



Written Testimony for House Resources Committee on HB 247

March 2, 2016

Representative Benjamin Nageak
Co-Chair, House Resources
Alaska State Capitol, Room 126
Juneau, AK 99801

Dear Representative Nageak;

My name is Greta Schuerch and I am the Corporate & Public Policy Liaison at NANA Regional Corporation.

As you may recall, I testified during last year's Legislative Session on the issue of the Frontier Basin Tax Credit Program in front of both House and Senate Resource Committees. As you know, this program is extremely important to the communities in NANA region for its potential to offer economic relief to our schools, small businesses, local governments and residents who pay the highest cost of living in Alaska.

At NANA, our mission is to improve the quality of life for our more than 13,900 Iñupiat shareholders by maximizing economic growth, protecting and enhancing our lands, and promoting healthy communities with decisions, and behaviors guided by our Iñupiat Illitqisiat, our traditional value system.

While the development of the Red Dog Mine has resulted in positive economic impact in the region, our communities, families and elders struggle to make ends meet due to the outrageous cost of living and high energy costs.

Residents in Northwest Arctic communities are paying between \$6 and \$11 a gallon for gasoline and heating fuel. We believe that lower energy cost through natural gas will bring sustainable solutions to the economy of Rural Alaska.

Developing natural gas for local use would significantly reduce the cost of doing business in the Arctic, strengthen the economy, thereby strengthening local businesses, communities and families.

Some of NANA's efforts related to local gas exploration include the reprocessing of vintage 2D seismic data from the 1970s and a geological and geophysical review of existing information (including the two wells drilled in the 1970s.) NANA packaged this data for marketing purposes which led to five signed confidentiality agreements in 2014 and 2015, with one company visiting the region twice in 2014 who later deemed the basin as too high of a geological risk to fund exploration in total.

NANA will continue to work at advancing exploration in the Kotzebue Basin and to de-risk the geology through our own work and also by seeking exploration partners. In order to continue on this path the exploration incentives are critical.

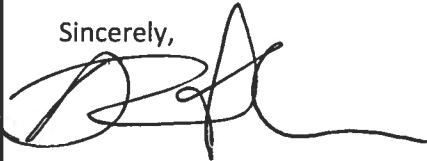
NANA is requesting that the present credits as they relate to the "Middle Earth" areas are maintained with the ability to utilize both credits stipulated under AS 43.55.023 and 025(a) (1-4). However, because we do not currently have active programs, we request the sunset date for credits stipulated under AS 43.55.025 (a) (6) & (7) be extended until 2022. An extension would recognize the logistical challenges in developing a program in Northwest Alaska.

Of the various tax credits made available by the State, the cost of Middle Earth Tax credits is minimal while the potential for positive impact toward energy independence for the rural economies is significant.

Should you have questions or require additional information, please feel free to contact me.

Taikuu, Qu yana.

Sincerely,

A handwritten signature in black ink, appearing to be 'Greta Schuerch', written over a horizontal line.

Greta Schuerch