

**CS FOR SENATE JOINT RESOLUTION NO. 13(JUD)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION**

BY THE SENATE JUDICIARY COMMITTEE

**Offered: 1/26/94
Referred: Rules**

Sponsor(s): SENATORS ELLIS, Kelly, Rieger, Frank, Leman, Donley

A RESOLUTION

**1 Opposing the ban on the export of Alaska North Slope crude oil, endorsing
2 HR 543, legislation removing restraints on the export of Alaska North Slope oil,
3 requesting the Congress of the United States to pass legislation to permit the
4 export of Alaska North Slope crude oil, and requesting the President of the
5 United States to present to the United States Congress a recommendation to lift
6 the ban on the export of Alaska North Slope crude oil.**

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

**8 WHEREAS 50 U.S.C.S. Appx. 2406(d) (sec. 7(d), Export Administration Act of 1979)
9 prohibits, with tightly restrictive exceptions, the export of domestically produced crude oil
10 transported by pipeline over the right-of-way granted by 43 U.S.C. 1652 (sec. 203 of the
11 Trans-Alaska Pipeline Authorization Act); and**

**12 WHEREAS the limitation on export of Alaska North Slope crude oil effectively limits
13 its sale to the domestic American market; and**

**14 WHEREAS the higher transportation cost associated with shipping Alaska North Slope
15 crude oil through the Panama Canal to the Gulf Coast states reduces the wellhead price of the**

1 oil; and

2 **WHEREAS** lower wellhead prices raise the economic threshold for exploring for and
3 producing all North Slope oil and, as a result, production from certain existing and newly
4 discovered oil fields is currently uneconomic; and

5 **WHEREAS** the export ban singles out Alaska to pay its costs, penalizing the state and
6 the North Slope producers, which pay 85 percent of the taxes collected by the state; and

7 **WHEREAS** the current export ban reduces the value of crude oil production in the
8 state by an estimated \$1,000,000,000 per year, or about \$1.10 per barrel; and

9 **WHEREAS** Alaska North Slope crude oil required to be transported and delivered for
10 sale in the domestic market incurs approximately \$2.70 per barrel in higher transportation
11 charges than if the oil could be exported in international tankers to Pacific Rim countries; and

12 **WHEREAS** domestic exploration and development of newly discovered oil reserves
13 will enhance the nation's energy and economic security; and

14 **WHEREAS** the foreign export of Alaska North Slope crude oil will provide an
15 incentive for further domestic oil exploration and development; and

16 **WHEREAS** new discoveries and production resulting from increased domestic
17 exploration will facilitate the development of infrastructure and production facilities needed
18 to produce currently uneconomic Alaska North Slope reserves and, thus, lower the average
19 development costs of all Alaska North Slope production; and

20 **WHEREAS** exporting oil to Pacific Rim nations will decrease the substantial trade
21 deficit with nations that have expressed a strong interest in purchasing Alaska produced oil,
22 as evidenced by the sale under a United States Department of Commerce export license of
23 Alaska Cook Inlet oil to a Taiwanese company; and

24 **WHEREAS** Canada, Mexico, and Venezuela, among other neighboring countries in
25 this hemisphere, may provide stable, secure exports of crude oil to the United States at more
26 competitive prices than Alaska North Slope crude oil because of the transportation savings;
27 and

28 **WHEREAS** the additional cost of shipping Alaska North Slope crude oil to the Gulf
29 Coast and eastern states imposes an unnecessary burden on those states, reduces federal and
30 state tax revenue, reduces state royalties, and discourages exploration and development of
31 North Slope reserves; and

32 **WHEREAS** U.S. Secretary of Energy Hazel O'Leary has included a recommendation

1 to lift the ban on the export of Alaska North Slope oil as part of her Domestic Energy
2 Initiative; and

3 **WHEREAS** during his term as president, President George Bush had lifted the ban
4 on the export of oil produced in the State of California; and

5 **WHEREAS** the amended Export Administration Act authorizes the President of the
6 United States to recommend, and the Congress to approve by adoption of a joint resolution,
7 export of Alaska North Slope crude oil;

8 **BE IT RESOLVED** that the Alaska State Legislature opposes the continuing ban on
9 export of Alaska North Slope crude oil because the ban results in inefficiencies and economic
10 waste and because it reduces the overall level of national economic activity; and be it

11 **FURTHER RESOLVED** that the Alaska State Legislature endorses HR 543,
12 legislation removing the restraints on the export of Alaska North Slope crude oil; and be it

13 **FURTHER RESOLVED** that the Alaska Congressional delegation and the Governor
14 are urged to continue using their best efforts to obtain passage of HR 543 or comparable
15 legislation permitting the export of Alaska North Slope crude oil, regardless of the oil's point
16 of production within the state; and be it

17 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the
18 President of the United States to exercise power given him under the amended Export
19 Administration Act to recommend approval of the export of that oil.

20 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
21 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
22 of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S. House of
23 Representatives; the Honorable George Mitchell, Majority Leader of the United States Senate;
24 and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
25 the Honorable Don Young, U.S. Representative, members of the Alaska delegation in
26 Congress.