

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

January 18, 2013

3:30 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Fred Dyson, Vice Chair
Senator Peter Micciche
Senator Click Bishop
Senator Anna Fairclough

MEMBERS ABSENT

Senator Lesil McGuire
Senator Hollis French

OTHER LEGISLATORS PRESENT

Senator Charlie Huggins

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF NATURAL RESOURCES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAN SULLIVAN, Commissioner
Department of Natural Resources (DNR)
Anchorage, AK

POSITION STATEMENT: Delivered an overview of DNR.

JOE BALASH, Deputy Commissioner
Office of the Commissioner
Department of Natural Resources (DNR)
Anchorage, AK

POSITION STATEMENT: Participated in the overview of DNR.

ACTION NARRATIVE

[3:30:02 PM](#)

CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Fairclough, Micciche, Dyson, Bishop and Chair Giessel. Senators French and McGuire were excused.

OVERVIEW: DEPARTMENT OF NATURAL RESOURCES

CHAIR CATHY GIESSEL, Alaska State Legislature, stated that the business before the committee would be to hear an overview of the Department of Natural Resources by Commissioner Dan Sullivan and Deputy Commissioner Joe Balash.

[3:31:45 PM](#)

DAN SULLIVAN, Commissioner, Department of Natural Resources (DNR), stated that the goal today was to provide a review of the accomplishments in 2012 and key issues regarding the legislative session. He said one of the messages was that there is a sense of optimism that the state has the resource wealth to meet the challenges ahead.

[3:35:50 PM](#)

COMMISSIONER SULLIVAN reported that in 2012 DNR promoted interest in the state's resources both nationally and internationally. He acknowledged that he enjoyed pointing out that Alaska's land base was more than twice the size of Texas. Also of interest is that the federal government owns more than 200 million acres in Alaska; Native Corporations own 44 million acres; and the state has about 100 million acres of uplands, 60 million acres of tidelands, shore lands, and submerged lands, and 40,000 miles of coastline.

He displayed estimates of North Slope and Cook Inlet conventional oil and gas reserves, and deferred to the DNR geologists and reservoir engineers to brief the committee in more detail. The current estimates indicate that the state has conventional resources that will last for decades, which will certainly affect policy. He offered to follow up with more detail on a very positive methane hydrate testing on the North Slope. He highlighted the statement that, "Compared to most basins, Alaska is relatively underexplored, with 500 exploration wells on the North Slope, compared to Wyoming's 19,000." Texas, by comparison, has about 250,000 exploration wells.

COMMISSIONER SULLIVAN said Alaska was also a mineral storehouse. If it were a country, it would rank in the top ten in the world

for certain critical minerals including coal, copper, lead, gold, zinc, and silver.

COMMISSIONER SULLIVAN reviewed the key 2012 accomplishments of the divisions within DNR. The Division of Agriculture (DoA) advocated statewide for the "Alaska Grown" program. The Division of Forestry (DoF) looked forward to briefing the committee on the Governor's Timber Jobs Taskforce activities. The Division of Geological & Geophysical Surveys (DGGS) was the state equivalent of the U.S. Geological Survey and probably the best in the nation. A key accomplishment was the ongoing strategic and critical minerals assessment program.

CHAIR GIESSEL noted that the legislature appropriated funds to build a more appropriate Geologic Materials Center, and asked how the project was progressing.

COMMISSIONER SULLIVAN deferred to Mr. Balash.

[3:42:34 PM](#)

JOE BALASH, Deputy Commissioner, Office of the Commissioner, Department of Natural Resources (DNR), informed the committee that the retrofitted Eagle River facility was well beyond capacity and the stored materials were potentially degrading. He said that the appropriated funds were used to identify current and future needs, and DNR located a potential facility in East Anchorage before the Governor's budget was released in December. He noted that there was a \$15 million item in the Department of Administration (DOA) budget for purchase of that facility, and he was promoting that agency's budget request. He offered to provide the committee with specific details when there was a purchase agreement in hand.

COMMISSIONER SULLIVAN described the current facility as the "history of Alaska" and offered to give interested legislators a tour. He noted that in 2012 the current Geologic Materials Center hosted 507 visits from industry and academia. Many of these industry representatives were looking with an eye toward making investment decisions.

[3:46:26 PM](#)

SENATOR DYSON asked if he had a feel for the business case that might make it profitable for a particular industry to use natural gas liquids close to the production point.

