

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

February 2, 2015

1:03 p.m.

**MEMBERS PRESENT**

Representative Benjamin Nageak, Co-Chair  
Representative David Talerico, Co-Chair  
Representative Mike Hawker, Vice Chair  
Representative Bob Herron  
Representative Craig Johnson  
Representative Kurt Olson  
Representative Paul Seaton  
Representative Andy Josephson  
Representative Geran Tarr

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 10

Opposing the revised Comprehensive Conservation Plan and Environmental Impact Statement for the Arctic National Wildlife Refuge; opposing attempts by President Obama to alter management of the coastal plain of the Arctic National Wildlife Refuge; encouraging the United States Congress to reject a proposal based on the revised Comprehensive Conservation Plan or accompanying Environmental Impact Statement; and encouraging the United States Congress to reject a proposal that does not open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development.

- MOVED CSHJR 10(RES) OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 9

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

- MOVED HJR 9 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 10

SHORT TITLE: OPPOSE ANWR WILDERNESS DESIGNATION

SPONSOR(S): REPRESENTATIVE(S) NAGEAK

01/28/15 (H) READ THE FIRST TIME - REFERRALS  
01/28/15 (H) RES  
02/02/15 (H) RES AT 1:00 PM BARNES 124

BILL: HJR 9

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(S): REPRESENTATIVE(S) TALERICO

01/23/15 (H) READ THE FIRST TIME - REFERRALS  
01/23/15 (H) RES  
02/02/15 (H) RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

JOSHUA BANKS, Staff  
Representative Dave Talerico  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the sponsor, Representative Talerico, introduced HJR 9.

**ACTION NARRATIVE**

1:03:52 PM

**VICE CHAIR MIKE HAWKER** called the House Resources Standing Committee meeting to order at 1:03 p.m. Representatives Tarr, Josephson, Herron, Johnson, Olson, Seaton, Talerico, Nageak, and Hawker were present at the call to order.

**HJR 10-OPPOSE ANWR WILDERNESS DESIGNATION**

1:05:09 PM

VICE CHAIR HAWKER announced that the first order of business is HOUSE JOINT RESOLUTION NO. 10, Opposing the revised Comprehensive Conservation Plan and Environmental Impact Statement for the Arctic National Wildlife Refuge; opposing

attempts by President Obama to alter management of the coastal plain of the Arctic National Wildlife Refuge; encouraging the United States Congress to reject a proposal based on the revised Comprehensive Conservation Plan or accompanying Environmental Impact Statement; and encouraging the United States Congress to reject a proposal that does not open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development.

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CO-CHAIR NAGEAK, sponsor, introduced HJR 10 by speaking from his sponsor statement, which read as follows [original punctuation provided]:

The U.S. Fish & Wildlife Service has introduced a new draft Comprehensive Conservation Plan to turn more than 12 million acres of the Arctic National Wildlife Refuge (ANWR) into Wilderness, effectively ending any chance the lands can be managed for oil and gas exploration and development. This includes the 1002 area on the Coastal Plain, which was specifically set aside for such purposes. It also includes 10 million acres offshore. With the onshore and offshore combined, this is an area larger than 10 states, or 28 Rhode Islands. This is in addition to the already 58 million acres of federal Wilderness which accounts for 53 percent of America's federal Wilderness areas.

The 1002 area of ANWR was excluded from Wilderness designation in a compromise made under the 1980 Alaska National Interest Lands Conservation Act (ANILCA). In exchange, Congress doubled the size of the refuge and designated eight million acres outside the 1002 area as Wilderness.

The Comprehensive Conservation Plan fails to clearly guarantee protection of subsistence access, resources and uses, and further is an exercise in disparate treatment of two distinct indigenous Alaska Native groups, the Inupiat and Gwich'in; thereby limiting access to privately owned lands held by Kaktovik Inupiat Corporation and Arctic Slope Regional Corporation through a Wilderness designation, while failing to incorporate lands on the southern edge of ANWR into this same designation.

The people of the Arctic Slope region, especially the residents of Kaktovik, are conservation minded, and yet rely on responsible oil and gas development to sustain their communities. This proposed designation as announced would effectively slam the door shut on the substantial economic opportunities associated with future development of the potential resources in the Coastal Plain.

