

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON OIL AND GAS**

January 30, 2001

10:02 a.m.

**MEMBERS PRESENT**

Representative Scott Ogan, Chair  
Representative Hugh Fate, Vice Chair  
Representative Fred Dyson  
Representative Mike Chenault  
Representative Vic Kohring  
Representative Gretchen Guess  
Representative Reggie Joule

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 7

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

- MOVED HJR 7 OUT OF COMMITTEE

HOUSE BILL NO. 83

"An Act relating to natural gas pipelines, providing a statutory definition for the portion of the constitutional statement of policy on resource development as applicable to the development and transportation of the state's natural gas reserves, amending Acts relating to construction of natural gas pipelines to require conformance to the requirements of the statutory definition, and amending the standards applicable to determining whether a proposed new investment constitutes a qualified project for purposes of the Alaska Stranded Gas Development Act; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 9

"An Act amending the standards applicable to determining whether a proposed new investment constitutes a qualified project for purposes of the Alaska Stranded Gas Development Act; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS ACTION**

BILL: HJR 7

SHORT TITLE: ENDORSING ANWR LEASING  
SPONSOR(S): MASEK

Jrn-Date	Jrn-Page		Action
01/16/01	0089	(H)	READ THE FIRST TIME - REFERRALS
01/16/01	0089	(H)	O&G, RES
01/16/01	0089	(H)	REFERRED TO O&G
01/30/01		(H)	O&G AT 10:00 AM CAPITOL 124

BILL: HB 83

SHORT TITLE: NATURAL GAS RESOURCES DEVELOPMENT  
SPONSOR(S): SPECIAL COMMITTEE ON OIL & GAS

Jrn-Date	Jrn-Page		Action
01/19/01	0130	(H)	READ THE FIRST TIME - REFERRALS
01/19/01	0130	(H)	O&G, RES
01/19/01	0130	(H)	REFERRED TO O&G
01/30/01		(H)	O&G AT 10:00 AM CAPITOL 124

BILL: HB 9

SHORT TITLE: STRANDED GAS DEVELOPMENT PROJECT  
SPONSOR(S): GREEN

Jrn-Date	Jrn-Page		Action
01/08/01	0026	(H)	PREFILE RELEASED 12/29/00
01/08/01	0026	(H)	READ THE FIRST TIME - REFERRALS
01/08/01	0026	(H)	O&G, RES
01/08/01	0026	(H)	REFERRED TO O&G
01/30/01		(H)	O&G AT 10:00 AM CAPITOL 124

**WITNESS REGISTER**

EDWARD GRASSER, Staff  
to Representative Beverly Masek  
Alaska State Legislature

Capitol Building, Room 128  
Juneau, Alaska 99801

POSITION STATEMENT: Presented HJR 7 on behalf of sponsor.

CAM TOOHEY, Executive Director  
Arctic Power  
(no address provided)

POSITION STATEMENT: Testified in support of HJR 7.

LARRY PERSILY, Deputy Commissioner  
Department of Revenue  
P.O. Box 110405  
Juneau, Alaska 99811-0400

POSITION STATEMENT: Testified about possible changes to  
deadline for applications relating to HB 83 and HB 9.

MARK MYERS, Director  
Division of Oil & Gas  
Department of Natural Resources  
550 West 7th Avenue, Suite 800  
Anchorage, Alaska 99501-3560

POSITION STATEMENT: Testified on technical aspects of HB 83.

KEVIN BANKS, Petroleum Market Analyst  
Division of Oil & Gas  
Department of Natural Resources  
550 West 7th Avenue, Suite 800  
Anchorage, Alaska 99501-3560

POSITION STATEMENT: Answered question relating to HB 83.

JEFFREY LOGAN, Staff  
to Representative Joe Green  
Alaska State Legislature  
Capitol Building, Room 403  
Juneau, Alaska 99801

POSITION STATEMENT: Presented HB 9 on behalf of sponsor.

#### **ACTION NARRATIVE**

TAPE 01-7, SIDE A  
Number 0001

CHAIR SCOTT OGAN called the House Special Committee on Oil and Gas meeting to order at 10:02 a.m. Present at the call to order were Representatives Ogan, Fate, Dyson, Chenault, and Kohring. Representatives Joule and Guess arrived as the meeting was in progress.