MR. BALASH reminded the committee that the mmbtu quality of Prudhoe Bay gas today was not what it once was, because for

years, the liquids had been captured and sent down TAPS and the gas reinjected into the reservoir. The NGLs that remain part of the production stream continue to be viewed as an essential component of an anticipated massive LNG project. He suggested the committee look at the topic further with the assistance of the Division of Oil and Gas.

SENATOR DYSON asked Commissioner Sullivan to comment on the significance of Alaska's rare earth minerals with regard to international geo-politics.

COMMISSIONER SULLIVAN noted that the USGS indicated that Alaska has over 70 occurrences of rare earth minerals, but that number is likely higher. He offered to follow up with the DGGs minerals assessment reports from the last two years. He explained that the reports are released periodically to elicit interest from industry and explorers. A recent *Petroleum News* article on the topic had many promising results with regard to rare earth minerals and gold, mostly in the Interior. He offered to provide the article.

SENATOR DYSON asked if there was activity at Bokan Mountain.

COMMISSIONER SULLIVAN said yes.

[3:50:38 PM](#)

COMMISSIONER SULLIVAN continued to review the DNR divisions. He said the Division of Mining, Land and Water was DNR's largest division. A key accomplishment was to reduce the permit backlog by 38 percent in the last 18 months. He described the Division of Oil & Gas as a critical division that had a lot of activity in 2012. He complimented Director Barron on the efforts regarding leases and unit applications to get companies to drill more. He informed the committee that the Division of Parks & Outdoor Recreation was the largest in the country. Key accomplishments in 2012 include two national honors for the National Boating Safety Educator of the Year and the National Partners in Conservation. He said the Division of Support Services staff keeps things running efficiently.

COMMISSIONER SULLIVAN said the Gas Pipeline Project Office monitors the efforts of the Alaska Pipeline Project (APP) with regard to the 48-inch natural gas pipeline in order to commercialize North Slope natural gas. It works closely with the Alaska Gasline Development Corporation (AGDC). He deferred discussion of key accomplishments until later in the presentation.

COMMISSIONER SULLIVAN reminded the committee that the State Pipeline Coordinator's Office had permitting authority over all pipelines statewide. Key accomplishments include issuance of the right-of-way lease for the Point Thomson Export Pipeline. He relayed that the Office of Project Management & Permitting coordinates the review of large-scale projects in the state. That the office was very busy in 2012.

[3:54:06 PM](#)

COMMISSIONER SULLIVAN said the second part of the presentation would be to highlight six areas: 1) Securing Alaska's future in oil, 2) Commercializing North Slope Gas, 3) Comparative advantages of Alaska LNG, 4) Secure Alaska's future with strategic and critical minerals, 5) Permitting reform, and 6) Sustainable development.

He said that with regard to the state's economic future, the most critical issue was arresting the TAPS throughput decline. To address this issue, the Governor announced an ambitious goal of one million barrels of oil production per day [through TAPS within 10 years.] He launched a four-part strategy in the first quarter of 2011. The first was to increase production by making Alaska more competitive. He emphasized that tax reform was the cornerstone of the strategy. The second important part was to ensure that the state, federal, and borough permitting processes were structured and efficient. He reported that through the permitting process in 2012, DNR had established a very strong relationship with the North Slope Borough. The third part was to facilitate and incentivize the next phases of North Slope development. He highlighted that there was enormous opportunity in both large and smaller fields, the Outer Continental Shelf (OCS), and shale and other unconventional oil. The fourth part of the strategy was to work with the Department of Commerce, Community and Economic Development (DCCED) to promote Alaska's resources and a positive investment climate to world markets. He noted that the legislature appropriated money for this promotion and it yielded positive results.

[3:58:48 PM](#)

COMMISSIONER SULLIVAN said that in 2011 and 2012 there were strong lease sales in Cook Inlet, the North Slope and Beaufort Sea. Part of that success was the result of DNR's efforts to approach companies, explain the terms of lease sales, and generally stimulate interest.

He displayed a map depicting the North Slope to illustrate the recent and proposed activity for oil and gas. Some of the highlights were that shale oil exploration was ongoing, Shell Oil Company was able to drill exploratory wells in the Beaufort Sea and Chukchi Sea, Point Thomson was settled, Linc Energy drilling at Umiat was moving forward, and there were new players, operators, and explorers. He highlighted the diversity of conventional and unconventional players and, emphasized that these developments just scratched the surface of the overall potential. The focus is to increase competition, he said.

