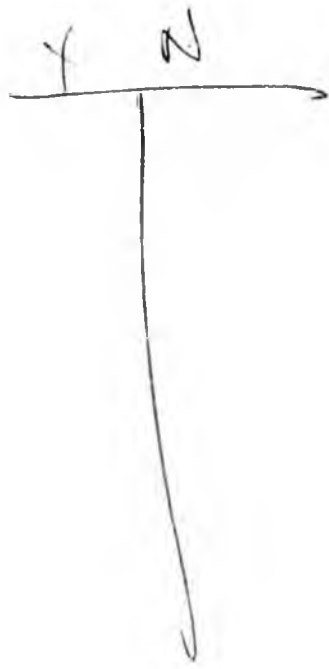
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**Guttenberg**  
**Conceptual Amendment- exclude lobbying from qualified costs**  
**On HB177M**

page 2, line 30 through page 3, line 6

**Sec. 43.90.110(a)(1)(C)**

(C) a qualified expenditure is a cost that is incurred after the license is issued under this chapter, is incurred by the licensee or the licensee's designated affiliate, and is directly and reasonably related to obtaining a certificate of public convenience and necessity from the Federal Energy Regulatory Commission or the Regulatory Commission of Alaska, as appropriate, for development of the project, but does not include overhead costs, litigation costs, the cost of an asset or work product acquired by the licensee before the license is issued, civil penalties, criminal penalties, lobbying expenses, or fines.



*Amend #4*

*W. F. Fitch*

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**Guttenberg**

**Conceptual Amendment- increase number of take off and intake points**

**On HB177M**

**Sec. 43.90.130 Application Requirements**

page 8, lines 9- 10

(12) commit to provide a minimum of [five] eight delivery or intake points  
of natural gas in this state;

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**Guttenberg**

**Conceptual Amendment- commit to provide intake points for explorers**

**On HB177M**

*Withdrawn*

**Sec. 43.90.130 Application Requirements**

page 8, line 11

add

(12) commit to provide a minimum of three intake points for new discoveries of natural gas in this state;

*withdrawn*

*19/1/07*

25-GH1060\M  
4/22/07

**AMENDMENT**

BY REPRESENTATIVE ROSES

OFFERED IN THE HOUSE  
TO: CSHB177(O&G)

Sec. 43.90.250

Sec. 43.90.250 is amended by adding a new title

**Commissioner of Alaska Gasline Inducement Act**

Pg. 17 Line 27

Following "of"  
Insert "commissioner of"

Pg. 17 Line 28

Delete "coordinator"

Pg. 17 Line 31

Following "of"  
Insert "commissioner of"

Pg. 18 Line 1

Delete "coordinator"

Pg. 18 Line 6

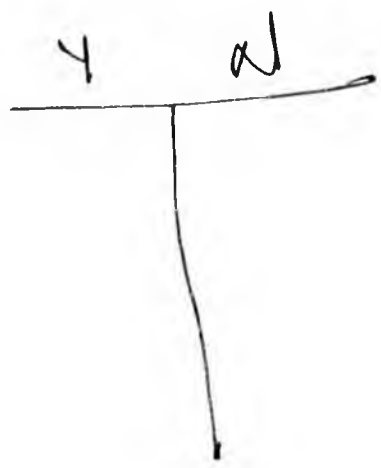
Following "The"  
Insert "commissioner of"

Pg. 18 Line 6

Delete "coordinator"

Pg. 24 Line 31

Following "(2)"  
Insert "Commissioner of"



*Calvin  
any position  
within the governor's  
office.*

*Edgmon - off*

*Seaton - off*

*Guttenberg - off -*

Sec. 43.90.250

19/2/2

#5

Pg. 24 Line 31

Delete "coordinator and "coordinator""

~~#10~~ #5

25-GH1060M  
4/22/07

**AMENDMENT**

OFFERED IN THE HOUSE  
TO:CSHB177(O&G)

BY REPRESENTATIVE ROSES

Sec. 43.90.110  
Pg. 3 Line 7

Delete "an"

Insert "the"

Delete "coordinator"

Following "the"

Insert "commissioner of"

Conceptual

25-GH1060\M  
4/22/07

AMENDMENT

#6

OFFERED IN THE HOUSE  
TO: CSHB177(O&G)

BY REPRESENTATIVE ROSES

Sec. 43.90.170  
Pg. 12 Line 6

Following "success"

Insert: "which may include multiple design proposals that may include different pipe sizes and capacities"

but not limited to, pipe diameters

Strike previous language

4 N

~~Admin amend~~

pg 3, line 31 - pref. 43.90.130

following "market" &

insert"; a proposal may

include multiple designs with different pipe sizes and capacities.

