

Introduced: 4/27/79
Referred: Resources

BY ROGERS, ANDERSON, BROWN, BUCHHOLDT,
CARNEY, COTTEN, DUNCAN, FREEMAN, FULLER,
MCKINNON, MALONE, MEEKINS, MILES, MILLER,
MOSS, OSTERBACK, PARKER, PARR, SCHAEFFER,
ZHAROFF AND GARDINER

1 IN THE HOUSE

2 HOUSE RESOLUTION NO. 9

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to the exploration and
6 development of Beaufort Sea oil and
7 gas.

8 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

9 WHEREAS Governor Jay Hammond has announced the state's intention to hold
10 an oil and gas lease sale in the offshore Beaufort Sea in December, 1979; and

11 WHEREAS the State of Alaska has entered into a tentative agreement with
12 the federal government providing that state and federal leases in the Beaufort
13 Sea will be offered simultaneously in a joint sale; and

14 WHEREAS the Beaufort Sea is likely to contain hydrocarbons needed by the
15 United States to enhance its energy self-sufficiency and national security;
16 and

17 WHEREAS exploration and development of state land in the Beaufort Sea
18 will provide income to the state that can be used for the benefit of all its
19 citizens; and

20 WHEREAS the state desires to maximize its income from the exploration
21 and development of its nonrenewable resources, and to receive the fair market
22 value for them; and

23 WHEREAS the Governor has recently stated that "due to the federal
24 government's failure to deal with the West Coast oil surplus problem, market
25 economics are presently very poor for Alaska crude.... We cannot expect
26 producers to pay full value for leases, nor can we expect to gain full value
27 for oil produced from these leases until this market problem is solved....
28 To sell now at a cut-rate would lose all Alaskans millions of dollars which
29 they would otherwise get when the West Coast surplus problem is resolved";

1 and

2 WHEREAS ownership of substantial acreage within the proposed sale area
3 is currently in dispute and is claimed by both the state and the federal
4 government;

5 WHEREAS industry bidding on Beaufort Sea leases may be lowered due to
6 uncertainties such as the lack of a gas transportation facility, future
7 markets for Alaska oil and gas and the high exploration and development costs
8 associated with operations on the pack ice; and

9 WHEREAS the U. S. General Accounting Office has issued a report de-
10 claring that the Department of the Interior is leasing outer continental
11 shelf land without obtaining sufficient information to determine its resource
12 potential; and

13 WHEREAS the state division of mineral and energy management is depending
14 on the Department of the Interior for determination of resource potential for
15 state land in the Beaufort Sea; and

16 WHEREAS necessary data on the bowhead whale, which is vital to the
17 culture of many of the North Slope residents, has not yet been gathered;

18 BE IT RESOLVED that the House of Representatives respectfully advises
19 the Governor that it supports oil and gas exploration and development in the
20 Beaufort Sea that will benefit both national and state interests; and be it

21 FURTHER RESOLVED that the House of Representatives believes exploration
22 and development should proceed as soon as practical, but that a delay in the
23 sale date until June 1980 is necessary for the following matters and issues
24 to be analyzed and favorably resolved:

25 (1) the existence of favorable market conditions for Alaska hydro-
26 carbons, including but not limited to federal approvals for exchanges of oil,
27 construction of a pipeline from the West Coast to midwest markets, and the
28 resolution of financial and regulatory issues impeding construction of a
29 natural gas transportation facility;

1 (2) the state Department of Natural Resources, in conjunction with
2 the Department of the Interior, has gathered the technical and economic data
3 necessary to make an adequate judgment of the fair market value of the re-
4 sources;

5 (3) the state Department of Natural Resources, in conjunction with
6 the state Department of Revenue, has analyzed the data necessary to determine
7 which method of leasing will produce the greatest economic benefit to the
8 state, and has submitted that analysis to the legislature;

9 (4) research studies have been completed which show that petroleum
10 exploration and development can take place without significant adverse
11 effects on the bowhead whales.

12 COPIES of this resolution shall be sent to the Honorable Jimmy Carter,
13 President of the United States; the Honorable James R. Schlesinger, Secretary
14 of Energy; the Honorable Cecil D. Andrus, Secretary of the Interior; the
15 Honorable Juanita M. Kreps, Secretary of Commerce; the Honorable Eben Hopson,
16 Mayor of the North Slope Borough; and the city councils of Barrow, Kaktovik,
17 and Nuiqsut.

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