

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 27, 2013

3:31 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Fred Dyson, Vice Chair
Senator Peter Micciche
Senator Click Bishop
Senator Lesil McGuire
Senator Anna Fairclough
Senator Hollis French

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 21

"An Act relating to appropriations from taxes paid under the Alaska Net Income Tax Act; relating to the oil and gas production tax rate; relating to gas used in the state; relating to monthly installment payments of the oil and gas production tax; relating to oil and gas production tax credits for certain losses and expenditures; relating to oil and gas production tax credit certificates; relating to nontransferable tax credits based on production; relating to the oil and gas tax credit fund; relating to annual statements by producers and explorers; relating to the determination of annual oil and gas production tax values including adjustments based on a percentage of gross value at the point of production from certain leases or properties; making conforming amendments; and providing for an effective date."

- MOVED CSSB 21(RES) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 3

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 CSSSSJR 3(RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 21

SHORT TITLE: OIL AND GAS PRODUCTION TAX

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/16/13	(S)	READ THE FIRST TIME - REFERRALS
01/16/13	(S)	TTP, RES, FIN
01/22/13	(S)	TTP AT 3:30 PM BELTZ 105 (TSBldg)
01/22/13	(S)	Heard & Held
01/22/13	(S)	MINUTE(TTP)
01/24/13	(S)	TTP AT 3:30 PM BUTROVICH 205
01/24/13	(S)	Heard & Held
01/24/13	(S)	MINUTE(TTP)
01/29/13	(S)	TTP AT 3:30 PM BELTZ 105 (TSBldg)
01/29/13	(S)	Heard & Held
01/29/13	(S)	MINUTE(TTP)
01/31/13	(S)	TTP AT 1:00 PM BUTROVICH 205
01/31/13	(S)	Heard & Held
01/31/13	(S)	MINUTE(TTP)
02/05/13	(S)	TTP AT 3:30 PM BUTROVICH 205
02/05/13	(S)	Heard & Held
02/05/13	(S)	MINUTE(TTP)
02/07/13	(S)	TTP AT 3:30 PM BUTROVICH 205
02/07/13	(S)	Moved SB 21 Out of Committee
02/07/13	(S)	MINUTE(TTP)
02/08/13	(S)	TTP RPT 1NR 4AM
02/08/13	(S)	NR: DUNLEAVY
02/08/13	(S)	AM: MICCICHE, GARDNER, FAIRCLOUGH, MCGUIRE
02/08/13	(S)	LETTER OF INTENT WITH TTP REPORT
02/09/13	(S)	TTP AT 10:00 AM BUTROVICH 205
02/09/13	(S)	-- MEETING CANCELED --
02/11/13	(S)	RES AT 3:30 PM BUTROVICH 205
02/11/13	(S)	Heard & Held
02/11/13	(S)	MINUTE(RES)
02/13/13	(S)	RES AT 3:30 PM BUTROVICH 205
02/13/13	(S)	Heard & Held
02/13/13	(S)	MINUTE(RES)
02/15/13	(S)	RES AT 3:30 PM BUTROVICH 205
02/15/13	(S)	Heard & Held
02/15/13	(S)	MINUTE(RES)
02/18/13	(S)	RES AT 3:30 PM BUTROVICH 205
02/18/13	(S)	Heard & Held
02/18/13	(S)	MINUTE(RES)
02/20/13	(S)	RES AT 3:30 PM BUTROVICH 205

02/20/13 (S) Heard & Held
 02/20/13 (S) MINUTE(RES)
 02/22/13 (S) RES AT 3:30 PM BUTROVICH 205
 02/22/13 (S) Heard & Held
 02/22/13 (S) MINUTE(RES)
 02/25/13 (S) RES AT 3:30 PM BUTROVICH 205
 02/25/13 (S) Heard & Held
 02/25/13 (S) MINUTE(RES)
 02/27/13 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SJR 3

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(s): SENATOR(s) MICCICHE

01/23/13 (S) READ THE FIRST TIME - REFERRALS
 01/23/13 (S) RES
 02/04/13 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
 02/04/13 (S) RES
 02/20/13 (S) RES AT 3:30 PM BUTROVICH 205
 02/20/13 (S) Scheduled But Not Heard
 02/27/13 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

MARGARET DOWLING, staff to Senator Giessel
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Explained amendments to CSSB 21(RES),
 version N.