HJR 7 - ENDORSING ANWR LEASING

Number 0074

CHAIR OGAN announced the first order of business would be HOUSE JOINT RESOLUTION NO. 7, urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

Number 0103

EDWARD GRASSER, Staff to Representative Beverly Masek, Alaska State Legislature, came forward on behalf of the sponsor to explain HJR 7. He said the opening of the coastal plain to exploration and development of oil and gas is supported by a vast majority of Alaskans, including those who live on or near the coastal plain.

MR. GRASSER noted that one leading argument by environmental and other groups against the opening of the Arctic National Wildlife Refuge (ANWR) concerns the health of the Porcupine caribou herd. Recently published records about the Central Arctic caribou herd, however, indicate it has done fairly well since Prudhoe Bay was developed and the pipeline was built.

MR. GRASSER recalled his experience with the Porcupine caribou herd, from spending about 24 years guiding in ANWR. Emphasizing that his testimony was anecdotal, he said caribou herds in most of the state are fairly resourceful at adapting to different conditions. One of the few Alaskan species that seems to propagate to the point of overgrazing, caribou change their range as it becomes depleted. Although there may be drilling in part of the caribou calving grounds if ANWR is opened, his own experience indicates the animals will probably either ignore it or just move a little farther away.

MR. GRASSER said production in Prudhoe Bay is starting to decline, and ANWR may represent one of the best opportunities to locate and recover sizable reserves of oil. It is in the financial best interest of the state to extend oil production and use of the existing infrastructure. Specifically, it is in the state's best interest to keep the pipeline full of oil.

MR. GRASSER suggested that President Bush's election and continued control of Congress by Republicans probably give

Alaska its best chance right now to persuade the federal government and the American public to open ANWR; this opportunity should be taken advantage of. It probably doesn't hurt that California is currently experiencing energy problems, he noted.

MR. GRASSER urged legislators to send this message to Washington, D.C., as soon as possible, especially considering the newly changed political climate there. He pointed out that although the content of HJR 7 pretty much copies legislation that passed the Alaska State Legislature by an overwhelming majority in prior years, there have been some changes due to changes in administration, for example.

Number 0436

REPRESENTATIVE JOULE referred to the "whereas" clause regarding the residents of the North Slope Borough. He suggested that it may be helpful to have the supporting documentation.

MR. GRASSER said he had a letter from the mayor of the City of Kaktovik and a survey [both in packets]; he affirmed that those would be in the accompanying materials. [Question 10] on the survey says, "The coastal plain of the Arctic National Wildlife Refuge should be open to oil and gas exploration," with five options for responses. Only 9 percent of the respondents either disagreed or strongly disagreed, he noted, whereas 78 percent either agreed or strongly agreed.

Number 0582

CHAIR OGAN referred to page 2, line 20, of HJR 7, which began a paragraph that read:

**WHEREAS** the oil and gas industry and related state employment have been severely affected by reduced oil and gas activity, and the reduction in industry investment and employment has broad implications for the state's work force and the entire state economy; and

He suggested that language may be a bit dated, no longer reflecting the North Slope environment. When this was first written, for example, oil was selling for \$10 or less a barrel.

MR. GRASSER agreed that it probably needs to be changed.

CHAIR OGAN asked members to look at that and possibly amend it. He emphasized that he didn't want to hold the legislation in committee, however, and suggested that it would be acceptable to work on the language before the resolution goes to the House Resources Standing Committee.

Number 0775

CHAIR OGAN also suggested adding language after page 2, line 6, similar to the following: "Further restrictions on oil and gas exploration and development forces development offshore in countries with poor environmental records." He explained that the North Slope provides the world's environmental example for oil technology. As heard in a recent presentation, coil tube drilling now allows coverage of a 50-square-mile area from one drilling pad. Furthermore, if oil isn't developed in the United States - and ANWR in particular - it will be developed in areas of the world that are environmentally unfriendly and where the same standards aren't used. Chair Ogan said he didn't want to hold HJR 7 in committee for such an addition, however.

MR. GRASSER replied that he didn't think it would be a problem to work on that language and have it inserted in the House Resources Standing Committee.

CHAIR OGAN offered to work with Mr. Grasser in that regard. He then shared his own experience with caribou, which aren't bright and don't get nervous unless one tries to sneak up on them like a bear or wolf would, for example. He noted that caribou herds have increased sixfold in Prudhoe Bay since development occurred there, although some studies show that the cows move away from the oil development a bit when calving. He asked whether Mr. Grasser was aware of any mortality studies regarding calves and related effects of oil development in Prudhoe Bay.