COMMISSIONER SULLIVAN reminded the committee that DNR on Monday would testify on the challenges associated with Cook Inlet oil and gas activity. He highlighted that in the past two years this basin had undergone quite a renaissance in terms of exploration and investment. Some of this renewed activity was the result of DNR's focused efforts to attract new interest. DNR personally showed the CEOs of some of these companies the Cook Inlet resource basin and lease terms and encouraged their participation.

He displayed a map showing the 2012 oil and gas activity in Cook Inlet and highlighted an excerpt from a January 13, 2013 *Petroleum News* article. It said, "While dwindling supplies remain a concern, the year (2012) saw companies large and small making significant investments in the basin after years without exploration and only limited development. If the most ambitious companies were successful, the region would see increased oil and gas volumes some 55 years after production began." An August 27, 2011 article in the *Wall Street Journal* said, "New energy estimate breathes life into a declining Alaskan oil field."

[4:02:43 PM](#)

SENATOR GIESSEL recognized that Senator Huggins had arrived, and invited him to join the committee.

COMMISSIONER SULLIVAN opened the discussion on commercializing North Slope gas and noted that in early 2012 the major producers were not working together, the Point Thomson development was not moving, and nobody was talking about Alaska despite the rising opportunities and activity in Asia. "We were not on the map in the most dynamic, important market in the world," he said. Nevertheless, the Governor laid out in the 2012 State of the State speech some very important benchmarks for a roadmap to a gas pipeline. He recognized that sometimes progress would be incremental and despite some skepticism, those benchmarks were met.

One of those benchmarks was the issue of alignment, because ConocoPhillips, BP and ExxonMobil were not working together or focused on an LNG project. At the Governor's behest, the three CEOs met with the Governor and in late March issued a letter stating that they had "aligned on a structured, stewardable and transparent approach with the aim to commercialize North Slope natural gas resources within an AGIA framework."

The Point Thomson settlement was another important benchmark that DNR achieved at the end of March. Noting that Joe Balash played a very critical role, he said this settlement was strategic for three principle reasons. First, it opens the eastern North Slope. Part of the initial development will be a 70,000 barrel per day common carrier liquids pipeline going into TAPS. This opens opportunity for smaller explorers in the area and is very important in terms of the TAPS throughput issue and bringing infrastructure to that remote part of the state. Secondly, the settlement is important from the perspective of gas commercialization. Most of the ongoing multi-billion dollar infrastructure development can be used for the gas reinjection project. The issue of jobs is the third reason the settlement is strategic. During the construction phase, the sustained jobs estimate is between 600 and 800 in the state, peaking at over 2,000.

[4:08:33 PM](#)

COMMISSIONER SULLIVAN informed the committee that there has been three phases of activity since the Point Thomson settlement. The first phase was to explain and defend the settlement to the legislature in general and the Resources Committees specifically. He noted that one person filed a lawsuit, although it did not appear to be progressing. DNR then focused on the required state, federal, and borough permitting processes. The third phase was getting to work building ice roads and other infrastructure.

[4:09:25 PM](#)

SENATOR BISHOP complimented Commissioner Sullivan and his staff on the settlement agreement and stated that he was pleased to report that two prime Alaska contractors were working on the project and had an over 90 percent Alaska-hire record. He asked the record to reflect ExxonMobil's serious effort to purchase goods and services in the state, and "that anything that can be bought and manufactured in Alaska is being done."

COMMISSIONER SULLIVAN confirmed that the settlement had a strong Alaska hire component, and that the former labor commissioner and new legislator played a large part.

Continuing the presentation, he said that achieving the Governor's benchmarks attracted huge national and international press. The *Financial Times* on 3/30/2012 reported:

ExxonMobil, BP and ConocoPhillips have reached agreement with the state of Alaska to take a significant step forward on a \$40bn-plus project to export liquefied natural gas to Asia, resolving a long-running lease dispute that had been holding up progress.

In a joint letter, the chief executives of the three companies said they were "aligned" on a plan to develop the huge gas reserves of Alaska's North Slope, which until now have been stranded without a route to market.

Also on 3/30/12, the *Wall Street Journal* reported that the Point Thomson settlement "paves the way for a pipeline project to ship natural gas from the North Slope, unleashing the state's massive gas reserves."

COMMISSIONER SULLIVAN stated that positive news reports continued through the rest of 2012. He added that it was not a "done deal," but there was progress and it was important that Alaskans see what it was.

