

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 23, 2015

3:32 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Mia Costello, Vice Chair
Senator John Coghill
Senator Peter Micciche
Senator Bert Stedman
Senator Bill Stoltze

MEMBERS ABSENT

Senator Bill Wielechowski

COMMITTEE CALENDAR

CONFIRMATION HEARING

Board of Game

Teresa Sager Albaugh - Tok

Kip Fanning - Yakutat

- CONFIRMATIONS ADVANCED

SENATE JOINT RESOLUTION NO. 13

Supporting oil and gas exploration and development on the outer continental shelf offshore of the state; opposing attempts to prohibit oil and gas development in the Chukchi Sea Planning Area and the Beaufort Sea Planning Area; and requesting that the federal Administration cease and desist from all future restrictions in the Chukchi and Beaufort Seas.

- MOVED CSSJR 13(RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR 13

SHORT TITLE: OCS OIL & GAS EXPLORATION/DEVELOPMENT

SPONSOR(S): SENATOR(S) COGHILL

02/09/15 (S) READ THE FIRST TIME - REFERRALS

02/09/15 (S) RES

02/20/15 (S) RES AT 3:30 PM BUTROVICH 205
02/20/15 (S) -- MEETING CANCELED --
02/23/15 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

TERESA SAGER-ALBAUGH
Fairbanks, Alaska

POSITION STATEMENT: Board of Game nominee.

KIP FANNING
Yakutat, Alaska

POSITION STATEMENT: Board of Game nominee.

THOR STACEY, lobbyist
Alaska Professional Hunters Association
Juneau, Alaska

POSITION STATEMENT: Supported Ms. Albaugh's reappointment and Mr. Fanning's first appointment to the BOG.

ROD ARNO, Executive Director
Alaska Outdoor Council
Mat-Su, Alaska

POSITION STATEMENT: Supported Ms. Albaugh's reappointment and Mr. Fanning's appointment to the BOG.

MIKE TINKER, Alaska Wildlife Conservation Association
Ester, Alaska

POSITION STATEMENT: Supported Mr. Fanning's appointment to the Board of Game and Ms. Albaugh's reappointment.

AL BARRETTE, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Supported Ms. Albaugh's reappointment and Mr. Fanning's appointment to the Board of Game.

CHAD HUTCHISON, staff to Senator Coghill, Alaska State
Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the changes in the proposed committee substitute (CS) to SJR 13.

KARA MORIARTY, President and CEO
Alaska Oil and Gas Association (AOGA)

POSITION STATEMENT: Supported SJR 13.

ACTION NARRATIVE

[3:32:14 PM](#)

CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Micciche, Coghill, Stoltze, Costello and Chair Giessel.

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Confirmation Hearings: Board of Game

[3:32:40 PM](#)

CHAIR GIESSEL announced that they would start out today with the Governor's appointees to the Board of Game and invited Teresa Sager-Albaugh to review her resume and tell the committee why she wanted to serve on the Board of Game (BOG).

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TERESA SAGER-ALBAUGH, nominee for the Board of Game, Fairbanks, Alaska, said she was born and raised in Fairbanks and had lived in a 24X24 dry log cabin on the Tok cutoff near Mentasta Pass since 1984. She was raised in a hunting and fishing family and this remains a very important part of her life. Her family has a garden and two small green houses.

From 1983-1995 she worked for the Alaska State Legislature and since then she worked for an engineering and construction management company called Summit Consulting Services. She has volunteered with organizations that help protect and enhance hunting, fishing, trapping, second amendment rights, and the public's right to enjoy outdoor experiences.

MS. ALBAUGH said her "average outdoor Alaskan's background" has been a positive contribution to her service on the BOG and to people who value wildlife in their own lives. She is grateful for the opportunity to have been able to serve in this position for the past six years and appreciates the committee's consideration of her re-appointment.

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SENATOR STOLTZE noted that he had served as officer on the Alaska Outdoor Council and has had a long association with Ms. Albaugh, and she is an outstanding candidate.

SENATOR COSTELLO asked the major challenges confronting the Board of Game.

