

**ALASKA STATE LEGISLATURE  
JOINT MEETING  
HOUSE SPECIAL COMMITTEE ON OIL AND GAS  
SENATE RESOURCES STANDING COMMITTEE**

March 21, 2007

5:39 p.m.

**MEMBERS PRESENT**

HOUSE OIL AND GAS

Representative Vic Kohring, Chair  
Representative Kurt Olson, Vice Chair  
Representative Nancy Dahlstrom  
Representative Jay Ramras  
Representative Ralph Samuels  
Representative Mike Doogan  
Representative Scott Kawasaki

SENATE RESOURCES

Senator Charlie Huggins, Chair  
Senator Bert Stedman, Vice Chair  
Senator Lyda Green  
Senator Gary Stevens  
Senator Lesil McGuire  
Senator Bill Wielechowski

**MEMBERS ABSENT**

HOUSE OIL AND GAS

All members present

SENATE RESOURCES

Senator Tom Wagoner

**COMMITTEE CALENDAR**

HOUSE BILL NO. 177

"An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date."

- HEARD AND HELD

SENATE BILL NO. 104

"An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 177

SHORT TITLE: NATURAL GAS PIPELINE PROJECT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/05/07	(H)	READ THE FIRST TIME - REFERRALS
03/05/07	(H)	O&G, RES, FIN
03/06/07	(H)	O&G AT 3:00 PM BARNES 124
03/06/07	(H)	-- MEETING CANCELED --
03/08/07	(H)	O&G AT 3:00 PM BARNES 124
03/08/07	(H)	-- MEETING CANCELED --
03/13/07	(H)	O&G AT 3:30 PM HOUSE FINANCE 519
03/13/07	(H)	Heard & Held
03/13/07	(H)	MINUTE(O&G)
03/15/07	(H)	O&G AT 3:00 PM BARNES 124
03/15/07	(H)	Heard & Held
03/15/07	(H)	MINUTE(O&G)
03/19/07	(H)	O&G AT 8:30 AM CAPITOL 106
03/19/07	(H)	Heard & Held
03/19/07	(H)	MINUTE(O&G)
03/20/07	(H)	O&G AT 3:00 PM BARNES 124
03/20/07	(H)	Heard & Held
03/20/07	(H)	MINUTE(O&G)
03/21/07	(H)	O&G AT 5:30 PM SENATE FINANCE 532

BILL: SB 104

SHORT TITLE: NATURAL GAS PIPELINE PROJECT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/05/07	(S)	READ THE FIRST TIME - REFERRALS
03/05/07	(S)	RES, JUD, FIN
03/14/07	(S)	RES AT 3:30 PM BUTROVICH 205
03/14/07	(S)	Heard & Held
03/14/07	(S)	MINUTE(RES)
03/16/07	(S)	RES AT 3:30 PM BUTROVICH 205

03/16/07 (S) Heard & Held  
03/16/07 (S) MINUTE(RES)  
03/19/07 (S) RES AT 3:30 PM BUTROVICH 205  
03/19/07 (S) Heard & Held  
03/19/07 (S) MINUTE(RES)  
03/21/07 (S) RES AT 5:30 PM SENATE FINANCE 532

**WITNESS REGISTER**

JERRY MCCUTCHEON

Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified against the construction of a gas pipeline.

PAUL LAIRD, General Manager

Alaska Support Industry Alliance ("Alliance")

Anchorage, Alaska

POSITION STATEMENT: Testified on HB 177 and SB 104.

DONALD BENSON

Palmer, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of the Alaska Gasline Inducement Act (AGIA).

Karen Rhoades

Wasilla, Alaska

POSITION STATEMENT: Speaking on her own behalf during the hearing on HB 177, testified in support of AGIA.

JOHN BROWN, Field Representative

International Union of Operating Engineers (IUOE), Local 302

Fairbanks, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified on AGIA.

GEORGE BERRY

Fairbanks, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of adding a project labor agreement to AGIA.

TAMMIE WILSON

Fairbanks, Alaska

POSITION STATEMENT: Speaking on her own behalf during the hearing on HB 177, testified in support of adding a project labor agreement to AGIA.

DAN WARD, Member  
IUOE, Local 302  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of adding a project labor agreement to AGIA.

PAUL D. KENDALL  
Anchorage, Alaska

POSITION STATEMENT: Speaking on his own behalf, testified on HB 177 and SB 104.

DAVID GOTTSTEIN, Co-Chair  
Backbone Campaign  
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of AGIA.