MR. GRASSER answered that he wasn't aware of such specific studies. However, the Central Arctic caribou herd has increased dramatically. From 1970 to 1994, on many occasions in Prudhoe Bay he had witnessed caribou grazing alongside the oil pipeline, which didn't seem to affect use of the area by caribou.

Number 1025

REPRESENTATIVE DYSON recalled that in the 10 or 12 years he himself spent at Prudhoe Bay, it seemed the caribou enjoyed the gravel pads and airport runways, away from mosquitoes and flies. He suggested that a factor in the herd expansion may have been

that predators tended to move away. He also recalled that he had hired a couple of engineers who had worked on the trans-Siberian pipeline; when asked what problems they'd had with caribou [in Siberia], the workers said, "We didn't have any problem with caribou - the workers killed 'em all and ate 'em." Representative Dyson suggested that in addition to more responsible development, [those developing in Alaska] probably will treat the wildlife significantly better than most other populations would.

Number 1153

REPRESENTATIVE JOULE referred to page 1, line 13, which read:

**WHEREAS** the residents of the North Slope Borough, within which the coastal plain is located, are supportive of development in the "1002 study area"; and

REPRESENTATIVE JOULE requested, if HJR 7 is amended in the House Resources Standing Committee, an amendment to say those residents include the Inupiat population, because the aboriginal people of that area support the development.

MR. GRASSER announced that since this is legislation from a previous time, he would be happy to work with any members of this committee before bringing up HJR 7 in the House Resources Standing Committee.

CHAIR OGAN indicated it was okay if members agreed, but he didn't want to hold this resolution up.

REPRESENTATIVE JOULE suggested that the resolution probably should be carried to Washington, D.C., for the Energy Council meetings in April or March. He proposed working on the changes before the next meeting of the current committee instead.

CHAIR OGAN indicated the resolution had been noticed the week before and there had been time for amendments.

REPRESENTATIVE JOULE said if the chair wished to move out the resolution, that was fine; he himself could work with the sponsor.

Number 1402

CAM TOOHEY, Executive Director, Arctic Power, testified via

teleconference, noting that Arctic Power is a nonprofit group working to open ANWR to oil and gas development. He said this year's census of the Central Arctic caribou herd, which surrounds Prudhoe Bay, shows growth to 27,000 animals from 5,000 in the early 1970s; there has been a 37 percent increase since the last count, in 1998. Of note, in the year 2000 not one animal from the Porcupine caribou herd entered the coastal plain; they stayed in Canada. Verified by the Alaska Department of Fish and Game (ADF&G) and others, this is further evidence that over the last 20 years, the caribou don't necessarily use the coastal plain on a regular basis; they use the entire Arctic and whichever areas that they happen to migrate to, for their calving period.

MR. TOOHEY pointed out that the more new fields there are that are roadless and have a smaller "footprint" - such as Alpine and Badami on the North Slope - the more it helps to sell the idea that ANWR can be opened safely.

MR. TOOHEY noted that a poll of Alaskans the previous month showed that 70 percent supported development. Support is stronger in the coastal plain community of Kaktovik, where more than 78 percent of residents [polled] support it. He believes that Alaskans stand behind this project and the resolution. In addition, Mr. Toohey said support for [opening] ANWR has also grown tremendously nationwide; including ANWR in the presidential debates helped to educate the nation about energy, Alaska's contribution to that energy mix, and the benefits and potential for development of ANWR. National polling demonstrating in the final weeks of the campaign that a clear majority of Americans supported development of ANWR, he added.

MR. TOOHEY touched on nationwide energy problems, including home heating oil supplies in the Northeast, the rise in natural gas costs in the Midwest, truckers' consumption of diesel, and recent power blackouts in California. All focus attention nationally on energy, including where it comes from, who consumes it, and how the dependence on foreign sources can be lessened. Mr. Toohey offered the following quotation from the Anchorage paper [quoting President Bush], "I campaigned hard on the notion of having environmentally sensitive exploration at ANWR, and I think we can do so."

MR. TOOHEY said this resolution is important and timely. It is also important to realize that energy issues will be foremost in coming sessions in Congress, as people look at ways to reduce [dependence] or remove themselves from the current energy

situation.

