

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 54(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 4/11/96

Referred: Rules

Sponsor(s): REPRESENTATIVES KUBINA, Green, Barnes, Navarre, Mackie, Grussendorf, Phillips, B.Davis, Willis, Sanders, Davies, Robinson, Rokeberg, Ogan, Kott, Foster, Masek, Williams, Therriault, Ivan, Elton, Toohey, Kelly, Parnell, Austerman, Long, James, Bunde, G.Davis, Porter, Mulder, Nicholia

SENATORS Pearce, Lincoln, Frank, Leman, Kelly, Torgerson, Green, Miller, Taylor, Halford, Sharp, Duncan, Zharoff, Donley, Salo, Rieger, Ellis

A RESOLUTION

1 Encouraging the lessees of Alaska's vast North Slope natural gas reserves to reach
2 agreement to market gas, expressing the legislature's support for an Alaska North
3 Slope (ANS) gas transmission pipeline, and requesting the President of the United
4 States and the Governor of the State of Alaska to publicly support and take
5 action that will help expedite the construction of that system.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS Alaska has at least 26 trillion cubic feet of natural gas reserves in the
8 Prudhoe Bay field and perhaps two to three times that amount of potential natural gas reserves;
9 and

10 WHEREAS, beginning in the period 2002 - 2005, there may be an increasing gap
11 between supply and demand for natural gas in the Pacific Rim; and

12 WHEREAS market and economic studies indicate favorable conditions for the sale of
13 liquefied natural gas (LNG) to these Pacific Rim markets; and

14 WHEREAS major permits for a pipeline route from the North Slope to Valdez have
15 been completed; and

1 **WHEREAS** the sale of Alaska gas to Pacific Rim markets will improve the nation's
2 trade imbalance without adversely affecting other industries or labor; and

3 **WHEREAS** the design, sourcing, and construction of a LNG project could infuse several
4 billion dollars into the United States economy; and

5 **WHEREAS** the construction of such a pipeline could provide approximately 10,000
6 temporary construction jobs for two years and over 600 permanent private sector jobs in Alaska;
7 and

8 **WHEREAS** the State of Alaska will earn substantial revenue each year from projected
9 gas sales, which would help fill the state's fiscal gap; and

10 **WHEREAS** a gas pipeline across Alaska could make available environmentally friendly
11 energy along the pipeline route and encourage development that will increase local employment
12 and local tax revenue; and

13 **WHEREAS** the Alaska Municipal League's 1996 policy statement includes the following
14 language: "The League, therefore, strongly encourages all potential participants in the project,
15 including the State of Alaska, to immediately convene to develop a unified proposal to present
16 to the Asian LNG buyers so that all Alaskans will directly benefit from this unique opportunity";
17 and

18 **WHEREAS** natural gas stored as a cryogenic liquid is an efficient and safe means of
19 transporting large quantities of gas with no significant risk to the public; and

20 **WHEREAS** securing a market for Alaska North Slope (ANS) gas will be important;
21 there is strong competition for Pacific Rim markets from competing projects in Malaysia,
22 Australia, and other nations; and

23 **WHEREAS** Alaska faces competition from other projects and must, therefore, move to
24 secure a place in Asian markets; and

25 **WHEREAS** Taiwanese and South Korean buyers have issued letters of intent to purchase
26 ANS liquefied natural gas from Yukon Pacific Corporation; and

27 **WHEREAS** Japanese buyers must also commit to buying ANS LNG to make an Alaskan
28 project feasible;

29 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the North
30 Slope natural gas lessees to intensify their efforts to establish satisfactory contractual
31 relationships for transportation and sale of ANS gas to Pacific Rim purchasers as soon as
32 economically possible; and be it

1 **FURTHER RESOLVED** that the State of Alaska respectfully requests the President of
2 the United States to demonstrate national support for an ANS gas transmission project to Asian
3 LNG buyers; and be it

4 **FURTHER RESOLVED** that the Governor is respectfully requested to

5 (1) assure the Asian LNG buyers that the state will provide continuity and
6 stability in regards to North Slope natural gas supply, tax structure, and regulatory policy;

7 (2) continue support of the Joint Pipeline Office, which administers an
8 innovative, efficient, and cost-effective permitting system;

9 (3) encourage the private developers of the gas pipeline and the state's labor
10 forces to develop an Alaska hire agreement for the ANS gas transmission project; and

11 (4) meet with all parties to determine how the state can help facilitate the ANS
12 gas transmission pipeline; and be it

13 **FURTHER RESOLVED** that the President of the Senate and the Speaker of the House
14 of Representatives, Alaska State Legislature, appoint an interim working group to track progress
15 and assist the transportation permit holder, the working interest owners of the Prudhoe Bay and
16 Point Thompson units, and the administration in developing a unified proposal for presentation
17 to the Asian market; the legislative interim working group shall report on the status of the
18 project and any proposed legislative actions to the Resources Committees of the Alaska House
19 of Representatives and Alaska Senate by February 1, 1997; and be it

20 **FURTHER RESOLVED** that the Alaska State Legislature strongly supports the
21 construction of an ANS gas transmission pipeline and offers its assistance to the parties involved
22 in order to speed completion of an ANS gas transmission project.

23 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
24 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of
25 the U.S. Senate; the Honorable Bruce Babbitt, Secretary of the Interior; the Honorable Ted
26 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young,
27 U.S. Representative, members of the Alaska delegation in Congress; the Honorable Tony
28 Knowles, Governor of Alaska; to John Snow, Chairman and Chief Executive Officer, CSX
29 Corp.; to Jeff Lowenfels, President, Yukon Pacific Corporation; to Mike Bowlin, Chairman and
30 Chief Executive Officer, Atlantic Richfield Company, and J. K. "Ken" Thompson, President,
31 ARCO Alaska, Inc.; to John Browne, Chief Executive Officer, British Petroleum, and John
32 Morgan, President, B.P. Exploration (Alaska), Inc.; to Lee R. Raymond, Chairman and Chief

- 1 Executive Officer, Exxon Corporation, and Jim Branch, Alaska Production Manager, Exxon
- 2 Alaska; to Shigenobu Yamamoto, Consul General of Japan; to Byuong Hak Min, Consul General
- 3 of the Republic of Korea; and to Jyhyuan Lo, Director General of the Republic of China.