

CS FOR HOUSE JOINT RESOLUTION NO. 7(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered: 2/1/95

Referred: Resources

Sponsor(s): FINKELSTEIN, Navarre, Grussendorf, Brown, B.Davis, Porter, Davies, Kubina, Williams

A RESOLUTION

**1 Supporting the lifting of the ban on the export of Alaska North Slope crude oil,
2 requesting the President of the United States to present to the United States
3 Congress a recommendation that it is both in the national interest to lift the ban
4 on the export of Alaska North Slope crude oil and discriminatory to the state
5 to maintain the ban, and endorsing passage of H.R. 70 and S. 70, companion
6 federal legislation to remove restraints on the export of that oil.**

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

8 WHEREAS the President of the United States has, by executive order, continued the
9 ban on the export of Alaska North Slope crude oil contained in 50 U.S.C.S. Appx. 2406(d)
10 (sec. 7(d), Export Administration Act of 1979) that prohibits, with tightly restrictive
11 exceptions, the export of domestically produced crude oil transported by pipeline over the
12 right-of-way granted by 43 U.S.C. 1652 (sec. 203 of the Trans-Alaska Pipeline Authorization
13 Act); and

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

1 **WHEREAS** Alaska North Slope crude oil required to be transported and delivered for
2 sale in the domestic market incurs approximately \$2 - \$4 per barrel in higher transportation
3 charges than if the oil could be exported to Pacific Rim countries; and

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

6 **WHEREAS**, over a seven-year period of time, Alaska would gain \$700,000,000 to
7 \$1,600,000,000 in state taxes and royalties if the ban is lifted; and

8 **WHEREAS** lower wellhead prices make uneconomic the threshold for exploring for
9 and producing all North Slope oil and, as a result, production from certain existing and newly
10 discovered oil fields is currently uneconomic; and

11 **WHEREAS** the transportation cost savings from lifting the Alaska North Slope crude
12 oil export ban will be available for reinvestment in domestic exploration, and development of
13 marginal and newly discovered oil reserves will increase production and enhance the nation's
14 energy and economic security; and

15 **WHEREAS**, according to the June 1994 U. S. Department of Energy report on
16 exporting Alaskan North Slope crude oil, reserve additions in Alaska alone could be as large
17 as 200,000,000 to 400,000,000 barrels, a size that roughly equals the known reserves in major
18 North Slope fields, such as Point McIntyre; and

19 **WHEREAS** the export ban singles out Alaska, effectively penalizing the state and
20 reducing revenue needed for vital state programs; and

21 **WHEREAS**, according to the U. S. Department of Energy June 1994 report, exporting
22 Alaska North Slope crude oil to Pacific Rim nations will decrease the substantial trade deficit
23 with nations that have expressed a strong interest in purchasing Alaska produced oil; and

24 **WHEREAS** the proposal to lift the Alaska North Slope crude oil ban has enjoyed
25 strong support in the Legislature of the State of Alaska, the Legislature of the State of
26 California, and the United States Congress; and

27 **WHEREAS** lifting the oil export ban would result in a net increase in United States
28 employment from 11,000 to 16,000 jobs nationwide; and

29 **WHEREAS**, by the end of the decade, exporting Alaska North Slope crude oil could

1 generate from 10,000 to 25,000 jobs;

2 **BE IT RESOLVED** that the Alaska State Legislature supports lifting the ban on
3 export of Alaska North Slope crude oil; and be it

4 **FURTHER RESOLVED** that the President is respectfully requested to present to the
5 United States Congress a recommendation that it is both in the national interest to lift the ban
6 on the export of Alaska North Slope crude oil and discriminatory to the state to maintain the
7 ban; and be it

8 **FURTHER RESOLVED** that the Alaska State Legislature endorses H.R. 70 and S.
9 70, pending companion federal legislation removing the restraints on the export of Alaska
10 North Slope crude oil.

11 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
12 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
13 of the U.S. Senate; the Honorable Newt Gingrich, Speaker of the U.S. House of
14 Representatives; the Honorable Bob Dole, Majority Leader of the United States Senate; to the
15 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
16 Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress;
17 and to all other members of the United States Senate and the United States House of
18 Representatives serving in the 104th United States Congress.