MICHAEL PAWLOWSKI, Advisor
 Petroleum and Fiscal Systems
 Department of Revenue (DOR)
 Anchorage, Alaska

POSITION STATEMENT: Helped clarify amendments to CSSB 21(RES),
 version N.

SUSAN POLLARD, Assistant Attorney General
 Department of Law (DOL)
 Juneau, Alaska

POSITION STATEMENT: Clarified language about credit provisions
 in CSSB 21(RES), version N.

ADRIAN HERRERA
 D.C. Coordinator for Arctic Power
 Washington, D.C.

POSITION STATEMENT: Gave supporting testimony for the amendment to CSSSSJR 3(RES), version N.

ACTION NARRATIVE

[3:31:21 PM](#)

CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators French, Dyson, Bishop, McGuire Fairclough and Chair Giessel. Senator Micciche joined them at 3:32.

SB 21-OIL AND GAS PRODUCTION TAX

[3:32:03 PM](#)

CHAIR GIESSEL announced that CSSB 21(RES), labeled 28-GS1647\N, was before the committee. She said a legislative letter of intent and a Senate Resources memorandum to the Finance Committee would be transmitted with the bill. The memorandum had five specific subjects that were raised in this committee, but were within the Finance Committee's jurisdiction and merited further consideration. She said that Legislative Legal Services and the Department of Law (DOL) had also suggested a few refinements.

[3:33:20 PM](#)

SENATOR DYSON moved Amendment 5.

28-GS1647\N.7
Bullock

AMENDMENT 5

OFFERED IN THE SENATE

TO: CSSB 21(RES), Draft Version "N"

Page 2, line 21, following "section.":

Insert "A taxpayer receiving the transfer of a certificate under this subsection may not apply more than \$10,000,000 in tax credits authorized by this section in a single tax year and may not use a tax credit authorized by this section to reduce a tax liability under this chapter below zero."

Page 3, line 12:

Delete the first occurrence of "and"
Insert "or"

Page 3, line 13:

Delete ", regardless of whether the oil and gas is located in the state"

Page 3, line 16:

Delete the first occurrence of "and"

Insert "or"

Page 3, lines 16 - 17:

Delete ", regardless of whether the oil and gas is located in the state"

Page 3, line 21:

Delete "and"

Insert "or"

Page 3, line 22:

Delete "regardless of whether the oil and gas is located in the state,"

Page 8, line 22:

Delete "20"

Insert "30"

Page 15, line 12:

Delete "in"

Insert "for"

Page 15, line 23:

Delete "43.55.024(c)"

Insert "43.55.024"

Page 17, line 2:

Delete "again"

Insert "against"

Page 18, line 15:

Delete "taxable oil"

Insert "oil taxable under AS 43.55.011(e)"

Page 22, line 24:

Delete the first occurrence of "an"

Insert "any"

Page 27, line 4:

Delete "an area"

Insert "acreage"

Page 27, line 7:
Delete "an area"
Insert "acreage"

Page 27, line 8:
Delete "production tax value"
Insert "gross value at the point of production"

Page 30, line 8:
Delete "Sections 9, 10, 12, 15, and 24"
Insert "Sections 9, 10, 12, 15, 20, 21, and 24"

Page 30, line 29:
Delete "Sections 1, 3, 6, 7, 9, 10, 12, 15, 17,
18, 24, and 26 - 28"
Insert "Sections 1, 3, 6, 7, 9, 10, 12, 15, 17,
18, 20, 21, 24, and 26 - 28"

SENATOR FRENCH objected.

[3:34:37 PM](#)

MARGARET DOWLING, staff to Senator Giessel, Alaska State Legislature, Juneau, Alaska, explained that this amendment cleans up minor word changes and is nothing substantive.

She explained language inserted on page 2, line 21, clarified that if the Alaska manufacturing credit is transferred, the transferee takes the credit subject to the same limitation that would be imposed on the person who earned the credit. So, only \$10 million in any one year can be applied against a tax liability.

[3:36:33 PM](#)

Next on page 3, line 12, "and" was deleted and "or" was inserted to clarify that the costs associated with those manufacturing of goods that qualify for credits can be used for goods either in the exploration, development "or" production of oil; "and" generally means in addition to.

In section 2, on page 3, line 13, language that was not needed was removed, because it is assumed that it doesn't matter where the products are used at the end point. Language on page 3, line 16, deleted "and" and inserted "or" for the same reason above on line 12.

