

Trever M. Fulton

From: Rebecca Logan <RLogan@alaskaalliance.com>
Sent: Monday, February 25, 2019 7:39 AM
To: Trever M. Fulton
Cc: Owen Phillips
Subject: Support for SJR7

To the Senate Resources Committee:

On behalf of the membership of the Alaska Support Industry Alliance, I submit this email in support of the oil and natural gas lease sales on the Coastal Plain of the Arctic National Wildlife Refuge as required by the 2017 Tax Cuts and Jobs Act. The Act directs the Secretary of the Interior to “establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Coastal Plain.”

The Alliance is a nonprofit trade organization comprised of more than 500 members who combined employ more than 25,000 Alaskans in jobs serving the oil, gas, and mining industries. With chapters in Anchorage, Fairbanks, and Kenai, our mission is to advocate for safe, environmentally responsible development of Alaska’s oil, gas and mineral resources for the benefit of all Alaskans. In keeping with our commitment to do what’s best for Alaska’s people, its economy, and its environment, we write to support the responsible leasing within the Coastal Plain as originally intended by Congress.

In preparation for proposed oil and gas lease sales in a small section of the Coastal Plain, the Bureau of Land Management (BLM) has published a draft environmental impact statement (DEIS). This letter offers a history of successful development in the Arctic to help guide BLM in its preparation of a final EIS. It is essential to consider the many years of experience in Alaska that the oil and gas industry brings to the table when deciding how to conduct the leasing program.

The proposed BLM leasing program would allow limited activity within the non-Wilderness portion of the coastal plain of the Arctic National Wildlife Refuge (ANWR). The portion is described as the “1002 Area,” a 1.6-million acre portion of the approximately 19 million-acre refuge. The footprint of production and support facilities will be restricted to no more than 2,000 surface acres. That is equivalent to just 0.01 percent of ANWR’s 19.3 million acres.

There are significant potential economic benefits from leasing this relatively small area. The oil and gas industry remains the backbone of Alaska’s economy. More than 100,000 Alaska jobs can be attributed to oil and gas investment and activity. As many as one-third of all Alaska jobs and about one-third of all Alaska wages are linked to the industry. Those benefits also flow to the nation as a whole, whether in related industry and business or in reduced oil and gasoline prices.

History is a reminder that Alaska oil has significant national strategic benefits. Alaska’s economic lifeline, the Trans-Alaska Pipeline System (TAPS), was built in the wake of the OPEC 1973 oil embargo, when oil and gasoline became extremely expensive in the United States, creating a political crisis.

TAPS is now running at one-quarter capacity. New oil production from the coastal plain has the potential to increase throughput in TAPS. If oil production were taking place today on the coastal plain, TAPS would potentially be boosted to two-thirds capacity, providing supply to the U.S. West Coast and elsewhere. Alaska’s resources can help prevent the United States from relying on foreign oil imports.

Although new domestic energy resources have become available due to the shale revolution, the wells that have come online in the past decade are not generally large, long-term established producers, like wells that could be developed on

the Alaska coastal plain. The program area covered by the DEIS contains an estimated 7.68 billion barrels of technically recoverable oil and 7 trillion cubic feet of natural gas.

Potential environmental impact has been a concern, but careful examination of the record shows that the industry has demonstrated excellent environmental stewardship over the past more than 40 years on the North Slope. Because of continuing technological innovation and oversight, operators there have a proven history of responsible development. And, since the non-Wilderness coastal plain is less than 60 miles from TAPS, development of energy resources there is one of the most environmentally-sound ways to increase oil production in Alaska.

Alaska's wildlife and habitat have benefited from the industry's close attention to its impact on the environment. Over the past 40-plus years of North Slope oil production, many wildlife populations have grown or remained stable. At Prudhoe Bay, the Central Arctic caribou population has grown from 5,000 animals in 1970 to more than 66,000 animals today.

The oil and gas industry has spent many millions of dollars on scientific research and long-term monitoring of Arctic wildlife and the natural environment. This research and monitoring has resulted in hundreds of scientific publications on a wide range of topics and species that have benefited the broader research community. For example, oil and gas operators and the U.S. Fish and Wildlife Service (FWS) jointly developed procedures and best practices for managing human-polar bear interactions that have been praised by experts worldwide.