Conceptual

25-GH1060\M  
4/22/07

AMENDMENT

7

passes

OFFERED IN THE HOUSE  
TO: CSHB177(O&G)

BY REPRESENTATIVE ROSES

Sec. 43.90.130

Pg. 8 Line 31 - Pg. 9 Line 1

Following "applicant"

Delete: "; the affiliates of the applicant; all partners, members of a joint venture,"

T

#8

25-GH1060M  
4/22/07

AMENDMENT

OFFERED IN THE HOUSE  
TO:CSHB177(O&G)

BY REPRESENTATIVE ROSES

Sec. 43.90.140  
Pg. 9 Line 14

Rejections

Delete "shall"  
Insert "may"

~~Handwritten scribbles~~

- ~~1) Kawasaki~~
- 1) Kawasaki
- 2) Wilson
- 3) Roses -

failed

Y	N
470	643232

~~11~~ 9

AMENDMENT

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE KAWASAKI

1 Page 30, following line 21:

2 Insert a new bill section to read:

3 **\*\* Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 **CONSISTENCY WITH THE ALASKA NATURAL GAS PIPELINE ACT.** It is the  
6 intent of the legislature that that the licensed project the commissioners submit to the  
7 presiding officer of each house of the legislature under AS 43.90.180, as enacted in sec. 1 of  
8 this Act, conforms as closely as possible with 15 U.S.C. 720a et seq. (Alaska Natural Gas  
9 Pipeline Act)."

10  
11 Renumber the following bill sections accordingly.

12  
13 Page 31, line 4:

14 Delete "sec. 9"

15 Insert "sec. 10"

Carl  
4 4

u

passed  
# 11A / 11B

25-GH1060M.17  
Bullock  
4/23/07

AMENDMENT - CONCEPTUAL

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 177(O&G)

- 1 Page 11, line 19, following "state":
- 2 Insert ", including the value of state income tax or equivalent payment in lieu of tax,
- 3 supplemental profit-sharing to the state if contractually stipulated, and supplemental profit-
- 4 sharing to municipalities if contractually stipulated and equitably distributed to all
- 5 municipalities"

*communities under the formulation of DCCED*

*11B (amended) communities*

~~11A - Galvin; pg 11, line 18.~~

~~11B -~~

*Galvin - intent be clear.*

11A Passed

	Y	N
6	1	1
7	2	
	3	
	4	
	5	

~~11B conceptual (failed)~~

Y	N
W	R
S	G
E	J
	K
	G
	G-1.

(Conceptual)

AMENDMENT

#12

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE SEATON

Page 20, line 23, following "by":  
Insert "(A)"

passed

Page 20, line 25, following "project":  
Insert ";or

(B) eliminating the ability of the state to take its royalty in kind for gas in the quantity and volume committed to the firm transportation capacity acquired during the first binding open season of the project, if the person entitled to this election agrees to provide gas for in-state residential and commercial uses at the delivery points described in the license at the same value as would be received by the state if the state receives its royalty in value under subsection <sup>43.90.310(c)</sup> 43.93.10(c) (1) with the corresponding distance-sensitive transportation charges; if the lessee or other person exercising this election fails to adequately supply the in-state gas requirements, after reasonable notice, or if the contract effectively prevents the state from exercising its rights with other lessees to switch between taking its royalty in value or in kind because of various unit agreements among lessees, the election is considered to terminate, and the provisions of the original lease relating to the state's taking its royalty gas in kind or in value apply"

*Carles*

AMENDMENT # 13

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE JOHNSON

*considerable*

- 1 Page 11, line 4, following "section.":
- 2       Insert "When evaluating each application, the commissioners shall give a preference to
- 3 an application that meets all of the requirements in AS 43.90.130 and may consider
- 4 applications that fail to meet the requirements in AS 43.90.130 but that address in-state needs,
- 5 financing, access, and alternatives for expansion of the project."

1) Kawasaki - ~~gives~~ a great portion of AGA

2) Galvin - agrees w/ Kawasaki either/or

3) Roses, pg 12, lines 24-31

" f/w  
Roses this amendment about  
can continue in the process  
w/o starting over.

4) Seaton - crux of AGA -

Y	N
J	S.
R	Gu
	W
	K
	J
	B
	3
	Ga

*Failed*

AMENDMENT #14

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE JOHNSON

1 Page 10, line 2, following "applicant.":

2 Insert "However, the commissioner shall first make the information available to the  
3 legislature under AS 43.90.170(d)."

4

5 Page 12, following line 6:

6 Insert "(d) After the evaluation of each application under this section, a copy of the  
7 application, evaluation, and all information submitted by the applicant, including proprietary  
8 information and trade secrets, shall be submitted to each house of the legislature for its  
9 review. The legislature shall maintain the confidentiality of information that the applicant  
10 claims is proprietary or a trade secret under AS 43.90.150."

