When ANWR is opened, our people will be ready.

At the North Slope Borough, we don’t get discouraged by the ups and downs of the political process in Washington, D.C. We believe that ultimately all of our national leaders will see the wisdom of safe development in ANWR. Because we have faith in the outcome, we’re making sure our people are prepared for the opportunities. Our School-to-Work program helps prepare high school kids for the jobs of the future. And our Apprenticeship Program is producing journeymen through training on the job and in the classrooms of our local college.

We’re part of the ANWR solution. You can count on seeing us there.

North Slope Borough, P.O. Box 69, Barrow, AK 99723
George N. Ahmaogak Sr., Mayor

Marginal oil fields around existing North Slope infrastructure provide hope for the future.

BP Exploration and presented to the Alaska Oil and Gas Policy Council, a task force of industry, state and community representatives appointed by Governor Tony Knowles to outline recommendations that would encourage more industry investment and development in the state.

Alaska depends on the oil industry for more than 80 percent of its annual revenues, but falling production from aging fields has resulted in lower state earnings and a growing budget deficit.

Marginal oil fields are those that would generate little or no profit if developed under adverse market conditions and tax policies. But, a growing body of evidence, including the ISER study, supports the idea that developing marginal fields in Alaska may be an effective strategy for generating high-paying jobs for Alaskans, slowing the decline of oil production and increasing the state’s tax base over the long-term.

The conclusions of the ISER study (Continued to page 5)
As a windsurfer/boarder who sails in Cook Inlet and has been up close and personal with the water more than most people, I believe the oil and gas operations pose no threat and actually work as a safety backup for people in jeopardy out there. In fact, the industry is so unobtrusive that many locals do not even realize it is there, and have built homes and gas platforms in Cook Inlet, much less the tourists.

The oil and gas industry in Cook Inlet has been monitored and inspected for about thirty years and repeated studies have shown that the industry is so unobtrusive that many people, I believe the oil and gas operations, pose no threat and actually work as a safety backup for people in jeopardy out there. In fact, the industry is so unobtrusive that many locals do not even realize it is there, and have built homes and gas platforms in Cook Inlet, much less the tourists.

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Court suspends General Permits for development in wetlands

A recent court order has forced the U.S. Army Corps of Engineers to rescind General Permits for the placement of fill in Anchorage wetlands. The permits will be reconsidered only after they are "tightened" and "appropriate modifications" are made. The U.S. District Court order dates back to a January request by the National Wildlife Federation and other environmental groups against the Corps to block the permits. The groups claimed the permits represent delegation of the Corps’ Clean Water Act Section 404 authority to the Corps and should be used.

Alaskans support a fiscal plan

A majority of Alaskans believe their state faces a growing budget crisis and that a fiscal plan which cuts spending is needed, according to a statewide survey released last month by the Alaska Oil and Gas Association.

The Tidman Research Corp. survey showed that by a 3-1 margin Alaskans believe the state is facing a serious budget crisis. More than half of the respondents believe the crisis is serious. Most surveyed also think the effects of the budget crisis will last within five years. In fact, four out of five said they feel the state’s budget deficit will personally affect them.

A majority of respondents said the state should reduce spending rather than raise taxes, increase revenues or balance the budget. Reductions in the number of state employees, wages and benefits and reducing entitlement programs lead the list of recommended spending cuts. Implementing a sales or a personal income tax were preferred choices if tax increases become necessary.

The Tidman survey found oil and gas development enjoyed an 88 percent approval rating as being good for Alaska.

RDC hires Craig Lyon as Special Assistant

Craig Lyon has joined RDC as Special Assistant. His new duties will include legislative issues, grant writing, as well as many administrative functions.

Lyon will also be responsible for administrative functions pertaining to the AMEREF resource education programs. Lyon over saw the products we all use each day in modern society comes from natural resources produced by loggers, miners and others. The eco-campaign calls for vastly increased fees that will push resource producers off federal lands and force them to invest overseas.