[4:11:55 PM](#)

SENATOR DYSON asked if he anticipated a scenario where the state would receive federal credit for carbon sequestration if the CO₂ stripped out of Point Thomson gas was used to lift heavy oil.

COMMISSIONER SULLIVAN responded that the near-term focus and goal was to finalize the concept selection on the project. He acknowledged that the companies were looking at that sort of "double positive," and suggested that the experts might be able to provide specific details in a month or so.

[4:14:22 PM](#)

COMMISSIONER SULLIVAN said the Governor also spoke about hardening the numbers by the third quarter, and on 10/1/2012 ExxonMobil, ConocoPhillips, BP, and TransCanada sent a letter outlining their progress. In part, the letter stated:

We have narrowed the broad range of alternative development concepts and assessed major project components, including the gas pipeline, gas treatment to remove CO₂ and other impurities, natural gas liquefaction, LNG storage, and marine terminal facilities as described on Attachment 2. Individually, each of these components would represent a world-class project. Combined, they result in a mega-project of unprecedented scale and challenge; up to 1.7 million tons of steel, a peak construction workforce of up to 15,000, a permanent workforce of over 1,000 in Alaska, and an estimated total cost in today's dollars of \$45 to \$65+ billion.

He said he particularly liked what the *Globe and Mail* reported on 10/4/12. It said:

A massive new proposal to export natural gas from Alaska brings a major competitor into the race to carry North American gas to Asia, and adds pressure on Canadian export projects to build quickly or risk losing out...

It is notable for the stature of its backers - BP PLC, Exxon Mobil Corp., ConocoPhillips Co. and TransCanada Corp., which have now joined forces after dueling for years over separate gas pipeline projects - and for its scale.

COMMISSIONER SULLIVAN said the attachments were a very important aspect of the letter to Governor Parnell. Attachment 1 shows the integrated team of BP, ExxonMobil, ConocoPhillips, and TransCanada. This multimillion dollar, four-company effort has over 200 employees and contractors working on it. He said this is an impressive team and the briefings thus far indicate that the team is working together very well.

Attachment 2 provides the project concept description and specifications for the liquefaction plant, storage and loading facilities, producing fields, and pipeline. He noted that the Governor requested these details and it gives Alaskans a sense of the size and scope of the project. According to these specifications, this LNG project would rank as one of the top three in the world.

Attachment 3 shows the work plans and key decision points for moving the project forward, and the hundreds of millions to billions of dollars the companies will spend to reach each decision point. The more money the companies spend, the more likely it is that the project will go forward. He assured the committee that DNR was making every effort to accelerate the timeline and encouraged the members to send the same message when they meet with these companies. He noted that the head of ConocoPhillips in Alaska recently spoke of a potential sanction decision as early as 2015, which is aggressive.

COMMISSIONER SULLIVAN reported that DNR also made very good, complimentary progress with AGDC in 2012, focusing principally on regulatory issues. He emphasized the importance of complimentary progress in commercial upstream, technical engineering, and regulatory permitting. Some paths are parallel, but the activities are not duplicating, which is important.

SENATOR DYSON asked the commissioner to comment on the rumor that some Asian utility coalitions had been in the state evaluating the Alaska situation.

[4:19:31 PM](#)

COMMISSIONER SULLIVAN deferred comment until the next part of the presentation.

SENATOR BISHOP asked if the current work was outside of AGIA and therefore not reimbursable.

COMMISSIONER SULLIVAN explained that only midstream work qualified for AGIA reimbursement, and that work was being done by TransCanada/ExxonMobil - the Alaska Pipeline Project (APP) team. ExxonMobil was the lead for the technical team, BP was the lead for upstream work, and ConocoPhillips was doing the downstream, liquefaction work.

Another reason for the progress last year was that the state undertook a very aggressive marketing program to compare the advantages of Alaska LNG to some of the highest level Chinese, Korean, and Japanese government officials and utilities. He described the effort as "flooding the zone in Asia" to create "demand pull" among consumers. "They can help with regard to accelerating the timeline and they can even help possibly with financing and upstream investing," he said. Alaska is now "back on the map" and viewed as a serious player in what is a fierce global competition. In part, this is because of the dual effort with both APP and AGDC.

COMMISSIONER SULLIVAN reiterated that the marketing program that laid out the strong comparative advantages of Alaska LNG over other competitors was starting to bear fruit.

