

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

January 30, 2003

3:17 p.m.

MEMBERS PRESENT

Representative Vic Kohring, Chair
Representative Mike Chenault, Vice Chair
Representative Hugh Fate
Representative Lesil McGuire
Representative Norman Rokeberg
Representative Harry Crawford
Representative Beth Kerttula

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 6

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 6 OUT OF COMMITTEE

PREVIOUS ACTION

BILL: HJR 6

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(S): OIL & GAS

Jrn-Date	Jrn-Page		Action
01/24/03	0059	(H)	READ THE FIRST TIME - REFERRALS
01/24/03	0059	(H)	O&G, RES
01/30/03		(H)	O&G AT 3:15 PM CAPITOL 124

WITNESS REGISTER

BEN GRENN, Staff
to Representative Vic Kohring
House Special Committee on Oil and Gas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the House Special Committee on Oil and Gas, sponsor of HJR 6.

MARK MYERS, Director
Division of Oil & Gas
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Testified on HJR 6.

DEB MOORE, Arctic Coordinator
Northern Alaska Environmental Center
Fairbanks, Alaska

POSITION STATEMENT: Urged the committee to oppose HJR 6.

ANDREA DOLL
Juneau, Alaska

POSITION STATEMENT: Testified on HJR 6; expressed the need to review alternative sites and energy sources; said the time to view resources as the state's sole [source of revenue] is probably gone.

DEBBIE MILLER
Fairbanks, Alaska

POSITION STATEMENT: Urged the committee to vote against HJR 6.

LUCI BEACH, Executive Director
Gwich'in Steering Committee
Fairbanks, Alaska

POSITION STATEMENT: During hearing on HJR 6, testified that the Gwich'in Nation supports the Inupiat Nation in opposing offshore drilling; indicated the caribou calving grounds in ANWR should be left alone.

KIMBERLY R. DUKE, Executive Director
Arctic Power
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 6.

ACTION NARRATIVE

TAPE 03-1, SIDE A

Number 0001

CHAIR VIC KOHRING called the House Special Committee on Oil and Gas meeting to order at 3:17 p.m. Representatives Kohring, Chenault, Fate, McGuire, Crawford, and Kerttula were present at

the call to order. Representative Rokeberg arrived as the meeting was in progress.

HJR 6-ENDORSING ANWR LEASING

CHAIR KOHRING announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 6, 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 0314

BEN GRENN, Staff to Representative Vic Kohring, House Special Committee on Oil and Gas, Alaska State Legislature, testified on behalf of the House Special Committee on Oil and Gas, the sponsor of HJR 6. Mr. Grenn read the sponsor statement as follows:

Expanding Alaska's resource-based industries remains imperative if we wish to increase the state's economic base. Although other sectors of the economy may provide jobs, they more than likely would not be able to support the financial infrastructure of state government to the extent that natural resource development does, especially the oil and gas industry.

Most reliable indicators show Alaska's North Slope oil is in decline. Geologists have said that one of the best prospects for new discoveries lies within the "1002 section" of the Arctic National [Wildlife] Refuge, which has been set aside by Congress for potential exploration and development. It seems that a prudent course of action would be to open this area of the Arctic coastal plain so that Alaskans may reap the economic benefits therein.

The idea behind House Joint Resolution 6 is not new. An ANWR [Arctic National Wildlife Refuge] resolution has been introduced on numerous occasions in the past and has always enjoyed overwhelming support of the governor and legislature as well as the general public. Alaska's chances of moving ahead on this vital project have been greatly increased now that George W. Bush is President. We need to take advantage of this opportunity and once again send our message to the nation's Capitol.

Number 0448

REPRESENTATIVE KERTTULA noted that there is no mention of Arctic Power [which has been given money by the legislature in the past to help open ANWR to exploration and development]. She asked whether [funding for] Arctic Power would surface in the budget.

CHAIR KOHRING related his expectation that a funding request for Arctic Power will be addressed in the budget, but that he didn't know the amount.