11

12 Reletter the following subsection accordingly.

*Saluh -  
intent that rejected  
applications*

<i>Y</i>	<i>N</i>
<i>WILSON</i>	<i>GA</i>
	<i>KING</i>
	<i>Robert</i>
	<i>Ga</i>

*failed*

25-GH1060M.12  
Bullock  
4/21/07

AMENDMENT #15

OFFERED IN THE HOUSE

BY REPRESENTATIVE GATTO

TO: CSHB 177(O&G)

1 Page 5, following line 11:

2 Insert a new subparagraph to read:

3 "(E) if the project proposed by the applicant requires the  
4 discovery of additional gas, a timeline for the discovery and development of  
5 new gas reserves and a cost estimate for the exploration and development;"

*Amendments were drafted by  
info. provided by the AGPA*

*Guttenberg - AGPA*

*~~Speculative -~~*

*Y | N  
K  
G  
G  
H  
U  
S  
E  
M  
B*

*Failed*

25-GH1060M.13  
Bullock  
4/21/07

AMENDMENT #16

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE GATTO

1 Page 5, following line 11:

2 Insert a new subparagraph to read:

3 "(E) an analysis of how the proposed project may affect the  
4 production of oil on the North Slope, including the effect on the rate of  
5 production and the affect on the total volume of oil that may be produced;"

*Handwritten signature:*  
K  
GATTO

*Failed*

25-GH1060M.14  
Bullock  
4/21/07

AMENDMENT #17

OFFERED IN THE HOUSE  
TO: CSHB 177(O&G)

BY REPRESENTATIVE GATTO

- 1 Page 8, following line 30:
- 2       Insert a new paragraph to read:
- 3               "(19) state whether the project will make gas liquids available in the
- 4       state for value-added processing;"
- 5
- 6 Renumber the following paragraphs accordingly.

~~412~~

2325173H  
Ga

ALASKA STATE LEGISLATURE  
House Resources Committee

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COMMITTEE MEMBER  
AMENDMENTS

CSHB 177(O&G)

Amendment 6  
Conceptual  
AMENDMENT

25-GH1060\M  
4/22/07

Adopted

OFFERED IN THE HOUSE  
TO: CSHB177(O&G)

BY REPRESENTATIVE ROSES

Sec. A3.90A700  
Pg 12 Line 6  
7 43.90.130 P. \* line \*  
\* \*

~~Following "success"~~

Insert: "which may include multiple design proposals that may include  
~~different pipe sizes and capacities~~"

Substitute language → Pipe diameters, wall thickness and Capacities

To: Bullock

The ~~new~~ suggestion is to insert this  
near or around P. 3, line 31 of  
P 4 lines, but the motion was  
made that this amendment be  
conceptual and that drafting insert it  
when most appropriate. It should  
stay within 43.90.130

Amendment 7  
Conceptual - adopted

25-GH1060\M  
4/22/07

AMENDMENT

OFFERED IN THE HOUSE  
TO: CSHB177(O&G)

BY REPRESENTATIVE ROSES

Sec. 43.90.130

Pg. 8 Line 31 - Pg. 9 Line 1

Following "applicant"

Delete: "; the affiliates of the applicant; all partners, members of a joint venture,"

AHN: Bullock

# Amendment 11

25-GH1060M.17  
Bullock  
4/23/07

## AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 177(O&G)

1 Page 11, line 19, following "state":

2 Insert ", including the value of state income tax or equivalent payment in lieu of tax,  
 3 supplemental profit-sharing to the state if contractually stipulated, and supplemental profit-  
 4 sharing to ~~municipalities~~ <sup>Communities</sup> if contractually stipulated and equitably distributed to all  
 5 municipalities"

11a

→ under the formula used by CCED 11b

11b

Directed Amendment

11a - ~~?~~ Adopted

11b - Conceptual - FAILED

↳ strike "municipalities"  
 insert "Communities under the formula used by  
 the Dept. of Commerce, Community, + Economic  
 Development"

Amendment 12

25-GH1060.M.18

4.23.07

Conceptual

AMENDMENT

— Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 177(O&G)

Page 20, line 23, following "by":

Insert "(A)"

Page 20, line 25, following "project":

Insert ";or

(B) eliminating the ability of the state to take its royalty in kind for gas in the quantity and volume committed to the firm transportation capacity acquired during the first binding open season of the project, if the person entitled to this election agrees to provide gas for in-state residential and commercial uses at the delivery points described in the license at the same value as would be received by the state if the state receives its royalty in value under subsection 43.93.10(c) (1) with the corresponding distance-sensitive transportation charges; if the lessee or other person exercising this election fails to adequately supply the in-state gas requirements, after reasonable notice, or if the contract effectively prevents the state from exercising its rights with other lessees to switch between taking its royalty in value or in kind because of various unit agreements among lessees, the election is considered to terminate, and the provisions of the original lease relating to the state's taking its royalty gas in kind or in value apply" *error*

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: CSHB 177(O&G)

1 Page 11, line 4, following "section.":

2       Insert "When evaluating each application, the commissioners shall give a preference to  
3 an application that meets all of the requirements in AS 43.90.130 and may consider  
4 applications that fail to meet the requirements in AS 43.90.130 but that address in-state needs,  
5 financing, access, and alternatives for expansion of the project."

*new #2 whole*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

**Guttenberg**

**Conceptual Amendment- increase number of take off and intake points**

**On HB177M**

**Sec. 43.90.130 Application Requirements**

page 8, lines 9- 10

(12) commit to provide a minimum of [five] eight delivery or intake points of natural gas in this state;