

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

November 3, 2015

3:31 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 Paul Seaton
Representative Andy Josephson
Representative Geran Tarr

MEMBERS ABSENT

Representative Kurt Olson

OTHER LEGISLATORS PRESENT

Representative Charisse Millett

COMMITTEE CALENDAR

CS FOR SENATE JOINT RESOLUTION NO. 301(RES) AM
Opposing the recent decisions to cancel future lease sales in the Chukchi and Beaufort Seas and to deny the suspension of Shell and Statoil's leases; urging the United States Department of the Interior to continue to promote oil exploration in the Chukchi and Beaufort Seas; urging the United States Bureau of Safety and Environmental Enforcement to reconsider and approve requests from Shell and Statoil for lease suspensions in the Chukchi Sea Planning Area and Beaufort Sea Planning Area; urging the Alaska Congressional delegation to continue its efforts to achieve consistent and equitable outer continental shelf revenue sharing for the state; urging the United States Congress to provide a means for equitable outer continental shelf revenue sharing across all coastal oil and gas producing states to ensure the states develop necessary infrastructure to support outer continental shelf development and preserve environmental integrity; and urging the ongoing efforts to develop offshore oil and gas in the Arctic Outer Continental Shelf.

- MOVED CSSJR 301(RES) AM OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR301

SHORT TITLE: SUPPORT O&G LEASES ON ARCTIC OCS

SPONSOR(s): SENATOR(s) STOLTZE

10/30/15	(S)	READ THE FIRST TIME - REFERRALS
10/30/15	(S)	RES
10/31/15	(S)	RES AT 9:00 AM BUTROVICH 205
10/31/15	(S)	Moved CSSJR301(RES) Out of Committee
10/31/15	(S)	MINUTE(RES)
11/02/15	(S)	RES RPT CS 5DP SAME TITLE
11/02/15	(S)	DP: GIESSEL, COSTELLO, COGHILL, STEDMAN, STOLTZE
11/03/15	(H)	RES AT 3:30 PM CAPITOL 106

WITNESS REGISTER

SENATOR BILL STOLTZE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Speaking as the sponsor, introduced CSSJR 301(RES)am.

BRANDON BREFCZYNSKI, Staff
Senator Bill Stoltze
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Speaking on behalf of Senator Stoltze, sponsor, presented the changes made in CSSJR 301(RES)am.

ACTION NARRATIVE

[3:31:09 PM](#)

CO-CHAIR BENJAMIN NAGEAK called the House Resources Standing Committee meeting to order at 3:31 p.m. Representatives Herron, Hawker, Johnson, Seaton, Talerico, and Nageak were present at the call to order. Representatives Tarr and Josephson arrived as the meeting was in progress. Representative Millett was also in attendance.

^#sjr301

SJR301-SUPPORT O&G LEASES ON ARCTIC OCS

CO-CHAIR NAGEAK announced that the only order of business would be CS FOR SENATE JOINT RESOLUTION NO. 301(RES) am Opposing the recent decisions to cancel future lease sales in the Chukchi and Beaufort Seas and to deny the suspension of Shell and Statoil's leases; urging the United States Department of the Interior to continue to promote oil exploration in the Chukchi and Beaufort Seas; urging the United States Bureau of Safety and Environmental Enforcement to reconsider and approve requests from Shell and Statoil for lease suspensions in the Chukchi Sea Planning Area and Beaufort Sea Planning Area; urging the Alaska Congressional delegation to continue its efforts to achieve consistent and equitable outer continental shelf revenue sharing for the state; urging the United States Congress to provide a means for equitable outer continental shelf revenue sharing across all coastal oil and gas producing states to ensure the states develop necessary infrastructure to support outer continental shelf development and preserve environmental integrity; and urging the ongoing efforts to develop offshore oil and gas in the Arctic Outer Continental Shelf.

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SENATOR BILL STOLTZE, Alaska State Legislature, informed the committee that CSSJR 301(RES)am reaffirms the legislature's commitment and makes a strong statement addressing the recent administrative action to "slam the door on [outer continental shelf (OCS)] activity." The resolution also includes defensive language regarding nongovernmental environmental organizations that are threatening existing projects. Senator Stoltze said the [Third Special Session of the Twenty-Ninth Alaska State Legislature] provided a window of opportunity to send a strongly-worded resolution to the federal administration in order to support the efforts of the Alaska congressional delegation. He advised that the resolution is relevant to the special session because all of the natural gas pipeline projects "factor in" the resources of the Chukchi and Beaufort Seas. He pointed out that the committee previously heard [HJR 301], the House companion measure, and therefore members of the committee are very familiar with this issue. A Senate amendment to the resolution is very similar to HJR 4 [passed in the First Session of the Twenty-Ninth Alaska State Legislature], and is consistent with previous messages. He expressed his support for the amendment. Senator Stoltze said this is the proper time to advance long-term projects in OCS, and the resolution is a vision of prosperity and economic development for Alaska.