STEVE JOSWIAK, President  
Central Labor Council  
Fairbanks, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of adding a project labor agreement to AGIA.

KEVIN POMEROY, Member  
Laborers Local 942  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of adding a project labor agreement to AGIA.

CAROL HETTER, Member  
Laborers Local 942  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on her own behalf during the hearing on HB 177, testified in support of adding a project labor agreement to AGIA.

TIM SHARP, Business Manager  
Alaska District Council of Laborers;  
Business Manager  
Laborers Local 942  
Fairbanks, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of AGIA, and to the addition of a project labor agreement.

REE KISSINGER, Apprentice  
International Brotherhood of Electrical Workers Local 1547  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of adding a project labor agreement of AGIA.

DIANA SMITH, Member  
Alaska State Employees Association (ASEA)  
Fairbanks, Alaska

Position Statement: Speaking on her own behalf during the hearing on HB 177, testified in support of union and Alaskan hire.

SUZANNA BOBINSKI, Member  
Alaska State Employees Association (ASEA)  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on her own behalf during the hearing on HB 177, testified in support of union and Alaskan hire.

JAMIE BASSETT, Member  
Alaska State Employees Association (ASEA) Local 52  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on her own behalf during the hearing on HB 177, testified in support of a project labor agreement for the gas pipeline project.

WILLIAM HUNT  
Fairbanks, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of a project labor agreement for the gas pipeline project.

MICHAEL COELHO  
Fairbanks, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of a project labor agreement for the gas pipeline project.

KATIE MACKINNON, Member  
Alaska State Employees Association  
Fairbanks, Alaska

POSITION STATEMENT: Speaking on her own behalf during the hearing on HB 177, testified in support of Alaska's use of its resources.

BILL JOHNSON Member

Laborers;

Member

American Federation of State, County, and Municipal

Fairbanks, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of a project labor agreement for gas pipeline project.

VINCE BELTRAMI, President

Alaska American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of a project labor agreement for the gas pipeline project.

DANIEL O'LEARY, Business Agent

Iron Workers Local 751

Fairbanks, Alaska

POSITION STATEMENT: Testified on HB 177 and SB 104.

DUFFY HALLADAY, Member

Laborers International Local 942

Fairbanks, Alaska

POSITION STATEMENT: Speaking on his own behalf during the hearing on HB 177, testified in support of a project labor agreement for the gas pipeline project.

GERALD KW BROWN

Fairbanks, Alaska

POSITION STATEMENT: During the hearing on HB 177, testified in support of local hire for the Alaska gas pipeline project.

W. T. REEVES

Fairbanks, Alaska

POSITION STATEMENT: Asked a question about the Dalton Highway; testified on HB 177 and SB 104.

MERRICK PIERCE

North Pole, Alaska

POSITION STATEMENT: Testified on HB 177 and SB 104.

#### **ACTION NARRATIVE**

**CHAIR CHARLIE HUGGINS** called the joint meeting of the House Special Committee on Oil and Gas and the Senate Resources Standing Committee to order at [5:39:15 PM](#). Present at the call to order from the House Special Committee on Oil and Gas were Representatives Samuels, Doogan, Kawasaki, Olson, and Kohring; Representatives Dahlstrom and Ramras arrived as the meeting was in progress. Present from the Senate Resources Standing Committee were Senators Green, Stedman, and Huggins; Senators Stevens, McGuire, and Wielechowski arrived as the meeting was in progress.

HB 177-NATURAL GAS PIPELINE PROJECT  
SB 104-NATURAL GAS PIPELINE PROJECT

[5:39:44 PM](#)

CHAIR HUGGINS announced that the only order of business would be SENATE BILL NO. 104, "An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date;" and HOUSE BILL NO. 177, "An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date."

CHAIR HUGGINS invited public testimony on HB 177 and SB 104.