MR. GRENN added that he believes Arctic Power will be requesting close to \$3 million this session.

REPRESENTATIVE ROKEBERG offered his understanding that there would be a request for supplemental [funding], although he was unsure of the amount.

CHAIR KOHRING directed attention to page 3, lines 12-14, which specifies that activity will be conducted in a manner that protects the environment and the naturally occurring population of the Porcupine caribou herd. Furthermore, the resolution includes a reference to ensuring that any development doesn't adversely impact the environment or wildlife populations.

Number 0598

REPRESENTATIVE CRAWFORD told members that he is glad HJR 6 specifies that the state's workforce will be used to the maximum extent possible [in opening ANWR].

CHAIR KOHRING remarked that the aforementioned language would benefit the labor unions as well as the nonunion labor entities.

Number 0642

REPRESENTATIVE ROKEBERG mentioned that he was pleased the 90-percent provision was included in the resolution. However, whether the congressional delegation will have success with that [remains to be seen]. He recalled that the last ANWR legislation in Congress had a 50-percent provision and was vetoed by then-President Clinton. Representative Rokeberg asked if staff could [gather] polling data that might reflect how the people of the state perceive this.

CHAIR KOHRING pointed out that [backup material] says 75 percent of Alaskans support this resolution. He offered to research the specifics of the poll which produced that data.

Number 0864

MARK MYERS, Director, Division of Oil & Gas, Department of Natural Resources (DNR), conveyed his appreciation of the resolution. He remarked that with a half-full pipeline and about 8 billion barrels of remaining reserves, the potential in ANWR is viewed as similar to that available in currently remaining reserves. Should exploration be successful, there could be a sizable amount of production. Furthermore, oil from ANWR would extend the life of the existing North Slope infrastructure; thus ultimately there would be more production from state land. He described opening ANWR as one critical element of the governor's goal of increasing oil and gas production.

REPRESENTATIVE ROKEBERG suggested that it might be appropriate for the next committee of referral to consider the notion that the state has an asset valued at billions of dollars that is flowing at 50 percent of capacity. He expressed the need to utilize the state's transportation infrastructure. Perhaps, he suggested, the aforementioned should be added as a "WHEREAS" clause.

CHAIR KOHRING agreed to take that up in the next committee of referral, the House Resources Standing Committee. With regard to why HJR 6 is sponsored by the House Special Committee on Oil and Gas, Chair Kohring noted that many folks were interested in sponsoring this resolution, but said he'd thought it was best for it to be sponsored by the committee as a whole. He said that in the future he will speak to the committee members before introducing legislation sponsored by the committee.

The committee took a very brief at-ease at 3:30 p.m.

REPRESENTATIVE McGUIRE thanked Mr. Myers for the time he'd spent giving the overview of the Division of Oil & Gas during the interim.

MR. MYERS offered his appreciation for the opportunity to provide the overview and receive feedback from the legislators.

Number 1131

REPRESENTATIVE CRAWFORD asked if Mr. Myers had a guesstimate of the amount of oil left in the ground on the North Slope, in the event that a major new find isn't brought on line.

MR. MYERS reiterated that there are about 8 billion barrels of remaining reserves, which would [move production] past the year 2020. However, the question becomes one of economics. Furthermore, [in order to function] the pipeline needs approximately 200,000-300,000 barrels of throughput a day without significant major modifications. As production falls, the [pipeline] becomes less economic, more vulnerable, and subject to changes in oil prices. Therefore, Mr. Myers said, a series of new discoveries would be necessary, as well as an increase in heavy oil production.

MR. MYERS told members he didn't believe anyone could judge [the amount of] the remaining reserves on state lands. He related his optimism and belief, though, that there is at least as much [on the North Slope] as in reserves. Moreover, there is potential with the National Petroleum Reserve-Alaska (NPR-A). However, if [the sites] are found farther and farther from the infrastructure, in smaller accumulations, the economics of some of those accumulations may not be that good.

