

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ARCTIC POLICY,
ECONOMIC DEVELOPMENT, AND TOURISM**

January 24, 2017

11:31 a.m.

MEMBERS PRESENT

Representative Dean Westlake, Chair
Representative Bryce Edgmon
Representative Andy Josephson
Representative Chris Tuck
Representative Gary Knopp
Representative Mark Neuman
Representative David Talerico

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 5

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.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HJR 5

SHORT TITLE: ENDORSING ANWR LEASING; RELATED ISSUES

SPONSOR(S): REPRESENTATIVE(S) WESTLAKE

01/18/17	(H)	READ THE FIRST TIME - REFERRALS
01/18/17	(H)	RES
01/20/17	(H)	AET REFERRAL ADDED BEFORE RES
01/24/17	(H)	AET AT 11:30 AM BARNES 124

WITNESS REGISTER

JESSE LOGAN, Staff
Representative Dean Westlake
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HJR 5 on behalf of Representative Westlake, prime sponsor.

ACTION NARRATIVE

[11:31:31 AM](#)

CHAIR DEAN WESTLAKE called the House Special Committee on Arctic Development, Economic Trade, & Tourism meeting to order at 11:31 a.m. Representatives Josephson, Neuman, Knopp, Talerico, and Westlake were present at the call to order. Representatives Edgmon and Tuck arrived as the meeting was in progress.

HJR 5-ENDORSING ANWR LEASING; RELATED ISSUES

[11:32:20 AM](#)

CHAIR WESTLAKE announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 5, 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.

[11:32:44 AM](#)

CHAIR WESTLAKE, as prime sponsor, introduced HJR 5. He opined that the opening of the Arctic National Wildlife Refuge (ANWR) would be beneficial to Alaska, as well as the rest of the United States. He said the first priority of his constituents in House District 40 is subsistence. He stated, "We want the jobs that come with this." He indicated that the proposed joint resolution would create tens of thousands of jobs across the nation. He emphasized that he would not be offering HJR 5 if he did not think that development in ANWR could be done [in an environmentally responsible manner]. He deferred to his staff for further presentation of the proposed legislation.

[11:33:59 AM](#)

JESSE LOGAN, Staff, Representative Dean Westlake, presented HJR 5 on behalf of Representative Westlake, prime sponsor. He stated that if passed by both bodies, HJR 5 would signify a unified voice of Alaska - to U.S. Congress and the new Presidential Administration - that Alaska supports the opening of the coastal plain of ANWR for oil and gas development. Mr. Logan said HJR 5 urges U.S. Congress to pass legislation to open ["the 1002 study area"] of ANWR, urges the U.S. Department of the Interior to recognize the property rights of owners of land in and adjacent to the refuge, and recognizes the efforts the State of Alaska has made in developing and deploying renewable energy across the state.

MR. LOGAN reviewed that upon passage of the Alaska National Interest Lands Conservation Act (ANILCA), by U.S. Congress, in 1980, 1.5 million acres of the nearly 19.5 million acres that make up ANWR were set aside specifically for future consideration of oil and gas development. He said, "Section 1002 of ANILCA set aside 1.5 million acres for consideration of oil and gas development on the coastal plain of the refuge." He relayed that depending on the structure of the federal legislation that would authorize the development and exploration, it's possible that less than 2,000 acres would be needed for surface infrastructure, which represents less than .01 percent of the refuge - a footprint often compared to a postage stamp on a football field.

MR. LOGAN stated that according to the Energy Information Administration (EIA), the operation of the Trans-Alaska Pipeline System (TAPS) is uneconomical if production falls below 200,000 barrels per day; current production is just over 500,000 barrels per day, which is down from the peak of 2 million in the late '80s. He said TAPS has seen a decline of about 5 percent annually. Less oil produced means slower moving oil, which in turn means colder oil, and that combination "makes complicated engineering and operation of TAPS." Mr. Logan said the EIA estimates that development of ANWR would peak approximately 10 years after the beginning of production; peak flow would be between 500,000 and 1.5 million barrels per day. He said the low estimate could double the throughput of TAPS, while the high end could quadruple it.

MR. LOGAN stated that the United States Geological Survey (USGS) has estimated an approximate mean of 10.5 billion barrels of recoverable oil; however, this number is an estimate, since no

one has ever developed this resource, and recoverable oil is based on a range of \$12 to \$24 per barrel.

MR. LOGAN stated that Alaska has been responsibly developing its natural resources for decades, while also maintaining some of the highest environmental standards in the world. For years, Alaska congressional delegation has been putting forth legislation to open the plain of ANWR. He stated that responsibly opening ANWR is not only vital to Alaska's economic future, but also to the nation's inner security. He said the proposed joint resolution would give Alaska's congressional delegation a clear message and "some extra ammunition" that the legislature and the state supports "the passage of that legislation."