[5:40:55 PM](#)

JERRY MCCUTCHEON told the committees that had the gas pipeline been constructed in the 1980s, Prudhoe Bay, as we know it, would not exist. He continued to say:

And more than half of the state's revenue would be missing. That admission came out of the Murkowski Administration. Prudhoe Bay has produced more than five billion barrels more oil than Prudhoe Bay would have produced had the oil companies constructed the gas line back in the 1980s. ... The same parameters applied in the "80s still apply today, and will continue to apply for another decade, maybe two or three more decades. ... It is the decline in gas pressure that is causing the decline in oil recovery. There is more oil to be produced from Prudhoe Bay than

has been produced. There's another 15 billion barrels of recoverable oil but nobody really wants to talk about and the gas is needed to obtain that oil. ... The Mackenzie River gas line costs escalated ... to \$16 billion [Canadian dollars]. ... That gas line was the one they used as an analogous example by Pedro van Meurs. So we have a total increase of 300 percent, that would make the gas line, Alcan gas line, from \$20 [billion] to \$60 billion. ... Larry Persily, when he was deputy commissioner of Revenue, told LBA, Legislative Budget and Audit, in 2004, that the alleged 35 Tcf would only sustain the four and one-half billion cubic feet per day Alcan gas line for a little over a decade. The oil companies really needed 60 cubic per day. The North Slope does not have the 35 Tcf, only 29. The [Alaska] Oil & Gas Conservation Commission said that the other reservoirs, which they had counted in the 35 Tcf, are not available because gas withdrawal from them would cause serious loss of oil recovery. Thus, only Prudhoe Bay and Point Thomson are available for gas withdrawal. ... Premature gas withdrawal for a gas line also applies to Point Thomson. In the case of Prudhoe Bay, gas recycling ... may have to continue for several more decades for oil production to be reasonably complete. ... In the case of Point Thomson, after the litigation is settled, it will be more than a decade before the production of Point Thomson gas liquids can start. ... Gas will have to be recycled for as much as a decade to prevent retrograde condensation of the gas liquids and oil condensates ... before Point Thomson's gas can be produced for a gas line.

[5:45:37 PM](#)

PAUL LAIRD, General Manager, Alaska Support Industry Alliance ("Alliance"), said that the "Alliance" are the companies that provide oil producers with the goods and services that make Alaska's oil, gas, and mining industries possible. The "Alliance's" 400 member companies generate more than 30,000 jobs for Alaskans. Mr. Laird said that the "Alliance" is working hard to understand the details and implications of the Alaska Gasline Inducement Act (AGIA), and it is concerned about the \$500 million state matching contribution. He remarked:

It's unnecessary and it may not be the best use of state funds. We're concerned about any provision that

transforms pretenders into contenders by conceding ... a licensee without financial backing at the time of certification or additional years to sanction a project. By the administration's timetable for certification, this could delay first gas sales until the early to mid 2020s. The "Alliance" believes in having a level playing field for all applicants, but we oppose provisions that promote artificial parody among the players. Alaska's interests are best served if the most competitive project is built by the strongest developer. We're concerned that there are no objective criteria for judging, for weighing the relative importance of various elements of the application, assessing the risks associated with each proposal, and making the selection in an open, fair, and transparent manner. We're concerned about any process mandating the state to choose a winner and promote a monopoly at the expense of other prospective developers. ... Once the state chooses a licensee to build a pipeline, will the producers come to the open season? We believe the bill, as currently drafted, puts too much emphasis on the short term risk of pipeline builders, and does too little to address the long term risks of shippers. Upstream issues ... need to be resolved first, if Alaska truly wants North Slope producers to commit their gas to a project. ... We look forward to working with you and with the governor and her team to help transform Alaska's gas into decades of clean, reliable, domestic energy for Americans, and generations of prosperity for Alaskans.

[5:49:17 PM](#)

DONALD BENSON, said he is a life-long Alaskan, and would like to encourage the legislature to support AGIA, with the addition of take-off points that include Alaska's cities and villages. Mr. Benson said that natural gas is the cleanest and most reliable type of heat and can be backed with hydroelectric, wind, and solar [energy]. He stressed that gas prices have risen in the past years, and that Alaska needs to bring its gas home. It is an investment in Alaska and in the United States, Mr. Benson said.

[5:51:04 PM](#)

KAREN RHOADES, said she wanted to give her opinion, as a constituent. She told the committees that when she and her

husband started their small business, they took a significant risk; they weighed the pros and cons and decided that the potential for success was worth taking the risk. She said she believes that the \$500 million incentive is worth the risk and is essential to the success of the project. She said that she questioned the opinions of those who compare AGIA to previous failed projects. This project is needed by the nation, and she said that she trusts the ability of the state to choose a builder and make good decisions. Ms. Rhodes said that this is a step in Alaska's destiny, and she would like to see the legislature go forward with this plan.