[3:38:06 PM](#)

Language on page 3, lines 16-17, deleted "regardless of whether the oil and gas is located in the state". That is basically the same change as on line 13.

Language on page 3, line 21, deleted "and" and inserted "or" after "development" - the same change as on lines 12 and 16.

Language on page 3, line 22, deleted ", regardless of whether the oil and gas is located in the state" for the same reason she explained on lines 13 and 17.

3:38:58 PM

Section 6 on page 8, line 22, replaced the number "20" with "30", a conforming change for AS 43.55.020, payment of tax, to account for increasing the GRE to 30 percent.

3:39:33 PM

Section 15, on page 15, line 12, deletes "in" and inserts "for" to clarify that the tax credit that is increased 15 percent a year stops increasing on December 31 of the calendar year immediately preceding the calendar year "for" which the credit is applied against the tax liability.

On page 15, line 23, "43.55.024(c)" was replaced with "43.55.024". The reference to subsection (c) was not necessary. All the credits under .024 - not just (c) - must be considered first when they determine the total tax liability to see if it reaches zero or less before the loss carry forward credit can be applied.

On page 17, line 2 "again" was replaced with "against", a simple word correction.

On page 18, line 15 "taxable oil" was replaced with "oil taxable under AS 43.55.011(e)". The Department of Law wanted to make sure there was no confusion that the \$5/bbl credit is applied against taxable oil and not royalty oil.

3:41:48 PM

In section 24, on page 22, line 24, "an" was replaced with "any". This clarified that there may or may not be an increase in the amount of credit under .023(r), which is the provision that allows the 15 percent increase in value of an unused loss carry forward credit. It just says if there is any increase, it's not assuming there is an increase, and it has to be identified in the statement a producer would have to file with the department to get the credit.

The Department of Law suggested in section 28 on page 27, line 4, to delete "in area" and insert "acreage" to clarify that "area" is presently defined in the DOR regulations as meaning a geographic region or geologic province including the Cook Inlet or the North Slope of the state. So, this change doesn't affect the intent of section 24, but it removes any ambiguity as to whether "area" for this provision means the same thing as "area" as defined in regulations. Language on page 27, line 7, makes the same change as the previous one.

Language on page 27, line 8, deleted "production tax value" and inserted "gross value at the point of production" to also enhance clarity that the GRE is taken off the gross production tax value to achieve the production tax value, which cannot be reduced below zero.

Section 33 on page 30, line 8, deleted "sections 9, 10, 11, 12 and 24" and inserted "sections 9, 10, 12, 15, 20, 21 and 24" and this is a conforming change that accounts for these amendments. Page 30, line 29, does the same replacing of section numbers to account for the changes made with the amendments.

[3:45:24 PM](#)

At ease 3:45:24 to 3:45:49.

[3:45:49 PM](#)

SENATOR FRENCH removed his objection to Amendment 5.

CHAIR GIESSEL, finding no further objection, announced that Amendment 5 was adopted.

SENATOR DYSON moved Amendment 6.

28-GS1647\N.9
Nauman/Bullock

AMENDMENT 6

OFFERED IN THE SENATE

TO: CSSB 21(RES), Draft Version "N"

Page 11, lines 20 - 22:

Delete "**Except as provided in (p) - (u) of this section for a tax credit based on lease expenditures incurred after December 31, 2013, to explore for, develop, or produce oil or gas deposits located north of 68 degrees North latitude, a [A]"**"

Insert "A"

Page 11, line 23:

Delete "35 [25]"

Insert "25"

Page 11, line 24, following "loss":

Insert "based on lease expenditures incurred to explore for, develop, or produce oil or gas deposits located south of 68 degrees North latitude. A producer or explorer subject to the requirements in (p) - (u) of this section may elect to take a tax credit in the amount of 35 percent of a carried-forward annual loss based on lease expenditures incurred after December 31, 2013, to explore for, develop, or produce oil or gas deposits located north of 68 degrees North latitude"

[3:46:39 PM](#)

SENATOR FRENCH objected.

MS. DOWLING explained that the first change was in section 9 on page 11, lines 20-22, and was a reworking of language to be better understood by taxpayers that the carry forward loss credit remains 25 percent for all areas except the North Slope (the intent of section 9). For North Slope producers, the carry forward loss credits are still subjected to the subsections of (p) through (u) and it's in the amount of 35 percent, but only for expenses that are incurred after December 31, 2013. This is going to match the 35 percent base tax rate for the North Slope that will go into place after December 31, 2013.

