SJR

12

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SJR 12

BILL NAME: Opposing extension of provisions of the Export Administration Act of 1979 that effectively bans the export of Alaska North Slope oil.

SPONSOR(S):

RELATED BILLS PENDING: HJR 22

DATE INTRODUCED: 1-26-83

REFERRALS: Resources
Judiciary

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE SUBSTITUTES DRAFTED:

FRANK H. MURKOWSKI
ALASKA

COMMITTEE ON ENERGY AND NATURAL RESOURCES
COMMITTEE ON FOREIGN RELATIONS
COMMITTEE ON VETERANS' AFFAIRS

APR 18 1983

United States Senate

WASHINGTON, D.C. 20510

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April 14, 1983

Honorable Bettye Fahrenkamp
Chairman
Senate Commi' tee on Resources
Alaska State Legislature
Pouch V
State Capital
Juneau, Alaska 99811

Dear Bettye:

Please excuse the delay in my responding to your letter of March 14, 1983. I just got back from an Alaska forest products sales promotion trip to Japan and China and have only recently had time to give your letter the proper consideration it deserves.

In your letter you mention your concern that passage of SJR 12 could potentially harm our efforts to relax oil export restrictions in Congress. While that may have been the case one month ago, the situation has changed.

Opposition to relaxation of any restrictions has increased lately, with 184 cosponsors in the House on Congressman McKinney's bill to extend export restrictions. The Administration is perceiving very little support in Congress to relax restrictions and is holding back from leading the charge.

With opposition mounting on all fronts I do not think it would be counterproductive or inappropriate to send a strong signal from Alaska favoring exports. It would actually be helpful, because without the State's support it would be very easy for opposing interests to point out the State's disinterest in exports.

I hope this answers your questions. We are still hopeful but realize we have a lot of hard work ahead of us.

Sincerely,

Frank H. Murkowski
United States Senator

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, D.C. 20510

March 10, 1983

Dear Colleague:

A great deal has been written and said recently regarding the issue of export of Alaska oil to Japan. Lobbyists are actively opposing export and presenting position papers in support of their arguments. We are writing to urge you to maintain a neutral position until all sides of the issue have been heard.

We are not prepared at this time to endorse any specific proposal until we have had a thorough analysis of the economic impact and effects of removing part or all of the restrictions. However, we would advocate lifting the restrictions if assured that national security, maritime, and oil industry concerns have been adequately addressed. For instance, it may be desirable to protect our maritime industry by providing for carriage in U.S. tankers. One thing is certainly clear, there are strategic, economic, and international trade reasons that merit your consideration before making a commitment on this issue.

A critical component of any international trade agreement with Japan may involve the willingness of our government to consider modifying what was described to us by Dr. Utz Lantzke, Executive Director of the International Energy Agency, as an unsightly example of United States protectionism serving no demonstrable national policy.

Remember that this issue involves more than Japan, other Asian nations have also expressed interest. By allowing some degree of oil exports we would be sending a signal overseas that the U.S. is acutely aware of the economic and strategic importance of our Pacific Rim neighbors.

It is our hope that you will take the time to review the attached point paper which mentions some of the key benefits which would stem from allowing some level of Alaska oil export. The Administration is weighing all of these factors in its negotiations with the Japanese on comprehensive energy and trade issues. Again, we urge you to remain uncommitted until sufficient information is available for a reasoned decision by the Congress. Thank you for your attention to this important matter.

Cordially,

Ted Stevens
United States Senator

Frank H. Murkowski
United States Senator

Attachment

EXPORTING ALASKA OIL: THE REASONS WHY

In response to the oil shocks of the 1970's, Congress has essentially banned the export of crude oil produced on Alaska's North Slope. The Trans-Alaska Pipeline Authorization Act of 1973 established the initial restrictions on export. These were tightened by the Export Administration Act of 1979 to create an effective ban on exports. The Export Administration Act will be considered for renewal by Congress later this year. The time has come for a fresh look at the exportation of Alaska oil. The case for easing export restrictions is compelling:

- it will lead to the discovery of new domestic reserves;
- it will increase federal revenues;
- it will enhance national security by reducing the dependence of key Asian allies on unstable sources of supply;
- it will improve the U.S. balance of trade with Japan;
- it will facilitate efforts to secure reciprocal trade agreements with the Japanese;
- it will not reduce U.S. oil supplies; and,
- it will not raise the price consumers pay for oil.

Background on Alaska Oil

Each day, 1.6 million barrels of Alaska crude oil are shipped through the Trans-Alaska Pipeline to Valdez for transfer to tankers serving the West Coast and Gulf Coast markets. West Coast refineries can absorb only about 800,000 barrels a day. The balance is either shipped through the Panama Canal or transported via the new Northville pipeline across Panama and then taken by smaller U.S. vessels to the Gulf Coast.

It costs approximately $1.50 a barrel to ship oil from Valdez to the West Coast, a distance of 3,000 to 4,000 miles. Shipping to the Gulf Coast costs over three times as much -- from $4.00 (via the Northville Pipeline) to $5.00 (via tankers) a barrel -- for a distance of about 13,000 miles. In contrast, it is estimated that it would cost from $ .50 to $1.10 a barrel (depending on the vessel) to ship oil to Japan from Valdez, a distance of 7,000 miles. If export is allowed, approximately 60 percent* of the transportation cost savings would go to the federal government.

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* The Windfall Profits Tax (at a 70 percent rate) is applied to the wellhead price of oil, after an allowance for the state severance tax and royalties. The effective tax rate is 52 percent. In addition, the federal corporate income tax captures about 7 percent of the transportation cost savings.

Whether or not the export restrictions are eased, the West Coast will remain the preferred market for Alaska crude oil because of its proximity to Alaska and its refining and marketing facilities. The West Coast will continue to receive as much Alaska oil as it can absorb. The balance will be shipped either to the Gulf Coast, as currently done, or exported. The decision to export will be made by each major producer. The producers' decisions concerning the timing and volume of exports will be based on market considerations. Undoubtedly, the process of exporting oil will be a gradual one involving substantially less than half of current production.

Some of the reasons for easing oil export restrictions are discussed below.

Reason #1: Export Will Encourage Development of New Reserves

Incentives must be provided to encourage exploration for new oil reserves in Alaska. In the event of a national emergency, the size of developed domestic reserves will be crucial. Currently, the amount of oil being produced from existing fields on the North Slope is projected to fall by one-half over the next fifteen years. However, estimates of remaining undiscovered recoverable reserves in Alaska range up to 30 billion barrels. Permitting the export of Alaska oil will provide an incentive for further exploration and development of these oil reserves.