Alaskans strongly oppose a Wilderness designation on ANWR's coastal plain. In fact, 78 percent of Alaskans support oil exploration in the 1002 area. Every Alaskan Governor and every legislature and elected congressional representative and senator from Alaska has supported responsible development. The North Slope Borough and the Alaska Federation of Natives also support responsible development, as well as a majority of residents in Kaktovik, a village within the Coastal Plain.

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VICE CHAIR HAWKER noted that the confirmation hearings for the Alaska Oil and Gas Conservation Commission and the Board of Fisheries, originally scheduled for today, were cancelled and will be held at a later date.

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REPRESENTATIVE HERRON, noting he is a co-sponsor of HJR 10, said he does not think Congress will approve Wilderness designation of the 1002 area as recently proposed by President Obama. He inquired whether that area will now be treated as Wilderness by the Fish and Wildlife Service and the federal government as a result of President Obama's request.

CO-CHAIR NAGEAK replied that [management as Wilderness] has been done since the very beginning. Although the area was set aside in 1987 as a potential for oil and gas development, it hasn't come. People live off that land and the majority of people in Kaktovik, where he was born, support responsible development of the 1002 area. He related that the Fish and Wildlife Service has said it does not want development or activity on federal lands. He said he has fought the Fish and Wildlife Service for many, many years. He had problems with the agency's people when the agency was working on the walrus issue and he was chairman of the Eskimo Walrus Commission, as well as when he was

"director of wildlife management" and the "Porcupine Caribou treaty" was being held. He argued that the Fish and Wildlife Service is supposed to do what the legislation says, not something on its own; for example, the agency did this study about the oil and gas potential and why the U.S. should not do that in the interest of the wildlife in that area. The 1987 designation for oil and gas didn't stop the agency from doing what it has done and now the agency has convinced President Obama to do shut this area to oil and gas. He said it is the purview of Congress, not the agencies, to designate what should be open or closed.

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REPRESENTATIVE JOSEPHSON observed that the sponsor statement says the Comprehensive Conservation Plan includes 10 million acres offshore. Trying to ascertain where that 10 million acres is located, he asked whether it is within the three-mile limit or is some of the disputed Beaufort Sea in the administration's other order about offshore drilling.

CO-CHAIR NAGEAK responded that in Native Country when discussing tribal lands and tribal waters and what [a tribe] owns or has controlled for millennia, the Arctic Ocean is always talked about as a whole. [Tribes] control or own the area miles out offshore. He has hunted there for bearded seals. He has waited for his cousins and uncles to come back from whaling when he was the director of wildlife management and they went way out there a lot of times. He has seen his aunts and uncles waiting for their children to come back from hunting way out in the ocean. The people living along the coast consider that to be their garden and they do everything to protect it, but they also know that in some places economic development is needed and would not destroy the beauty and the animals that live on the land or in the water in that region.

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REPRESENTATIVE TARR noted the committee packet has no official communication from the North Slope Borough or the village of Kaktovik. She inquired whether either of them has taken an official position on HJR 10.

CO-CHAIR NAGEAK answered that he thinks the North Slope Borough has, but he does not know if the Native community has or if the community of Kaktovik has. He said that in the past they have opposed designating the 1002 area as Wilderness and he does not

believe that has changed. While a few people are against development in the 1002 area, the majority who live in Kaktovik support designating that area for oil and gas development. It is a wonderful place and people make their homes there. Many homes were built in the 1970s and are in need of repair. Economic opportunity would allow people to fix those homes and would allow the North Slope Borough to do more for the village and the whole region. In the village, people would be able to produce oil and gas in their own land. The federal government created corporations instead of tribes like the people wanted. What do corporations do? They make money. What is the resource for economic development in the North Slope area? Oil and gas. Through village and regional corporations, the people own that oil and gas. This includes not only the Arctic National Wildlife Refuge, but also the National Petroleum Reserve-Alaska (NPR-A) where he now lives.

