

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 27, 2013

1:04 p.m.

MEMBERS PRESENT

Representative Eric Feige, Co-Chair
Representative Dan Saddler, Co-Chair
Representative Peggy Wilson, Vice Chair
Representative Mike Hawker
Representative Craig Johnson
Representative Paul Seaton
Representative Geran Tarr
Representative Chris Tuck

MEMBERS ABSENT

Representative Kurt Olson

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 6

Relating to legacy wells and legacy well sites; urging the United States Department of the Interior, Bureau of Land Management, to open new areas of the National Petroleum Reserve - Alaska for environmentally responsible oil and gas development; and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites.

- MOVED HJR 6 OUT OF COMMITTEE

HOUSE BILL NO. 99

"An Act extending the termination date of the Alaska Minerals Commission."

- MOVED CSHB 99(RES) OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 7

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

- MOVED CSHJR 7(RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 6

SHORT TITLE: LEGACY OIL WELL CLEAN UP/AWARENESS; NPR-A

SPONSOR(s): REPRESENTATIVE(s) MILLETT

01/28/13 (H) READ THE FIRST TIME - REFERRALS
01/28/13 (H) RES
02/27/13 (H) RES AT 1:00 PM BARNES 124

BILL: HB 99

SHORT TITLE: ALASKA MINERALS COMMISSION

SPONSOR(s): REPRESENTATIVE(s) SADDLER

02/01/13 (H) READ THE FIRST TIME - REFERRALS
02/01/13 (H) RES, FIN
02/25/13 (H) RES AT 1:00 PM BARNES 124
02/25/13 (H) Heard & Held
02/25/13 (H) MINUTE(RES)
02/27/13 (H) RES AT 1:00 PM BARNES 124

BILL: HJR 7

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(s): REPRESENTATIVE(s) GATTIS

02/06/13 (H) READ THE FIRST TIME - REFERRALS
02/06/13 (H) RES
02/27/13 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE CHARISSE MILLETT

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HJR 6.

U.S. SENATOR LISA MURKOWSKI

United States Senate

Washington, District of Columbia

POSITION STATEMENT: Testified in support of HJR 6.

CATHY FOERSTER, Commissioner

Alaska Oil and Gas Conservation Commission (AOGCC)

Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation entitled, "BLM Legacy Wells: Environmental Hazards and Eyesores," and answered questions during the hearing of HJR 6.

BUD CRIBLEY, State Director-Alaska
Bureau of Land Management
U.S. Department of the Interior
Anchorage, Alaska

POSITION STATEMENT: Provided a status update on the legacy wells located in the National Petroleum Reserve-Alaska (NPR-A) and answered questions during the hearing of HJR 6.

PAMELA A. MILLER, Arctic Program Director
Northern Alaska Environmental Center (NAEC)
Fairbanks, Alaska

POSITION STATEMENT: Testified during the hearing of HJR 6, and testified in opposition to HJR 7.

DEANTHA CROCKETT, Executive Director
Alaska Miners Association (AMA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 99.

MARLEANNA HALL, Project Coordinator
Resource Development Council for Alaska, Inc. (RDC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 99.

REPRESENTATIVE LYNN GATTIS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Speaking as the prime sponsor, introduced the proposed committee substitute (CS) to HJR 7, Version 28-LS0399\N.

DANIEL LUM
Barrow, Alaska

POSITION STATEMENT: Testified in opposition to HJR 7.

PRINCESS LUCAJ, Executive Director
Gwich'in Steering Committee
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HJR 7.

ADRIAN HERRERA, Washington DC Coordinator
Arctic Power
Washington, District of Columbia

POSITION STATEMENT: Testified in support of HJR 7.

JULIE KITKA, President

Alaska Federation of Natives (AFN)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 7.

TARA SWEENEY, Senior Vice President of External Affairs
Arctic Slope Regional Corporation (ASRC)
Barrow, Alaska

POSITION STATEMENT: Testified in support of HJR 7.

JAMES SULLIVAN, Representative
Southeast Alaska Conservation Council
Juneau, Alaska

POSITION STATEMENT: Submitted written opposition to HJR 7.

LINDA SYLVESTER, Staff
Representative Lynn Gattis
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Gattis, prime sponsor, explained Conceptual Amendment 1 to HJR 7.

ACTION NARRATIVE

[1:04:21 PM](#)

CO-CHAIR DAN SADDLER called the House Resources Standing Committee meeting to order at 1:04 p.m. Representatives Tarr, P. Wilson, Seaton, Feige, and Saddler were present at the call to order. Representatives Hawker, Tuck, and Johnson arrived as the meeting was in progress.

HJR 6-LEGACY OIL WELL CLEAN UP/AWARENESS; NPR-A

[1:04:39 PM](#)

CO-CHAIR SADDLER announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 6, Relating to legacy wells and legacy well sites; urging the United States Department of the Interior, Bureau of Land Management, to open new areas of the National Petroleum Reserve - Alaska for environmentally responsible oil and gas development; and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites.

[1:05:02 PM](#)

REPRESENTATIVE CHARISSE MILLETT, Alaska State Legislature, speaking as the prime sponsor of HJR 6, informed the committee that an identical resolution passed the Alaska State Legislature last year, and invited comments from U. S. Senator Lisa Murkowski.

