

STATE OF ALASKA  
THE LEGISLATURE

1994

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Legislative  
Resolve No.  
24



Opposing the ban on the export of Alaska North Slope crude oil; endorsing HR 543, legislation removing restraints on the export of Alaska North Slope oil; requesting the Congress of the United States to pass legislation to permit the export of Alaska North Slope crude oil; and requesting the President of the United States to present to the United States Congress a recommendation to lift the ban on the export of Alaska North Slope crude oil.

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

**WHEREAS** 50 U.S.C.S. Appx. 2406(d) (sec. 7(d), Export Administration Act of 1979) prohibits, with tightly restrictive exceptions, the export of domestically produced crude oil transported by pipeline over the right-of-way granted by 43 U.S.C. 1652 (sec. 203 of the Trans-Alaska Pipeline Authorization Act); and

**WHEREAS** the limitation on export of Alaska North Slope crude oil effectively limits its sale to the domestic American market; and

**WHEREAS** the higher transportation cost associated with shipping Alaska North Slope crude oil through the Panama Canal to the Gulf Coast states reduces the wellhead price of the oil; and

**WHEREAS** lower wellhead prices raise the economic threshold for exploring for and producing all North Slope oil and, as a result, production from certain existing and newly

discovered oil fields is currently uneconomic; and

**WHEREAS** the export ban singles out Alaska to pay its costs, penalizing the state and the North Slope producers, which pay 85 percent of the taxes collected by the state; and

**WHEREAS** the current export ban reduces the value of crude oil production in the state by an estimated \$1,000,000,000 per year, or about \$1.10 per barrel; and

**WHEREAS** Alaska North Slope crude oil required to be transported and delivered for sale in the domestic market incurs approximately \$2.70 per barrel in higher transportation charges than if the oil could be exported in international tankers to Pacific Rim countries; and

**WHEREAS** domestic exploration and development of newly discovered oil reserves will enhance the nation's energy and economic security; and

**WHEREAS** the foreign export of Alaska North Slope crude oil will provide an incentive for further domestic oil exploration and development; and

**WHEREAS** new discoveries and production resulting from increased domestic exploration will facilitate the development of infrastructure and production facilities needed to produce currently uneconomic Alaska North Slope reserves and, thus, lower the average development costs of all Alaska North Slope production; and

**WHEREAS** exporting oil to Pacific Rim nations will decrease the substantial trade deficit with nations that have expressed a strong interest in purchasing Alaska produced oil, as evidenced by the sale under a United States Department of Commerce export license of Alaska Cook Inlet oil to a Taiwanese company; and

**WHEREAS** Canada, Mexico, and Venezuela, among other neighboring countries in this hemisphere, may provide stable, secure exports of crude oil to the United States at more competitive prices than Alaska North Slope crude oil because of the transportation savings; and

**WHEREAS** the additional cost of shipping Alaska North Slope crude oil to the Gulf Coast and eastern states imposes an unnecessary burden on those states, reduces federal and state tax revenue, reduces state royalties, and discourages exploration and development of North Slope reserves; and

**WHEREAS** U.S. Secretary of Energy Hazel O'Leary is reviewing the pros and cons of lifting the ban on the export of Alaska North Slope oil as part of her Domestic Energy

Initiative; and

**WHEREAS** during his term as president, President George Bush had lifted the ban on the export of oil produced in the State of California; and

**WHEREAS** the amended Export Administration Act authorizes the President of the United States to recommend, and the Congress to approve by adoption of a joint resolution, export of Alaska North Slope crude oil;

**BE IT RESOLVED** that the Alaska State Legislature opposes the continuing ban on export of Alaska North Slope crude oil because the ban results in inefficiencies and economic waste and because it reduces the overall level of national economic activity; and be it

**FURTHER RESOLVED** that the Alaska State Legislature endorses HR 543, legislation removing the restraints on the export of Alaska North Slope crude oil; and be it

**FURTHER RESOLVED** that the Alaska Congressional delegation and the Governor are urged to continue using their best efforts to obtain passage of HR 543 or comparable legislation permitting the export of Alaska North Slope crude oil, regardless of the oil's point of production within the state; and be it

**FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the President of the United States to exercise power given him under the amended Export Administration Act to recommend approval of the export of that oil.

**COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; the Honorable George Mitchell, Majority Leader of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.