Because the West Coast can absorb only 50 percent of current North Slope production, any oil produced from new discoveries will have to be shipped to Gulf Coast markets at a cost of $4.00 to $5.00 a barrel -- $3.50 to $4.50 more than it will cost to ship the same barrel to the Pacific Rim. Because oil from new fields is not subject to the Windfall Profits Tax, this transportation cost penalty has a significant negative impact on the profitability of new development. Eliminating this cost penalty by easing the export restrictions will increase the incentive for exploration.

Reason #2: Export Will Increase Federal Revenues

Export of oil from the Prudhoe Bay field will increase federal revenues. Because the transportation cost to market is deducted from the market price in calculating the wellhead price of crude oil, inefficient transportation patterns reduce the amount subject to federal tax. Currently, the federal government captures approximately 60 percent of any increase in the wellhead price of crude oil from Prudhoe Bay. As a result, the American taxpayer will be the main beneficiary of the reduced transportation costs associated with exporting this oil.

Reason #3: Export Will Enhance National Security

The last ten years have shown that U.S. security is tied to the security of its trading partners. Export of Alaska oil will help diversify the sources of supply for one of our most important Asian allies. Japan now relies heavily on oil from the Middle East. New sources of energy now being developed in the U.S.S.R.

and China may provide Japan with an alternative supply. It is in the national security interest for Japan to diversify away from Middle Eastern supplies and to avoid an energy relationship with the Soviet Union or China.

It is significant to note that, under the terms of the International Energy Agreement, the U.S. will be required to supply Japan with oil in an energy emergency. In such an event, any oil exported to Japan from Alaska could be credited towards U.S. obligations.

Reason #4: Export Will Improve Balance of Trade

The U.S. balance of trade position with Japan will improve with the exportation of Alaska oil. For instance, if only 200,000 barrels a day is exported, the U.S. balance of trade position will be improved by over $2 billion a year.

Reason #5: Export Will Facilitate Trade Negotiations

The existing restriction on oil export is an example of U.S. trade protectionism. U.S. willingness to remove this barrier will create a more positive climate for convincing Japan to ease its import restrictions.

Reason #6: Export Will Not Reduce U.S. Oil Supplies

Export of Alaska crude oil will not affect the amount of oil available to the United States. Any oil exported by the United States will displace other oil in the world market. This oil will then be routed (through the action of the free market) to the Gulf Coast. The U.S. will continue to have access to all the oil it needs at the world price. It will make no difference to the ultimate consumer whether that oil originated in Alaska, Mexico, Venezuela or the Middle East.

Reason #7: Export Will Not Raise Consumer Costs

Regardless of the final destination of a portion of Alaska's output, consumers will continue to pay the same price for oil. The delivered Gulf Coast price for oil is the same regardless of where the oil originated. Any difference in transportation costs affects the wellhead price -- not the price to the consumer.

Good Reasons for an Oil Swap

Oil produced in northern Alaska is a lot closer to potential markets in Japan than it is to the actual markets in the continental United States where it ends up. Distance affects costs. Alaskan oil could be shipped to Japan for about 50 cents a barrel. That same oil costs about $1.25 a barrel to transport to West Coast refineries, and up to $5.50 a barrel to move to Gulf Coast ports. American consumers pay for those high transportation charges.

Japanese consumers similarly pay a high transportation premium for oil shipped from distant ports to their country. Americans and Japanese could both have their energy bills cut somewhat if a reasonable oil swap could be arranged. Some Alaskan oil that now goes to the lower 48 states could be sold to Japan in exchange for American purchases of some oil that Japan has contracted to buy from Mexico and Venezuela. Each country could get what it needed, but at reduced delivery costs.

The main barrier to such a mutually beneficial arrangement is a law first passed by Congress in 1974 and reaffirmed in 1979. The law says that oil from Alaska's Prudhoe Bay can be sold only within the United States. Initially, this requirement seemed to be a sound safeguard. The Arab oil embargo and long lines at gasoline pumps were things of vivid and bitter recency. Dependability of future oil supplies was in the forefront of American energy concerns. Congress wanted American oil to go to American markets.

Under the whiplash of OPEC-dictated price increases, considerable changes have occurred since 1974 in both oil consumption and supply patterns in the United States. Even before the recession, energy conservation and a shift to alternative fuels had worked to reduce significantly the U.S. demand for OPEC oil. Meanwhile, purchases have increased from such non-OPEC oil producers as Mexico. Far more security of supply exists now than did eight years ago.

An oil swap with Japan would of course make the United States more dependent in some measure on foreign suppliers. But there is no reason such a swap arrangement could not carry an escape clause. Any cutoff in supplies contracted for by Japan could trigger a suspension of the swap, with whatever Alaskan oil that had been earmarked for Japan being automatically recommitted to the American market.

A change in the law to drop the ban on overseas sales of Alaskan oil would take some political effort. That ban has acquired a powerful constituency in the form of the maritime unions. Under a 1920 law—the Jones Act—all shipments between American ports must be made in American-flag ships, manned by well-paid American crews. All the oil that leaves the southern Alaska port of Valdez for terminals on the West and Gulf coasts falls under the Jones Act. Even though only some of the 1.5 million barrels of oil that run through the Alaska pipeline each day might be involved in a swap with Japan, the maritime unions would fight to keep the law from being changed.

A second problem involves equity for the American companies engaged in northern Alaska oil production. Legally barred from selling this oil to foreign countries, Exxon, Standard Oil Co. of Ohio and Atlantic Richfield Corp. invested hundreds of millions of dollars in tankers to ship oil from Valdez to other U.S. ports. In addition, the companies are under a three-year contract to move some of the oil going to the Gulf Coast through a pipeline across Panama, offloading from tankers on the Pacific side, reloading to tankers on the Caribbean side. These investments, entered into in good faith, would have to be protected.

Most Alaskan oil would of course continue to be sold in American markets even under a change in the law. But some Alaskan oil plainly could be swapped with Japan to the benefit of American consumers, without detriment to the oil companies involved and to the financial gain of the state of Alaska, whose royalty payments on the oil produced from the land that it owns at Prudhoe Bay have been considerably reduced because of the high costs of transporting that oil to market.