SENATOR FRENCH asked if this is meant to ensure that it's a 25 percent net operating loss carry forward credit for south of the Brooks Range and 35 percent north of the Brooks Range on the North Slope.

MS. DOWLING said she thought it was that simple, but wanted Mr. Pawlowski's opinion.

MICHAEL PAWLOWSKI, Advisor, Petroleum and Fiscal Systems, Department of Revenue (DOR), Anchorage, Alaska, said it is that simple. The confusion is a little bit around the dates. The expenditures during 2013 will be at 25 percent, because the base rate during 2013 is 25 percent. On the effective date of the act, January 1, 2014, the tax rate on the North Slope is 35

percent and after December 31, 2013 the North Slope loss carry forward credit will go to 35 percent as well.

SENATOR FRENCH removed his objection.

CHAIR GIESSEL, hearing no further objection, announced that Amendment 6 was adopted.

[3:50:23 PM](#)

SENATOR DYSON moved Amendment 7.

28-GS1647\N.10
Nauman/Bullock

AMENDMENT 7

OFFERED IN THE SENATE

TO: CSSB 21(RES), Draft Version "N"

Page 11, following line 18:

Insert a new bill section to read:

"* **Sec. 9.** AS 43.55.023(a), as amended by sec. 8 of this Act, is amended to read:

(a) Except as provided in AS 43.55.025(q), a [A] producer or explorer may take a tax credit for a qualified capital expenditure as follows:

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of 20 percent of that expenditure;

(2) a producer or explorer may take a credit for a qualified capital expenditure incurred in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2); and

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2);

(3) a credit for a qualified capital expenditure incurred to explore for, develop, or

produce oil or gas deposits located north of 68 degrees North latitude may be taken only if the expenditure is incurred before January 1, 2014."

Renumber the following bill sections accordingly.

Page 11, line 20, following "in":
Insert "AS 43.55.025(q) and"

Page 12, line 30:
Delete "sec. 11"
Insert "sec. 12"

Page 20, following line 28:
Insert a new bill section to read:
"* **Sec. 22.** AS 43.55.025 is amended by adding a new subsection to read:
(q) An exploration expenditure incurred after December 31, 2013, to explore for oil or gas located north of 68 degrees North latitude that is the basis for a credit under (a)(1), (2), or (3) of this section may not also be the basis for a credit claimed under AS 43.55.023 or this section."

Renumber the following bill sections accordingly.

Page 30, line 2:
Delete "26 - 28"
Insert "28 - 30"

Page 30, line 4:
Delete "25"
Insert "27"

Page 30, line 6:
Delete "11, 13, and 14"
Insert "12, 14, and 15"

Page 30, line 8:

SENATOR FRENCH objected.

MS. DOWLING explained that Amendment 7 was the "anti-stacking provision." She said that the new section 9 was designed to put producers on notice that they should take a look at subsection (q) by inserting "except as provided in AS 43.55.025(q)". The restriction in (q) specifies that a North Slope producer cannot

use the same expenditures for both a loss carry forward credit and for an exploration credit. They can be used for one or the other but not both. This is consistent with Alaska policy that disfavors allowing multiple credits or deductions using the same expense. Their experts have said that not putting in such a section would risk having credits taken under .023(a) in the amount of 30 percent and then the loss carry forward in the amount of 35 percent for a total of 65 percent. The amendment had further conforming changes to account for the desired effective date of these new provisions and an instruction to renumber the remaining sections of the bill.

3:52:48 PM

SENATOR FRENCH asked for a walk through of how the credits could be stacked in the absence of this amendment and in its presence.

3:53:17 PM

MR. PAWLOWSKI explained that there are separate credits. The .023(b) credit is the loss carry forward and the .025 credit is the exploration credit. A company makes an expenditure and it qualifies for the credit based on that expenditure. So, you could make an expenditure for an exploration well under .025 and use that same expenditure to claim a credit under .023(b). So, functionally you would end up with a 65 percent credit.

SENATOR FRENCH asked if the exploration credit would also be accumulating at 15 percent as if it were a net operating loss.