Number 1661

CHAIR OGAN expressed the hope that [legislators] will be able to set up some high-level meetings with the Bush administration when attending the Energy Council this year. Recently appointed to the executive committee for that, Chair Ogan said he believes the coming Energy Council meetings will be some of the most important that Alaskan legislators have attended. He thanked Mr. Toohey for his work in Washington, D.C., on behalf of Alaskans.

Number 1716

REPRESENTATIVE JOULE suggested it will be important that people in Washington, D.C., know that Alaskans are working on this in a bipartisan way. He encouraged having a member of the minority be on the Energy Council, which is currently not the case.

CHAIR OGAN agreed it would be a good idea, suggesting that Representative Joule would be a good candidate. Chair Ogan said he would let his own wishes be known on that. He asked whether anyone else wished to testify on HJR 7; there was no response.

Number 1791

REPRESENTATIVE DYSON made a motion to move HJR 7 from committee [with individual recommendations and the zero fiscal note]. There being no objection, HJR 7 was moved from the House Special Committee on Oil and Gas.

HB 83 - NATURAL GAS RESOURCES DEVELOPMENT

[Contains testimony relating to HB 9]

Number 1832

CHAIR OGAN announced the next order of business would be HOUSE BILL NO. 83, "An Act relating to natural gas pipelines, providing a statutory definition for the portion of the constitutional statement of policy on resource development as applicable to the development and transportation of the state's natural gas reserves, amending Acts relating to construction of natural gas pipelines to require conformance to the requirements of the statutory definition, and amending the standards applicable to determining whether a proposed new investment

constitutes a qualified project for purposes of the Alaska Stranded Gas Development Act; and providing for an effective date."

CHAIR OGAN noted that HB 83 was sponsored by the House Special Committee on Oil and Gas. He informed members that he didn't intend to move the legislation from committee anytime soon. Instead, he wished to get the issue before the public and have a thorough discussion before moving any legislation relating to the gas pipeline.

CHAIR OGAN explained that HB 83 interprets Article VIII, Sections 1 and 2, of the Constitution of the State of Alaska. Section 1 of the constitution reads:

It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

Section 2, the general authority section, reads:

The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

CHAIR OGAN informed members that Section 1 of HB 83 articulates those sections of the constitution. It provides a development strategy and some policy guidance for the administration, to ensure that the transportation of natural gas is designed and located to be responsive to those requirements, by talking about both short- and long-term job opportunities in the state.

CHAIR OGAN pointed out that subparagraph (C) [page 2, beginning at line 22] talks about significant long-term property value to the tax base and other things to provide for local government support. Under paragraph (2) [page 2, beginning at line 26], it says that the gas pipeline from the state to North American markets does not foreclose any other options. This is to keep the options open, not only for a pipeline route but also possibly for an LNG [liquefied natural gas] line to Valdez or Anchorage.

CHAIR OGAN referred to testimony at another meeting about the availability of natural gas reserves in Anchorage; he said the known reserves are estimated to last about 12 years. Despite

optimism that there is more gas out there, nobody has really drilled for it yet or found it. "And 90 percent of those gas reserves were found in the 1960s," he added.

CHAIR OGAN said the bill addresses environmental concerns. However, it also says the commissioner shall issue a written finding that this project will comply with the overall strategy for development, use, and control of the project or projects to develop and transport the state's natural gas resources. In a nutshell, this says that the gas pipeline must be developed for the maximum benefit of the people. He asked: What does that mean? Does it mean a northern route and simply generating revenues? Or a southern or Alaskan Highway route by which Alaskans can not only get the jobs to build it, but also get access to the gas to enhance lifestyles and keep low-cost energy for Alaskans? Chair Ogan indicated his own interpretation of maximum use would be the latter.

Number 2143

LARRY PERSILY, Deputy Commissioner, Department of Revenue, came forward to testify on both HB 83 and HB 9. He noted that when the Alaska Stranded Gas Development Act (HB 393) was passed three years ago, a section in that bill set a deadline for applications under the law: June 30, 2001. The two bills before the committee [HB 83 and HB 9] would not change that deadline. He pointed out that the governor's legislation [HB 38] suggests extending that deadline to December 2001, which may be something the committee might want to consider. Mr. Persily added that he doesn't think anyone realistically expects a project application by June. He offered to give input as to what an appropriate deadline would be.

[Tony Braden and Jim Cowan of the Department of Natural Resources informed the chair via teleconference that they were available to answer questions.]

