

This Land Is My Land

(First of two parts)

By HELEN L. ATKINSON

Have you wondered why there has been opposition to state land order No. 11 re-classifying some 3 million acres of Arctic land as competitive? If you have no oil and gas leases but looked on a lease map to see who does, you will probably conclude "This doesn't affect me—it is just those leasebrokers, or people who have lots of money and can afford to gamble—let them worry about it." You think—the STATE needs the money more than they do. Competitive leases would be best—it would help everyone more.

But would it? And could the money be used for building schools? The state constitution forbids setting up special accounts for special purposes. All monies go into the general fund. Some bills have been introduced into the legislature to set aside oil revenues for educational use. Money cannot be put into special funds unless the constitution is amended.

The Federal Field Committee for Development Planning in Alaska has written several reports. One written in 1968 by economist Joseph Shafer deals with "Fiscal Strength through Oil and Gas Receipts." It recommends that state oil and gas revenues be spent for "social capital investments." This eliminates airfields and school buildings, but does include ferry boats, railroads, and highways.

Let us analyze land classification order No. 11 (LCO No.11) issued on January 25, 1969. It states "There is no question that leasing the entire area (beginning 16 miles south of Prudhoe Bay and extending from the NPR No.4 boundary along the Colville

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River east to the Canning River, boundary of Arctic Wildlife Range) competitively will result in receiving considerably more revenue over non-competitive leasing." In the comparative example of revenue return the only item listed for non-competitive was first year rental at 50¢ an acre. No federal, state, or local taxes were considered—a negotiated sale of a non-competitive lease to an oil company was not considered.

Another surprising statement made in LCO No.11 was "Only a \$20 filing fee is required and no rentals are due up to the date of issue of a lease." Anyone who has made a federal lease application knows that rentals of 50¢ an acre are PAID IN ADVANCE and that the filing fee is \$10. A regular 2560 acres lease costs \$1290. CASH. On a state lease it is \$20. and no rent due until the lease is issued. But, all of the leases and offers in question are federal—not state.

In LCO No.11 it is stated "The average of all previous North Slope competitive sales is \$13/acre with 64% of the lands offered being leased." The state has had 22 competitive sales since statehood with an average bonus of \$30.75 an acre and 66.8% leased (Alaska Division of Lands 1968 Annual Report, page S-13). The minimum offer was 20¢ an acre and the maximum \$1509.72. The Prudhoe Bay discover block went for \$233.00 an acre.

Public statements as quoted by the press implied that only 366,080 acres and 70 applications were affected by LCO No.11. Some 368,640 acres applied for were on terminal federal leases and had not been re-offered on simultaneous lists due to the land freeze, therefore the state considered them in-valid. But 2,233,360 acres under LCO No.11 ARE under existing leases. Shell Oil and Standard of California hold many of these, of which 140,800 acres will expire in 1969. Atlantic Richfield and Humble, Mobil and Phillips, and Occidental all hold leases in the controversial area. There are 1160 total leases and applications in the LCO No.11 withdrawal area.

Right now the land re-classification order only affects North Slope lands. Subsequent orders issued by the state could affect ALL lands from now on—in the Kandik, Selawik, Bethel, Copper River, or Cook Inlet basins—homesteads as well as oil and gas offers. The Department of Natural Resources tactics lend an air of instability to the state's policies. What will they re-classify next? (One geophysical company is said to have cancelled a \$2 million exploration program set for 1969 due to land classification uncertainties.)

The Division of Lands oft proclaimed "The state will honor all prior valid lease applications" apparently is to be changed. The key word of course is VALID. But who determines what validity is? LCO No.11 says "The second factor. . . is the obligation IF ANY to the pending applicants." This is the moral issue and the legal issue.

Remember the state HAS TO lease COMPETITIVELY all offshore and tideland and that Alaska has the longest coastline of any state in the world (probably at least 300 million acres). All general grant land, all mental health land, all University and school land selected by the state under the statehood act must be disposed of by COMPETITIVE leasing—under law. The state has offered for competitive bidding to date 4,751,456,92 acres and received bids on 66.8% of it. What then is left to offer non-competitively?

On the competitive side of the ledger only the oil companies and state officials are involved. On the non-competitive side more than two entities are involved. In competitive leasing majors and individual can sell a lease offer to an oil company and benefit thereby, and so will the state, federal, and local governments.

Let's be fair. Let's take one block of land on the North Slope within the LCO No.11 area and lease it competitively and see what happens. Let's find out in money what benefits the state would get each way, what benefits the federal government would get, the local governments, the native people, the oil companies, the lease brokers, and last but not least—individuals. This story has more than two sides—it has seven sides!

Briefly—the natives claim the Russians never owned Alaska, just used it and exploited it, and that the U.S. Government had, and has, no right to claim it, sell it, lease it, or give it away—it belongs to the native people.

But the federal government bought Alaska from Russia for \$7.2 million and the federal government feels it owns the land. Through the BLM, the USGS, and the BIA the federal government developed land resources in Alaska. Progress has come to a grinding held due to an overlapping flood of land-freeze orders. Even native allotments can't be processed.

Then the state feels it owns a lot of Alaska because the state—only ten years old, was granted the right to select 104,450,000 acres of land for its own financial support when statehood was born. This was to enable the state to wean itself from its federal mother and gain independence, but federal mother now says, "No no—no land."

Boroughs and cities have a vested interest in Alaska's land too. Can the local government agencies be supported entirely by Mr. Average Taxpayer? The real property owners are rising up in arms. Non-owners of property pay many taxes, but no real property taxes.

Alaska's land has been leased by the hundreds of thousands of acres by the oil companies. Without their interest and capital the economy of the state would not prosper. Juneau oil lobbyists are finding legislators anxious to vary tax increases and somewhat perplexed by the enormity of required oil legislation and control. The oil companies feel they must hide every shred of information from the public and each other in the hope of keeping competitive bid prices (on the acreage around Prudhoe Bay that the state has owned for sometime) within reason this fall. (For the state's proposed competitive land lease sale).

NEXT: Competitive and non-competitive comparisons.