[1:05:50 PM](#)

U.S. SENATOR LISA MURKOWSKI said she is adamant that a solution must be found for the issues addressed by HJR 6. The U.S. Senate Committee on Energy and Natural Resources held a hearing last summer to bring national attention to the issue of legacy well remediation, and to educate members of Congress on the dire situation within the National Petroleum Reserve-Alaska (NPR-A). She said at that hearing, Bud Cribley, State Director - Alaska, U.S. Bureau of Land Management (BLM), committed that BLM would prepare an action plan for well remediation; unfortunately, that document has not been presented. However, she pledged to continue to press BLM and the U. S. Department of Interior (DOI) to formulate an action plan and to keep their promise to begin the remediation of leaking wells. Recently, Senator Lisa Murkowski brought this situation to the attention of Secretary of the Interior Nominee Sally Jewell, making clear that DOI is engaged in a double standard when it comes to its responsibility for cleanup. Furthermore, the Senator has obtained a six-fold increase in funding for legacy well cleanup within the DOI appropriations bill, which should lead to action on this issue. She stated that the situation within NPR-A is the pinnacle of environmental negligence and hypocrisy by DOI, which holds private industry to the highest standards regarding environmental protection. Alaskans want reasonable exploration and development, but not at the risk of the environment, and she commended private industry within the state for its compliance; however, the federal government should meet the same standards. Coupled with other broken promises to Alaskans, the situation in NPR-A has strained the state's relationship with the federal government. She also questioned DOI's failure to fund well remediation efforts within NPR-A, pointing out that is a more pressing need than purchasing additional land. The Senator said Alaskans are united on this issue and urged the committee to pass HJR 6 in order to inform the federal administration that the status quo is unacceptable.

[1:11:30 PM](#)

CO-CHAIR FEIGE asked whether the Senator has suggestions as to whom committee members should discuss this issue with during their Energy Council visit to Washington, DC.

U. S. SENATOR LISA MURKOWSKI advised the committee should go directly to Ken Salazar, Secretary of the Interior, because he needs to know how important this problem is to Alaskans. During his visit to legacy well sites last year, although she provided the location of a particularly grievous example, he toured only those wells identified by BLM that had already been cleaned up. She offered to provide assistance with contacts through her staff.

[1:14:48 PM](#)

REPRESENTATIVE MILLETT continued her presentation, noting that changes in HJR 6 from last session's resolution are reflected in the sponsor statement. As an aside, she made comments on the upcoming energy council meetings. Returning to the resolution, she noted that members of Congress are not aware of what is happening in Alaska related to the legacy wells, or even that they exist. Representative Millett pointed out that \$9.4 billion has been collected from lease sales in NPR-A; a private sector producer with this income would be assessed \$40 billion in fines. She further advised that AOGCC Commissioner Cathy Foerster and she have met with BLM in Washington, DC, on four occasions.

REPRESENTATIVE SEATON directed attention to the HJR 6 resolve on page 3, line 18, related to BLM turning over the responsibility for plugging wells, and to the resolve on page 4, line 1, related to opening new areas. He asked whether HJR 6 should include a resolve directly requesting BLM to lease areas containing legacy wells under certain conditions.

[1:18:43 PM](#)

REPRESENTATIVE MILLETT acknowledged that when testifying before the U.S. Senate, she was asked to provide solutions. Therefore, she offered the following four solutions: transfer NPR-A to the state; convey to the state areas around the legacy wells; open legacy well sites for lease and mandated remediation; or pay the state \$9.4 billion. Speaking as the sponsor, she said she would not oppose adding the amendment, but was confident the federal government would not transfer any land in NPR-A to the state.

REPRESENTATIVE SEATON assured the sponsor he did not want to slow the resolution's progress, but to provide an option.

REPRESENTATIVE MILLETT said that option is part of her testimony before the Senate. In further response to Representative Seaton, she offered to provide language for the amendment, and to co-sponsor a floor amendment.

REPRESENTATIVE JOHNSON recalled that many of the affected areas have been permanently set aside by Secretary Salazar. He inquired as to how the legislature can direct that remediation is completed before the land is transferred, or remediation may never be done.

[1:24:03 PM](#)

REPRESENTATIVE MILLETT observed the irony that the very land the federal government is trying to save from development has leaking oil and gas wells, and barrels strewn about. This issue first arose in 1944, and it is apparent that preserving the land but not cleaning up the wells is hypocritical.

REPRESENTATIVE JOHNSON feared locking the land up so the problem can be ignored.

REPRESENTATIVE MILLETT said maybe, the Environmental Protection Agency (EPA) statute of limitations has run out. She told the committee one of the wells in the Colville River was buried by an avalanche and is inaccessible; some are in marshes or becoming lakes and are a threat to wildlife and subsistence hunters. Another major question is why not one environmental group has helped get the wells cleaned up, yet they continue to carefully watch producers on the North Slope for the slightest infraction.

