

HOUSE JOINT RESOLUTION NO. 54

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES KUBINA, Green, Barnes, Navarre, Mackie, Grussendorf, Phillips, B.Davis, Willis, Sanders, Davies, Robinson, Rokeberg, Ogan

Introduced: 1/16/96

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

A RESOLUTION

**1 Encouraging the lessees of Alaska's vast North Slope natural gas reserves to reach
2 agreement to market gas, expressing the legislature's support for an Alaska North
3 Slope (ANS) gas transmission pipeline, and requesting the President of the United
4 States and the Governor of the State of Alaska to publicly support and take
5 action that will help expedite the construction of that system.**

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

7 WHEREAS Alaska has 26,000,000,000,000 cubic feet of proven natural gas reserves
8 in the Prudhoe Bay and associated North Slope oil and gas fields and perhaps two to three
9 times that amount of potential natural gas reserves; and

10 WHEREAS, by the end of this century, there will be a significant and increasing gap
11 between supply and demand for natural gas in developing countries in the Pacific Rim; and

12 WHEREAS market and economic studies indicate favorable conditions for the sale of
13 North Slope gas to these Pacific Rim markets; and

14 WHEREAS a determination has been made that at least one possible pipeline route
15 is feasible, and action on permits for that route has been completed; and

1 **WHEREAS** the sale of Alaska gas to Pacific Rim markets will improve the nation’s
2 trade imbalance by approximately \$4,000,000,000 a year without adversely affecting other
3 industries or labor; and

4 **WHEREAS** the design, sourcing, and construction of a gas transmission line
5 connecting the North Slope and an all-weather port like Valdez will infuse an estimated
6 \$6,500,000,000 into economies throughout the United States; and

7 **WHEREAS** the construction of such a pipeline would provide 10,000 temporary
8 construction jobs and over 600 permanent private sector jobs in Alaska; and

9 **WHEREAS** the State of Alaska will earn some \$400,000,000 a year from projected
10 gas sales, which would help fill the state’s fiscal gap; and

11 **WHEREAS** a gas pipeline across Alaska will make available environmentally friendly
12 energy along the pipeline route and encourage development that will increase local
13 employment and local tax revenue; and

14 **WHEREAS** the Alaska Municipal League’s 1996 policy statement includes the
15 following language: "The League, therefore, strongly encourages all potential participants in
16 the project, including the State of Alaska, to immediately convene to develop a unified
17 proposal to present to the Asian LNG buyers so that all Alaskans will directly benefit from
18 this unique opportunity"; and

19 **WHEREAS** natural gas stored and transported as a cryogenic liquid rather than as
20 pressurized gas presents no significant risk to the public; and

21 **WHEREAS** time is of the essence in securing a market for Alaska North Slope (ANS)
22 gas because

23 (1) a market window is expected to develop in the Asian Pacific within the
24 next few years; and

25 (2) if gas sale contracts are not signed during this period, it appears that Alaska
26 will not have another opportunity for large volume gas sales for at least another decade; and

27 **WHEREAS** Taiwanese and South Korean buyers have issued letters of intent to
28 purchase ANS Liquefied Natural Gas (LNG); and

29 **WHEREAS** Japanese buyers must also commit to buying ANS LNG to make an
30 Alaskan project feasible, but these buyers require precommitments on price, volume, and other
31 conditions of sale from North Slope gas producers;

1 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the North
2 Slope natural gas lessees to intensify their efforts to establish satisfactory contractual
3 relationships for transportation and sale of ANS gas to Pacific Rim purchasers as soon as
4 possible; and be it

5 **FURTHER RESOLVED** that the State of Alaska respectfully requests the President
6 of the United States to demonstrate national support for an ANS gas transmission project to
7 Asian LNG buyers; and be it

8 **FURTHER RESOLVED** that the Governor is respectfully requested to

9 (1) assure the Asian LNG buyers that the state will provide continuity and
10 stability in regards to North Slope natural gas supply, tax structure, and regulatory policy;

11 (2) continue support of the Joint Pipeline Office, which administers an
12 innovative, efficient, and cost-effective permitting system; and

13 (3) meet with all parties to determine how the state can help facilitate the ANS
14 gas transmission pipeline; and be it

15 **FURTHER RESOLVED** that the Alaska State Legislature offers its assistance to the
16 parties involved in order to speed completion of an ANS gas transmission project.

17 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
18 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
19 of the U.S. Senate; the Honorable Bruce Babbitt, Secretary of the Interior; the Honorable Ted
20 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young,
21 U.S. Representative, members of the Alaska delegation in Congress; to John Snow, Chairman
22 and Chief Executive Officer, CSX Corp.; to Jeff Lowenfels, President, Yukon Pacific
23 Corporation; to Mike Bowlin, Chairman and Chief Executive Officer, Atlantic Richfield
24 Company, and J. K. "Ken" Thompson, President, ARCO Alaska, Inc.; to John Browne,
25 Chairman, British Petroleum, and John Morgan, President, B.P. Exploration (Alaska), Inc.;
26 to Lee R. Raymond, Chairman and Chief Executive Officer, Exxon Corporation, and Jim
27 Branch, Alaska Production Manager, Exxon Alaska; to Shigenobu Yamamoto, Consul General
28 of Japan, to Young Sik Kim, Consul General of the Republic of Korea, and to Jyhyuan Lo,
29 Director General of the Republic of China.