[11:37:08 AM](#)

REPRESENTATIVE NEUMAN noted that the prime objection to opening the 1002 study area has been the possible effects on the Porcupine Caribou herd. He asked Chair Westlake if his understanding of the general consensus of his constituents is that they believe there could be more development in the area without affecting locals.

CHAIR WESTLAKE replied that Representative Neuman had hit upon something missing, which is "the coastal zone management component of this." He added, "And having that - and having local input back in there - certainly would bolster that." He reiterated that the people in the area would welcome the opportunity to have the jobs that would result from the opening of ANWR. He emphasized the importance of having coastal zone management.

REPRESENTATIVE NEUMAN noted that in Kotzebue, a wildlife subsistence board had been created to manage wildlife in the area from the Red Dog Mine to the fort. He said if there was going to be any detrimental effect from a project, the board could stop the project. He asked the sponsor if he anticipated there might be a local board to oversee the 1002 region, such that the Natives in the area could suspend development or oversee the wildlife management in the area.

CHAIR WESTLAKE, regarding the overseeing of the Red Dog Mine projects, emphasized that the board had been created right from the start. He said, "Everything was above board, and it works." Notwithstanding that, he said he could not predict how such a

board could work in conjunction with possible projects in ANWR, "because we're not there yet."

REPRESENTATIVE NEUMAN directed attention to the first sentence of the last paragraph of the sponsor statement, which read as follows, [original punctuation provided]:

HJR 5 urges Congress to take action and open the 1002 Area to oil and gas development and to do so in ways that protect local residents as well as the Porcupine Caribou herd.

REPRESENTATIVE NEUMAN asked the bill sponsor if he could offer clarification as to what type of protection he had in mind.

CHAIR WESTLAKE said there would be further discussion on the topic. He stated, "Just me answering those alone is doing a disservice to the people in Alaska." He said he would like to hear both sides of the issue.

[11:40:34 AM](#)

REPRESENTATIVE EDGMON said one big difference of the Northwest Arctic Borough is the fact that it is an organized borough; therefore, it has more authority through its subsistence board, which has been staffed by elders from its inception in the 1980s, at the outset of the Red Dog project.

CHAIR WESTLAKE offered that at the time there had been an agreement through Cominco Alaska and NANA Regional Corporation.

REPRESENTATIVE EDGMON indicated that a grant had been involved, and it was more enforceable, because there had been the formation of a borough. He offered his understanding that the 1002 study area does not reside in the North Slope Borough.

MR. LOGAN offered his understanding that Representative Edgmon is correct.

REPRESENTATIVE EDGMON recollected that the aforementioned borough formation played a big role in local control over the Red Dog project.

[11:42:28 AM](#)

REPRESENTATIVE TUCK opined that it is important to include language in HJR 5 seeking protection of the Porcupine Caribou

herd, because there may be opposition [to the opening of ANWR] from members of U.S. Congress, and such provisions may give them confidence that Alaska intends to do things right, protect everyone's interest, and have sound development of resources.

[11:43:13 AM](#)

REPRESENTATIVE NEUMAN opined that the issue of opening ANWR is an important one that has come before the legislature before. He related that he thinks the issue of wildlife is important, and he explained that because Chair Westlake is a new legislator, he would like to find out his stance on the issue of wildlife management, restrictions on hunting, and whether or not the herd is currently a "level herd."

CHAIR WESTLAKE said there are several herds out there. He indicated that [the number of caribou in the area] has dropped some, but has leveled out.

[11:43:54 AM](#)

REPRESENTATIVE KNOPP, as one who had previously worked in the area being discussed, noted that while some locals had been allowed to hunt, those visiting or working there were not allowed to do so. He said the state makes provisions for its wildlife through a regulatory process. He stated that other than making reference to that regulatory process, he would be reluctant to insert any details to wildlife management in HJR 5. He said he would like to see a resolution of support for HJR 5 from the people of Kaktovik, since that community is close to [the 1002 study area].

[11:45:59 AM](#)

REPRESENTATIVE JOSEPHSON expressed support for HJR 5. He stated that he thinks the area can be opened [to development] safely. He directed attention to language on page 3, lines 7, of HJR 5, which references offshore drilling. He offered his understanding that the bill sponsor is trying to emphasize that "if there's going to be any federal reluctance on offshore drilling, it's all the more important to do ANWR."

CHAIR WESTLAKE confirmed that with the closing of offshore drilling, "this makes it even more imperative; this is what we have now." He indicated that [oil spills] can be contained more easily on land.