[1:31:09 PM](#)

CATHY FOERSTER, Commissioner, Alaska Oil and Gas Conservation Commission (AOGCC), thanked Representative Millett and U.S. Senator Lisa Murkowski for their past work on this issue because progress is now being made. She emphasized that the passage of HJR 6 will keep attention on the matter, and maintains momentum. The resolution last year prompted a presentation before the U.S. Senate Energy Committee which spurred a commitment between AOGCC and BLM to produce an assessment and plan for each well. Although BLM and AOGCC are not in agreement with the condition or management of each well, the two agencies will continue to

work together. Commissioners at AOGCC initiated a monthly public review of wells with comments from BLM. This is a new approach which is effective; in fact, ten wells have been removed from the "concerns list" through agreement on shallow boreholes. At this time, AOGCC is studying wells that have been plugged by BLM, but that do not meet Alaska's regulations. Compared to last year, the assessment phase has progressed. In addition, Ms. Foerster explained that due to the previous resolution, small amounts of monies are being allocated to be used on high-priority wells with mutual understanding.

[1:36:36 PM](#)

REPRESENTATIVE JOHNSON asked for assurance that methane gas will not be a problem for wells drilled less than 50 feet deep.

MS. FOERSTER said that is not a problem for the ten wells removed from the list. In further response to Representative Johnson, she said there may be a risk to someone traveling by snow machine over the tundra in winter, or to berry pickers in summer. She provided pictures of oil barrels and contaminated lakes.

REPRESENTATIVE JOHNSON posed circumstances of a lake recently contaminated by an old well and asked whether EPA would assess this as a new problem even if the statute of limitations had expired on the well site.

MS. FOERSTER relayed she approached the environmental crimes unit of the EPA and was informed "because these crimes occurred X years ago, they're outside of the statute of limitations." She displayed a slide of the Iko Bay 1 well located near Barrow, which is leaking methane gas - a human health risk.

REPRESENTATIVE TARR noted there are abandoned U.S. Department of Defense (DoD) sites in the northern regions, and asked whether there is an opportunity to combine cleanup efforts with those on abandoned military sites to be more efficient.

MS. FOERSTER deferred to a representative of the federal government.

[1:41:28 PM](#)

BUD CRIBLEY, State Director-Alaska, Bureau of Land Management, U.S. Department of the Interior, directed attention to a written

statement provided in the committee packet, and summarized from that statement as follows:

Essentially what we want to do is reaffirm BLM's commitment to working on the legacy well issue up in the National Petroleum Reserve. We have, as we have previously testified, committed to completing and providing information to AOGCC and our other partners up on the North Slope, our current assessment of the status of all of those wells; we've provided copies of that draft report to those entities including the AOGCC asking them ... if they have additional information to provide to us to include into that assessment. We would use that in future evaluation of risks of those wells out on the NPR-A. Then also want to reaffirm our commitment to you all and also to the Senator, that we will from that information and working with AOGCC develop a strategy on our future work up there as far as identifying priority wells and putting together a strategy on how we will work to mitigate those wells and the risks that they pose. The BLM has been ... in 2004, BLM completed its first assessment of the wells. At that time we put together a plan of, or identified, the highest risk wells and put together a plan in which we addressed those wells and mitigated those wells. Up until 2012, we have been able to address all of those but the Iko Bay well. So, and ... since 2002 the federal government has invested over \$86 million in mitigation of concerns with ... both surface disturbance and also with the wells' down-hole issues on wells on the North Slope. We have been committed and continue to be committed on this issue. We recognize the importance of it, and the need to work on this issue. So, it is not our intent to ignore or to not fulfill what our responsibilities are on managing those public lands.

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MR. CRIBLEY reemphasized that BLM is working as a partner with AOGCC on identifying the issues with the wells, and to look for resolutions. In addition, BLM will work with AOGCC to develop a strategy on determining the priority wells, and how to best consolidate operations to complete the work.

CO-CHAIR FEIGE asked for the status and delivery dates for the undelivered document mentioned by U.S. Senator Lisa Murkowski,

and for the final summary report and draft five-year plan referred to in Mr. Cribley's written statement.

MR. CRIBLEY responded the summary report has been delivered to AOGCC and to BLM's working partners on the North Slope for their review and additions, if necessary. At the time all of the information is collected, BLM will meet with its partners to identify priority wells and the process for their mitigation. He acknowledged the original intent was to have this task completed by the end of 2012.

CO-CHAIR FEIGE assumed that whatever strategy BLM pursues will cost money. Given the present financial restraints on the federal government, he asked how much revenue is received in annual lease payments and whether a portion of that revenue could be directed towards well cleanup.

MR. CRIBLEY said the federal government has received about \$393 million in revenue from lease sales in NPR-A since the 1980s. Fifty percent of that revenue has gone to the State of Alaska, the other half into the federal treasury. Annual rental rates on existing leases total about \$4.5 million, of which 50 percent goes to the state and 50 percent into the federal treasury. Mr. Cribley advised making those funds available to the BLM would require a legislative change because of leasing regulations. He restated that the federal government has invested \$86 million in work on the wells in NPR-A, which is very unusual.

[1:48:40 PM](#)

CO-CHAIR FEIGE reminded Mr. Cribley that almost every state requires a bonding program before drilling a well is allowed. He pointed out that the federal government's share of the initial lease payments has been about \$190 million, which is an amount sufficient to plug many wells.

