

Tom Walsh

Past President (2020) Alaska Support Industry Alliance

Thank you for the opportunity to provide testimony on this resolution today on behalf of the Alaska Support Industry Alliance, an organization of which I am the immediate Past President. The Alliance is an Alaskan Trade Organization whose mission is “To promote responsible exploration, development and production of oil, gas and mineral resources for the benefit of all Alaskans.”

The Alliance has a membership of 500+ businesses and individuals, who in total employ over 30,000 workers. Alliance education and advocacy efforts focus on our mission by providing substantiated, credible and valuable information for our members, the public, and decision-makers, such as yourselves. I am honored to inform you today that the subject resolution is very much aligned with the Alliance mission and objectives, and I appreciate this opportunity to outline some of the significant areas of alignment.

The resolution is comprehensive in its characterization of the many reasons why exploration and development of ANWR are important to Alaskans and the citizens of the United States, and supports the fact that the activity has been congressionally authorized, and is supported broadly by Alaskans. In fact, it is critical to Alaskans, given the declining oil production and associated revenue stream to the State. The text of the resolution covers all of the key areas aligned with the Alliance mission, but it would require more than my allocated 5 minutes just to read the text. Therefore, I will summarize a few key points in my testimony.

Revenue

As we all know, the State of Alaska is extremely dependent on revenue gained from taxes and royalty on oil production from our declining asset base. Natural decline of oil production has been aggressively mitigated by our industry partners through massive drilling, enhanced recovery, and deployment of innovative and evolving technology. The cost of producing a barrel of oil in Alaska has always been challenging in comparison to most other hydrocarbon provinces, although our giant field size has provided some relief through economies of scale. As our giant fields decline, and overall production rate diminishes, those economies of scale no longer apply. Simply put, we need more oil production to sustain commercial viability. Successful exploration and production from ANWR can play a key role in extending oil throughput to TAPS, and in supporting Alaska’s economic engine.

Energy Independence

The United States has remarkably reached a point of energy independence, largely based on a resurgence of oil and gas production in the Lower 48 shale basins. This energy independence is fragile and may prove to be fleeting in light of economic and sociopolitical changes. The fact remains that our productivity, economic health, and prosperity as a nation rely on affordable energy. There is no doubt that climate change impacts will require a paradigm shift in our energy production and consumption, but there is no light switch to turn on renewable energy. A logical and structured transition from carbon-based fuels to carbon-neutral will require a logical and structured effort to reduce carbon release while we transition to the next source of energy. Alaska can play a major role in this transition,

based on our vast natural gas resources, and our carbon sequestration opportunities in depleted subsurface reservoirs. Oil production at ANWR could help as a bridge to access to our natural gas resources, and eventually to gas commercialization of natural gas at ANWR and across the North Slope. The U.S. Geological Survey has estimated potential reserves of nearly 8 billion barrels of oil, and 7 TCF of gas in the subsurface of the Coastal Plain of ANWR.

Jobs

Alaska and the nation are suffering from massive unemployment due to the pandemic, magnified in Alaska by the collapse in oil price. We are just now seeing some recovery in oil price, but we all know how reliable that trend has proven to be. We have yet to see recovery in energy sector jobs in Alaska, and Alliance member companies and their employees are impacted particularly severely. Jobs associated with exploration and development of ANWR resources will have significant positive impact for our members, and indeed the benefit to the State of Alaska and the U.S. jobs market will be significant, as evidenced by the activity associated with oil development across the North Slope of Alaska. We desperately need this **jobs engine** to help our return to a healthy employment environment.

Environmental Stewardship

Alliance companies have helped the oil industry in Alaska to be leaders in safe and environmentally sound exploration and development of oil and gas on a global level. We strongly believe that Alaskans can explore for, develop, and produce oil and gas in a more prudent, safe and environmentally sensitive manner than anyone in the world. The Alliance is working to brand this record of safety and environmentally sensitive development on behalf of our industry in Alaska, and the industry has long recognized Alaska as a training ground for their global operations in minimizing impact and footprint associated with oilfield development. We **can** develop and produce oil and gas from ANWR's Coastal Plain with minimal impact, and with a tiny footprint. We have proved this across the North Slope of Alaska.

Access to Resources

A fundamental premise of the resolution is that Alaska and Alaskans have a right to benefit from our resource wealth, but we can't benefit from what we cannot access. Alaska is a resource state, from our significant mineral resources to our abundant fisheries, our spectacular natural beauty, and our oil and gas opportunities. We need to develop a more diverse economy, no doubt, but we rely almost exclusively on extraction of our natural resources to drive our economy, and we have since before statehood. It is rational for Alaskans to expect to benefit from the natural resources with which we've been blessed, and it is reasonable for us to have access to those resources and associated jobs and revenue whether on state, federal or private lands. This resolution makes a clear case for that access.

As stated earlier, this resolution is aligned with Alliance mission and objectives, and I believe submittal of this resolution to the identified parties is not only appropriate but required to help make Alaskan's voices heard in this critical time.

Thank you