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MS. ALBAUGH replied that the BOG is continuing to review a number of proposals with regard to intensive management to help put more moose and caribou on the tables of Alaskans, and those proposals always have controversy. But because of their success in recent years, a lot of the initial opposition has waned. The BOG will suspend or end the ones that have not shown a great deal of success.

She said Dall sheep management is an ongoing contentious issue as well as the annual antlerless moose reauthorizations. However, she said there is also a lot of public satisfaction and support for them.

CHAIR GIESSEL asked if the BOG ever deals with the United States Fish and Wildlife Service (USFWS) landscape conservation cooperatives that coordinate science on a landscape scale in terms of changing climate.

MS. ALBAUGH answered that she hadn't heard of that particular one, but the board "pays attention" when the USFWS is looking at or developing plans that will affect wildlife harvest, and they are presently in the process of a rule-making issue that is similar to what the National Park Service proposed. The public comment period for that closed in February. The BOG issued a very strong letter to the Park Service on it and they will issue a subsequent letter to the USFWS on its rule-making. The details of their rule-making are a bit different, but they both take significant issue with the federal agencies' basically failing to honor the provisions of Alaska National Interest Land Claim Act (ANILCA).

SENATOR STOLTZE asked how the BOG might help the congressional delegation with increased hunting opportunities on federal lands.

MS. ALBAUGH answered that the BOG could provide some valuable information to the legislature and to the congressional delegation with regard to access challenges.

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CHAIR GIESSEL, finding no further questions for Ms. Albaugh, welcomed Mr. Fanning to review his qualifications and tell the committee why he is interested in the position.

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KIP FANNING, Board of Game nominee, Yakutat, Alaska, said he had been in Yakutat since middle school. Prior to that, his family

lived in Fairbanks with the exception of a couple short stints in Juneau while his father was in the legislature. He was raised by a big game guide, but grew up in a subsistence village. That background helps him keep an open mind to all sides of an issue. He is interested in this position so that his kids could have access to the same resources. He felt honored to be considered for this position

SENATOR COSTELLO asked him what major challenges the BOF faces in the near future.

MR. FANNING replied that he didn't know a lot of the issues at hand, but thought the biggest one will just be management of the resource and keeping an open mind to all parties.

SENATOR COSTELLO commented that they hoped to have open minds on all the boards.

CHAIR GIESSEL asked if he had followed the proposed federal hunting regulations.

MR. FANNING answered that growing up in Yakutat he did a lot of hunting on federal land, so he is familiar with dealing with the Park Service and Forest Service, but he wasn't familiar with current issues.

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THOR STACEY, lobbyist, Alaska Professional Hunters Association, Juneau, Alaska, supported Ms. Albaugh's reappointment and Mr. Fanning's first appointment to the BOG. Ms. Albaugh has a strong work ethic and is fair and honest. She is open to dissenting views.

The reason for supporting Mr. Fanning is because he is a small business owner and being able to value the resource from that perspective is valuable to the board.

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ROD ARNO, Executive Director, Alaska Outdoor Council (AOC), Mat-Su, Alaska, supported Ms. Albaugh's reappointment and Mr. Fanning's appointment to the BOG. Ms. Albaugh is the most prepared of all of the board members he has worked with. She does her own background work outside of what the department provides and finds out what the conflicts are among the users. Above all, she is willing to follow the rule of law, which isn't the case with all members.

He knew Mr. Fanning's father who was an outdoor person and he hoped that his son would also use the statutes as a foundation for building regulation through a constructive board process.

MIKE TINKER, Alaska Wildlife Conservation Association, Ester, Alaska, supported Mr. Fanning's appointment to the Board of Game and Ms. Albaugh's reappointment. He said the people who drafted the sideboards for board members did not intend for them to be made up of hunting and fishing experts or professionals. The language clearly says the applicants should have knowledge and experience with hunting, habitats, environment and issues that provide a base for making informed decisions on these regulatory matters. The term of appointment is three years, which implies there would be an opportunity for new members who are not experts in all these issues to bring new questions and ideas into service. Mr. Fanning has exactly those qualifications; his life and professional experience give him the background and the detail he needs to understand the issues once he gets there so he can make good conservation decisions. He recognizes the steep learning curve and has taken up the challenge.