REPRESENTATIVE JOHNSON asked how many wells with problems have been "fixed" with the \$86 million.

MR. CRIBLEY answered that 18 wells have been mitigated since 2002. In further response to Representative Johnson, he explained those wells were identified as priorities in 2004. All but one of the priorities have been dealt with, and at this time, remaining wells are being reassessed for environmental and human health risks.

REPRESENTATIVE JOHNSON displayed a photo of barrels in a pool with debris. He asked if it is an old picture.

MR. CRIBLEY said he was unsure when the picture was taken, but surmised the situation is unchanged. He noted that the well at the site pictured was plugged by BLM and the structure has been reattached above ground. The oil/water on the site is not a lake but an oil seep that occurs naturally on the North Slope in certain areas. The barrels were not cleaned up because BLM did not have the money or the ability; however, the site remains on BLM's priority list although there are questions as to how to remove the surface debris.

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REPRESENTATIVE JOHNSON asked about the condition of the mitigated 18 wells.

MR. CRIBLEY explained each well is different with individual issues, many of which are related to the status of the well itself. In most cases, the biggest issue is plugging the actual well and not the debris that is left behind.

REPRESENTATIVE JOHNSON said he does not see commitment, but only involvement, and would like to see more commitment from BLM.

REPRESENTATIVE TARR returned to the question she posed earlier about the opportunity for agencies such as BLM and DoD to collaborate and work together more efficiently to address nearby abandoned DoD sites along with the legacy wells. In addition, she inquired whether the cost would remain at an average of \$5 million each for wells of lessor priority.

MR. CRIBLEY assured the committee that BLM has been working with other agencies on DoD sites whenever an opportunity to minimize costs arises. In fact, the next strategy will include leveraging costs with other activities in the area in order to expand the amount of mitigation work possible. As far as the cost per well, although each project is different, grouping the projects will reduce the cost per well. He could not provide a long-term projection of total cost. In further response to Representative Tarr, he clarified that the report that has been received is the well assessment, updated inventory report. Once the inventory report is finalized, BLM will begin work on the strategic plan which will be available to the public. He then confirmed that BLM leadership is committed to pursuing collaboration with other entities.

1:57:35 PM

REPRESENTATIVE HAWKER asked whether Mr. Cribley agrees with Ms. Forester's assessment of the Iko Bay well situation.

MR. CRIBLEY said BLM recognizes the Iko Bay well is a leaking well, and although monitoring crews were on site this year and found there is minor seepage right now, it is still important to remediate that well as conditions can change.

REPRESENTATIVE HAWKER questioned why the well has not been dealt with in nine years.

MR. CRIBLEY attributed the delay to funding and the agency's incapacity to accomplish that task.

REPRESENTATIVE HAWKER expressed his concern about the level of cooperation between BLM and AOGCC regarding the wells that have been plugged. For example, does BLM comply with Alaska's standards in that regard?

MR. CRIBLEY acknowledged he cannot say whether all of the wells have been plugged to all of Alaska's standards at this point. However, he said BLM intends to continue to work to reach consensus with AOGCC on standards; BLM recognizes difficulties in the working relationship with AOGCC and seeks to come to agreement on what work needs to be done on the ground.

REPRESENTATIVE HAWKER remained concerned about the quality of BLM's remediation process.

2:01:04 PM

MR. CRIBLEY explained BLM generally tries to remediate the well and the site, depending on the agency's capacities and goals.

REPRESENTATIVE HAWKER opined there is a very significant difference of opinion between BLM, those who live on the North Slope, and AOGCC, about the quality and competence of the work that has been done to date.

MR. CRIBLEY stated BLM's intent in sharing its updated assessment report is to allow for its partners to respond regarding the condition of the wells. The wells on the assessment list are also included in the inventory for comment.

CO-CHAIR SADDLER agreed with Representative Johnson.

REPRESENTATIVE JOHNSON asked whether BLM is required to file for permits to begin remediation work.

MR. CRIBLEY said no. In further response to Representative Johnson, Mr. Cribley said BLM follows the same standard operating procedures and mitigations that are placed on private companies to mitigate impacts to the environment when accessing sites and doing work, thus the high cost and delays. There are sites around Barrow that can be accessed in summer, but most activities are focused during winter, as are private projects.

MS. FOERSTER informed the committee every operator who drills a well or performs well work - including plugging and abandonment - is required by Alaska statute and regulation to get permission from AOGCC. However, BLM is of the opinion it does not need to do so.

[2:05:50 PM](#)

CO-CHAIR SADDLER opened public testimony on HJR 6.

[2:06:10 PM](#)

PAMELA A. MILLER, Arctic Program Director, Northern Alaska Environmental Center (NAEC), said her organization was not prepared to speak to the resolution at this time; however, she informed the committee that beginning in 1997, the environmental community brought this issue to the attention of BLM and urged that no new wells should be drilled before others were cleaned up. In 2002, concerns about dismantling and restoration of old oil field facilities led to a review of the matter by the U.S. General Accountability Office (U.S.GAO). The U.S. GAO review brought out the role of the Department of Environmental Conservation (DEC), which was involved from 1992 in the work done by BLM and the U.S. Geological Survey related to reserve pit sites surrounding the wells. In 1995, DEC declared that no further cleanup work was required on 27 NPR-A drilling waste sites to reduce the risk to surface water in the area. Her personal experience is that in 1992, 28 of the pit sites exceeded the toxicity criteria of one or more water quality standards. The U.S. GAO review also looked at state and federal bonding requirements for wells, noting that the bonding requirement per well in Alaska is \$200,000 to \$500,000. She concluded, saying there are many dozens of contaminated sites on state land awaiting funding. In response to Co-Chair Saddler,

she restated NAEC cannot take a position without seeing the final version of the resolution that is reported from committee.

