

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 3, 2003

3:32 p.m.

MEMBERS PRESENT

Senator Scott Ogan, Chair
Senator Thomas Wagoner, Vice Chair
Senator Fred Dyson
Senator Ralph Seekins
Senator Ben Stevens
Senator Kim Elton
Senator Georgianna Lincoln

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

ORGANIZATIONAL MEETING

SENATE JOINT RESOLUTION NO. 4

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 OUT OF COMMITTEE

PREVIOUS ACTION

SJR 4 - No previous action to record.

WITNESS REGISTER

Mr. Kurt Olson
Staff to Senator Wagoner
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Testified for the sponsor of SJR 4

Mr. Mark Myers, Director
Division of Oil and Gas
Department of Natural Resources
550 W. 7th Ave. Ste 800
Anchorage AK 99501-3560

POSITION STATEMENT: Answered questions about ANWR

ACTION NARRATIVE

TAPE 03-1, SIDE A

CHAIR SCOTT OGAN called the Senate Resources Standing Committee meeting to order at 3:32 p.m. Senators Wagoner, Dyson, Seekins, Elton, Lincoln and Chair Ogan were present. Chair Ogan introduced committee staff and informed members of committee guidelines for future meetings. He then announced the committee would take up SJR 4.

SJR 4-ENDORSING ANWR LEASING

SENATOR TOM WAGONER, sponsor of SJR 4, introduced Kurt Olson, his legislative assistant, and asked Mr. Olson to describe the resolution to the committee.

MR. OLSON told committee members that the intent of SJR 4 is to urge Congress to open the coastal plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration, development and production. North Slope production has been declining since 1988, when peak production reached 2 million barrels per day. Current production is approximately half of that amount. Development of the coastal plain would provide stability to national energy demands while increasing Alaska's revenue stream. SJR 4 has two zero fiscal notes from the Departments of Natural Resources and Revenue. He thanked members for their consideration of this legislation.

CHAIR OGAN acknowledged the presence of Senator Stevens and opened the meeting for questions from members.

SENATOR ELTON referred to language on page 3, line 10, which states, "the legislature is adamantly opposed to further wilderness or other restrictive designation in the area of the coastal plain...." He asked if that language will get in the way of further restrictions on an over-the-top gas line route at the state or federal level.

MR. OLSON said it will not, to the best of his knowledge, but he deferred to Mr. Myers for a more definitive answer.

MR. MARK MYERS, Director of the Division of Oil and Gas, Department of Natural Resources (DNR), said he does not believe that language will affect any additional restrictions. He said the legislation is a resolution from the state that makes

recommendations to Congress. It should not unduly restrict or bind the federal government from creating further wilderness status lands.

CHAIR OGAN concurred with Mr. Myers' assessment and added that language says the legislature supports a gas pipeline.

SENATOR ELTON expressed concern that the words, "opposed to further wilderness or other restrictive designation" might be interpreted to mean that the State of Alaska or the federal government could not take any action to preclude an over-the-top gas pipeline route because that would be a restrictive designation in the area of the coastal plain. He said he would hate to see the legislature suggest to Congress that it ought not do that.

CHAIR OGAN said it is his understanding that putting any part of an over-the-top gas pipeline on ANWR is not an option, which is why a gas pipeline would have to be built offshore.

SENATOR ELTON emphasized that the language says, "in the area of." He said if Mr. Myers is comfortable with the language, he will not push the point.

MR. MYERS responded that he is not sure of the legal nuances but, in terms of the state waters offshore of ANWR where the pipeline is proposed, such restrictions do not exist. He indicated the coastal lagoon areas are too shallow for a gas pipeline so if an offshore gas pipeline were built, it would have to be buried below the ice [indisc.] zone in sufficient water depth, which would be in waters without those restrictions. He said as far as the onshore designation goes, he does not believe any rights to put pipeline facilities in ANWR itself exist so, without a change of the current designation, it is currently restricted. It is not likely that Congress would put any further restrictions on it.

SENATOR ELTON noted that one problem he has had with all ANWR resolutions is that they have been focused on production. He asked Senator Wagoner if he would consider adding another clause to link ANWR production to fuel conservation efforts. He explained that SJR 4 would then couple the notion of energy dependency with fuel conservation measures, as well as new production.

SENATOR WAGONER said he would have no objection to adding such language.

SENATOR ELTON suggested adding the following language on page 3, line 14, after the semicolon:

and that ANWR production be linked to fuel conservation efforts and be it further resolved;

CHAIR OGAN asked Senator Elton to provide committee members with written language for later consideration.

SENATOR ELTON asked if the Chair planned to hold the resolution in committee.

CHAIR OGAN said he did not.

SENATOR ELTON asked the Chair if he was suggesting that the amendment be offered on the Senate floor.

CHAIR OGAN said when he asks that a bill be amended in committee, he brings written language to the committee. He again asked Senator Elton to provide the proposed amendment in writing.