There would be far more gainers than losers in an Alaskan oil swap. There is no good reason now not to clear the way for one.

Los Angeles Times

Sunday, January 3[illegible], 1983 p. 4 pt II

CORD MEYER

Selling Alaskan oil to Japan

It never made any economic sense for Americans to ship 600,000 barrels a day of Alaskan surplus oil through the Panama Canal to our Gulf ports at a transportation cost of $5 a barrel, when the short haul from Alaska to Japan costs less than half as much. The Japanese are only slightly less anxious to buy our oil than the Mexicans are eager to sell to our Gulf Coast refineries, with large savings on transportation at both ends of the swap.

It makes even less strategic sense to push the Japanese into greater dependence on Russian oil and gas as they seek to escape reliance on the Persian Gulf for 70 percent of their oil. Geopolitics and economics now combine to give the Reagan administration a powerful incentive to remove the legislative ban that since 1974 has prohibited the sale abroad of Alaskan oil.

Encouraged by National Security Adviser William Clark and his able staff, President Reagan now has clearly signaled his willingness to see changes in the current law. One of the least-noticed but important results of Reagan's meeting with Japanese Prime Minister Yasuhiro Nakasone was the agreement to set up a joint working group on energy to explore opportunities for cooperation.

Although the membership and terms of reference still are being negotiated, high on the agenda will be Alaskan oil. To avoid the error of the Carter administration in waiting too long before cooperating with Europeans to prevent their growing dependence on Soviet natural gas, this working group is seen as a framework to permit effective joint action before the Japanese become hooked on Russian energy sources. A Japanese consortium, for example, is on the threshold of a $3 billion to $4 billion commitment to the development with the Soviets of the Sakhalin reserves.

In the palmy days of Alexander Haig, the fact that this initiative originated in the NSC staff would have been enough to ensure State Department opposition. But Secretary of State George Shultz has proved receptive.

During his Tokyo trip, Shultz made the point that a very large reduction in the U.S. trade deficit with Japan would be achieved by exporting Alaskan oil. But he realistically warned that negotiating with Congress for changes in the law would be complicated.

In fact, Jimmy Carter, as president, made an abortive attempt to lift the ban on the export of Alaskan oil, only to be discouraged by the organized opposition of the maritime unions. Whether these powerful forces can be won over or overridden in this more urgent situation depends on the administration's ability to take its strong case to the public.

The opposition of the maritime unions derives from the fact that the law now requires that all U.S. coastal trade be carried in American ships with highly paid American crews. Since the Alaskan oil cannot be exported, its shipment along the West Coast and through the Panama Canal guarantees jobs to the unions. More than 2,500 union jobs have come to depend on this protected trade.

Recognizing the political clout of the unions, American Ambassador to Japan Mike Mansfield made a significant speech in Tokyo in December. He revealed that he had indications from the Japanese private sector that importers would agree to having a substantial part of the Alaskan oil transported in American ships even though this would add to the cost.

Another development that makes it easier than before to argue for allowing some export of Alaskan oil is the discovery of vast new oil fields off the California coast and the prediction of huge new reserves still to be found in Alaska.

Under these circumstances, some of the big oil companies that had invested heavily in a pipeline across Panama are no longer supporting the ban on oil exportation to protect this investment. They are shifting their position as Japan becomes more important as a potential buyer of the growing surplus.

Similarly, the world oil glut has reduced the relevance of the argument that we must keep every drop of oil at home. The Japanese may be prepared to spend substantial investment capital on discovery and development of new reserves in Alaska. It may well be that with this kind of joint cooperation more oil will be discovered and brought on line than is actually sold to the Japanese.

Washington Times Monday, February 14 1983
page 2C

_et's sell Alaskan oil

3ut carefully, carefully

The U.S. ban on the export of our Alaskan oil comes up for reconsideration this year, and, ᐧith that in mind, President Reagan as created a working group to xplore the issue.

The 14-year-old ban took on special ignificance after the Arab oil em-ıargo of 1973, with all the post-mbargo stress on U.S. energy inde-ıendence. Since then, however, sev-ral things have happened: an oil glut" developed, prices began to fall, ınd major cracks appeared in the acade of OPEC's solidarity.

None of this guarantees smooth ·nergy sailing in the years ahead — ndeed, it is prudent to assume the vorst — but the situation clearly has mproved. The time therefore seems ·ipe to remove, carefully, the ban on ·xporting Alaskan crude.

If, for example, we sell Alaskan oil o Japan, we could match those ·xports with imports from, say, Mex-co. Thus we would have sacrificed ıone of the existing "pool" of oil. ndeed, we would realize a net profit, ıince shipping equivalent amounts of Mexican oil here costs much less than the current arrangement, whereby Alaska crude is shipped all the way down the West Coast, through the Panama Canal and up to East Coast refineries. Japan, too, would find the arrangement beneficial, because it would save part of the cost of importing Middle Eastern oil.

Thus, all three parties would benefit — Mexico by selling more oil, Japan by importing at a lower cost and reducing its need for Middle Eastern oil, and the United States by paying less for the same amount of oil and narrowing our unfavorable trade balance with the Japanese.

To protect ourselves against another embargo, the United States should insist that contracts signed with Japan or any other buyer contain an escape clause that would cancel the contracts in an emergency. It would also be necessary to work out some form of compensation for U.S. oil companies that have considerable money invested in carrying Alaskan crude to the lower United States.

The loudest opposition comes from maritime unions, which benefit from current Alaskan-crude shipping requirements. The unions' problems should not be ignored, but the guarantees they now have seem too high a price to pay. Lifting the export ban is in our *national* interest, and *special* interests must understand that. ■

Los Angeles Herald Examiner
Sunday, February 5, [illegible]
p. 15

ALASKAN OIL TO JAPAN?

Mansfield backs sale as trade-balance aid

MORE than half a decade ago, before the end of construction on the trans-Alaska oil pipeline, congressional and Carter-administration energy experts with a global perspective were pushing the idea of shipping some Alaskan oil to Japan as the best way to deal with an expected oil glut on the U.S. West Coast.

But Congress wasn't listening. Instead, it passed a nonsensical law that bars the sale of U.S. oil abroad. The theory was that the American people would be less inclined to conserve energy if they saw U.S. oil being shipped abroad.

The thought also was advanced that allowing exports would remove pressure to find a way to move oil from the West Coast to the Midwest.

