CS FOR HOUSE JOINT RESOLUTION NO. 54(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 3/18/96
Referred: Finance

Sponsor(s): REPRESENTATIVES KUBINA, Green, Barnes, Navarre, Mackie, Grussendorf, Phillips, B.Davis, Willis, Sanders, Davies, Robinson, Rokeberg, Ogan, Kott, Foster

A RESOLUTION

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

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

WHEREAS Alaska has at least 26 trillion cubic feet of natural gas reserves in the Prudhoe Bay field and perhaps two to three times that amount of potential natural gas reserves; and

WHEREAS, beginning in the period 2002 - 2005, there may be an increasing gap between supply and demand for natural gas in the Pacific Rim; and

WHEREAS market and economic studies indicate favorable conditions for the sale of liquefied natural gas (LNG) to these Pacific Rim markets; and

WHEREAS major permits for one possible pipeline route from the North Slope to Valdez have been completed; and

WHEREAS the sale of Alaska gas to Pacific Rim markets will improve the nation's trade imbalance without adversely affecting other industries or labor; and

WHEREAS the design, sourcing, and construction of a LNG project could infuse several billion dollars into the United States economy; and

WHEREAS the construction of such a pipeline could provide approximately 10,000 temporary construction jobs for two years and over 600 permanent private sector jobs in Alaska; and

WHEREAS the State of Alaska will earn substantial revenue each year from projected gas sales, which would help fill the state's fiscal gap; and

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

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

WHEREAS natural gas stored as a cryogenic liquid is an efficient and safe means of transporting large quantities of gas with no significant risk to the public; and

WHEREAS securing a market for Alaska North Slope (ANS) gas will be important; there is strong competition for Pacific Rim markets from competing projects in Malaysia, Australia, and other nations; and

WHEREAS Alaska faces competition from other projects and must, therefore, move to secure a place in Asian markets; and

WHEREAS Taiwanese and South Korean buyers have issued letters of intent to purchase ANS liquefied natural gas from Yukon Pacific Corporation; and

WHEREAS Japanese buyers must also commit to buying ANS LNG to make an Alaskan project feasible;

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

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

FURTHER RESOLVED that the Governor is respectfully requested to

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

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

(3) encourage the private developers of the gas pipeline and the state's labor forces to develop an Alaska hire agreement for the ANS gas transmission project; and

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

FURTHER RESOLVED that the Alaska State Legislature strongly supports the construction of an ANS gas transmission pipeline and offers its assistance to the parties involved in order to speed completion of an ANS gas transmission project.

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 Bruce Babbitt, Secretary of the Interior; 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; the Honorable Tony Knowles, Governor of Alaska; to John Snow, Chairman and Chief Executive Officer, CSX Corp.; to Jeff Lowenfels, President, Yukon Pacific Corporation; to Mike Bowlin, Chairman and Chief Executive Officer, Atlantic Richfield Company, and J. K. "Ken" Thompson, President, ARCO Alaska, Inc.; to John Browne, Chief Executive Officer, British Petroleum, and John Morgan, President, B.P. Exploration (Alaska), Inc.; to Lee R. Raymond, Chairman and Chief Executive Officer, Exxon Corporation, and Jim Branch, Alaska Production Manager, Exxon Alaska; to Shigenobu Yamamoto, Consul General of Japan; to Byuung Hak Min, Consul General of the Republic of Korea; and to Jyhyuan Lo, Director General of the Republic of China.