[11:46:59 AM](#)

REPRESENTATIVE TUCK said Alaska has repeatedly demonstrated how well it does on the North Slope with land drilling. He mentioned the oil spill in the Gulf of Mexico and asked, "Why in the world do we want to push people offshore into the dangerous oil spill potential when we can do it safely right here in the 1002 area?" He encouraged opening the 1002 study area. He said it had been pointed out "by our presenter" that it would be safe. He offered his understanding that the size of the caribou herds had grown three times its size since the pipeline was built, which he said shows that resource development and caribou herds can exist side by side.

[11:48:28 AM](#)

REPRESENTATIVE NEUMAN related he had heard that the footprint being considered in area 1002 is similar in size to the Houston Airport in the middle of the state of Texas. He asked the bill sponsor to describe how much land would actually be used.

MR. LOGAN said the answer depends largely on the federal legislation that authorizes the exploration. He said recently bills that have been introduced have designated less than 2,000 acres for service development. He mentioned preservation of land and wildlife species, as well as the development of directional drilling. He said several years ago, U.S. Senator Lisa Murkowski introduced a bill to allow development of ANWR from outside its borders using only directional drilling.

REPRESENTATIVE NEUMAN noted that HJR 5 speaks to the 1002 area, and he asked again how much area would be needed for development.

CHAIR WESTLAKE said he does not know the answer at this time.

[11:50:08 AM](#)

REPRESENTATIVE EDGMON directed attention to the second "**WHEREAS**" clause, on page 2, lines 5-7, of HJR 5, which read as follows:

WHEREAS the 1002 study area is part of the coastal plain located within the North Slope Borough, and many of the residents of the North Slope Borough, who are predominantly Inupiat, are supportive of development in the 1002 study area; and

REPRESENTATIVE EDGMON said he presumes it would be "almost pro forma to get a gesture of support from the borough."

CHAIR WESTLAKE answered that is correct. He said, "They've already expressed support"

REPRESENTATIVE EDGMON remarked that in his time in the legislature, he has seen five versions of this legislation. He said he understands the intent of expressing the legislature's unwavering support for opening ANWR. He said he thinks this is one major resource development project that "crosses all political boundaries" in terms of support. He expressed support for HJR 5, and stated that he would like it to pass through the legislature in an expedient manner. He noted that two of Alaska's congressional delegates from the U.S. Senate would be coming through the Alaska legislature in about a month's time, and he opined it would be appropriate to give them this legislation in order to appeal to the new Administration the sense of strong support and urgency to "get this thing moving."

[11:52:33 AM](#)

REPRESENTATIVE TUCK directed attention to a handout in the committee packet, titled "ANWR Land Use," which he said offers a visual of hypothetical development areas. It shows that 50 percent of ANWR is refuge land; 42 percent of ANWR is wilderness land; 8 percent of ANWR is the 1002 area; and .08 percent of the land, noted by two red dots, is the hypothetical development area. He said that is a miniscule area compared to the entire ANWR area.

[11:53:26 AM](#)

REPRESENTATIVE NEUMAN first noted for public interest that the language on page 3, lines 6-11, of HJR 5 gives the acreage information. He then asked whether the state has received all the federal land transfers that are due.

MR. LOGAN offered his understanding that the State of Alaska is still due land from the federal government.

REPRESENTATIVE NEUMAN suggested a change to the proposed joint resolution to include a request for those lands due to the state. He said he believes the Department of Natural Resources would love to manage more state-owned land, so that the state could gain royalties.

CHAIR WESTLAKE concurred.

[11:54:39 AM](#)

REPRESENTATIVE JOSEPHSON offered his understanding that the State of Alaska has been given, either "in fee" or "other not yet fully deeded lands" of 100 million acres and is entitled to 5 million more. Further, he said he thinks the land would not be eligible for selection. He noted there is a national movement to convert federal land to state ownership; however, the Secretary of the Interior designee, Ryan Zinke, does not favor that approach. He allowed that with a new Administration, anything could happen.

[11:55:40 AM](#)

REPRESENTATIVE EDGMON observed that the aforementioned Secretary of the Interior designee was not listed under the "**COPIES**" portion of HJR 5, because he had not yet been confirmed, and he questioned whether the timing of [Mr. Zinke's] confirmation would comport with the timing of passing the proposed joint legislation through the Alaska State Legislature.

MR. LOGAN indicated that legal counsel had been sought in the drafting of HJR 5, and he confirmed that some names had been left out because of the timing of the proposed legislation.

[11:56:32 AM](#)

CHAIR WESTLAKE announced that HJR 5 was held over.

[11:56:38 AM](#)

The committee took a brief at-ease.

[11:57:02 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Arctic Policy, Economic Development, and Tourism meeting was adjourned at 11:57 a.m.