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RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 22, 2019

Senator Chris Birch, Chair
Senate Resources Committee
Juneau, AK 99801

Re: SJR 7: Requesting that the United States Department of the Interior Bureau of Land Management Implement an oil and gas leasing program in the coastal plain of the Arctic National Wildlife Refuge.

Dear Chairman Birch:

The Resource Development Council for Alaska, Inc. (RDC) is writing to support SJR 7, which requests the U.S. Department of the Interior to implement an oil and gas leasing program in the coastal plain of the Arctic National Wildlife Refuge (ANWR).

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC has consistently supported opening the "1002 area" of ANWR's coastal plain to oil and gas development. The coastal plain is considered America's best onshore prospect for conventional oil and gas discoveries.

At public hearings in Anchorage and Washington D.C., RDC expressed strong support for the proposed oil and gas leasing program that would allow limited activity within the non-Wilderness portion of the coastal plain. A Draft Environmental Impact Statement (DEIS) on the proposed program is currently out for public review. The Bureau of Land Management (BLM) had made a good effort in this well-organized DEIS to be responsive to the Congressional Directive opening the 1002 Area to oil and gas leasing while analyzing potential effects of future development, consistent with requirements of the National Environmental Policy Act.

RDC has encouraged the BLM to promptly proceed with the Final EIS, noting any alternative that does not allow for the eventual development, production, and transportation of oil and gas in and from the coastal plain would not meet the requirements established by Congress and, therefore, would not meet the purpose and need of the EIS.

Alaska depends on the responsible development of its natural resources to expand and support its economy. Article VIII of our state constitution mandates that we develop our resources to the maximum benefit for all Alaskans.

In fact, it wasn't until the discovery of oil in the 1950s that led Congress to finally vote in favor of Alaska's statehood. Through the discovery of oil, Congress realized Alaska could have a healthy economy through development of its natural resources. Alaska's North Slope has now produced more than 17 billion barrels of oil since the discovery of the Prudhoe Bay oil field. Oil production has been the economic engine of growth in Alaska. Even at relatively moderate oil prices, oil production generated \$2.7 billion in state revenues in FY 2018, accounting for approximately 80 percent of unrestricted general fund revenues.

In 1980, Congress identified the 1002 Area for its potential oil and gas resources. A 1987 Department of the Interior report fulfilling requirements under Alaska National Interest Lands Conservation Act (ANILCA) recommended the 1002 Area for oil and gas development. Since completion of that report, numerous oil fields have been discovered near the coastal plain and oil field technologies have significantly evolved.

The coastal plain was specifically identified by Congress, pursuant to Section 1002 of ANILCA, for its potential for oil and natural gas resources. Oil and gas from the non-Wilderness portion of the coastal plain is an important resource for meeting our nation's energy demands and achieving energy dominance.

Billions of barrels of oil have been produced on the North Slope without causing any significant harm to the environment there. 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. This is a valuable resource to Alaska and our nation.

Further, Alaska's economic lifeline, the Trans-Alaska Pipeline System (TAPS), is now running at only one-quarter capacity. New oil production from the coastal plain has the potential to increase throughput in TAPS, a vital component of American energy infrastructure. Were oil production occurring today on the coastal plain, TAPS potentially could be operating at two-thirds capacity, sharply reducing and potentially eliminating Alaska's budget deficit and helping Alaskans.

Alaskans statewide have strongly supported oil and gas exploration and development in the coastal plain. In fact, polling has consistently shown 65 to 70-plus percent of Alaskans support development of energy resources beneath the 1002 area. Local residents and the Inupiaq people who actually live adjacent to the 1002 area also support development.

Under the three development alternatives in the DEIS, the footprint of production and support facilities will be limited to no more than 2,000 surface acres of the 1.6 million-acre 1002 Area, which is the non-Wilderness portion of the refuge's coastal plain. That is equivalent to just 0.01 percent of ANWR's 19.3 million-acres.

Responsible oil and gas development in the small fraction of the coastal plain proposed for leasing will help ensure America's energy security for decades and allow Alaska – and our nation as a whole – to realize the benefits that come from expanding energy production. In addition to the many public services funded across Alaska by revenues derived from oil production – often overlooked by many – oil exploration, development and production generates thousands of jobs for Alaskans. In rural areas such as the North Slope, the industry and the jobs it provides has generated an economy, raised the standard of living and has significantly improved the quality of life. Jobs enable self-sufficiency, raises one's confidence and self-esteem, and provides a means to support a family. The power of a job transforms lives and breaks the cycle of dependency. This is a major, personal direct benefit of oil and gas development in Alaska with the 1002 Area being no exception.

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.

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.

Over four decades of experience on Alaska's North Slope have shown that caribou who visit the area for a few months each year have not been harmed by development activities. The Central Arctic herd, which migrates into existing North Slope fields, has expanded from 5,000 animals in 1970 to over 66,000 animals today. In addition, oil and gas operators and the U.S. Fish and Wildlife Service have jointly developed procedures, training, and best practices that set a gold standard worldwide for managing human-polar bear interaction.

Thanks to continuing improvements in technology, practices, and oversight, the oil industry has demonstrated over the past 40 years that North Slope energy development and environmental stewardship can and do coexist. The industry has a proven track record of responsible development in sensitive areas, protecting the environment, wildlife and subsistence needs of local residents.

As the non-Wilderness coastal plain is less than 60 miles from the Trans-Alaska Pipeline System, commonly referred to as TAPS, development of energy resources there is one of the most environmentally-sound ways to increase oil production in Alaska. ANWR can be developed without significantly affecting wildlife and the environment.

However, there are special interests in our nation that are opposed to further development of America's energy resources. They advocate leaving oil in the ground, but even in an era of climate change, reality requires continued development of America's oil and gas resources. While renewable and alternative energy will make up a growing part of the U.S. energy portfolio, they will not significantly reduce our reliance on oil in the near or mid-term.

We don't deny renewable energy is a growing part of America's energy portfolio, but it is still only 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 and can serve as a bridge to the renewable and green energy sources of the future. Moreover, every barrel of oil not developed in Alaska will simply be imported from overseas where environmental regulations are often weaker and the carbon footprint is larger.

In conclusion, oil development on a fraction of the coastal plain would create thousands of jobs nationwide, generate billions of dollars in government revenue for public services, and further improve energy security for decades into the future. In addition, development of Native-owned lands on the non-Wilderness coastal plain would provide significant economic benefits to Alaska Natives on the North Slope as well as throughout the state through direct payment of royalties and revenue sharing among the Alaska Native corporations and their thousands of shareholders.

RDC encourages the Senate Resources Committee to pass SJR 7. Thank you for the opportunity to provide comments on this important opportunity.

Sincerely,



Carl Portman
Deputy Director