3:40 p.m.

SENATOR LINCOLN asked if SJR 4 is identical to the resolution passed by the legislature last year.

MR. OLSON said it is.

SENATOR LINCOLN referred to the language on page 3, line 14, that reads, "to the maximum extent possible" and said she considers those words to be "weasel words." She said she understands that Congress cannot mandate that the state's work force be used exclusively. She suggested that phrase be deleted.

SENATOR WAGONER said he would consider Senator Lincoln's suggestion.

CHAIR OGAN pointed out that as much as he would like to mandate Alaska hire, the state has its hands tied by the Interstate Commerce Clause of the U.S. Constitution, so he believes that language is appropriate.

SENATOR LINCOLN asked that Senator Wagoner consider changing that phrase. She then commented that she understands that the majority of Alaskans support the opening of ANWR and its

potential for Alaska's economy. However, she represents the Gwich'in tribe, which is very concerned about opening ANWR. She has long felt that the Porcupine Caribou Herd is intricately tied to their lives and that any disturbance to that herd would be the demise of that tribe. The Gwich'in people use that herd for food, clothing, shelter and religious purposes. She does not feel that sufficient protections are in place to guarantee the herd will not go in another direction. For that reason, she has consistently opposed development in ANWR. She noted she will not object to moving SJR 4 out of committee, but she will not support it on the Senate floor.

CHAIR OGAN said with all due respect, he has killed many caribou and has found them to be the dumbest animal he has ever encountered other than domestic sheep. As long as one doesn't act like a predator, caribou will walk right up to a hunter. He felt, regarding oil development in ANWR, if the herd is not harassed, it could care less. He said he knows people who have watched caribou calve within sight of production platforms. He said the same fear was expressed during development of the North Slope yet the number of caribou in that particular herd has increased six times since that area was developed.

SENATOR LINCOLN said he has heard that sentiment expressed before but her mother speaks about growing up in Rampart and how she could have literally walked across the Yukon River on the backs of caribou. However, those caribou changed their migration route for several reasons and, during her lifetime, there has been no caribou herd in Rampart. She said she thinks it is possible that could occur again. She noted her point was to let the sponsor know her position on the resolution and that it has nothing to do with his sponsorship.

SENATOR ELTON moved to adopt Amendment 1, which reads as follows:

Page 3, line 14, following "extent possible;" add

and that Arctic National Wildlife Refuge production be debated in the context of fuel conservation efforts;

CHAIR OGAN objected and said he believes it is unnecessary to tie a CAFÉ [Corporate Average Fuel Economy] standard to SJR 4. Congress may wish to do so but he believes putting it in SJR 4 might weaken Alaska's congressional delegation from getting ANWR open.

SENATOR ELTON noted he used broad language to craft Amendment 1 to merely suggest that ANWR production be debated in the context of fuel conservation efforts. It doesn't make the impact of the resolution contingent upon anything happening to the CAFÉ standards.

3:50 p.m.

SENATOR SEEKINS maintained that ANWR development could be debated in many contexts - independence on foreign oil, employment, and others, and he believes Congress will look at it in all of those contexts.

CHAIR OGAN concurred and said the current advertisement that implies that SUV drivers are supporting terrorism could be stretched to mean that opponents of ANWR development support terrorism. He said he would like to add that to SJR 4 but does not believe it would be constructive.

SENATOR ELTON felt that defeating the amendment will narrow the argument.

CHAIR OGAN asked for a roll call vote. The motion to adopt Amendment 1 failed with Senator Stevens, Dyson, Seekins and Chair Ogan opposed, and Senators Wagoner, Elton and Lincoln in favor.

SENATOR SEEKINS said he recently read that the United States Geological Survey (USGS) has looked at oil seeps and identified the oil from ANWR as low sulfur sweet crude. He asked if that is correct.

MR. MYERS said there are five point sources that can be typed for generating oil. The USGS's recent work suggests that some of the lighter, lower sulfur crude is from wells to the west of Prudhoe Bay.

SENATOR SEEKINS suggested that exploration for that crude could have added value from an environmental standpoint and it is less expensive to refine. From that standpoint, the legislature is bringing the debate into the area of fuel conservation.

MR. MYERS agreed that development of the lighter higher quality crude with less sulfur would have positive environmental effects, as well as a gas line from associated gas development.

CHAIR OGAN asked if a couple of wells have been drilled near Kaktovik.

MR. MYERS answered that one well has been drilled by Chevron on Native land near Kaktovik but the results are confidential.

CHAIR OGAN asked Mr. Myers if he has access to those results.

MR. MYERS said he does but cannot disclose it.

SENATOR DYSON moved SJR 4 out of committee with individual recommendations and asked for unanimous consent. There being no objection, the motion carried.

There being no further business to come before the committee, CHAIR OGAN adjourned the meeting at 4:00 p.m.