MR. PAWLOWSKI answered no. The intent of this amendment is to make sure you cannot claim expenditures twice. The EIC that was expanded in the CS is one that remains monetizable by the state for exploration expenditures only. The .025 credit has limitations related to having to come into the Department of Natural Resources and prequalify the expenditures as an exploration target and then share the information from that exploration with it. The difference between that exploration credit and the blanket .023 (b) credit is that there is no similar qualification other than the expenditure was made. This puts the taxpayer in a position of deciding on one or the other.

SENATOR FRENCH asked the relative value of each.

MR. PAWLOWSKI answered the exploration incentive credit (EIC) is 30 percent if within 25 miles of a unit boundary and 40 percent if farther than 25 miles from a unit boundary. Brooks Range Petroleum testified that most of the area within the central North Slope is within that 30 percent range. So, it's 30 or 40

percent depending on distance from infrastructure; then the loss carry forward credit in the CS is 35 percent of the loss, assuming the taxpayer had no revenues.

[3:56:45 PM](#)

SENATOR FRENCH asked if he had any idea which credit the producers prefer.

MR. PAWLOWSKI said no; he thought it would depend on each individual company. The committee heard from Brooks Range in particular that the revision to the EIC was material to their company.

[3:57:35 PM](#)

SUSAN POLLARD, Assistant Attorney General, Department of Law (DOL), Juneau, Alaska, added that the previous explanation for this amendment was correct except for the reference to section 9 where (p) through (u) refers to the section .023 statute, which provides the new rules for the carry forward loss credit. The amendment they are looking at now adds an exception to section .025, which is the exploration incentive credit that Mr. Pawlowski was just referring to.

SENATOR FRENCH removed his objection.

CHAIR GIESSEL, finding no further objection, announced that Amendment 7 was adopted.

[3:58:34 PM](#)

SENATOR DYSON moved to report CSSB 21(RES), version \N as amended, from committee [with individual recommendations] and attached fiscal notes.

SENATOR FRENCH objected saying he thought the process was rushed and the amendments they just adopted made some significant changes; and the CS put in front of them last Friday basically revamps the governor's bill. The fiscal notes, which they had received this afternoon had not been discussed either. He didn't feel confident of the work.

SENATOR DYSON said he wanted to amend his previous motion to include individual recommendations and the letter of intent.

SENATOR MICCICHE said he appreciated the process the bill had gone through; the committee had spent many hours and some members had spent hundreds of hours processing this bill in two

different committees. It will also go to the Finance Committee that would have another opportunity to review it.

[4:01:00 PM](#)

SENATOR MCGUIRE asked Mr. Pawlowski about the fiscal note on the Competitiveness Review Board. She agreed with the personnel services and the travel and the fact that they would have at least two meetings, but she didn't necessarily agree with the estimated \$835,000 per year for costs that are based on previous DOR consulting contracts for oil and gas and related issues. The board is not meant to supplant what the DOR is doing, and she didn't know that is was meant to do up to a million dollars' worth of personnel services.

MR. PAWLOWSKI said the department appreciated the dialogue on this issue, and said the Competitiveness Review Board language could be interpreted such that they will engage in services with types of groups like PFC and Gaffney Cline & Associates. The fiscal note was modeled after those kinds of contracts. The personnel services component is already in the 2014 budget. No new positions are being added for this board and it would need professional level engagement.

SENATOR FRENCH maintained his objection.

CHAIR GIESSEL asked for a roll call on moving SB 21 from committee.

A roll call vote was taken: Senators McGuire, Micciche, Bishop, Dyson, Fairclough and Giessel voted yea; Senator French voted nay. Therefore, CSSB 21(RES), version N as amended, moved from committee with attached fiscal notes, letter of intent and with individual recommendations.

[4:04:44 PM](#)

At ease from 4:04 to 4:07 p.m.

SJR 3-ENDORSING ANWR LEASING

[4:07:57 PM](#)

CHAIR GIESSEL called the meeting back to order and announced that SSSJR 3 was before the committee. She asked for a motion to [adopt] the work draft committee substitute (CS) for SSSJR 3 [as the working document].

[4:08:11 PM](#)

SENATOR MICCICHE moved to [adopt] CSSSSJR 3(), version 28-LS0331\C, [as the working document].

SENATOR FAIRCLOUGH objected for purposes of discussion.

SENATOR MICCICHE explained the resolution updates previous resolutions urging the US Congress to pass legislation to open Alaska's coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration and development. Such development is currently prohibited in the Refuge under the Alaska National Interest Lands Conservation Act (ANILCA) of 1980.