MR. MYERS mentioned the "other hope" of producing natural gas using the same infrastructure that exists at Prudhoe Bay and Point Thomson, which would extend the life of the oil fields at those spots and create more liquids production. Still, in order to increase production, there must be new discoveries, including state land, NPR-A, and ANWR.

Number 1286

REPRESENTATIVE KERTTULA asked whether the prediction that ANWR [could produce] six months of American energy use is still in the ballpark.

MR. MYERS answered that there is no data on actual discovered, known oil; therefore, everything is based on exploration potential. Exploration potential looks at the existing seismic data, a fairly loose grid of data; the outcrops in the surrounding area and the oil discoveries surrounding ANWR are reviewed, and one takes an educated guess. The last major educated guess was done by the United States Geological Survey (USGS) in 1995 and was reviewed again in 1998. Therefore, there is a range of undiscovered resource from, on the low end, about \$4.3 billion barrels to about \$11.8 billion barrels on the high

end. He specified that this range refers to recoverable oil and gas regardless of price. The mean number is about 7.4 billion barrels of oil, but this number is still hypothetical.

Number 1416

MR. MYERS emphasized that one would have to drill in order to find out [how much oil is present]. However, all the geological elements to oil and gas discoveries appear to be present. With regard to how large the fields will be, Mr. Myers said that no one really knows because the data isn't good enough to fine-tune any estimates. Mr. Myers said although the latest USGS estimates are good and look at the recent North Slope discoveries and technology, those numbers remain estimates.

MR. MYERS, in further response to Representative Kerttula, explained that the KIC [Kaktovik Inupiat Corporation] well was the only onshore well in the North Slope area. This well was drilled on Native-owned land. Mr. Myers noted that the data is confidential and thus not available in any of these assessments. This well qualified for extended confidentiality; until ANWR is opened for leasing, therefore, the data on that well remains confidential. However, there are a series of wells drilled to the offshore areas, some of which encountered oil and gas and some of which are oil and gas fields; on shore there is the Point Thomson field that adjoins ANWR.

REPRESENTATIVE KERTTULA asked if there had been any further development since the KIC well was drilled.

MR. MYERS replied no and explained that the conditions under which the Arctic Slope Regional Corporation obtained the subsurface required the corporation to drill during a certain period of time, which has expired at this point. Likewise, seismic data isn't allowed to be captured on a speculative basis. Therefore, the only new data is the data on the adjoining state lands, reassessment of the 3-D [seismic] data originally processed in the mid-1980s, and new geological fieldwork done by the USGS and the University of Alaska. He noted that information integrated into the new report was the more recent discoveries on state land. He explained that old geology reviewed the large structural thrust faults in ANWR, while the newer assessments suggest that the traps are more subtle and similar to Point Thomson in many ways.

Number 1581

REPRESENTATIVE ROKEBERG turned to the new 3-D technology. If Congress were to authorize seismic exploration of the "1002 section" of ANWR, he asked, would the new technology allow the amount of area occupied and drilled to be restricted?

MR. MYERS replied that the 3-D seismic information would allow the evaluation of the discovery of a new well with very few delineation wells. Furthermore, the technology would allow the pad locations to be more accurately placed, and the pad size could be minimized because there would be a better idea with regard to how many wells were necessary to develop the reservoir. Also, directional-drilling technology is dramatically improving: one can drill a lot farther from a single point, resulting in fewer pads drilled. Mr. Myers informed the committee of the arctic-platform technology that Anadarko Petroleum Corporation is working on, which would in some cases negate the need to lay gravel, because a platform above the ground would produce much of the oil and gas. Therefore, the existing and future technology make the footprint smaller than anticipated in 1995.

Number 1719

REPRESENTATIVE ROKEBERG asked whether 3-D seismic exploration, without drilling, would provide enough information to determine whether there are reserves [in ANWR] that deserve exploitation.

MR. MYERS answered that [the 3-D seismic information] would provide a better idea with regard to the potential [for oil and gas]. However, the 3-D seismic information isn't typically good enough because it needs to be calibrated with a few wells in order to move to the development stage. Moreover, if the 3-D seismic information were shot before leasing, whoever had that data would have a huge competitive advantage. Therefore, there is a question regarding who would pay for the 3-D surveys and who would receive the data.