Neither argument made a great deal of sense. The first presumed that the American public was too dumb — to put it bluntly — to see the advantages of oil-transportation savings that would be in the interest of both Japan and the U.S. The second argument poses the question: Why search for ways to move oil from the West Coast to the Midwest when there is no legitimate need for such movement?


Mike Mansfield

The Northern Tier Pipeline Co., once rebuffed in its efforts to build a pipeline through this state and eastward to Minnesota, continues its efforts to win state-government approval for that project, although the economic justification for it remains as dubious as ever.

Now a strong and universally respected new voice has spoken out in behalf of allowing Japan to purchase Alaskan oil and gas. Mike Mansfield, U.S ambassador to Japan and former majority leader of the Senate, says such sales could make a major contribution to narrowing America's trade gap with Japan by increasing the value of U.S. exports to Japan by as much as $3 billion to $4 billion annually.

Manfield noted that Secretary of State Shultz supports the sale of Alaskan oil and gas to Japan. We hope this signals a firm administration policy, leading in turn to a change of mind in Congress.

Seattle Times Wednesday 9/29/82

p A14

MR. PRESIDENT, SJR 12 PUTS THE ALASKA STATE LEGISLATURE ON PUBLIC RECORD SUPPORTING THE REMOVAL OF CURRENT RESTRICTIONS ON THE EXPORT OF NORTH SLOPE CRUDE OIL.

THE CONGRESS IS CURRENTLY WORKING ON THE REAUTHORIZATION OF THE EXPORT ADMINISTRATION ACT WHICH PROHIBITS THE EXPORT OF ALASKAN OIL.

IN A MAY 5TH LETTER TO REP. ZABLOCKI WHO IS CHAIRMAN OF THE COMMITTEE ON FOREIGN AFFAIRS IN THE HOUSE OF REPRESENTATIVES, GOVERNOR SHEFFIELD EXPRESSED THE STATE'S POSITION ON THE REAUTHORIZATION OF THE EXPORT ADMINISTRATION ACT. THE GOVERNOR RECOMMENDED THAT A LIMITED AMOUNT OF ALASKAN OIL (200,000 BARRELS OF EXISTING AND FUTURE PRODUCTION) BE AUTHORIZED FOR EXPORT ON U.S. BUILT TANKERS MANNED BY AMERICAN CREWS. THIS EXPORT WOULD BE SUBJECT TO CERTAIN PRESIDENTAL FINDINGS AND CONGRESSIONAL VETO.

I SUPPORT THE GOVERNOR'S APPROACH. EXPORTATION OF ALASKAN OIL WOULD BE IN THE NATIONAL INTEREST AND IN THE INTEREST OF THE STATE OF ALASKA. SOME OF THESE REASONS INCLUDE:

1) INCREASED FEDERAL AND STATE REVENUES
2) STRENGTHENED NATIONAL SECURITY AND A BETTER BALANCE OF TRADE
3) ACCELERATED DOMESTIC OIL PRODUCTION
4) ESTABLISHMENT OF A BETTER OIL PRICING MECHANISM FOR NORTH SLOPE CRUDE BY ESTABLISHING THE VALUE OF THE OIL AT VALDEZ.

MR. PRESIDENT, I URGE PASSAGE OF THE RULES COMMITTEE SUBSTITUTE OF SJR 12.

SJR 12

floor statement

SJR 12 OPPOSING THE EXTENSION OF THE PROVISIONS OF THE EXPORT ADMINISTRATION ACT OF 1979 THAT EFFECTIVELY BANS THE EXPORT OF ALASKA NORTH SLOPE OIL.

One of the recommendations of the Alaska Statehood Commission in their final report, More Perfect Union; A Plan for Action, is to remove the ban on the export of Alaska North Slope crude.

Exporting Alaskan crude oil is specifically restricted by the Trans-Alaska Pipeline Authorization Act of 1973 and by the Export Administration Act of 1979. The Export Administration Act effectively prevents Alaskan oil exports.

The Export Administration Act expires on September 30, 1983. The U.S. Congress is currently working on reauthorization bills, some of which continue the ban on Alaskan oil export. The Reagan Administration has gone on record advocating a limited removal of the ban on export. The Administration has testified in support of removing the ban on export from the Export Administration Act while supporting the continuance of other legal restrictions on selling or swapping Alaska oil overseas.

On March 14, 1983 the Resources Chairman wrote to Senators Stevens and Murkowski and Congressman Young regarding the possible effects that the passage in the Legislature of a resolution in support of the removal of the ban would have on our Congressional delegation's attempts in Washington. Senator Murkowski has responded to this inquiry. A copy of his response is attached.

May 5, 1983

THE HONORABLE CLEMENT J. ZABLOCKI
Chairman
Committee on Foreign Affairs
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Zablocki:

It is my understanding that the Foreign Affairs Committee is currently considering reauthorization of the Export Administration Act. With this in mind, I respectfully request that the attached position paper relating to the export of domestic crude oil be included in the official hearing record.

As you will note, the paper recommends that a limited amount of Alaskan Oil (200,000 B/D of existing production and future production) be authorized for export on U.S. built tankers manned by American crews and subject to certain Presidential findings and a Congressional veto. Our analysis has led us to conclude that such exportation would be in the national interest for a number of reasons, including increased federal revenues, strengthened national security, accelerated domestic oil development, a better balance of trade, and the establishment of a better oil pricing mechanism for North Slope crude.

I appreciate this opportunity to express the State's position on this important matter. If we can be of further assistance in your deliberations on the Export Administration Act, please let us know.

Sincerely,

BILL SHEFFIELD
Governor

cc: THE HONORABLE DON L. BONKER
THE HONORABLE WILLIAM S. BROOMFIELD

Sheffield's statement

THE NATIONAL INTEREST IN OIL EXPORT

Suggested Approach: There are currently several layers of statutory restrictions on the export of crude oil. These restrictions were well intended, but they have not yielded beneficial results to our nation. We are proposing that export restrictions be relaxed to permit the limited export of crude oil (200,000 B/D of existing North Slope production and future production). This export would occur on American built tankers using U.S. crews and maintained in U.S. shipyards. We do not propose the repeal of the existing requirement for a Presidential finding that such export would be in the National interest (subject to Congressional veto). We feel this approach would produce very significant benefits to the United States.

