

Governor Walker's remarks on Point Thomson before House Resources

Wed., Feb. 11, 2015

Mr. Chairman and members of the committee, you asked for someone from my Administration to testify on the Point Thomson lawsuit that I brought several years ago as a public interest litigant. I am here to talk to you directly about this and set the record straight.

Let's talk first a bit about how we got here, and why I brought this public interest lawsuit.

In 1975 and 1977, the first wells were drilled at Point Thomson. Since then, we have known that the Point Thomson area is rich in oil and gas.

It is one of Alaska's natural resource crown jewels.

The field contains trillions of cubic feet of natural gas reserves, and hundreds of millions of barrels of oil and condensate. It's a resource that is worth billions of dollars to the state and means thousands of jobs to Alaskans.

That wealth has been kept from the market and from Alaskans for decades.

Here are some numbers, and a history of how that happened.

The Point Thomson unit is 93-thousand acres of land. That land contains 38 leases.

Richfield Oil, Humble Oil and BP acquired the very first oil and gas leases in Point Thomson in 1965.

Twelve years later, Exxon discovered very substantial oil and gas in the main Point Thomson reservoir.

In 1977, the state approved ExxonMobil as the unit operator.

For 22 years, Exxon presented 22 individual plans of development—one each year—for the Point Thomson unit. Yet, no development occurred.

So in 2005, as the state was evaluating yet another Plan of Development—the 23rd POD—I brought a lawsuit against the state on behalf of citizen taxpayers. The relief sought was for the state to at least hold a public hearing on why the state should or should not grant yet another POD when no development had taken place at Point Thomson since 1983.

As a result of that lawsuit, a hearing was held where I was able to present witnesses, which included Governor Wally Hickel and one of our constitutional drafters Vic Fisher, and

shortly after that, the Murkowski administration rejected the POD and put the Point Thomson unit in default.

In 2008, DNR notified the lease holders that their leases had expired. In order to keep several leases in the Point Thomson unit, Exxon then agreed to drill the first new Thomson wells in more than two decades.

That initial lawsuit was an important catalyst leading to development in Point Thomson today.

In May of 2012, the State released a signed settlement of the Point Thomson dispute but the terms of the settlement violated the Alaska Constitution and Alaska Law. Alaska's Constitution and statutes are very specific about the public process required in the development of our natural resources because the citizens of Alaska, unlike any other state, own the resources. We are an Owner State and we should act like one.

In 2012, I brought suit against the state for entering into the Point Thomson settlement agreement which violated the Alaska Constitution and Alaska Statutes.

I asked for no monetary damages, only that Alaska's Constitution and Alaska laws be followed.

It's now 2015. Alaska has a new governor; a governor who recognizes that settlement was illegal. It left Alaskans out.

Here are but a few of the illegal acts set forth in the settlements that are in clear violation of Alaska's Constitution and Alaska law:

1. The Settlement attempts to contract around the Department of Natural Resource's Regulatory Authority in managing the Point Thomson Unit.
2. The Settlement attempts to alter the regulatory Plan of Development process.
3. The settlement results in the abrogation of the Commissioner of DNR's obligation to make findings under 11.AAC.83.303, thus leaving the method of field development up to the Working Interest Owners.
4. The State agreed to stand down and not object to any issues regarding the development of the Point Thomson Unit brought before the Alaska Oil and Gas Conservation Commission by the Working Interest Owners.
5. The State agreed to an alternate method of dispute resolution other than what is set forth in Alaska statute.

That leads me to where we are today.

Since I have taken office, I have met with ExxonMobil representatives numerous times; as recently as Monday.

My challenge to the Point Thomson settlement is not about ExxonMobil. This lawsuit is not about stopping the development of Point Thomson. It is about following our Constitution and our laws in the development of our natural resources.

My only goal is to increase production of oil and gas from Point Thomson for the maximum benefit of Alaskans.

However, as the Governor of this state, I must be assured that people of Alaska are never again shut out of the process.

On Friday, I will introduce legislation to strengthen our statutes so that future settlement negotiations related to the extraction of oil and gas on state land shall not be used as an excuse to bypass our Constitutional and legal obligations to citizens of Alaska. As soon as I file this legislation, I will file my motion to dismiss the Point Thomson litigation.

All I did in bringing this lawsuit was to stand up for Alaska. Someone had to.

Together, let's make sure future Administrations cannot violate the Alaska Constitution and Alaska's laws and bypass the public process in developing our natural resources when settling litigation.

Together, let's ensure that Alaskans are never again left out of the process to develop the natural resources that belong to all of us on our land, let's never again allow the public trust that we hold sacred to be violated.

Never, ever again.

Thank you, Mr. Chairman.