[2:10:42 PM](#)

CO-CHAIR FEIGE asked how much NAEC has spent trying to bring this issue to the attention of BLM.

MS. MILLER advised NAEC has raised the issue repeatedly. In response to Representative P. Wilson, she said emails have been utilized to raise public awareness.

CO-CHAIR FEIGE asked whether NAEC has ever initiated legal action against the federal government in this matter.

MS. MILLER said no. The major problem is funding, and NAEC historically works through the administrative processes of BLM and DEC.

[2:14:15 PM](#)

REPRESENTATIVE TARR asked whether Ms. Miller has concerns about aspects of the proposed conceptual amendment.

MS. MILLER did not clearly hear all four options. Her organization supports the existing BLM land use plan, final decision [Record of Decision executed 2/21/13] which allows the pipeline corridor through NPR-A. She opined the best option ties the operations to the leaseholder so that areas are cleaned up before new operations begin.

[2:15:35 PM](#)

CO-CHAIR SADDLER, after ascertaining that no one else wished to testify, closed public testimony.

[2:15:52 PM](#)

CO-CHAIR SADDLER handed the gavel to Co-Chair Feige.

[Final action on HJR 6 is reported at the conclusion of this meeting.]

HB 99-ALASKA MINERALS COMMISSION

[2:16:10 PM](#)

CO-CHAIR FEIGE announced that the next order of business would be HOUSE BILL NO. 99, "An Act extending the termination date of the Alaska Minerals Commission." [Before the committee was Version 28-LS0430\N, Martin, 2/15/13, adopted as the work draft on 2/25/13.]

CO-CHAIR SADDLER recalled the previous discussion of HB 99, which seeks to extend the expiration date of the Alaska Minerals Commission, noting that the proposed committee substitute (CS) extends the expiration date for an additional ten years, adds provisions for three-year staggered terms - including term limits - and allows for the election of a commission chair and vice-chair. Included also are provisions in uncodified law, allowing the commission to transition to staggered terms. He summarized, saying the Alaska Minerals Commission has proven effective and provides an affordable voice for an important sector of the state's economy, and urged for passage of the bill.

REPRESENTATIVE JOHNSON asked whether there is a reason for establishing an eleven-member board rather than saving costs and seating a nine-member board.

CO-CHAIR SADDLER responded this board is one of the most economically operated boards; in fact, its funding request of \$13,000 covers travel for members of the commission and the publication of its annual recommendations. Seating eleven members allows for representation of all aspects of the minerals industry, and helps ensure a quorum at meetings.

[2:18:44 PM](#)

CO-CHAIR FEIGE opened public testimony on HB 99.

[2:19:23 PM](#)

DEANTHA CROCKETT, Executive Director, Alaska Miners Association (AMA), informed the committee AMA is a statewide business association representing the mining industry in Alaska, Alaska's seven large mines, ongoing exploration projects, placer miners, sand and gravel operators, and industry vendors. She expressed AMA's support for HB 99 and said the Alaska Minerals Commission is very beneficial, and is appreciated by AMA members. The commissioners represent a diverse background and are in close contact with AMA when making recommendations to the governor and the legislature on mining policy. Ms. Crockett encouraged the committee to review the statement of support from the Department

of Commerce, Community & Economic Development. She provided a brief summary of the mining industry's economic benefits to the state and local communities. Her organization supports the proposed CS, and she urged for its passage.

[2:21:38 PM](#)

MARLEANNA HALL, Project Coordinator, Resource Development Council for Alaska, Inc. (RDC), said that RDC is a statewide membership-funded business association representing the forestry, oil and gas, mining, tourism, and fishing industries. She provided a brief history of the mining industry in Alaska, adding that RDC believes the Alaska Minerals Commission provides a necessary voice on issues and recommendations for the betterment of the state's mineral industry. The commission makes recommendations in an effort to promote exploration and development, and to ensure policy-makers have the information they require. Ms. Hall said RDC supports the proposed CS and urged for passage of the bill.

[2:23:14 PM](#)

CO-CHAIR FEIGE, after ascertaining no one else wished to testify, closed public testimony.

[2:24:00 PM](#)

REPRESENTATIVE P. WILSON moved to report the proposed committee substitute (CS) for HB 99, Version 28-LS0430\N, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 99 (RES) was reported out of the House Resources Standing Committee.

[2:24:30 PM](#)

The committee took a brief at-ease.

HJR 7-ENDORSING ANWR LEASING

[2:24:36 PM](#)

CO-CHAIR SADDLER announced that the next 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 to oil and gas exploration, development, and production; relating to oil and gas

exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

[2:27:30 PM](#)

REPRESENTATIVE LYNN GATTIS, Alaska State Legislature, speaking as the prime sponsor, informed the committee the proposed committee substitute (CS) provides minor grammatical modifications to HJR 7.