Benefits of Limited Oil Export

o A large increase in federal revenues. Oil exports from Alaska to Pacific Rim nations would result in significant transportation savings as the shipping route to those nations is shorter and more direct than to the U.S. Gulf Coast where one half of Alaskan oil is currently transported. Depending on world market conditions, these savings could mean an additional $170 million in annual windfall profit tax payments to the U.S. treasury assuming export of 200.000 B/D.

o Strengthened national security. Oil exports from the U.S. to our Pacific Rim allies would correspondingly reduce to the same extent their reliance on unstable foreign sources and the likelihood of a natural gas joint venture between the Japanese and the Soviet Union.

o A more favorable trade balance between the U.S. and Japan and the U.S. and Mexico. Should the Japanese purchase Alaskan oil, it would substantially reduce our $18 billion trade deficit with Japan. Mexico has the ability to increase deliveries to the Gulf Coast which would help reduce its foreign debt, much of which is held by U.S. lending institutions. In addition, authorization for limited exports could provide the basis for securing significant trade concessions from Japan and other Pacific trading partners (e.g. automobile, agricultural imports).

o Increased oil production in Alaska. The opening of new markets for Alaskan oil will serve as an incentive for increased exploration and development of oil in expensive frontier areas. It may also encourage additional investment in developing Alaska's oil, gas, and coal resources.

o The establishment of an objectively ascertainable value for Alaskan oil. Limited export of Alaskan oil would result in an easily determinable price at Valdez (terminus of Trans-Alaska pipeline). This price is very important in the computation of federal and State taxes and is key to a dispute over oil pricing practices which involves the ability of independent refiners and marketers to compete with some of the major North Slope producers. It would also help to avoid additional costly future litigation.

Using this approach, these desirable goals may be obtained without penalty to U.S. consumers and the U.S. maritime industry.

Much of the opposition to export of some volume of Alaska oil has been generated by arguments based on extreme assumptions. These include threats to national security premised on the exportation of all (1.6 million B/D) production of Alaskan oil, threats to the maritime industry on the assumption that foreign tankers would carry exported oil, and impacts on the American consumer based on the acquisition of higher cost replacement oil.

These threats would not materialize under the State of Alaska's proposal.

National security would not be compromised; it would be strengthened. Strong support for limited (200,000 B/D) has been expressed by the President's advisors at the National Security Council.

The U.S. merchant marine industry would not be penalized as U.S. (Jones Act) oil tankers with U.S. crews would carry any export oil. Merchant marine employment should actually increase as new oil production results from incentives created by an export market.

There would be no adverse impact on consumers as the price of oil, adjusted for quality differentials, is generally determined by the world oil market. In a free market, replacement oil should be available on the Gulf and East coasts at the same price as North Slope crude. Oil exchanges may be arranged which would have the net result of lowering transportation costs.

It should be noted that current law permits the export of minimally refined products. It is anomalous that this is permitted while crude oil may not be exported. Approximately 70^ 000 B/D of these products are currently being exported from the United States.

In summary, several very significant national benefits may be obtained by a relaxation of restrictions on oil exports. By utilizing the approach suggested here, the benefits of export may be obtained without incurring liabilities.

Oil tanker owners fight Reagan proposal

Continued from Page B-4

Ogden Marine Inc., one of the companies that ships Alaska oil, said companies like his are seeing their "whole investment threatened by an abrupt change of rules that amounts to a breach of faith on the part of the United States government."

Richard T. DuMoulin, vice president of the company, estimated that Ogden and other domestic shippers have invested a combined $5 billion in the last 10 years for new ships.

The domestic carriers also contend that the government could be liable for up to $1.5 billion in federal loan guarantees if the smaller tankers, most of them worth about $70 million each, are forced out of business.

But the United States tanker companies and oil companies operating the foreign trade petroleum tankers say that since the late 1970s their business has been dropping off, and that their entrance into the Alaska market would make it far more efficient.

Philip J. Shapiro, vice president and general counsel for Apex Marine Corp., which has six subsidized tankers eligible to enter the market under the proposal, estimated that shipping rates for crude oil in the domestic market would drop "up to 30 percent" if the rules are changed.

He also said many of the small tankers now in the Alaska trade were "not intended for the market anyway" because they were designed to carry finished petroleum, but not crude oil.

While commercial interests are at the forefront of the fight, the tanker owners are also arguing about possible military considerations.

The domestic tanker owners say that their smaller ships should be protected because they are easier to mobilize in an emergency. And Paul Thayer, deputy secretary of defense, concurs.

In a recent letter to Transportation Secretary Elizabeth H. Dole, Thayer said the "smaller, militarily useful tankers would be squeezed out of the domestic market," while the larger tankers "are of limited value for military deployment and support purposes."

However, Thomas C. Mills, a Washington lawyer who represents several operators of subsidized tankers, questions that assertion. "Even if that argument had merit, and I don't think it does," Mills said, "then the government should purchase those commercially obsolete vessels."

While the Department of Transportation admits the rule change would probably force the smaller ships out of Alaska, it said most of them could be used in other parts of the country.

Alaska produces an average of 1.7 million barrels of oil a day, nearly 90 percent of which is shipped out of the state from the termination of the Alaska Pipeline at Valdez. Almost half the oil is carried to the East and Gulf coasts.

The more than 100 tankers in the Alaska market, all built without federal subsidies, range in capacity from 125,000 barrels to a few that can carry 1 million barrels. The proposal would allow into the market as many as 15 of the larger subsidized ships with a capacity of 1 million to 1.5 million barrels.

One other administration idea that has upset the domestic tanker owners is President Reagan's suggestion that the United States repeal laws that prohibit the export of Alaska oil.

This would most likely open oil trade with Japan. The domestic shippers would not be prohibited from entering this market, but they say they could not compete effectively against the larger ships and without subsidies.

Realtor pr[illegible] in home sales

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

APR 4 1983

March 25, 1983

The Honorable Joe L. Hayes
Speaker of the House
of Representatives
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Joe:

I really appreciate your March 16 letter regarding Alaska oil export. In a nutshell, the answer to your question concerning my position on the matter is: I am firmly in support of export of Alaska oil.

First, I think we can expect some Congressional action and debate on this subject this session. The Export Administration Act is up for renewal this year. It is my understanding the Administration is going to support deleting the ban on oil export at that time.

You can certainly count on me to use my position to solicit the support of the White House. I have been in frequent contact with senior members of the President's Cabinet and staff. My staff has also been pursuing the matter to ensure that review of our trade relations with Japan is made with full awareness of our position. This apparently has been a fruitful approach since it is my understanding the Administration intends to support lifting the ban.