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SENATOR STEDMAN joined the committee.

MR. TINKER said throughout her service on the board, Ms. Albaugh has been a caretaker of the constitutional and statutory obligations the board should, but does not always, follow. She always comes prepared for every issue, usually having several meetings with the public and community advisory committees, as well as having read the hundreds of pages of information that are required by each meeting. Having lived in the more urban environment of Fairbanks for many years and now living many years in the Bush, she has a unique perspective. Her attention to detail, especially during the emotion and turmoil that accompanies some issues before the board, is not matched by any other member. She always makes herself available to the public for discussion regardless of the issue. Her background as a hunter/fisher and living in a subsistence environment give her the experience to understand and appreciate the passion of those coming before the board. She is one who is looking out for compliance to process and contradictions in the discussions before the board.

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AL BARRETTE, representing himself, Fairbanks, Alaska, supported Ms. Albaugh's reappointment and Mr. Fanning's appointment to the Board of Game. Ms. Albaugh is very knowledgeable and well

prepared for the meetings. She attends advisory committees around the state and gets involved with the local issues, so she can be better prepared to vote on a proposal. She understands the importance of subsistence to Alaskans and diligently protects subsistence opportunities. She always thinks of the resource first.

He also supported Mr. Fanning's appointment and thought Ms. Albaugh would be an excellent mentor for him, as a new board member.

CHAIR GIESSEL, finding no further questions, closed public testimony. She said in accordance with AS 39.05.080, the Resources Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration: Board of Game: Kip Fanning - Yakutat, and Teresa Sager Albaugh - Tok. This does not reflect an intent by any of the members to vote for or against the confirmation of the individuals during any further sessions. There were no objections and it was so ordered.

[3:57:42 PM](#)

At ease from 3:57 to 3:58 p.m.

SJR 13-OCS OIL & GAS EXPLORATION/DEVELOPMENT

[3:58:52 PM](#)

CHAIR GIESSEL announced SJR 13 to be up for consideration [version 29-LS047\H was before the committee].

SENATOR COGHILL, prime sponsor of SJR 13, Alaska State Legislature, Juneau, Alaska, said he used the strongest language he could to direct the Bureau of Ocean Energy Management to "cease and desist" from taking the oil-rich Chukchi Sea leases off the market, because it is mismanagement of the energy potential of America and Alaska.

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SENATOR COGHILL moved to adopt CSSJR 13(RES), version 20-LS0471\E, as the working document. There were no objections and it was so ordered.

CHAD HUTCHISON, staff to Senator Coghill, Alaska State Legislature, Juneau, Alaska, explained that the changes in the proposed committee substitute (CS) to SJR 13 came after further conversations with Mike Pawlowski in Senator Murkowski's Office. The resolution was designed to oppose recent federal

restrictions relating to the Chukchi and Beaufort Seas. There are three big action points that distinguish this resolution:

1. They are concerned about future leases in the Chukchi and Beaufort Seas.

2. They are concerned about active leases and whether oil companies will have the ability to renew those active leases.

3. They are concerned about mitigation as it relates specifically to the Hanna Shoal section of the Chukchi Sea that will make it cost prohibitive for exploration, production and development.

He showed maps depicting historic and active oil leases and where activity is being restricted in 2017-2022.

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He explained that the Chukchi Sea is the important area that has a lot of petroleum-related activity going on, particularly in the Hanna Shoal area, because at least half of it is a high petroleum area with active historical leases, Shell and Repsol being the most important ones. Shell has three adjacent leases and Repsol has seven; another five are immediately adjacent to that restricted area. All of the leases cover similar prospects and the concern is that the active leases could be affected, because of the uncertainty of their renewal. Another concern is that the cost of mitigation efforts that will be imposed in the Hanna Shoal area will be so high that the federal agency will manage it as wilderness, even though it would be in violation of ANILCA.