MR. MYERS also reported that 3-D surveys done prior to leasing impact the bonus bids and the way bidding competition occurs. Therefore, he related his belief that the only way to practically do it is to either get a consortium of companies that are willing to buy the data and have them shoot the data together and go to the lease sale, or else the federal government would have to pay to shoot the data and make it publicly available. Both scenarios would result in a budgetary impact. Mr. Myers said he believes that individual companies would be reluctant to shoot a survey themselves, although for

environmental reasons [it is best] to only shoot one survey [for an area].

Number 1844

REPRESENTATIVE ROKEBERG asked if drilling stratigraphic wells or other wells in combination with [the 3-D seismic information] would provide adequate information [to determine whether a site deserves exploration]. He also asked whether a delineated (indisc.) at the whip stock of the other directional-drilled well would be helpful.

MR. MYERS responded that it would be extremely helpful. The 3-D seismic with a couple of wells, and calibrating the rock velocities and characteristics - along with getting direct measurements of the quality of the reservoir, including the porosity, permeability, and fluid information - would provide a very good idea [as to whether a site deserves exploration].

REPRESENTATIVE ROKEBERG related his view that if there were a program that could more accurately predict what is at a site, then it might be easier to sell this concept to the citizens of this country.

CHAIR KOHRING said he would be pleased to explore that avenue further.

REPRESENTATIVE ROKEBERG pointed out that [3-D seismic and drilling to determine whether a site deserves exploration] could be done in the wintertime when the potential ecological damage would be minimized.

CHAIR KOHRING suggested that such action may tip the scales in passage of the opening of ANWR as part of the congressional energy package.

Number 1951

REPRESENTATIVE KERTTULA asked whether Mr. Myers had any idea with regard to the contact the state or oil companies have had with the indigenous people, the Gwich'in, who are protesting the opening of ANWR.

MR. MYERS answered that he doesn't have a lot of knowledge with regard to the interaction between the state or the federal government and the Gwich'in. However, he pointed out that there has been much discussion with the North Slope Borough, KIC, and

the folks in Kaktovik and Barrow who have strongly supported [the opening of ANWR].

CHAIR KOHRING offered to contact the Gwich'in if provided with a means of contact.

Number 2067

REPRESENTATIVE CHENAULT returned to Representative Rokeberg's comments regarding making people in Alaska and the U.S. as a whole understand the complexity of this issue. He pointed out that ANWR [encompasses] about 19 million acres of land. The proposal is to drill on 1.5 million possible acres, with a total imprint of probably no more than 2,000 acres. Furthermore, technological advances basically shrinks the footprint, especially when compared with drilling that occurred in Prudhoe Bay. He offered his belief that such information needs to be spread to the public.

CHAIR KOHRING pointed out that page 2 specifies the minimal amount of land that will be explored and potentially drilled.

REPRESENTATIVE ROKEBERG informed Mr. Myers that he has pending legislation that relates to the distinction in royalty payment between old leases and new leases. Representative Rokeberg inquired as to the percentage of the leases entered into before 1980 and those after 1980. He also inquired as to any projected trends. He related his understanding of Mr. Myers' comments that there will have to be a substantial amount of new production in order to keep production level [for the Trans-Alaska Pipeline System (TAPS)].

Number 2209

MR. MYERS answered with his belief that it's about 70 percent on old leases and about 30 percent for those leases before the 1979 change in the percentage to the permanent fund. Mr. Myers said, "Certainly, the newer leases in the areas - if we're successful - a higher the percentage of the production will come from the areas that would have the 50:50 split between the permanent and general fund versus the 75:25." Therefore, the trend will [rest] on exploration success, with a higher percentage going to the permanent fund over the long term because [production will be occurring] more on those leases entered into after 1979. He offered to get the exact numbers to Representative Rokeberg tomorrow.