Regarding the efforts of the Japanese financed lobbying effort, I believe a properly orchestrated effort can help the situation. Whenever we get into a battle in Congress involving such divergent interests as this question presents, it is important to have a cadre of people willing to come in and assist. This is the role I foresee for Members of the Legislature, working with Steve Silver, Jim Clark and the rest of the team they have put together. Thus far they've worked as closely as possible with us and with the Governor. I understand they are also working with the State Legislature to keep you fully apprised of developments here in Washington.

Murkowski to Hayes

Your final question asks "What, in your judgment, should we be doing?". I would suggest you go forward with the hearings I am informed you have planned. It is important for the State to know where all the interests are and what the benefits and costs of opening Alaska's oil market could be. For instance, one major oil company is opposing oil export. The same oil company appears to be in support of gas export, while other majors oppose that initiative. Further, testimony from the maritime community is important. Most importantly, the State should be made aware of the potential this initiative has to open Alaska oil development to an extent not possible if we are constrained only to a domestic market.

When the time is right for meetings with members of Congress, we should have a bi-partisan team ready to come discuss this issue. Your hearings should help prepare your members for this role.

I think this is one of the most important issues our state will be dealing with for years. I look forward to working with you to achieve a positive outcome. Thank you for getting in touch. Please give Diane our regards, also.

With best wishes,

Cordially,

TED STEVENS

citizen/labor energy coalition

National Office: 600 West Fullerton, Chicago, IL 60614 (312)975-3680
Washington Office: Room 401, 1300 Connecticut Avenue, Washington D.C. 20036 (202)857-5153

Washington Office

March 17, 1983

Dear Representative:

The Citizen/Labor Energy Coalition asks for your support of H.R. 1197, a bill which preserves crucial restrictions on the export of Alaskan crude oil. Passage of H.R. 1197 is essential in order to protect consumers and prevent increased dependence on foreign oil.

Under current law, the Export Administration Act of 1979, several conditions must be met before Alaskan oil can be exported. Those conditions include a finding that U.S. supplies will not be jeopardized, that price savings will occur, and that any contract can be terminated if supply shortages arise. The protections in the Export Administration Act are due to expire on September 1, 1983 unless Congress acts to preserve them. Because the Energy Coalition believes that existing requirements are necessary for consumer protection and national security, we ask that you co-sponsor H.R. 1197 and work to ensure its passage.

The importance of oil to the U.S. economy is obvious. Yet, we continue to import one-third of our oil needs, a percentage which is predicted to rise as the economy recovers. Given our experiences with supply disruptions over the past decade, the nation should be following a policy of husbanding critical and diminishing oil reserves. The export of Alaskan oil is directly counter to that policy. It will increase our short-term dependence on foreign oil and it will jeopardize our long-term security by allowing rapid depletion of limited domestic oil supplies.

The cost of transferring U.S. oil to Japan and replacing it with more expensive foreign oil could be as high as $2.7 billion, a price tag consumers can ill afford. It is likely that Saudi oil, comparable in quality to Alaskan crude but higher-priced and far less secure, would be used as a substitute. Thus, not only would immediate costs rise, but vulnerability to disruption would deepen.

The impetus behind proposals to allow Alaskan oil exports and to remove the protections contained in current law appears to be the desire to address our balance of trade problem. It is fallacious to assume that selling oil to Japan can solve the problems created by that country's trade barriers to American manufacturing and agricultural products. That type of false solution comes only at the expense of higher oil prices and a loss of jobs in the maritime, oil refinery and related industries as well as those industries which would be benefitted if a legitimate answer to the balance

Labor Energy Coalition letter

of trade question was provided. Moreover, the need to import oil to replace Alaskan crude would simply create additional balance of trade problems with other countries.

There is no legitimate reason why Congress should reverse itself and allow export of Alaskan oil without proper safeguards. The provisions in the Export Administration Act should be extended in order to prevent price increases and protect our valuable energy resources.

Sincerely,

Robert M Brandon

Robert M. Brandon
Executive Director

RMB:sg

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

April 28, 1983

Dear Colleague:

On September 30, the Export Administration Act of 1979 will expire and with it important restrictions on the export of Alaskan North Slope oil. These restrictions, contained in Section 7(d) of the Act, have been carefully drawn to allow the export of oil if the following conditions are met: the President must find -- and the Congress must approve by concurrent resolution -- that the proposed export clearly serves the national interest, that it can be terminated in the event of emergency, that it will benefit U.S. consumers, and that it will not diminish the overall petroleum supply available to the United States.

These restrictions are prudent. They are essential to our energy security and to the security of our nation. They should be retained. We have introduced legislation, S. 1159, that will retain these existing restrictions indefinitely, and we would like you to join with us as cosponsors. A similar bill in the House of Representatives, H.R. 1197, has more than 210 cosponsors.

These restrictions do provide the President sufficient flexibility to submit an export proposal if he determines that our national interest and the interest of U.S. consumers will be served. However, unlike other laws restricting oil exports, the current Export Administration Act guarantees a strong, affirmative Congressional role in any export decision. In addition, we would like to emphasize, the restrictions do not affect existing international bilateral and multilateral oil supply obligations.

We do not believe that now is the time to weaken these restrictions. Our economy and our security have been shaken by two major oil crises in the last decade. When the international economy emerges from today's global recession, our ability to act -- as we must -- as a nation, unbound by the dictates of petroleum-exporting nations whose interests are not always our own, will be determined by the foresight with which we address the future today.

The existing restrictions on oil exports should be retained. They are a sound investment in common sense. They may well be the measure of our security in years to come.

Congressional statement supporting restrictions

If you have any questions or would like to cosponsor this vital piece of legislation, please call Tom Winn at 4-0613 or Jon Fleming at 4-3553.

