

ALASKA STATE LEGISLATURE

HOUSE RESOURCES COMMITTEE

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Official Business

House Bill 388

Cook Inlet Reserve-Based Lending

SPONSOR STATEMENT

Based on the projected shortage of Cook Inlet gas production in both the near-future and years to come, Southcentral Alaska risks becoming reliant on imported liquefied natural gas (LNG). This dependency not only threatens to destabilize our energy prices but also to erode the economic foundations of our state, impacting every Alaskan. HB 388 is a potential solution to this problem and is designed to bolster our state's energy independence and economic stability by leveraging gas that is in the ground but not currently being developed.

Reserve-Based Lending is an asset-based financing mechanism in the oil and gas industry in which loans are made based on either undeveloped or developed and producing oil and gas assets. The amount of the loan is based on the value of the borrower's oil and gas reserves. This bill proposes the establishment of a Cook Inlet Reserve-Based Lending Fund to support increased oil and gas production in Cook Inlet, ensuring that we continue to prioritize local production over expected costly LNG imports. Recognizing the challenges of attracting private capital to Cook Inlet gas plays, HB 388 proposes a solution to finance projects essential for enhancing affordable gas production for Alaskan's.

This innovative funding mechanism will not only help avoid the potential economic impacts associated with importing liquefied natural gas, but also ensure a more secure and self-reliant energy future for Alaskans. By making prudent, interest-aligned loans against oil and gas reserves, the state can catalyze critical infrastructure developments, thereby safeguarding and expanding Cook Inlet's contribution to our energy supply.

I urge my colleagues of the 33rd Legislature and the people of Alaska to support HB 388 as a step towards energy development, economic resilience, and the long-term prosperity of our great state.

A handwritten signature in cursive script, appearing to read "Tom W. McKay".