3:37:31 PM

BRANDON BREFCZYNSKI, Staff, Senator Bill Stoltze, Alaska State Legislature, informed the committee of the changes made in CSSJR 301(RES)am. On page 3, line 13, a new WHEREAS was added, which read:

WHEREAS, under the Gulf of Mexico Energy Security Act of 2006, the federal government recognizes the effect that oil and gas development in federal offshore areas has on the states of Alabama, Louisiana, Mississippi, and Texas, and recognizes the contribution to national energy, security, and economic interests made by sharing with those states 37.5 percent of revenue from leases covered under phase one of the Gulf of Mexico Energy Security Act of 2006; phase two of the Gulf of Mexico Energy Security Act of 2006 expands the definition of "qualified outer continental shelf revenue" and continues to share revenue on an adjacency factor but includes an annual revenue-sharing cap of \$500,000,000 that applies through 2055; and

MR. BREFCZYNSKI said on page 3, line 22, a new WHEREAS was added, which read:

WHEREAS the federal government fails to recognize the same effects on and contributions made by other oil and gas producing states adjacent to federal outer continental shelf areas, such as this state; and

MR. BREFCZYNSKI said on page 3, line 25, a new WHEREAS was added, which read:

WHEREAS, had outer continental shelf revenue sharing of 37.5 percent been in place since 2003, the state would have benefitted from additional revenue, in an amount estimated to be between \$942,000,000 and \$1,300,000,000, for necessary infrastructure, such as marine ports, airports, utilities and housing, and increased state services, such as oil spill and emergency response and environmental monitoring and mitigation; and

MR. BREFCZYNSKI said on page 4, beginning on line 18, a new FURTHER RESOLVED was added, which read:

FURTHER RESOLVED that the Alaska State Legislature urges the Alaska Congressional delegation to continue its efforts to achieve consistent and equitable outer continental shelf revenue sharing for this state, as is granted the Gulf States of Alabama, Louisiana, Mississippi, and Texas; and be it

MR. BREFCZYNSKI said the final change amended the FURTHER RESOLVED on page 4, beginning on line 30, to include, "acknowledging the need for equitable revenue sharing with oil and gas producing states adjacent to federal outer continental shelf areas."

[3:39:54 PM](#)

REPRESENTATIVE HERRON remarked:

... the Obama Administration released a national strategy for the Arctic region in May of 2013, and then in January of 2014, the implementation plan for this national strategy was released. ... Effort No. 1, advance United States security interests of the National Strategy on the Arctic region, there's a section titled, "Provide for Future United States Energy Security," and I'll quote here, ... 'we are committed to working with stakeholders, industry, and other Arctic states to explore the energy resource base, develop and implement best practice, and share the experience to enable the environmentally responsible production of oil and natural gas, as well as renewable energy.' Canceling leases in the Chukchi and the Beaufort do not seem to mesh with this sentence. The federal government, in my opinion, is not following their own strategy for the Arctic region.

REPRESENTATIVE HERRON further referred to the implementation plan, reading as follows [document not provided]:

Would ensure the safe and responsible development of nonrenewable energy resources with the objective of ensuring safe, responsible, exploration, and the development onshore and offshore Arctic nonrenewable energy resources in an environmentally sound manner.

REPRESENTATIVE HERRON relayed that one of the steps includes assessing the capacity and integrity of the Trans-Alaska Pipeline System to facilitate the flow of additional onshore and offshore oil resources by the end of 2016. He restated that by canceling the leases, the federal government is going against its own national strategy for the Arctic region and Alaska.

[3:42:34 PM](#)

REPRESENTATIVE SEATON appreciated the additions to the resolution regarding Alaska sharing in its economic development.

[3:43:22 PM](#)

CO-CHAIR NAGEAK opened public testimony. After ascertaining that there were no witnesses, public testimony was closed.

[3:44:02 PM](#)

CO-CHAIR TALERICO moved to report [CSSJR 301(RES)am out of committee with individual recommendations and the accompanying zero fiscal note]. [There being no objection, CSSJR 301(RES)am was reported out of the House Resources Standing Committee.]
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[3:45:00 PM](#)

The committee took an at ease from 3:45 p.m. to 3:47 p.m.

[3:48:06 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:48 p.m.