Sincerely,

Mark O. Hatfield
United States Senator

Alan Cranston
United States Senator

Ernest F. Hollings
United States Senator

Bob Packwood
United States Senator

Dan Quayle
United States Senator

Paul S. Sarbanes
United States Senator

David Durenberger
United States Senator

Quentin N. Burdick
United States Senator

George J. Mitchell
United States Senator

Henry M. Jackson
United States Senator

Mark Andrews
United States Senator

Thomas F. Eagleton
United States Senator

Walter D. Huddleston
United States Senator

James R. Sasser
United States Senator

Donald W. Riegle, Jr.
United States Senator

Gary Hart
United States Senator

Jennings Randolph
United States Senator

Wendell H. Ford
United States Senator

John Melcher
United States Senator

Max Baucus
United States Senator

CONSUMER ENERGY COUNCIL of AMERICA

2000 L Street NW Suite 320 Washington DC 20036-202-659-0404

March 18, 1983

Re: H.R. 1197, Extension of Conditions on Export of Alaskan Oil

Dear Representative:

The Export Administration Act, due to expire in September, specifies that Alaskan oil should not be exported unless exports will result in lower prices to consumers and are in the national interest. The Consumer Energy Council of America (CECA), a broad-based coalition of major national consumer, labor, farm, senior citizen, public power, rural electric cooperative, urban and low income organizations, urges you to reaffirm that commitment by cosponsoring H.R. 1197, which would continue these preconditions on the export of Alaskan oil.

To date, there has been no finding that exports would meet either of those conditions. In fact, exporting Alaskan oil would cost consumers nearly $1.5 billion a year, since domestic oil would be replaced with more expensive foreign oil.

In fact, at a time when the U.S. still imports nearly one-third of its oil, exporting Alaskan oil would increase American imports by approximately 15 percent, with most of that increase coming from the politically unstable Middle East. This would seriously compromise America's national energy security.

Exporting Alaskan oil would drydock as much as half of the U.S. tanker fleet and would idle 20,000 workers in shipping and related industries. Once our shipping infrastructure is dismantled, we would have no means of moving oil supplies around during a national emergency or international disruption.

While exports are being justified on the grounds that they will improve our balance of trade with Japan, the fact is that they will not improve our overall trade position. Exports, instead, will reduce the political incentive to deal with the real problem -- Japanese import trade barriers to American manufactured and farm products and Japanese export promotion policies.

Given these consequences, it would be ill-advised not to extend the safeguards contained in the Export Administration Act. Your cosponsorship of H.R. 1197 will ensure that the consumer interest is guaranteed as a condition to exporting Alaskan oil.

Sincerely,

Ellen Berman
Executive Director

Mark Cooper
Research Director

Consumer Energy Council letter

National
Marine Engineers'
Beneficial
Association

Affiliated with the AFL-CIO

D.C. 20001 • 202 347-8585

March 4, 1983

The Honorable
United States House of Representatives
Washington, D. C. 20515

Dear Congressman :

On February 4, I sent you a letter urging your support and cosponsorship of H.R. 1197 introduced by Congressmen Stuart McKinney and Howard Wolpe. This bill extends the existing restrictions on the export of Alaskan oil.

I am very much aware of and fully sympathetic to your increasingly heavy workload, the growing influx of constituent and other mail, and the inclement weather in mid-February. So in case you missed my first letter, I am sending it to you again. This time I have enclosed a one-page fact sheet on how the nation stands to gain from this essential piece of legislation which is supported by a broad-based coalition of consumer, energy, labor, and industry groups. At this time there are 73 cosponsors.

If you have decided to cosponsor, we thank you for your support. Please be sure that your staff contacts Paul Hicks of Congressman McKinney's (225-5541) office or Gay Thomas of Congressman Wolpe's (225-5011) office.

I look forward to hearing from you.

Sincerely,

JM Calhoon

Jesse M. Calhoon
President

JMC/kmy
Enclosures

Marine Engineers' Beneficial Association

Affiliated with the AFL-CIO

National
Marine Engineers'
Beneficial
Association

444 North Capitol Street • Suite 800 • Washington, D.C. 20001 • 202-347-8585

February 4, 1983

The Honorable
United States House of Representatives
Washington, D. C. 20515

COPY

Dear Congressman :

Congressmen Stewart McKinney of Connecticut and Howard Wolpe of Michigan have introduced H.R. 1197, which renews the restrictions on the export of the Alaskan North Slope oil contained in the Export Administration Act of 1979.

The purpose of this letter is to ask you to consider joining with Congressmen McKinney and Wolpe as a cosponsor of this bipartisan legislation. H.R. 1197 is vital to our nation's goal of achieving energy independence. It is also of primary importance to the membership of our union.

Under the existing provisions of the Export Administration Act, which H.R. 1197 extends, Alaskan North Slope crude oil may be exported or exchanged providing the export or exchange clearly serves the national interest and benefits American oil refiners and petroleum product consumers.

In addition, existing law requires the President to report such findings to Congress. If Congress adopts a concurrent resolution approving the proposed export or exchange within 60 days of receiving the President's findings, the export or exchange may take place.

H.R. 1197 represents a renewal of the restrictions on the export of Alaskan North Slope oil voted by the Congress and signed by the President in 1979.

For your information, on July 21 of that year, the Senate voted 52-30 to table a motion to strike the Alaskan oil export restrictions from the Export Administration Act. On September 25, the House followed suit in a 340-61 vote on the same issue.

MEBA believes that H.R. 1197 should be supported to ensure that the export of this important domestic energy resource would only occur if the American people would stand to gain from the sale.

The issues as we see them are these:

1. Consumer Protection. The restrictions guarantee that any export or exchange of Alaskan oil would result in lower crude oil acquisition costs to American refiners and lower wholesale and retail prices to American consumers.

2. Energy Independence. The restrictions guarantee that the quantity and quality of oil available within the U.S. shall not be diminished by export or exchange of Alaskan oil.

3. Reliable Prices. The restrictions guarantee American consumers a greater measure of protection against foreign oil price escalations and supply disruptions.

4. National Interest. The restrictions guarantee that the national interest, rather than any parochial interest, will be served by an export or exchange by vesting maximum and final control in Congress over the disposition of Alaskan oil.

I naturally hope that you will see fit to join with Congressmen McKinney and Wolpe in this legislative effort to protect America's legitimate energy interests. I will be anxious to hear of your decision in this matter so important to all of us.

Sincerely,

J. M. Calhoon
President

DB

March 1, 1983

WHY WE SHOULD KEEP ALASKAN OIL EXPORT RESTRICTIONS

The Export Administration Act expires on September 30, 1983. This Act contains restrictions which prevent the export of Alaskan oil except when the export clearly serves the U.S. interest, helps U.S. oil refiners, and benefits U.S. consumers. These restrictions require the President to report such findings to Congress and receive approval through a Congressional concurrent resolution within 60 days for the export to take place. They do not affect multilateral or bilateral oil supply agreements, such as with Israel. Congressmen Stewart McKinney (R-CT) and Howard Wolpe (D-MI) have introduced H.R. 1197, which extends these restrictions indefinitely.