SENATOR MICCICHE asked why Hanna Shoal was restricted.

MR. HUTCHISON answered because it is a high value area for marine life.

SENATOR COSTELLO asked what the president is using as a basis for his alleged authority.

MR. HUTCHISON answered that he does have the ability under the 43 USC 13.41(a) of the Outer Continental Shelf (OCS) Lands Act that says the President of the United States may from time to time withdraw from disposition any of the unleased lands of the OCS.

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CHAIR GIESSEL said it seems like the excluded area is almost an ocean zoning step.

MR. HUTCHISON said that many would agree with that analysis.

SENATOR STEDMAN commented that they should consider combining the timing of this resolution with the March report coming out from the National Petroleum Council.

SENATOR COGHILL said that was an excellent idea. It's important to make a live communication, because silence is acquiescence, and "the shoes are dropping fast."

SENATOR STEDMAN suggested deleting "without adequate public process" on page 3, line 30, to make the statement stronger.

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SENATOR COGHILL agreed with the goal, but said there is no way this will get done without public process.

MR. HUTCHISON responded that the initial draft of the resolution did not have "without adequate public process." That was a recommendation from Senator Murkowski's Office.

SENATOR STOLTZE said he thought it reads much better without that language.

SENATOR COGHILL responded that a resolution should be as direct as possible and he would like to take it out.

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SENATOR COGHILL moved to delete ", without adequate public process," on page 3, line 30. There were no objections and the amendment was adopted.

[4:22:04 PM](#)

KARA MORIARTY, President and CEO, Alaska Oil and Gas Association (AOGA), said they support SJR 13. She said the Arctic OCS is the largest undeveloped energy basin in the United States and the next generation of energy security for the country and the state. She said the Arctic OCS is a mega-resource, with an estimated 27 billion barrels of oil and 132 tcf/natural gas. In comparison, the TransAlaska pipeline System (TAPS) has carried just 17 billion barrels of oil in 30-plus years. So, truly, oil and gas development in the Beaufort and Chukchi Seas could feed into TAPS and maintain viability for years to come.

Oil and gas development in the OCS means more jobs for Alaskans. It's predicted to create an annual average of 35,000 direct and indirect jobs over the next 50 years in Alaska, alone, and those

jobs would likely represent a total payroll over that time span of \$70 billion.

Since 1971, Ms. Moriarty said 84 wells have been drilled in the Arctic OCS, all without incident. Industry has worked with communities to incorporate traditional knowledge with decision making, establish conflict avoidance agreements, and impose seasonal drilling limitations. New regulations and research can further ensure that development and environmental protection can co-exist.

She said Mr. Hutchison did a great job of summarizing their concern with the restrictions in the current five-year leasing plan and the unknowns they bring up.

MS. MORIARTY said that as the sea-ice stays open longer and other countries move forward with exploration and development in their waters, and transportation through the ice-free Northwest Passage increases, Alaska's Arctic seas will be left largely unattended. With little infrastructure in place, communities along Alaska's northern coast will be at the greatest risk with no ability to respond. So, development of the Arctic OCS for exploration and development would bring that needed infrastructure to a very rural on-shore area. The industry's continued presence would provide security and response capabilities, should they be needed.

CHAIR GIESSEL, finding no further comments, closed public testimony.

SENATOR COGHILL recapped that it is time to speak up. A small village near Wainwright was anticipating how it could support that industry and was happy that regulations were structured to around their best hunting and fishing times. The resolution doesn't say don't do anything, just that those leases in an oil rich area should not come under the cloud that this president just put them under.

CHAIR GIESSEL said people at Pt. Lay were also looking forward to the opportunities industry would bring.

SENATOR COSTELLO moved to report CSSJR 13(RES), version E, as amended, from committee with individual recommendations and attached fiscal note(s). There were no objections and CSSJR 13(RES) was reported from the Senate Resources Standing Committee.

4:28:13 PM

At ease from 4:28 to 4:29 pm.

4:29:11 PM

CHAIR GIESSEL, finding no further business to come before the committee, adjourned the Senate Resources Committee meeting at 4:28 p.m.