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CO-CHAIR NAGEAK continued, stating that Gates of the Arctic National Park & Preserve was created by Congress without input from the local people. For thousands and thousands of years the local people used trails to go to the plentiful hunting and fishing opportunities. But the National Park Service closed those traditional areas where generations upon generations went hunting. So, the Arctic Slope Regional Corporation had a land exchange with the federal government in the NPR-A, which allowed the people to travel. That is the federal government he has lived with since childhood, he said, but people are not children anymore and they have lived there for a very long time and have not done anything bad to it. This is why he is so adamant to make sure that the people are allowed to do their own thing with the land they own instead of the federal government saying to the people that it doesn't trust them and is going to shut off the land.

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REPRESENTATIVE HERRON said he would like HJR 10 to move forward, but suggested that before the resolution gets to the House floor a whereas or resolved clause be added that states [the area] should not be used and managed as defacto Wilderness by the Fish and Wildlife Service. He further suggested that a distribution list be added to HJR 10 such that all members of Congress should receive a copy of the resolution.

CO-CHAIR NAGEAK agreed.

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REPRESENTATIVE TARR requested some direction from the sponsor on the issue of global climate change and melting sea ice, and how that is affecting subsistence activities in the area. She said she would like to have enough information to understand how to honor the subsistence tradition while also having opportunity for economic development given the environmental effects of climate change.

CO-CHAIR NAGEAK replied that animals and people have adaptive capabilities to changes in their lives. For example, tens of thousands of walrus are now hauling out on Icy Cape near Point Hope. So, he maintained, those walrus adapted. Polar bears are adapting too. In the summer they are now along the coast and there are places for them to feed. For example, in his town the blubber from whales is left on the point and animals come to feed themselves. Seals are also adapting. People are told they cannot do something because the animals will be endangered or depleted, but that time hasn't come yet. No one in their right mind without any scientific studies would designate an area, and the animals in that area, as warranting protection from an event that hasn't really happened yet. That doesn't make sense because people and animals adapt.

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REPRESENTATIVE JOHNSON expressed his doubt that closing industry in Alaska and moving people out of Alaska would have any effect on climate change. Although Alaska is a big pawn in that game, until the rest of the world quits burning coal and quits the way they produce energy, Alaska should not be the poster child when Alaska contributes such a small carbon footprint to the overall problem. Until there is a handle on the world's climate change, he is tired of Alaska being the poster child and the fundraising tool to save the planet at the expense of the state's economy.

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VICE CHAIR HAWKER opened public testimony on HJR 10, then closed it after ascertaining no one wished to testify.

VICE CHAIR HAWKER, noting that the addition of a whereas clause would be complicated and was not been provided to the committee earlier, suggested that a conceptual amendment only be offered for the addition of a distribution list.

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REPRESENTATIVE HERRON said he would offer Conceptual Amendment 1 to add to the very end of the distribution list [page 5, line 3] "and all other members of the 114th United States Congress."

VICE CHAIR HAWKER objected for discussion purposes. He said he is interpreting Representative Herron's offer of Conceptual Amendment 1 to be the same as a motion. Vice Chair Hawker then withdrew his objection. There being no further objection, Conceptual Amendment 1 was adopted.

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REPRESENTATIVE JOSEPHSON said part of the reason for there being an interest in doing something [about climate change] within a state of only 720,000 people, is the belief that it has to start with each individual. He agreed with Representative Johnson that Alaska's impact is de minimus relative to the rest of the country and he agreed that the rest of the world needs to lead. Relative to whether Alaska is a poster child, he said he doesn't think anyone is trying to provoke Alaskans with this recognition of Alaska and the Arctic as a poster child. He proffered that Alaska is in fact the poster child because of the change that is so self-evident and empirically proven at this point.

REPRESENTATIVE JOSEPHSON, regarding HJR 10, expressed his concern about the boundaries of the Conservation Plan, stating that "Shell's record in 2012 was quite awful." Even though in 2013 he supported a resolution for Arctic drilling, he is going to revisit that subject when it comes before the body or before this committee. However, the focus of HJR 10 is clearly about drilling in the Arctic National Wildlife Refuge. Drilling efforts of the past are proprietary and profoundly secret, open seeps have been found, and the [Trans-Alaska Pipeline System] is in good working order and Judge Gleason has found it can work for another 30 years. The state is running out of oil. Although the appeal of visiting the Coastal Plain for its view scape and its untrammled space will be lost with development, he said he supports drilling in the Arctic National Wildlife Refuge and therefore supports HJR 10.