Alaska Natives have played an essential role in setting the standards for responsible development in this region. Resource development activities in the 1002 Area will not occur haphazardly but will be the outcome of decades of diligence to reduce the environmental footprint, preserve the Iñupiat culture, and to secure a benefit in local development for the local people.

The Alaska Native population is directly concerned with the proposed lease sale and the development that it will bring. The only community that lies within the 1002 Area and the entire Arctic National Wildlife Refuge is the Native village of Kaktovik, with a population of approximately 300 people, the majority of whom are Iñupiat. The Native Village of Kaktovik and other Native organizations signed on to the Voice of the Arctic Iñupiat's resolution in support of opening the 1002 Area of ANWR.

The oil and gas industry is the source of many jobs for the Alaska Native population, including contracting work in oil field developments, regulatory permitting, engineering, pipeline design and maintenance, property leasing, and spill prevention and response.

The industry has an excellent track record when it comes to employing best management practices and extensive training programs for North Slope workers, such as the mandatory safety training course provided through the industry-organized North Slope Training Cooperative. The Alaska Safety Handbook provides standardized safety procedures and best practices for Alaska oil and gas operations. The North Slope Environmental Field Handbook provides the best environmental practices and standards for compliance with environmental regulations.

The DEIS includes a wide range of alternatives which contain measures to avoid or mitigate surface impacts and minimize ecological disturbance throughout the program area. Here, utilizing the expertise of local people has been the key to success. The unique nature of Arctic conditions – isolated location, harsh environment, absence of roads, and overall respect for environmental and cultural activities – has driven many technological advancements and much innovation that could only have developed in Alaska.

For example, in the 1970s, it was not uncommon to utilize drill pads of more than 40 acres. Now the pads typically measure about 12 acres in size. Innovation has been driven by winter weather. The construction of winter ice pads and ice roads allows transportation of equipment to a drilling site with no permanent impact on the environment. The ice roads melt in the spring, leaving no trace. The ice pads disappear after a well has been drilled, leaving little trace.

Advances in technology have greatly reduced the footprint of development in the Arctic. As much as 60-plus square miles can now be developed from a single 12- to 14-acre gravel drill site. New drilling capabilities are being developed that may increase the subsurface development possible from the same size drill site to as much as 150-plus square miles. The net effect is an ever-decreasing impact on surface resources.

Americans do not have to choose between the development of valuable energy resources or the protection of Arctic species and the habitat in which these species live. Both development and protection can be successfully achieved. Alaska's long history of responsibly contributing to the nation's energy and economic security is proof of that success.

The final Environmental Impact Statement will consider and analyze potential environmental impacts of various leasing alternatives; it makes sense to perform these analyses and then determine the best route forward. In the course of the analysis, lease stipulations and best management practices will be applied to oil and gas activities to properly balance development with existing uses and to limit the footprint of facilities on federal lands.

Climate change has real and measurable effects on Alaska's lands and its people. However, climate change is a global problem that cannot be addressed by a single state or nation or by ending the production of oil in the United States. While renewable energy is a growing part of America's energy portfolio, it is still projected to account for a minority of American energy production in 2040. New oil and gas production will be required to power America's economy for decades to come. The responsible development of the resources of the 10-02 Area will not only provide the economic resources to mitigate the worse effects of climate change on the region and its Native people, but will also provide a necessary source of energy with far less impact on the environment than if those resources had to be imported from elsewhere.

The development of Arctic Alaska's oil and gas resources has produced significant economic and national security benefits. Development has resulted in minimal environmental impacts and minimal disturbance of Alaska's natural resources. Many years of responsible development on the North Slope are evidence for continuing to permit industry the flexibility it needs for the safe and responsible exploration and development of the 1002 Area. We have more than fifty years of experience in the Arctic and a long history of doing things right in Alaska. We look forward to a seat at the table when the final EIS is developed.

Please support SJR 7

Thank you for your consideration

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