Number 2291

MARK MYERS, Director, Division of Oil & Gas, Department of Natural Resources (DNR), testified via teleconference regarding the technical analysis. In terms of the commissioner's findings, he said a couple of things would be of interest. First, the division believes a study should be done in Cook Inlet to determine the demand for gas in the future; that relates to the development strategy and requirements under subparagraph (A) [page 2] of the bill.

MR. MYERS discussed the second issue: placement of a pipeline. A route depends on alternate gas fields that might be found along that route. Therefore, the division believes additional work would be well warranted in terms of looking at the pipeline route and what additional resources might be available to put into the system later.

CHAIR OGAN asked whether that was a capital request for the study in Cook Inlet.

MR. MYERS said the division is submitting a fiscal note with that in there. It duplicates a capital request already in the governor's gas line CIP [capital improvement project].

CHAIR OGAN noted that a sectional analysis for HB 83 was being handed out to members [see memorandum from Jack Chenoweth dated January 22, 2001].

Number 2379

REPRESENTATIVE GUESS asked whether there was a positive fiscal note because of those two things that the division wants to do.

MR. MYERS answered that in looking at the commissioner's finding, [the commissioner] is required to determine that there is, under this bill, sufficient gas for a low-cost domestic and industrial source; that is the demand side. The second part is the routing. That issue is directly involved with the language in the bill, but is also generic to the pipeline routes in other gas bills, which is why the governor's CIP gas line (indisc.).

Number 2424

CHAIR OGAN asked Mr. Myers what the governor's position is on this bill.

MR. MYERS responded that it wasn't appropriate for him to comment on that; he was there to provide technical support. He added, however, that he had heard that the governor is very supportive of a gas line.

CHAIR OGAN asked Mr. Myers about the part of the legislation that would require enough capacity to be provided to whatever point where this [pipeline] might "Y" for either Valdez or Anchorage. He mentioned a recent newspaper article by Ken Thompson (ph) about a gas hub.

MR. MYERS answered that the concept of a gas hub itself is a sound idea, but it depends on the implementation. There are many issues, including the best use of the state royalty oil, which he indicated were also mentioned in the article. He said:

We're certainly not opposed to looking at the issues. But ... I think we actually have to have some proposals on the table by the producers as to ... how much gas they're selling, in what form they're all offering it for sale, et cetera. ... So, at this point, ... conceptually it sounds great. But how it would be implemented and the sources of all that gas, again, would be issues that ... we would need to work out .... I guess I'm basically being fairly vague until we have a little more on the markets and the supplies.

MR. MYERS mentioned the "Alliance" meeting and discussion of gas demand. He said demand is a real part of it, as well as the costs of various versions and of producing the gas. The gas-to-liquids (GTL) process at this point is a lot less efficient internally than producing and shipping gas farther up the pipeline. One must compare the price for the GTL process versus a straight gas line. For numerous issues there aren't yet answers.

Number 2560

REPRESENTATIVE CHENAULT asked Mr. Myers what he hopes to accomplish out of this \$88,000 to study the demand for gas and the declining Cook Inlet reserves.

MR. MYERS answered that it is basically to understand what the demand is and how much that demand can be met locally, within Cook Inlet. He deferred to Kevin Banks for details.

Number 2591

KEVIN BANKS, Petroleum Market Analyst, Division of Oil & Gas, Department of Natural Resources, spoke via teleconference. He indicated the division proposed a study last summer to examine the market - specifically, the potential growth of demand - for gas in the Cook Inlet and Southcentral regions. On the supply side of this study has been considerable research by the producers in Cook Inlet. There doesn't seem to be a lot of dissention among those producers as to how much in potential

reserves is now in place in Cook Inlet.

MR. BANKS said there may be some issues relating to deliverability that the division would like to examine. On the other hand, the division doesn't have a very good handle yet on what kind of demand growth will be seen in Cook Inlet, which depends on the future price of gas; the division wants to look at that because it shows how the North Slope gas might fit into meeting that demand in another couple of decades.

Number 2670

CHAIR OGAN asked whether there were further questions or additional testifiers; there was no response. He announced that HB 83 would be held for further consideration.

#### HB 9 - STRANDED GAS DEVELOPMENT PROJECT

CHAIR OGAN announced the final order of business would be HOUSE BILL NO. 9, "An Act amending the standards applicable to determining whether a proposed new investment constitutes a qualified project for purposes of the Alaska Stranded Gas Development Act; and providing for an effective date."