[5:53:41 PM](#)

JOHN BROWN, International Union of Operating Engineers, Local 302, said that Alaska's natural gas has the potential to secure our economic future, and he supported the governor's efforts to cause a pipeline to be constructed. However, we should do a better job than we did on the Trans-Alaska Pipeline System (TAPS). He said that he agreed with the inclusion of everything the state needs from the project in the bill. Mr. Brown emphasized that we need a low tariff to ensure that Alaska receives fair compensation for its resource and that independent companies can afford to ship their gas in the pipeline. One of the ways to ensure a low tariff is not addressed in AGIA, and that is to ensure a steady productive, and predictive, cost and supply of labor. By including the requirement for a negotiated project labor agreement in the bill, we can ensure labor stability through a no-strike, no-lockout provision. We can also be sure of a competent and trained workforce. Mr. Brown urged members of the committee to include the requirement for a licensee to commit to negotiate a project labor agreement, for construction of the pipeline, and all related infrastructure.

[5:56:10 PM](#)

GEORGE BERRY stated that he was a member of Local 959, but he is testifying on his own behalf. He said that he supports AGIA legislation for its overall imaginative approach to get new producers on the North Slope for the development of gas production. However, he also supports the addition of a project labor agreement that can bring predictive labor costs, maximum Alaska hire, and training programs to the project. Mr. Berry said that after 30 years of working on TAPS, he feels that the prior labor agreement was the best benefit to Alaskans.

[5:58:08 PM](#)

TAMMIE WILSON said she likes the fact that AGIA requires the project winner to locate its local headquarters in Alaska. However, it does not specify where the hiring halls would be located. She said:

I am very concerned about section number 15 that addresses the actual number of Alaskans to be hired. This part states the project winner will commit to hire qualified residents from throughout the state for management, engineering and other things, and contract with businesses located in this state to the extent permitted by law. I asked [Tom Irwin, Commissioner, Department of Natural Resources (DNR)] what the number was and they told me that was "zero." So, if the actual number is zero, why is this statement even part of the bill? ... It was also stated that the reason there was no project labor agreement ... was that they were looking for workers to not just have jobs, but careers in the oil industry. And they will take care of labor issues later. ... Unions are careers. ... To those of us in Fairbanks, this is the real issue. When Marcia Davis came here, from the Department of Revenue, she said, "We have specifically not addressed whether there's a project labor agreement in this structure, and I know that is an area of concern for many of those in Fairbanks. ... And the strongest applications are going to be the ones that ... Alaskan hire. ... This is going to be an Alaskan state controlled job development so this is going to be done within our Department of Administration." ... [We are] asking you to make sure that Alaskans are truly the first priority for these jobs. ... There are men and women [here] of all ages to show how important this issue is to this community. Please protect jobs for Alaskans by putting in strong language that lets all those, that will submit an application, know that if they do not hire Alaskans they will not be the ones chosen for this project.

[6:00:52 PM](#)

DAN WARD said that he was testifying in support of his union, IUOE, Local 302, and to show his support of AGIA, and the addition of a project labor agreement.

[6:01:25 PM](#)

PAUL D. KENDALL said he was speaking as a citizen, and was encouraged to see a project of such magnitude discussed in an open and honest modality. Mr. Kendall said that he was convinced that the construction of two separate pipelines needs to be addressed. The Canadian gas pipeline, when looked at for the next 15 years, is a tremendous gamble because the producers and the state can not know what will happen to future markets, applications, and prospectives. Mr. Kendall said that we also need to look at a sovereign gas pipeline leading to the people of Alaska. Because of the amount of time it will take for the gas to be flowing through the big line, he suggested, it would be better to run a small line to move the gas to Fairbanks immediately. He also noted that the large producers are not at the table, in an open and frank manner of partnership, promising that their in-kind gas is available to Alaska at this time. He continued to say:

First, I hope you'll give the opportunity to any testifier or [Request for Proposal] proposal person to swear themselves in, in some gauge of testimony. ... It is my belief that Alaska should own and control 12.5 percent of the station's spherical content of the pipeline. Any pipeline that leaves any field, we should ... tie that in as an unrelinquished position that we own the space within the pipeline. ... This should be a proprietary right and it gives us a multitude of avenues to participate and to authorize and to gauge what is happening....

[6:04:50 PM](#)

DAVID GOTTSTEIN, Co-Chair, Backbone Campaign, said that he is here today to encourage the committee to complete the task of refining and passing AGIA. He stated that AGIA is an excellent platform for marketing Alaska's gas, offers a competitive framework, and outlines criteria that are values to the state and residents. He cautioned against endless debate and opined that the \$500 million incentive is not a give-away, but is an important component that reduces the risk and increases the value of project. Mr. Gottstein said that the state should get more from a competitive bidding process. The Backbone Campaign, he continued, believes that the bids should include time commitments, and that time extensions are not necessary. He further cautioned against adding language to AGIA that will prevent passage of the bill, and thereby, work in ExxonMobil Corporation's favor.