Lyon has worked for the Alaska Legislative as an aide for seven legislative sessions. He holds a Bachelors Degree in Government from Norwich University in Vermont, and a Bachelors Degree in Education from the University of Alaska Anchorage. He is a lifelong Alaskan and has one son, Travis, age four.

The bill calls for a five-year royalty exemption and is intended to stimulate investment in the petroleum industry. It also creates a test-bed for new technology that can be transferred from Shriver Blvd to the fields so we can get this huge and enormous supply of oil that is very difficult to produce," said Rep. Norm Roeberg, Chairman of the Oil and Gas Committee. Roeberg noted the bill would create jobs, spur investment and increase state revenues.

Rep. Joe Green, the original sponsor of the bill, said the royalty exemption would entice industry to develop technology to go after the hard-to-reach oil. Without such an incentive, Green said the industry might be forced to leave the heavy oil untouched.

Streamlined oil leasing bill introduced by Knowles

Legislation to streamline the process for oil and gas leasing on the North Slope was introduced last month by Governor Knowles. The Governor’s proposal for onshore leasing would streamline the leasing process on the North Slope by reducing the environmental groups. The lease process on the North Slope by reducing the impact of potential impacts.

Current law permits onshore oil and gas lease sales but requires DNR to determine that each individual sale is in the state’s best interest. A best interest finding weighs competing interests including economic benefits and possible environmental risk.

Under Knowles’ proposal, a single best interest finding would be issued for all North Slope tracts offered in the state’s five-year oil and gas leasing program.

Bill to provide small timber sales moves forward

Legislation to streamline the process for making small timber sales available to private and others. The eco-campaign calls for an "abandoned lands" program. This group believes the state is facing a serious budget crisis and that a fiscal plan which cuts spending is needed.

The 1993 Wildlife Act includes a provision in the broad GOP budget package of Medicaid, Medicare and other programs. Clinton, who objected to cuts in the growth of Medicaid, Medicare and other programs, said the state faces a growing budget crisis and that a fiscal plan which cuts spending is needed.

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An organization known as the Center for the Defense of Free Enterprise is busy working on this issue and has pledged to continue its campaign until subsidies to eco-groups stop.

Need I say it? Write your U.S. congressman and senator.
Incentives on table to spur oil development

Alaska Oil and Gas Policy Council, BP, ARCO executives look to the future

The Alaska Oil and Gas Policy Council plans to submit a study to Governor Tony Knowles this month outlining recommendations to make Alaska a more competitive place to explore and produce oil and gas.

The Council believes that by offering creative incentives, the State can maintain industry’s interest in Alaska and attract additional investments. The State depends on the oil industry for more than 80 percent of its revenues, but North Slope oil production is steadily declining, which means less income for the State. Meanwhile, the oil industry is investing more abroad on projects with an attractive rate of return.

The 14-member task force of industry, community and State leaders has reportedly reached consensus on many issues, recognizing that the State and industry depend on each other and should work as partners to secure future opportunities.

While the Council has been reviewing draft recommendations to help sustain the industry’s interest in Alaska, it has warned that the State must come to grips with its budget gap, or else industry will slip away from Alaska, fearing the state will tax it harder to eliminate the shortfall between revenue and spending.

Draft recommendations of the task force include: temporary royalty and tax relief for marginal and slow-producing wells, a tax write off for a portion of the annual payroll of $25 million. During field production, the State revenues - primarily royalties, property taxes and corporate income taxes - generated from production of the marginal field would vary according to fluctuations in price, royalty and tax rates. Estimated revenues from production would range from $29 million to $328 million.

Addional revenues would be realized from the “full pipeline effect” and a potential payroll tax. The full pipeline effect of adding production from a marginal field to the existing throughput of the trans-Alaska Pipeline would reduce the tariff on the existing flow of crude and increase its wellhead value, resulting in higher royalty revenues from all North Slope production.

Costs of monitoring and regulating the additional oil development and the added expenses of providing public services for new workers would total $51 million in the ISER model. The dividend to the State after the $51 million in costs are subtracted from the field’s added revenues range from $1 million to $300 million.