Number 2740

JEFFREY LOGAN, Staff to Representative Joe Green, Alaska State Legislature, presented HB 9 on behalf of Representative Green, sponsor. He explained that HB 9 proposes to amend the Alaska Stranded Gas Development Act (ASGDA), enacted in 1998. Section 1, page 1, lines 9 and 10, proposes to delete current statutory language that restricts the Act to projects for the export of liquefied natural gas [LNG].

MR. LOGAN explained that the ASGDA establishes a framework for a sponsor or group of sponsors - who seek to develop North Slope natural gases and transport it - to approach the commissioner of the Department of Revenue with a proposal for a system of payments to the state in lieu of other taxes. It is a way for the state to extract its economic "rent" outside of current tax statutes. Before the commissioner considers such a project, there has to be a threshold so that the commissioner knows that the proposal is viable; this was agreed upon, by the commissioner and the legislature, when this particular statute was written. Therefore, these specifications were established.

MR. LOGAN noted that the first specification, which is being

proposed for deletion, states that the project must be for the export of LNG. At the time, he explained, it was anticipated that a transportation system for the gas would be to tidewater, where the gas would be liquefied and exported overseas. Since then, however, a tremendous upheaval in the natural gas market has indicated to many people - including the sponsor - that the market for Alaska's North Slope gas may be found in North America or the northern United States. Representative Green proposes deleting the language on lines 9 and 10 to allow the other two standards in statute to apply without restricting the applicability of the ASGDA to a project for the export of LNG.

MR. LOGAN referred to Mr. Persily's comments regarding the deadline for applications made during the hearing this date on HB 83. Mr. Logan stated:

We, indeed, had considered that. Representative Green is still speaking with some of the producers and others who might be potential sponsors to see if, indeed, December 31 would be a better date than the current date in statute, or a date extended past that, so we don't have to come back every year or every other year and extend that thing out until someone is ready to step up to the plate. So, he is still considering the date. It may be a later time than December 31.

MR. LOGAN noted that Representative Green is a member of the House Resources Standing Committee, where HB 9 is referred next; he anticipates taking care of it there, but obviously it is the current committee's prerogative to address that.

TAPE 01-7, SIDE B  
Number 2950

REPRESENTATIVE JOULE referred to the section that talks to payment in lieu of taxes. He asked whether another way of interpreting that is as a kind of incentive for the producers to develop it.

MR. LOGAN responded that HB 9 doesn't speak to that section of the Alaska Stranded Gas Development Act. He said he thinks, however, that it would be a fair characterization.

REPRESENTATIVE JOULE stated his understanding that it was based on prices prior to the current situation. He asked for more of that kind of information to be provided to the committee.

Number 2890

CHAIR OGAN said the existing legislation, in his opinion, delegates legislative duties to the governor. The constitution is pretty clear that the legislature has the oversight responsibility for the development of the resources. The administration is charged with carrying out the policies that the legislature sets in statute. He indicated Alaska's governor, whoever is elected, has a lot of power compared to governor's in other states. Although he supported this legislation in the past, it essentially says to the governor, "The legislature doesn't want to deal with this. We're going to let you deal with this, but then you come back to us and let us vote it up or down, basically." Chair Ogan asked for confirmation that the legislative approval is a "yes" or "no" vote on whatever the governor negotiates.

MR. LOGAN emphasized that HB 9 doesn't address any other section of the Act. However, he agreed to come back before the committee with more information on the rest of what was then HB 393. He said he didn't want to get too far afield.

CHAIR OGAN indicated a thorough discussion of the former bill and current law is imperative for committee members, in order to make a good judgment about HB 9; he suggested scheduling that for a future date. Although HB 9 looks simple, he said, the original legislation was not. This would expand not only for LNG, but also for gas-to-liquids and an overland pipeline route, for example. Chair Ogan stressed the need for discussion of gas-to-liquids and the related process, in order to make a good policy call. He said it is a major shift in policy, as well as a major delegation of legislative authority to the executive branch, which he always wants to do cautiously.

MR. LOGAN noted that he had saved his materials from the debate on HB 393.

CHAIR OGAN asked whether anyone else wished to testify; there was no response. He indicated there would be numerous other meetings relating to these policy calls. [HB 9 was held over.]

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Oil and Gas meeting was adjourned at 10:57 a.m.