VICE CHAIR HAWKER, responding to Representative Josephson's comments, pointed out that while drilling is a consequence of the issues contemplated in HJR 10, the resolution is opposing the designation of the Arctic National Wildlife Refuge as a

Wilderness area with all of those consequences. However, the other resolution that the committee will be addressing today [HJR 9] does endorse the leasing activities in the refuge.

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REPRESENTATIVE SEATON supported HJR 10, but cautioned that while the sponsor statement says that biological systems adapt, that doesn't mean there is no need to worry about biological systems and impacting them. Ocean acidification is severely impacting some of the shellfish along Alaska's beaches. He urged there not be such a broad brush in looking at global climate change and it being said that no analysis is needed on the direct impact of activities on species. Species do need to be watched, he continued, whether it is caribou herds and their migration patterns or whether there is direct impact on fishery or animal populations in Alaska. Analysis should always be done on whether activities will have significant and immediate impact on populations.

VICE CHAIR HAWKER concurred with Representative Seaton. He added that this is the first time a resolution has been before the committee opposing Wilderness designation. It is a new item before the committee in response to the chief executive in Washington, DC, locking up another big chunk of Alaska and stopping development by executive decision rather than by an appropriate deliberative process through the legislature. He said he spent his first 15 years in Alaska living on the North Slope in Barrow working on the original KIC-1 drilling program. Thirty plus years later, nothing has been accomplished. Now the chief executive of the United States is eliminating all opportunities for the state of Alaska and therefore this is a timely resolution to consider.

REPRESENTATIVE HERRON related his recent conversation with Catherine Stevens, widow of U.S. Senator Ted Stevens, about the many times Senator Stevens tried to open the Arctic National Wildlife Refuge to development.

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REPRESENTATIVE OLSON moved to report HJR 10, as amended, out of committee with individual recommendations and the accompanying [zero fiscal note]. There being no objection, CSHJR 10(RES) was reported from the House Resources Standing Committee.

The committee took an at-ease from 1:44 p.m. to 1:46 p.m.

## HJR 9-ENDORING ANWR LEASING

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VICE CHAIR HAWKER announced that the next order of business is HOUSE JOINT RESOLUTION NO. 9, Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development; urging the United States Department of the Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

CO-CHAIR TALERICO, sponsor, stated that Joshua Banks of his legislative staff would introduce HJR 9.

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JOSHUA BANKS, Staff, Representative Dave Talerico, Alaska State Legislature, on behalf of Representative Talerico, sponsor, introduced HJR 9. He said that when Congress passed the [1980] Alaska National Interest Lands Conservation Act (ANILCA), a small section of land within the Arctic National Wildlife Refuge was set aside for future resource development. Known as the "1002 study area", this section makes up 1.5 million acres, or 8 percent, of the refuge. Under ANILCA, Congress must give its approval for oil and gas development in the 1002 area or for designating it as Wilderness. Though there have been many attempts to receive congressional approval for drilling the 1002 area, none have been successful. Therefore, HJR 9 serves as continued encouragement for Congress to approve this drilling. There are multiple reasons for supporting development of the 1002 area. First, the land within the 1002 area that would likely be developed for oil makes up 1 percent of the 1002 study area and 0.08 percent of the entire refuge, leaving 99.92 percent of the refuge free from oil development. Additionally, with today's drilling technology, the footprint for drill pads continues to be even smaller and the volume of oil that one pad can get from the ground continues to increase.

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MR. BANKS continued, stating that even though oil drilling has been ongoing in Prudhoe Bay for decades where the Central Arctic Caribou Herd migrates, the herd's population has increased from

5,000 to 67,000 caribou. Thus, despite intense drilling on the North Slope, Alaska's caribou herds have not been negatively affected and drilling can continue to happen in Alaska without hurting caribou and without harming Native subsistence rights.