[2:27:51 PM](#)

REPRESENTATIVE SEATON moved to adopt Version 28-LS0399\N, Nauman, 2/26/13, as the working document. There being no objection, Version N was before the committee.

REPRESENTATIVE GATTIS stated that HJR 7 urges Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration, development, and production. She expressed frustration that "our hands are tied" with respect to oil exploration in the 1002 area of ANWR, even though geological indicators predict that the area contains 8 percent of the nation's undiscovered oil. Clearly, ANWR is a key component of the nation's effort to achieve energy independence, when combined with other alternatives. Further, oil development in ANWR will garner great financial benefit to Alaska. Representative Gattis recalled legislation before Congress in 1995 and 2002 that could have led to oil production. She restated the potential for economic benefit to the state and the nation, and urged that the committee support the resolution.

[2:31:09 PM](#)

CO-CHAIR SADDLER opened public testimony on HJR 7.

[2:31:54 PM](#)

DANIEL LUM informed the committee he is a former tour operator and author. Mr. Lum said as an Alaskan it is frustrating to hear arguments about ANWR raised by those who do not live on the North Slope. While scientists and politicians debate, subsistence users see that climate change is real because of the absence of ice packs, and the melting permafrost on the tundra and beneath the lakes. As the Arctic climate shifts, the effects are coastal erosion, the decline of land and marine species, and the arrival of invasive bird species: small changes in global climate bring massive changes to plants,

fungus, and lichen on the North Slope. Mr. Lum explained that with change, certain areas become increasingly more important, such as the biological stronghold of the North Slope - the coastal plain of ANWR. When the refuge was created, the intent was to establish a wilderness refuge for wildlife, however, industry has targeted the biological heart of the refuge, which is the calving grounds of the Porcupine Caribou Herd and where polar bears den. He urged that the committee not support the resolution.

[2:34:12 PM](#)

PAMELA A. MILLER, Arctic Program Director, Northern Alaska Environmental Center (NAEC), stated that NAEC and fourteen other environmental organizations in Alaska - representing residents from Kaktovik to Juneau - issued written opposition to HJR 7 and in support for protecting ANWR. She pointed out that the area is a refuge originally established by President Eisenhower, including the coastal plain. It was expanded by the Alaska National Interest Lands Conservation Act (ANILCA) and work continues to permanently protect the coastal plain area. She said the organizations opposing the resolution identified four major reasons for continued protection of the refuge: oil, gas, and wilderness are not compatible; the ANWR coastal range is important ecologically and culturally; tourism is vital to Alaska's economy and business; and alternative ways to meet energy needs must be pursued. Finally, in response to previous testimony, she said the proposed federal legislation sponsored by U.S. Representative Don Young will open the entire coastal plain area to oil and gas, although according to the U.S. Geological Survey, the oil is located in small, scattered pockets. In comparison, Prudhoe Bay is one large oilfield. Her personal experience is that ANWR is a vital and remarkable area, and an asset to Alaska for future generations.

REPRESENTATIVE JOHNSON requested a copy of the letter of opposition and a list of the signatory organizations.

MS. MILLER will provide a copy.

[2:38:23 PM](#)

PRINCESS LUCAJ, Executive Director, Gwich'in Steering Committee, said her grandparents are of Arctic Village and expressed her appreciation to her elders and ancestors who spoke with one voice to support protection of the refuge and its coastal plain. She recalled her grandmother saying her grandmother's elders

predicted changes in the weather, the effects of which are now seen in Alaska and the nation. Living in an oil state creates a conundrum between the revenue from oil and setting aside the last 5 percent of the North Slope that is not open to development. Ms. Lucaj relayed recent conversations with workers on the North Slope and miners who love Alaska, hunting, and fishing, and believe that areas like the refuge should be protected. She said her heritage has taught her to fight to protect the unique way of life of one of the last indigenous peoples who can live off the land.

[2:41:40 PM](#)

ADRIAN HERRERA, Washington DC Coordinator, Arctic Power, stated that Arctic Power is a nonprofit organization that runs a national grassroots advocacy campaign for environmentally responsible oil and gas development of the 1002 area of the coastal plain. Organized in 1992, Arctic Power receives grant funds from the State of Alaska and works closely with the Alaska Congressional Delegation and the governor's office. Arctic Power supports HJR 7; in fact, opening 1002 is perhaps one of the single most important energy policy acts for the nation. Just this year, two proposed bills have been introduced in Congress that contain ANWR 1002 provisions, and about fifteen more are expected during this session. As a matter of fact, single houses of Congress have passed legislation to open the 1002 area of ANWR fifteen times in the past thirty-three years, most recently last year. Each resolution passed by the Alaska State Legislature to open the 1002 area of ANWR is delivered by Arctic Power to Congressional offices and to many non-governmental agencies. Mr. Herrera opined this is the most important action taken to convey the wishes and beliefs of the residents of Alaska; a past study showed that over 50 percent of all public respondents who were initially against 1002 development, changed their minds when told that a majority of Alaskans and state government support this issue. He assured the committee that Arctic Power will continue to inform others that development and nature can coexist, and that development of the 1002 area is crucial to the nation's transition to new alternative energy resources, funded by trust funds from oil taxes.