REPRESENTATIVE ROKEBERG asked if it would be correct to say that any revenues coming from NPR-A, ANWR, and other newly released areas would fall under the 50-percent formula.

MR. MYERS explained that the NPR-A revenues go to the impact fund and thus are treated very differently. With regard to the split on the 90 percent in ANWR, Mr. Myers said he didn't have the answer. However, he offered his assumption that those would be considered post-1979 leases and considered the 50:50 split, since the leases would be new. He offered to check on that.

REPRESENTATIVE ROKEBERG surmised that Mr. Myers' testimony is that, because of the impact fund, all the reserves in the NPR-A go to the North Slope Borough. Therefore, from NPR-A development there has almost zero impact or benefit to the state treasury. Representative Rokeberg pointed out that ANWR would be a new lease, and therefore would be at the 50-percent rate. Representative Rokeberg highlighted that Prudhoe Bay, at 75-percent contribution, remains the large player, and yet Prudhoe Bay is where the major decline is.

Number 2366

DEB MOORE, Arctic Coordinator, Northern Alaska Environmental Center, urged the committee to oppose HJR 6. She informed the committee that the Northern Alaska Environmental Center is a nonprofit organization that promotes conservation of the environment in the Interior and Arctic Alaska through advocacy, education, and sustainable resource development. Ms. Moore said the majority of the members of the Northern Alaska Environmental Center are Alaskans - Alaskans who care deeply about protecting the wildness of the Arctic refuge and want to see this area protected. [Many of these people] feel almost completely unrepresented at either the state or national level. Members of the Northern Alaska Environmental Center don't want this area to be drilled. "The Arctic refuge is America's only completely protected Arctic ecosystem," she said.

Number 2420

MS. MOORE recalled Representative Chenault's earlier statements regarding the relatively small area of drilling [to open ANWR] when compared with the large size of the refuge. She disagreed with that notion and offered the analogy that the amount of drilling would be [proportional] to the size of a postcard in a conference room. She explained that with that analogy, one must remember that the postcard would first be put through a shredder

and then the pieces would be spread across the room. Then the postcard pieces would be [connected] with gravel roads and pipelines. That would represent the impact, she said. Although where the pipeline would actually touch the ground would total 2,000 acres, it would sprawl across 1.6 million acres. She continued:

Rather than developing for fossil fuels in this unique and vital Arctic ecosystem, our state and federal governments should be seeking ways to decrease our nation's demands for fossil fuels. There are reliable and sensible means for achieving these ends, such as energy conservation, alternative energies, and improving energy efficiency; all of these can reduce our dependence on oil without sacrificing environmental protection.

Even if the United States continues to rely on fossil fuels, we cannot drill our way to energy independence for national security. We [U.S.] have, at most, 2-3 percent of the world's oil reserves; yet we use about 25 percent of the [world's] oil consumption. It is not possible to produce our way to oil independence, even if we sacrifice all of our wilderness areas, parks, refuges, and coastlines. The only way to reduce dependence on foreign oil is through conservation and alternative energy supplies.

Number 2498

MS. MOORE turned to the resolution's statement regarding the protection of the Porcupine caribou herd and the environment. She related her belief that the best way to protect these areas is to not drill there. She said, "Allowing the wilderness and wildlife values of the Arctic refuge coastal plain to be exchanged for a short-term supply of oil is unacceptable. We urge the committee to oppose [HJR] 6 and send the United States Congress a message of protection instead."

Number 2526

REPRESENTATIVE KERTTULA related her understanding of Ms. Moore's testimony that the footprint [for ANWR] will be an acre or two in one area and an acre or two in another area; the acreage won't be contiguous.

MS. MOORE answered that her understanding from geologists is that ANWR will be spread over the area, and that the [actual drilling sites] would be interconnected with pipelines and roads. Therefore, the 2,000 acres actually refers to the areas where [a structure] actually touches the ground. However, she said, she understood that there will be lots of areas in which the pipeline exists but doesn't touch the ground and isn't included in the 2,000 acres [of development].

