

HOUSE JOINT RESOLUTION NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES FINKELSTEIN, Navarre, Grussendorf, Brown, B.Davis, Porter, Davies, Kubina

Introduced: 1/16/95

Referred: House Special Committee on Oil and Gas, Resources, Finance

A RESOLUTION

1 **Opposing the ban on the export of Alaska North Slope crude oil; endorsing**
2 **federal legislation to remove restraints on the export of Alaska North Slope oil;**
3 **requesting the Congress of the United States to pass legislation to permit the**
4 **export of Alaska North Slope crude oil; and urging the President of the United**
5 **States to support the legislation to lift the ban on the export of Alaska North**
6 **Slope crude oil.**

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

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

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

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

1 oil; and

2 **WHEREAS** lower wellhead prices raise the economic threshold for exploring for and
3 producing all North Slope oil and, as a result, production from certain existing and newly
4 discovered oil fields is currently uneconomic; and

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

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

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

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

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

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

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

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

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

1 **WHEREAS** the president has endorsed in concept the lifting of the oil export ban;

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

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

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

11 **FURTHER RESOLVED** that the Alaska State Legislature urges the President of the
12 United States to support legislation that would remove the restraints on the export of that oil.

13 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
14 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
15 of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of
16 Representatives; the Honorable Bob Dole, Majority Leader of the United States Senate; and
17 to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
18 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.