[2:46:39 PM](#)

JULIE KITKA, President, Alaska Federation of Natives (AFN), explained AFN's position of support for HJR 7 was taken after extended debate and discussion. The official position of AFN is

to support careful and responsible development because Alaska has a responsibility to further energy security in the national interest.

[2:48:16 PM](#)

TARA SWEENEY, Senior Vice President of External Affairs, Arctic Slope Regional Corporation (ASRC), informed the committee ASRC is owned by 11,000 Inupiat shareholders and was formed pursuant to the Alaska Native Claims Settlement Act (ANCSA) in 1971. The corporation owns approximately 5,000,000 acres of land within the boundaries of the North Slope. In addition, ASRC and Kaktovik Inupiat Corporation, the Native corporation for the Village of Kaktovik, own more than 92,000 acres of subsurface and surface acreage inside the coastal plain. These lands hold significant promise for onshore oil and gas development and both organizations remain committed to developing resources in a manner that respects Inupiat subsistence values, protects culture, and ensures proper care of the environment. As a result of a provision in the Alaska National Interest Lands Conservation Act (ANILCA) these lands remain protected awaiting further action from Congress, which is the basis for ASRC's support for HJR 7. In addition, her organization requests that the surface and subsurface ownership of both ASRC and Kaktovik Inupiat Corporation are acknowledged in the resolution because the resolution is aligned with ASRC's mission to enhance Inupiat economic opportunity while protecting subsistence freedoms. Ms. Sweeney reminded the committee that the Arctic is an unforgiving climate and home to the residents of Kaktovik - the only village within the boundaries of ANWR - who subsist from the land and the sea; in fact, no one would suffer greater harm from the mismanagement of the coastal plains lands. She opined it is possible to develop the coastal plains oil and gas reserves and allow access to energy resources with a minimum footprint in the refuge and without a significant disturbance to wildlife. The legislature should take a leadership role to promote sound energy policy and responsible oil and gas development to provide a safe and secure source of energy to the nation and to create jobs for Alaskans. The coastal plain has been home to the Inupiat people for over 10,000 years and ASRC would not support development of this area if it would have an adverse effect on subsistence; however, without further development in the region, communities will not survive.

REPRESENTATIVE HAWKER asked that the sponsor take heed of Ms. Sweeney's counsel about respecting the private property rights

and interests within the 1002 area that are being completely and totally disrespected by the federal government.

[2:52:37 PM](#)

JAMES SULLIVAN, representing the Southeast Alaska Conservation Council (SEACC), submitted written comments from SEACC and fourteen other organizations across the state and the nation in opposition to HJR 7. He said the organizations feel that the refuge should remain a refuge, devoid of exploration and development. In response to Representative Tarr, he said the signatory organizations are: Alaska Center for the Environment, Alaska Community Action on Toxics, Alaska Wilderness League, Alaska Quiet Rights Coalition, Arctic Audubon, Audubon Alaska, Friends of Alaska National Wildlife Refuges, Gwich'in Steering Committee, National Wildlife Federation, Northern Alaska Environmental Center, Pacific Environment, Sierra Club, Resisting Environmental Destruction on Indigenous Lands, The Wilderness Society, and Southeast Alaska Conservation Council.

[2:54:19 PM](#)

CO-CHAIR SADDLER, after ascertaining that no one else wished to testify, closed public testimony.

REPRESENTATIVE JOHNSON remarked:

I find it a little disingenuous that the good committee from Fairbanks testified earlier that they would not support the cleanup of oil wells, but yet they come forward to oppose the opening of ANWR. So, I just wanted to make sure that that was clear and on the record.

[2:54:57 PM](#)

REPRESENTATIVE P. WILSON moved Conceptual Amendment 1 that read:

On page 4, line 2, delete "Inuit" and add "Inupiat"

REPRESENTATIVE WILSON explained that the word Inuit includes all of the people, and Inupiat includes all of those living on the North Slope.

[2:55:57 PM](#)

LINDA SYLVESTER, Staff, Representative Lynn Gattis, Alaska State Legislature, informed the committee that the correction was brought forward by Representative Nageak, who is from the Village of Kaktovik.

[2:56:41 PM](#)

There being no objection, Conceptual Amendment 1 was adopted.

MS. SYLVESTER advised the sponsor of HJR 7 would consider the conceptual amendment brought forward by Tara Sweeney to be a friendly amendment, and suggested drawing the language of the amendment from Representative Hawker's statement.

[2:57:19 PM](#)

REPRESENTATIVE HAWKER moved to adopt Conceptual Amendment 2, which is that Legislative Legal Services, Legislative Affairs Agency, is authorized to draft an amendment to HJR 7 that recognizes the substantial private property interests of Kaktovik Inupiat Corporation and ASRC in this area, and that those property rights be respected. He further asked for Legislative Legal to be granted large latitude to work with the sponsor, and with Ms. Sweeney, on that language.

CO-CHAIR SADDLER restated the intent of Conceptual Amendment 2.