Number 2581

ANDREA DOLL began by saying that although an Alaskan, she was speaking on behalf of millions of Americans who believe in the title "Arctic National Wildlife Refuge" - she emphasized the word "National" in the name. Ms. Doll pointed out that this land has been held in trust for the American people. She said she didn't believe that the land had been held in trust primarily for the benefit of this state. Furthermore, she related her belief that this land has been held in trust for the Gwich'in people, who hold the land sacred.

MS. DOLL turned to the question of why the choice would be to drill. She said she couldn't help but think that choosing drilling saves "us" from the hard choices with alternative energy and alternative sites. Ms. Doll urged the committee to take a larger view than the boundaries of the state. The country as a whole has spoken loudly [in support of] preserving this site, she said. Ms. Doll concluded by asking the committee to look for alternative sites and alternative [energy sources].

REPRESENTATIVE CRAWFORD agreed that more oil drilling does keep "us" from making [the aforementioned] hard choices. However, he suggested that it makes [more sense] for [the U.S.] to wean itself from the Middle Eastern oil rather than domestic sources. He further suggested that weaning the U.S. from Middle Eastern oil would hasten the day [this country] moves to alternative energy sources.

MS. DOLL questioned how much the government wants to wean [the country] from Middle Eastern oil. She pointed out to the tax benefits given to people purchasing high gasoline consumption automobiles and the actual money put up for alternative energy sites and studies. "If we are half as interested in looking for those kinds of things as we are, seemingly, ... I think we could come up with some real good choices here," she added.

Number 2670

REPRESENTATIVE CRAWFORD related his belief that if the environmental community put as much energy behind weaning the U.S. from Middle Eastern oil as is put forth to stop drilling in ANWR, there would be some real headway with not using imported oil. He said that an import tax on imported oil would be the best [solution], and therefore he questioned why that wouldn't be pursued.

MS. DOLL responded that this environmental community to which Representative Crawford refers is "everybody in the United States." She stressed that everyone wants to protect the environment because without it there is nothing, and therefore everyone is on the same side and wants to preserve this.

Number 2787

REPRESENTATIVE FATE asked if Mr. Doll and the millions of Americans that Ms. Doll represents are aware that in ANILCA there is what is almost a mandate to evaluate and access the coastal plan for hydrocarbons.

MS. DOLL said she was aware of that.

REPRESENTATIVE FATE pointed out that the aforementioned [proviso] wasn't included in ANILCA without the thought that perhaps there would be hydrocarbon development because of the assessment.

MS. DOLL responded, "You're right, and the day has come. And now we can make those choices."

Number 2820

REPRESENTATIVE ROKEBERG expressed curiosity with regard to Ms. Doll's statement regarding the "1002 section" of ANWR, which she referred to as the sacred ground of the Gwich'in. He asked, "Isn't that in the backyard of the Inuit Eskimos from Kaktovik? That's their land."

MS. DOLL agreed that [the Inuit Eskimos] border [the Gwich'in land].

REPRESENTATIVE ROKEBERG suggested that Arctic Village [residents] and the Gwich'in live hundreds of miles to the south.

MS. DOLL acknowledged that there are opposing viewpoints.

REPRESENTATIVE ROKEBERG emphasized his belief that [ANWR] is Eskimo country. Furthermore, he related his understanding that the Gwich'in in Venetie and Arctic Village have only been there 100-150 years and actually migrated from Canada. Therefore, he said, "To have sacred ground that reaches some kind of religious level, in somebody else's backyard, is kind of stretching the story here, I think."

REPRESENTATIVE MCGUIRE remarked that Ms. Doll's comments regarding the U.S. and energy conservation are relevant and something to think about. However, as an Alaskan, she always remembers when Alaska entered into statehood and the notion that the state would support itself. She pointed out that no one envisioned Alaska supporting itself based on its population; rather Alaska would be a resource-based state. Therefore, if Alaska's natural resources aren't developed [how would Alaska hold its own keep]? [The foregoing portion in brackets, although not on tape, was taken from the committee secretary's log notes.]