4:23:19 PM

SENATOR MICCICHE mentioned federal legislation that focused on blocking [unconventional gas] exports from the Lower 48, and asked if DNR had been active with the Alaska congressional delegation to ensure that Alaskan exports were secure for the future.

COMMISSIONER SULLIVAN emphasized that he and his staff had followed the debate very closely and had meetings with top-level officials from the Department of Energy (DOE), the White House, the National Security Council, and the Department of the Interior. The basic message was that Alaska should not be considered part of the debate regarding exports potentially limiting gas supplies in the Lower 48. In Alaska, it would actually have the opposite effect; a large export project would increase volumes to Alaskans and decrease price. He mentioned discussions with Senator Wyden and Congressman Markey and reiterated that DNR had been very aggressive on the topic to ensure that Alaska does not get caught up in any export limits.

4:26:53 PM

COMMISSIONER SULLIVAN reviewed some of the comparative advantages of Alaska LNG that DNR had advertised to "hundreds if not thousands of people in Asia" in the past year. He highlighted the following:

- The North Slope of Alaska has a huge resource base and there is essentially no resource risk.
- The route for a large-scale LNG project would be co-located with existing oil and gas infrastructure, and would have limited environmental impact.
- Alaska has a longstanding tradition of exceptional reliability in exporting LNG to ASIA. ConocoPhillips has never missed a shipment making it arguably the most reliable supplier of gas to Asia.
- Alaska does not use gas supplies for political purposes.
- Alaska LNG has geographic proximity advantages, political legal stability, and cost competitiveness.
- World-class businesses and LNG producers have already invested billions on LNG studies and oil and gas infrastructure in Alaska.

- The existing Alaska LNG export facility already has a U.S. Department of Energy export license and state regulatory approvals are in place to produce and transport gas.
- Alaska LNG presents less political risk; it is not part of the Lower 48 shale debate and controversy.
- ANGSA resolved First Nation issues for Alaska that continue to plague Western Canada and British Columbia projects.
- The Presidential Finding of January 12, 1988 set a strong precedent that may still be applicable today. President Ronald Reagan stated the following: "Accordingly, I find that exports of Alaska natural gas in quantities in excess of 1,000 Mcf per day will not diminish the total quantity or quality nor increase the total price of energy available to the United States."
- Alaska LNG has both downstream and upstream investment opportunities.
- The Alaska project has comparative advantages over other projects or regimes. For example, prospective buyers may want to read *Wall Street Journal* articles from September 24, 2012 and December 6, 2012 before buying gas in Australia.

[4:31:00 PM](#)

COMMISSIONER SULLIVAN reiterated that the advertising campaign was beginning to show results. The CEO and LNG team of the Korea Gas Corporation (KOGAS) was in Juneau for two days and received a briefing on the comparative advantages of Alaska LNG. The Alaska Gas Pipeline Project Office signed a cooperation agreement with a Japanese consortium called Resources Energy Inc. (REI). That entity is looking at a study regarding a large-scale liquefaction facility. Mitsui and Mitsubishi Heavy Industry, Ltd. have also reached out to DNR. In a briefing at the U.S. Embassy, DNR met with the Japan Bank for International Cooperation (JBIC). Alaska was also invited to Tokyo in September to the largest consumer/producer LNG conference in the world. Attendees included the energy ministers from Qatar, Australia, Canada, and Russia and the government ministry heads from Taiwan, Korea, Japan, China, and India. Alaska was invited to have a speaking role. When the senior Japanese officials made introductions, they highlighted the Emir and energy minister of Qatar and thanked them for their help after the Fukushima earthquake. The Alaska delegation was the only other delegation that was introduced, and was recognized as Japan's longest, most reliable LNG supplier. That is a good indication that Alaska is back on the map and that is what the Governor was referring to in the State of the State speech, he said.

COMMISSIONER SULLIVAN said the current focus is to align the various stakeholders, because that increases the chance for success. However, the Governor has also been working to strengthen AGDC to ensure the ability to move forward if alignment does not come together.

SENATOR BISHOP urged caution with regard to skyrocketing labor costs and project labor agreements and noted the problems that Australia was currently experiencing.

COMMISSIONER SULLIVAN confirmed that labor costs were having a huge impact on Australian projects. Responding to a comment about being competitive, he said it was time for Alaskans to stop fighting over a pipeline and start fighting for a pipeline, because the competition is fierce.