REPRESENTATIVE HAWKER stressed the importance that the conceptual amendment reflect the following: the land is held in private property ownership; the development of the land is being obstructed by federal policy; these are lands that were conveyed to the Arctic people by part of the terms and qualifications of ANCSA; these are their legacy lands that they were charged with economically developing for the future of their people; and they are being denied the opportunity for that development through the federal government's own denial of access to the lands that were given specifically for that purpose.

[2:59:03 PM](#)

There being no objection, Conceptual Amendment 2 was adopted.

[2:59:19 PM](#)

CO-CHAIR FEIGE moved to report the proposed CS for HJR 7, Version 28-LS0399\N, as amended, out of committee with individual recommendations and zero fiscal notes. There being

no objection, CSHJR 7(RES) was reported from the House Resources Standing Committee.

[2:59:43 PM](#)

CO-CHAIR SADDLER handed the gavel back to Co-Chair Feige.

HJR 6-LEGACY OIL WELL CLEAN UP/AWARENESS; NPR-A

[Initial discussion of HJR 6 occurs at the beginning of this meeting.]

[3:00:04 PM](#)

CO-CHAIR FEIGE returned attention to the consideration of HJR 6.

[3:00:34 PM](#)

REPRESENTATIVE SEATON moved Conceptual Amendment 1 which read:

Page 3 after line 22

Insert:

"**Further Resolved** that the Alaska State Legislature urges the United States Department of Interior, Bureau of Land Management, to consider accelerating legacy well resolution by offering a priority competitive lease to industry of a reasonably constructed unit area including legacy wells and that a condition be placed that the lessee shall within two years, contingent upon issuance of permits by the federal government and State of Alaska, plug the legacy wells and remediate the site.

REPRESENTATIVE HAWKER objected for the purpose of discussion.

REPRESENTATIVE SEATON explained that the resolve in HJR 6 on page 3, line 18, urges BLM to consider turning over the task of plugging wells to an independent authority, and the resolve on page 4, line 1, is related to opening new areas. He said there is no request for the federal government to lease for development areas that contain legacy well sites; Conceptual Amendment 1 asks the federal government to lease on a time priority basis, unit-sized areas containing legacy wells for the purpose of leasing for development and also for getting the legacy wells remediated. Thus, a contingency would be that two

years after being granted a permit, the lessee would agree to plug the wells and remediate the site. Representative Seaton pointed out that the time period is linked to the issuance of the permit.

REPRESENTATIVE HAWKER said but he did not understand how a lease containing a badly-managed legacy well would appeal to a potential explorer/developer considering the extreme liability for remediation of the well and that the well itself would be an indication that the area is marginal for the identification of hydrocarbons. He suggested the amendment compromises the integrity of the resolution.

[3:04:26 PM](#)

REPRESENTATIVE MILLETT agreed the proposed amendment would be a deterrent to a lessee if the lessee had to pay a lease cost also. However, it was recommended to the federal government that it could lease the land at no cost, and instead, part of the lease payment would be the remediation of the legacy wells. In some cases, legacy wells are capable of oil production and there are also leaking gas wells that are capable of production. She advised that companies are interested in the prolific legacy wells that have the potential for producing hydrocarbons if the federal government will negotiate lower lease costs.

REPRESENTATIVE HAWKER asked whether the resolution's sponsor has taken into consideration that many oil and gas seeps are condensates or other hydrocarbons that are not economic to develop.

REPRESENTATIVE TUCK inquired if the federal government currently allows leases in the affected areas at this time.

REPRESENTATIVE MILLETT responded that the land designated as wilderness is not available for lease. She was unsure of the federal government's plan for leasing legacy wells, noting that the well at Iko Bay is leaking methane and could be used as an energy source for the nearby village, but is not "see(n) as ... anything that is environmentally hazardous, but they also haven't leased that area for someone to ... produce gas off of it." She discounted BLM's claim that it is working with AOGCC on a program because the two agencies do not agree with what is environmentally dangerous; the federal government has different definitions on what is high priority than does AOGCC.

[3:08:39 PM](#)

REPRESENTATIVE JOHNSON expressed his concern that the amendment would only give a lessee one year from the time of the issuance of the permit in which to remediate.

REPRESENTATIVE MILLETT concurred; the permits issued by AOGCC are only valid for two years. In response to Co-Chair Feige, she said as the sponsor, she did not have a problem with the amendment because giving the federal government more options indicates that the state is serious about cleaning up the environment.

CO-CHAIR SADDLER observed the amendment may create problems.

REPRESENTATIVE JOHNSON asked whether the amendment was necessary.

REPRESENTATIVE MILLETT said no.

REPRESENTATIVE HAWKER removed his objection.

[3:11:23 PM](#)

REPRESENTATIVE P. WILSON objected.

REPRESENTATIVE SEATON stated the purpose of the amendment was to provide another option for leasing; he offered to withdraw the amendment at the request of the sponsor.

REPRESENTATIVE MILLETT said her preference is to withdraw the amendment.

REPRESENTATIVE SEATON withdrew Conceptual Amendment 1.

[3:13:07 PM](#)

CO-CHAIR SADDLER moved to report HJR 6, Version 28-LS0300\N, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HJR 6 was reported from the House Resources Standing Committee.

[3:14:01 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:14 p.m.