TAPE 03-1, SIDE B

Number 2967

REPRESENTATIVE MCGUIRE said most people believe that even if everyone in Alaska were taxed, the fiscal gap still couldn't be closed. Therefore, she asked about Ms. Doll's thoughts as an Alaskan.

MS. DOLL answered that the time to view resources as the state's sole [source of revenue] is probably gone. Furthermore, this isn't 50 years or even 30 years ago; things have changed quite a bit. "If we think that we can maintain our keep on the resources that we have had in the past, I think we're wrong," she related. She expressed the need for people to adjust, and said the time for adjust is here. She also offered her estimation that the American people believe it's time to adjust and review other ways to do things. It's time for Alaskans to bear the burden of looking at something different, she concluded.

Number 2881

REPRESENTATIVE FATE turned to Ms. Doll's comments that the American people are realizing the need to adjust. He indicated that although what he reads corroborates the aforementioned, he

interprets it differently. He related his belief that the American people realize that resources and their development of are important, and that they can be developed properly [with the environment in mind]. Furthermore, he stressed his belief that this realization is occurring because people in the Lower 48 and in Alaska need jobs and economies. "We cannot live without the resources that we have, and people are coming to that realization and now we have the technology to develop those resources in a very proper and economic and environmental manner," he stated.

CHAIR KOHRING offered to meet with Ms. Doll to discuss her suggestions regarding alternative energy sources. He noted that Alaska has a lot of potential in other areas, such as wind, solar, hydroelectric, and shallow gas.

Number 2763

DEBBIE MILLER informed the committee that she has lived in Alaska for 28 years, has taught school in Arctic Village, has explored the Arctic refuge for many of the last 28 years, has walked across the coastal plain on four or five different occasions, and has witnessed the aggregation of 100,000 caribou walking around her tent. She also noted that she has written several books about the Arctic refuge. Ms. Miller urged the committee to vote against HJR 6.

MS. MILLER related her belief that it's important to consider Ms. Doll's testimony. Furthermore, this is the hundredth birthday of the national wildlife refuge system, which was established under President Theodore Roosevelt. This system was established to protect habitat, wildlife, wilderness, and America's extraordinary lands for wildlife. "It is absolutely unconscionable to me that the State of Alaska is promoting development of our greatest wildlife refuge," she said. This beautiful area provides habitat for over 100 species of Arctic wildlife including caribou and polar bears, and over 180 species of birds.

MS. MILLER emphasized that millions of acres of state land and billions of acres in the NPR-A are open already for development. Furthermore, Phillips has gone on record saying it will put in five satellite fields that will connect with Alpine. In addition, Governor Murkowski is promoting development of the West Sak reserves, which "are sitting in the ground where the state makes more money developing those resources than on federal lands in a wildlife refuge." She concluded, "It makes

no sense. We need to vote down this resolution and together, as a state, recognize the value of this extraordinary refuge that's a part of our nation's heritage."

Number 2600

LUCI BEACH, Executive Director, Gwich'in Steering Committee, pointed out that the Gwich'in people have been in the [Arctic Village] area for over 1,000 generations. She highlighted that the Gwich'in are not Canadian. Ms. Beach related that it saddens her when elected officials are unaware of the population in the state and deem it necessary to consider [the Gwich'in] to be unimportant in this issue. Ms. Beach stated that the Gwich'in Nation supports the Inupiat Nation in opposing offshore drilling. Although the Inupiat don't live offshore, the [Arctic Village] area is one of their critical habitat areas for whales.

MS. BEACH noted that the Gwich'in don't live in the calving grounds. Even during times of famine the Gwich'in people have not entered the calving grounds, because in order for the [Gwich'in] to survive, the caribou had to survive. "You don't bother animals when they are in the birthing process," she stressed. Ms. Beach pointed out that this area was not only set aside for development but was also set aside for wilderness; so far, she said, the wilderness value of the land has outweighed the development potential.