He said it's clearly in the state's best interests to continue to become less dependent on foreign sources for energy and it's in the interests of Alaska to have that energy produced within the state. The one change to the resolution passed by the 27th Legislature is that Alaska will have a transportation system for oil very close to the Arctic National Wildlife Refuge with completion of the Pt. Thomson pipeline. It's a key time in the need for energy security for Congress to finally see the light on opening ANWR to development.

SENATOR MICCICHE said other items that changed were on page 2, line 11, where the language - "although the domestic demand for energy continues to rise we are also increasing domestic production" - was outdated. Lines 21-24 talk about the Pt. Thomson pipeline and some numbers were updated for accuracy. The Central Arctic Caribou Herd was added on line 11.

On page 3, line 14, "has developed directional drilling technology" was added. The old language was written at the sunrise of drilling technology. Line 18 deleted reference to "specific fields", because the reality is that we are practicing the innovative technology in the new fields that would enhance environmental protection beyond traditionally high standards.

[4:11:19 PM](#)

Finally, the "whereas" that begins on line 24 was changed because it was prior to this legislature creating the Renewable and Alternative Energy Resources Plan. He reminded the committee that ANWR is about the size of South Carolina and the proposed development area in the Coastal Plain is about one-fifth the size Dulles International Airport in Washington, D.C.

[4:12:44 PM](#)

At ease from 4:12 to 4:15 p.m.

4:15:10 PM

SENATOR FAIRCLOUGH offered conceptual Amendment 1 to delete "of not more than 2,000 acres, which is less than one-tenth of 1 percent of the area of the Coastal Plain" and insert "as limited by Congress" on page 3, line 3. She explained that language in past resolutions had stated acres that were all contingent on legislation before Congress that actually described the scope of what would be available inside the Arctic Coastal Plain for development. So when the first bill before Congress that the legislature was responding to had a very small number of 2,000. Now there is a \$10,000 proposal before Congress. The issue is that they don't know that until Congress starts putting a bill to discuss ANWR in play; and her amendment is trying to allow Congress to make that definition and absolutely trying to limit the area that is open for oil exploration.

Originally ANWR and the Coastal Plains had 8.9 million acres available and another 9.16 million acres were added to that. Of all that, about 9 million is in wilderness, but another 9 million is designated as Refuge - so Alaskans and Americans can be secure in the fact that most of this land is out of oil development futures.

4:17:58 PM

She restated the amendment: the same deletion on page 3, line 3, after "area" and "of not more than 2,000 acres, which is less than one-tenth of 1 percent of the area of the Coastal Plain" and insert "a limited area as defined by Congress" after "area".

SENATOR MICCICHE objected for purposes of discussion and asked to hear from Adrian Herrera with Arctic Power.

ADRIAN HERRERA, D.C. Coordinator for Arctic Power, Washington, D.C., supported the amendment saying the explanation on how Congress came up with the 2,000 acres was correct and that it is an ever changing figure. Currently Don Young has H.R. 49 on Capitol Hill to open the 1002 area and it has the 2,000 acre limit in it. This morning a second bill was introduced with a 1002 provision in it that limits the acreage to 10,000 acres out of every 100,000 acres that can be leased within the 1002 area. It didn't limit the actual footprint size. Legislation is going to vary ever more and keeping a footprint of 2,000 acres as a minimum is accurate as far as current legislation goes, but it changes. The point is to minimize impact and everyone agrees on that about ANWR 1002 legislation.

SENATOR MICCICHE removed his objection.

SENATOR FRENCH said the amendment also has the benefit of correcting the math error in the clause that said 2,000 acres is less than one-tenth of 1 percent of the Arctic Coastal Plain, but it is actually 1,500 acres.

CHAIR GIESSEL announced that conceptual Amendment 1 was adopted.

[4:22:06 PM](#)

CHAIR GIESSEL opened public testimony. Finding none, she closed it.

SENATOR DYSON moved to report CSSSSJR 3, version C as amended, from committee with individual recommendations and attached fiscal notes.

CHAIR GIESSEL announced that, without objection, CSSSSJR 3(RES) passed from the Senate Resources Standing Committee.

[4:23:19 PM](#)

At ease from 4:23 to 4:25 p.m.

[4:25:16 PM](#)

CHAIR GIESSEL adjourned the Senate Resources Standing Committee meeting at 4:25 p.m.