[4:37:31 PM](#)

COMMISSIONER SULLIVAN reported that in 2011 the Governor launched a comprehensive five-part strategy to secure Alaska's future with regard to strategic and critical minerals. It would undertake a statewide assessment of the strategic mineral potential; develop infrastructure partnerships and incentives; improve the structure and efficiency of the permitting processes; encourage partnerships and cooperation with the federal government, local governments, Native corporations, and potential new entrants; and attract new investment markets.

Alaska has seven producing mines at Red Dog, Greens Creek, Pogo, Fort Knox, Usibelli, Nixon Fork, and Kensington. In 2011, the gross mineral production value totaled \$3.8 billion and the export value was \$1.8 billion. These mines are also job-intensive. He estimated that Fort Knox employed 700-800 employees and highlighted that the average mining wage was \$100,000. He noted that in 2011 the mineral exploration investment in Alaska totaled \$365 million, which accounted for about one-third of the total spent on exploration in the U.S. In 2011, 30 exploration projects spent more than \$1 million, another large summer job creator. [Advanced exploration projects include Pebble, Bokan Mountain, Donlin, Money Knob, and Niblack.]

SENATOR BISHOP reported that Barrick Gold in Nevada was switching to gas for its surface fleet, which would reduce costs by 60 percent. He mused about how doing that could help marginal Alaska projects.

COMMISSIONER SULLIVAN highlighted that Donlin had started the permitting stage and the current plan of development included a gas pipeline from Cook Inlet to the project.

[4:41:21 PM](#)

COMMISSIONER SULLIVAN reminded the committee that the first Alaska Strategic & Critical Minerals Summit took place in Fairbanks in 2011 and the national and international turnout was impressive. The 2012 summit focused on motivating "deal making" and the featured speakers included state and federal officials and a representative from the Japan Oil, Gas and Metals National Corporation (JOGMEC).

COMMISSIONER SULLIVAN explained that when the Parnell Administration took office, the permitting backlog totaled 2,500. DNR focused on eliminating the backlog, streamlining the system, and making it timely. He noted that House Bill 361, which passed with strong bipartisan support, made high priority statutory changes related to leasing and disposal programs intended to reduce permitting burdens. The Governor introduced SB 26 today, which builds on those comprehensive reform efforts.

COMMISSIONER SULLIVAN emphasized Alaska's robust environmental standards and strong record of developing its resources and protecting the environment. The standards exceed most other jurisdictions in the world and investors are required to abide by them. He said Alaska also plays a strong role as an innovator. Horizontal drilling with its limited impact of oil development was, in many ways, pioneered in Alaska.

[4:45:52 PM](#)

COMMISSIONER SULLIVAN highlighted the Governor's tax reform bill that has four core principles. Oil taxes must be fair to Alaskans, encourage new production, restore balance to the system, and be durable for the long term. He relayed that a prediction by an energy security think-tank was that by 2020 the U.S. would be the number-one producer of oil and gas in the world. He said that Alaska has the geology to be the leader. He agreed with the Governor's recent statement, that it was neither acceptable nor fair to support the status quo without a plan.

He said some other positive efforts include the new benchmarks the Governor set for gas commercialization, continued permitting reform, and the continuing efforts to promote the state. He mentioned the Mineral Exploration Roundup Conference, a speaking part at the North American Prospect Expo, "Alaska Grown"

produce, Alaska State Parks hosting of "Arts in the Parks," and a feature article on Alaska in the *Oil & Gas Journal*.

[4:47:55 PM](#)

COMMISSIONER SULLIVAN concluded that optimism was high but there was a lot more work to do.

SENATOR DYSON asked Commissioner Sullivan to address three things now or later. First, he asked about the potential in Cook Inlet for producers not to push gas development. Second, he asked at what rate gas could be taken from the North Slope reservoir without sacrificing oil production. He noted that it had been 15-20 years since the Alaska Oil and Gas Conservation Commission (AOGCC) had looked at the North Slope reservoir gas off-take rate. Finally, he asked if the state should start looking at exporting coal to Pacific Rim markets. He said he also looked forward to a response about gas liquids.

[The assumption was that Commissioner Sullivan would respond off the record.]

[4:50:59 PM](#)

SENATOR MICCICHE expressed a desire to see an exercise to quantify the enormous potential for additional large and small industries and businesses to feed off the gas supply. He acknowledged that it would be a challenge to quantify, but imperative in justifying the existence of a pipeline moving forward.

CHAIR GIESSEL thanked Commissioner Sullivan.

[4:53:18 PM](#)

There being nothing further to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 4:53 pm.