Number 2495

MS. BEACH urged the committee, "Please consider us Gwich'in people. Do not put us aside or act as if we are of no consequence in this matter." There is no other place in the world for the Gwich'in people to be Gwich'in, she said. "We were Gwich'in where we were at, and because of the animals that we hold dear to us - for what we feel that the Creator so greatly blessed us with. Consider this to be part of our mandate as stewards that the Creator gave us. We do not take this position lightly," she said in closing.

Number 2426

REPRESENTATIVE ROKEBERG returned to his earlier statement that some of the Gwich'in had migrated from the Yukon Territory, Canada, into the Arctic Village and Venetie areas. He asked if that is correct.

MS. BEACH explained that the Gwich'in are similar to the Plains Indians in that before contact [with Europeans] they were a nomadic people. The Gwich'in are a trans-boundary nation in Alaska and Canada, she said. Although she has heard statements that the Gwich'in are like the Tsimshian and never really lived in the area, she disputed that notion and said the Gwich'in have lived in [Arctic Village] area for quite a while.

Number 2331

REPRESENTATIVE KERTTULA recalled that the Gwich'in were one of the few groups that didn't participate in ANCSA, in part to remain inside the culture. She asked if that is correct.

MS. BEACH agreed and specified that Venetie and Arctic Village are two Gwich'in communities that opted out of the lands-claim process in order to maintain their traditional lifestyle and not become part of the corporate structure.

REPRESENTATIVE KERTTULA asked if the state or any oil companies have sat down with the [Gwich'in people] in order to try to find common goals and how things could proceed.

MS. BEACH answered that there has been some contact. United States Secretary of the Interior Norton briefly visited Arctic Village; however, the [Gwich'in people] didn't seem to make much impact on her. Furthermore, then-U.S. Senator Frank Murkowski visited [Arctic Village] as well. She said there probably were other meetings.

MS. BEACH clarified that the Gwich'in aren't opposed to all oil development; however, those areas where life begins [the calving grounds] are critical [for the habitat], and no technology can prevent [impact]. Therefore, those areas should be left alone, she said.

CHAIR KOHRING remarked that HJR 6 is trying to be sensitive to the environmental concerns of the area. He related his belief that HJR 6 is a good middle ground in that it looks to grow the economy while taking into consideration the environmental concerns.

Number 2085

KIMBERLY R. DUKE, Executive Director, Arctic Power, began by stating support for HJR 6. She informed the committee of U.S. Senator Ted Stevens' testimony while ANWR was debated on the

U.S. Senate floor; during that debate, he'd provided a history of how the "1002 area" was set aside for oil and gas development. She related that in 1980, when ANILCA was settled, U.S. Senator Stevens signed onto that agreement, which doubled the area of the refuge to its current size of 19 million acres; the understanding was that the 1.5 million acres of the coastal plain would be set aside for evaluation for oil and gas. That area was evaluated, and in 1987 the U.S. Department of the Interior recommended development. Since then, work has continued to secure opening [ANWR] through Congress. Therefore, from the beginning there was the understanding that the ["1002 section" lands] would be included in oil and gas development on the North Slope. She asserted that development is supported by the Inupiat people living in that area, who own 92,000 acres of the coastal plain. Furthermore, 79 percent of the population of Kaktovik is supportive of this development, she suggested. Ms. Duke pointed out that 8 million acres of the refuge remain in wilderness status and will remain protected.

Number 1983

REPRESENTATIVE KERTTULA thanked all of those who'd testified, and thanked Chair Kohring for his sensitivity to the [Gwich'in's] feelings. Representative Kerttula announced that she is supportive of oil development in Alaska; however, because of her respect of the Gwich'in culture and their concerns, she couldn't support HJR 6. Representative Kerttula announced that she wouldn't object [to the motion], though.

Number 1950

REPRESENTATIVE ROKEBERG moved to report HJR 6 out of committee with individual recommendations and the accompanying zero fiscal note(s). There being no objection, HJR 6 was reported from the House Special Committee on Oil and Gas.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Oil and Gas meeting was adjourned at 4:29 p.m.