

HOUSE CONCURRENT RESOLUTION NO. 3

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES RAMRAS, Millett, Johnson, Chenault, Hawker, Dahlstrom

Introduced: 1/21/09

Referred: House Special Committee on Energy, Resources

A RESOLUTION

1 **Requesting the governor to provide energy security for all Alaskans by taking and**
2 **encouraging all action that would support a natural gas bullet pipeline from the North**
3 **Slope to the Cook Inlet region, including initiating any necessary negotiations to reopen**
4 **the Agrium plant in Kenai.**

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

6 **WHEREAS** natural gas production in the Cook Inlet region of the state has suffered
7 significant decline, resulting in the closure of the Agrium U.S., Inc., facility in Kenai and the
8 risk of inadequate supplies of natural gas to consumers that rely on production from the Cook
9 Inlet region; and

10 **WHEREAS** there are significant quantities of natural gas on the North Slope that
11 could be produced if means for delivering the product to market were available; and

12 **WHEREAS** the major gas pipeline project licensed by the state under AS 43.90
13 (Alaska Gasline Inducement Act) or a similar alternative project that offers five natural gas
14 delivery points in the state is not expected to transport natural gas from the North Slope until
15 after 2016; and

1 **WHEREAS** the people of the state need energy security and access to natural gas now
2 and cannot wait for the completion of the major gas pipeline project from the North Slope;
3 and

4 **WHEREAS** the demand for natural gas in the state is expected to increase steadily;
5 and

6 **WHEREAS** the construction of a smaller gas pipeline, sometimes referred to as a
7 "bullet line," may be capable of delivering the state's natural gas to in-state markets before the
8 major gas pipeline project from the North Slope becomes operational; and

9 **WHEREAS** farms cover more than 25,000 acres in five boroughs with more than 300
10 farmers residing in the Matanuska-Susitna Borough and more than 130 farmers residing in the
11 Fairbanks area; and

12 **WHEREAS** the value of farms in the state is approximately \$22,700,000; and

13 **WHEREAS** Alaska farms need fertilizer for crops, particularly in the form of urea for
14 hay and grain crops; and

15 **WHEREAS** Agrium U.S., Inc., owns the only urea fertilizer plant in the state, and
16 that plant was closed in 2007 because of lack of natural gas as feedstock for the plant; and

17 **WHEREAS** the closure of the urea fertilizer plant resulted in the loss of more than
18 150 jobs; and

19 **WHEREAS** the closure of the urea fertilizer plant and loss of an instate source of
20 fertilizer resulted in a 400 percent increase in the cost of fertilizer to farmers in the state
21 because of the costs of shipping fertilizer into the state; and

22 **WHEREAS** the loss of farms or the reduction in farming represents a threat to food
23 security in the state; and

24 **WHEREAS** a natural gas bullet pipeline that delivers natural gas from the North
25 Slope to the Cook Inlet region could provide necessary feedstock for the renewed operation of
26 the urea fertilizer plant owned by Agrium U.S., Inc.; and

27 **WHEREAS** known quantities of natural gas are available to be transported in a
28 natural gas bullet pipeline to the urea fertilizer plant, enabling the reopening of the plant
29 owned by Agrium U.S., Inc.;

30 **BE IT RESOLVED** that the Alaska State Legislature requests the governor to
31 provide energy security for all Alaskans by taking and encouraging all action necessary to

1 promote and support a natural gas bullet pipeline for delivering natural gas from the North
2 Slope to the Cook Inlet region of the state, including initiating any necessary negotiations to
3 reopen the Agrium U.S., Inc., facility in Kenai as a potential user of natural gas delivered
4 from the North Slope and a manufacturer of fertilizer and ammonia for use in the state and for
5 export.