MR. BANKS stated that as oil flow in the Trans-Alaska Pipeline System (TAPS) continues to decline down to nearly 500,000 barrels per day, the need for new oil continues to be great. Opening the Arctic National Wildlife Refuge would allow an estimated 700,000 barrels per day of oil at the peak to flow down TAPS and increase the life of this valuable piece infrastructure. According to the 2002 McDowell Group report (provided in the committee packet), even at \$24 per barrel, Alaska could receive up to \$500 million per year in royalties from the Alaska National Wildlife Refuge.

MR. BANKS noted that HJR 9 is very similar to resolutions that have been passed by the legislature, with only a few minor changes from the resolution passed two years ago in the 28th Alaska State Legislature. Primary changes consist of who the resolution is addressed to, including U.S. Senator Dan Sullivan and specifying that U.S. Senator Lisa Murkowski is chair of the U.S. Senate Energy and Natural Resources Committee. Another change is on page 2, line 13, where instead of a generic gas pipeline, the Alaska liquefied natural gas project begun under Senate Bill 138 is specifically named. Also added is the daily oil flow of up to 700,000 barrels per day that could come from the Alaska National Wildlife Refuge, which is an estimate done by the U.S. Department of Energy. Lastly, two "be it resolved" clauses in the past resolution were very similar, so HJR 9 has combined those into one clause.

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REPRESENTATIVE JOSEPHSON observed that the last resolve [page 4, lines 16-20] talks about the 90/10 split and the state's resistance to suffering a coercion from the federal government. He said his understanding has always been that the 90/10 split refers to state land and that is why everyone applauds the Department of Natural Resources (DNR) for selecting the Prudhoe Bay area for state ownership in the late 1960s. He asked whether it is meant that the state should not accept less than that on federal land even though the statehood compact doesn't suggest that the state is entitled to more than 10 percent.

MR. BANKS replied that his understanding of the Statehood Act is that the state receives 90 percent of royalties and he believes that is what is being encouraged in the resolution.

VICE CHAIR HAWKER inquired whether Representative Josephson has specific language in HJR 9 that he is looking at.

REPRESENTATIVE JOSEPHSON responded that he is looking at the language on page 4, lines 18-19.

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REPRESENTATIVE JOSEPHSON then drew attention to the whereas clause on page 2, line 26. After re-reading the clause he said he had no question.

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VICE CHAIR HAWKER related the history regarding the issue of the state being forced to take less than the 90 percent it was provided under the Statehood Act. He explained that at one point in time there was talk of a 50/50 split between the state and the federal government [in return for opening the 1002 area to development], rather than the 90/10 split the state is entitled to, as a way to move a transaction forward. Thus, that provision in HJR 9 is looking at an historic event that was once suggested.

REPRESENTATIVE SEATON clarified that the 90/10 split is on federal land, not on state land. Other than on federal land, the state gets 100 percent of the royalty.

VICE CHAIR HAWKER further clarified that that is on federal lands within the state of Alaska.

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REPRESENTATIVE TARR drew attention to page 2, [lines 6-7], which state, "our nation's dependency on oil produced by hostile foreign nations". She urged care with that language because Alaska's number one trading partner is Canada and with whom the state has a great relationship. Also, she continued, the U.S. will achieve energy independence this year for the first time and that is also the outlook for the future.

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VICE CHAIR HAWKER opened public testimony on HJR 9, but closed it after ascertaining no one wished to testify.

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VICE CHAIR HAWKER pointed out that HJR 9 already includes the provision to distribute copies to all members of Congress. He further noted there is no fiscal note associated with HJR 9.

REPRESENTATIVE JOHNSON said that during consideration of HJR 10, he observed a statement that only 250 people visited the Coastal Plain on a yearly basis. It is pointed out that the beauty of the Coastal Plain will be ruined, he added, but only 250 people is not an onslaught of tourism.

VICE CHAIR HAWKER noted that there is only one small village in the Coastal Plain designated as the Arctic National Wildlife Refuge. He said that that village probably does not have the capacity to take more than one or two people at a time, so it is not a tourist mecca. It is basically a saturated sponge and a breeding ground for mosquitoes.

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REPRESENTATIVE OLSON moved to report HJR 9 out of committee with individual recommendations [and the accompanying zero fiscal note]. There being no objection, HJR 9 was reported from the House Resources Standing Committee.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:02 p.m.