6:07:46 PM

STEVE JOSWIAK, Central Labor Council, asked the committee to consider a project labor agreement for a sustainable Alaska workforce. He said that a labor agreement benefits all Alaskans, and that its inclusion worked successfully for the oil pipeline.

KEVIN POMEROY said that he is a member of Laborers Local 942, and that he believes it is important to include the language of a project labor agreement in AGIA. In his experience, he said, many laborers immediately leave Alaska at the end of their employment. A project labor agreement would ensure that Alaskans are working and that wages stay in the local economy.

CAROL HETTER said she is in support of adding language [to AGIA] for a project labor agreement. She emphasized that she did not feel this addition would complicate the bill.

TIM SHARP, Business Manager, Alaska District Council of Laborers; Business Manager, Laborers Local 942, stated that the Alaska District Council of Laborers is comprised of 5,000 construction workers, and that Laborers Local 942 represents 1,300 pipeline building trades and heavy highway workers. Laborers, he said, want to be on record with their support of AGIA, and of a square deal for Alaskan workers through a project labor agreement. We want to avoid the present scenario where workers fly from out-of-state to jobs in the Alaskan oil fields. Mr. Sharp said that the main piece missing from AGIA is to enforce residency, and a preference for Alaskan hire, through a project labor agreement (PLA). Mandating a PLA in AGIA will insure that Alaskan workers will be dispatched through Alaskan hiring halls, Alaskan apprentices will be afforded opportunities to learn their craft, and that wages for medical and retirement benefits will stay in Alaska. A PLA can also include enforceable Alaska Native hire provisions to help address the problem of the 85 percent unemployment rate in some Alaskan villages. Mr. Sharp concluded by encouraging the committees to make sure that a PLA is in place, as a part of AGIA, to ensure that Alaskan workers receive the maximum benefit possible for the development of Alaskan resources.

6:13:28 PM

REE KISSINGER, said that he is an apprentice with International Brotherhood of Electrical Workers (IBEW), Local 1547, and that

he fully supports a PLA agreement through hiring hall systems and local hire.

[6:13:58 PM](#)

DIANA SMITH said she is a member of Alaska State Employees Association (ASEA) and is in support of union hire and Alaskan hire.

[6:14:20 PM](#)

SUZANNA BOBINSKI said that she is a member of ASEA and a resident of Fairbanks. She said she is in favor of local and Alaskan hire.

[6:14:43 PM](#)

JAMIE BASSETT said that she is a member of ASEA, Local 52, and that she was born and raised in Alaska. She said that she fully supports the project labor agreement and that Alaskans are qualified for, and deserve, these jobs.

[6:15:40 PM](#)

WILLIAM HUNT testified that he is an Alaska resident of 25 years, and he supports a project labor agreement to ensure future employment for the next generation.

[6:15:58 PM](#)

MICHAEL COELHO said that he is testifying to support a PLA and local hire so that he may retire, in Alaska, someday.

[6:16:16 PM](#)

KATIE MACKINNON testified that she is a member of ASEA. She said that, in her experience as an eligibility technician for the Division of Public Assistance, she knows that people living in Alaska are looking for jobs, and Alaska needs to use its resources.

[6:16:51 PM](#)

BILL JOHNSON, Member, Laborers; Member, American Federation of State, County and Municipal Employees, said that he is a life-long resident of Alaska, and that he works for ASEA. He voiced his support for a project labor agreement that will maximize the

benefits of resource development to the state, and keep wages in the local economy.

VINCE BELTRAMI, President, Alaska AFL-CIO, stated that he believes the gas pipeline is the most critical issue facing the state. He said:

AFL represents about 60,000 members in the state of Alaska, 15,000, or so, of which are the building trades members. ... In the governor's bill a couple of the main tenets she outlined in her transmittal letter to Senator Green, of the six primary goals, and the sixth was to ensure Alaskans are trained and ready for the jobs and that those jobs are made available to Alaskans. And in the bill under section 43.90.140 ... addresses the hiring qualified residents.... To most easily comply with that requirement and for predictability in planning the construction, scheduling labor needs, safety programs, and a plan ... to begin training Alaskans for a project a few years down the road, it's imperative for the project to be constructed under the terms of a PLA. This will take the guesswork out of the requirements the governor seeks, in regards to local hire and workforce readiness, it will add predictability and stability to the project. ... In cases of extremely large construction projects ... PLAs have some validity. ... Eighty-five percent of [the heavy and highway construction workers] are represented by unions. And of the federally registered apprentices in Alaska, 85 percent are enrolled in our union apprenticeship programs. And, through the terms of a PLA, all qualified residents would have access to working on this job under a PLA, irrespective of their union affiliation or not. And we've also established connections into rural Alaska ... through the union apprenticeship program and the efforts of Alaska Works [Initiative], ... [to] motivate Alaska Natives to enter our programs. ... The U.S. Congress stated, ... when [it] passed the Alaska Natural Gas Pipeline Act [of 2002](ANGPA) ... that [the pipeline] would provide significant economic benefits, and to maxify, maximize those benefits, excuse me, that a project labor agreement should be used. ... Also, in ANGPA, in the statute, there is already a PLA provision in there. ... In summary, I'd [respectfully] ask that you consider amending the act to include the provisions of

a project labor agreement between the successful applicants, and the Alaska Building and Construction Trades Council, for the maximum benefit of all Alaskans.

[6:22:16 PM](#)

DANIEL O'LEARY stated that the number one issue is to have Alaskan hire and a PLA on the gas pipeline. He said Alaskans are demanding a PLA, and want to see the pipeline project proceed.

[6:23:00 PM](#)

DUFFY HALLADAY said that he lived for the last 16 years in Nome. He previously worked on TAPS and noted that many of his co-workers lived out-of-state. Mr. Halladay said that he hoped Alaskans would benefit from the gas pipeline construction jobs. He also said that he felt Alaska hire can be negotiated into the construction contract.

[6:27:07 PM](#)

GERALD KW BROWN said that he felt AGIA is very important, but that the lack of an Alaska hire provision is a glaring error. Presently, oil field workers live outside and do not contribute to the growth of the state. He urged the legislature to include monitoring criteria for the project to ensure that Alaska hire is maintained throughout the life of the pipeline.

[6:28:55 PM](#)

W.T. REEVES informed the committees that he has been trying, for 30 years, to open the last eight miles of the [Dalton Highway]. He has been told that the road can not be completely opened due to the pressure on the wells, and asked if that information was correct. He also questioned the wisdom of constructing a smaller diameter gas pipeline.

[6:30:19 PM](#)

MERRICK PEIRCE asked the legislature to follow Governor Palin's lead on AGIA. One of the cornerstones of the governor's effort to build the gas pipeline for Alaska is to level the playing field for all the parties competing in this process. Mr. Peirce remarked:

What we will see, I predict, after the governor's AGIA is passed by the legislature, is that when all of the proposals are evaluated, you will see something that is readily apparent to many Alaskans. ... The major oil producers not only do not want to see a gas pipeline built, they don't want anybody else to build one either. To amortize the cost of a \$38 billion [Alaska] Highway project, the producers would have to flood the Lower 48 market with natural gas. That would then shift the supply and demand equilibrium heavily in favor of the consumers. ... It is illustrative to see how profitable the limitation of oil supplies has been for the producers due to the disruption in oil supplies from Iraq. ... Of course, the consequence is record high oil prices and record profits for [ExxonMobil Corporation] and the other major producers as well as the [Organization of Petroleum Exporting Countries] members, because supply is limited. ... It was also illustrative, and frankly embarrassing, to watch Frank Murkowski and some of the oil industry [indisc.] supporters within the legislature attempt and fail to craft an ... agreement with the producers, a deal the producers walked away from, in spite of the fact that Murkowski offered generous and unconstitutional giveaways. ... A lot of us will be watching carefully as the oil industry lobbyists ... try to get you to craft exclusionary language to keep the various voter approved entities like ANGA and [Alaska Gasline Port Authority] from being able to compete under AGIA. ... This legislature should try to get a handle on [Federal Energy Regulatory Commission] jurisdiction now. ... So that the ... gas pipeline project isn't delayed later on by FERC jurisdictional issues.

[HB 177 and SB 104 were held over.]

[6:33:47 PM](#)

#### **ADJOURNMENT**

The Senate Resources Standing Committee was recessed at 6:35 p.m., to be continued at 4:00 p.m. on March 22, 2007. [The House Special Committee on Oil and Gas was adjourned at 6:35 p.m.]