These restrictions should be maintained. If Alaskan oil exports to Japan are permitted:

- we will become more dependent on imports from Mexico or the Middle East -- to replace oil sent to Japan. We already import one-third of our oil; it is shortsighted to expect today's oil glut to last forever;

- we will pump oil exports out of Alaska faster than we are filling the Strategic Petroleum Reserve -- three times as fast under some plans;

- Japan will be able to improve, cosmetically, its balance of payments with the U.S.A. -- and thus delay changing the barriers it imposes on U.S. manufactured and agricultural products; furthermore, what kind of bargain will we be able to strike with Japan to sell them oil in the midst of a worldwide glut?

- we could cripple our national defense in a future crisis, having exported scarce domestic oil today and allowed to wither the multi-billion dollar U.S. refining and transportation infrastructure geared to Alaskan oil; for example, every 100,000 barrels per day exported means 620,000 deadweight tons of secure U.S. tankers out of work;

- we would lose 3,000 to 20,000 jobs and hundreds of millions of dollars in our overall balance of payments -- depending on the amount of oil exported;

- U.S. consumers would pay the same or more for oil; today Alaskan oil is sold for less in U.S. markets than comparable foreign oil;

- we could, in a future oil crisis, be forced to cut off oil exports to Japan -- just when the Japanese need them most -- in order to fill domestic needs; the result would be diplomatically disastrous;

- we would be more vulnerable in a future oil crisis, because under the International Energy Agency's emergency sharing system we would be obliged to divert a percentage of oil imports to other IEA nations.

For Energy Security and U.S. Jobs -- Keep Alaskan Oil in Americ

H. R. 1197
List of Cosponsors

Addabbo, Joseph P.
Albosta, Donald
Anderson, Glenn
Applegate, Douglas
AuCoin, Les

Bates, Jim
Bevill, Tom
Boggs, Lindy
Boner, William
Bonior, David
Boxer, Barbara
Breaux, John
Burton, Phil

Coelho, Tony

D'Amours, Norman
Daschle, Thomas
Davis, Robert
de Lugo, Ron
Dellums, Ronald
Derrick, Butler
Dicks, Norman
Dowdy, Wayne
Dyson, Roy

Edgar, Robert

Fascell, Dante
Fazio, Vic
Flippo, Ron
Ford, William
Forsythe, Ed
Frost, Martin

Gaydos, Joseph
Guarini, Frank

Hefner, Bill
Hillis, Bud
Howard, Jim
Hunter, Duncan

Jones, Walter B.

Kaptur, Marcy
Kastenmeier, Robert
Kildee, Dale

Lantos, Tom
Lent, Norman
Long, Gillis
Lowry, Mike

Madigan, Edward
Markey, Edward
Matsui, Robert
Mavroules, Nicholas
McKinney, Stewart
Mrazek, Robert
Nowak, Henry
Oberstar, James
Obey, Dave

Parris, Stan
Pashayan, Charles

Rahall, Nick Joe
Ratchford, William
Russo, Marty

Snyder, Gene
Stangeland, Arlan
Sunia, Fofo

Tauzin, W. J. "Billy"
Torricelli, Robert
Vander Jagt, Guy
Volmer, Harold

Weaver, James
Wheat, Alan
Wilson, Charles
Wolpe, Howard
Won Pat, Borja
Wyden, Ron

Yates, Sid
Yatron, Gus

Sponsors of H.R. 1197

3/4/83

SJR 12

Alaska State Legislature

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

FOR IMMEDIATE RELEASE

Contact: Jim Palmer
465-3834/3835

April 22, 1983

SENATORS WANT OIL EXPORT BAN LIFTED

The Senate Resources Committee today approved a resolution which encourages Congress to remove the ban on exporting Alaskan North Slope oil.

The measure, SJR 12, refers to provisions contained in the federal Export Administration Act, which expires in September unless extended by Congress.

Exporting Alaskan crude oil is specifically restricted by the Trans-Alaska Pipeline Authorization Act of 1973 and by the Export Administration Act of 1979. The Export Administration Act effectively prevents Alaskan oil exports.

"Alaska must take a strong stand on this issue right now," said Resources Committee chairman, Bettye Fahrenkamp. "We are presently unable to economically distribute our Alaskan crude beyond the West Coast, yet there is a ready market for this oil in Japan and Korea."

It is estimated that ending the export ban on crude oil from the North Slope could increase federal revenues by $1.2 to $1.8 billion a year, and state revenues by $500 to $800 million annually.

--more--

"Our Congressional delegation needs our firm and open support for the export of Alaska's oil," Fahrenkamp stated. "Positive action on this resolution by the Senate Resources Committee is one way of showing this support.

The resolution has a further referral to the Senate Judiciary Committee.

--30--

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI

POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate
Committee on Resources

MINUTES

April 22, 1983
3:10 p.m.

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chair
Senator Ziegler, Vice Chair
Senator Eliason
Senator P. Fischer
Senator V. Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

HJR 38	Relating to marketing and transporting Alaska's natural gas
SJR 12	Opposing the extension of the provisions of the Export Administration Act of 1979 that effectively bans the export of Alaska North Slope Oil.
HB 151	An Act making a special appropriation to the Department of Natural Resources, division of parks, for acquisition and development of the House of Wickersham in Juneau; and providing for an effective date.
SB 222	An Act relating to the organization of the Department of Natural Resources, substituting references in the Alaska Statutes to the department and the commissioner for references to the division of lands and the director of the division of lands.
SB 181	An Act making supplemental appropriation to the Department of Natural Resources for land deficiency entitlements; and providing for an effective date.
SB 233	An Act enacting the Northwest Interstate Compact on Low-level Radioactive Waste Management; and providing for an effective date.

SB 168 An Act relating to the Alaska Power Authority; and providing for an effective date.

HJR 38

Representative Cowdery, sponsor of the measure, felt the measure was needed to back the Reagan administration's efforts to establish a free market.

Harold Moles, Vice President for Alaskan Operations, Northwest Alaskan Pipeline Company, felt the resolution should not be passed at the risk of delaying or harming the gas pipeline project.

Jerry McCutcheon supported passing the resolution, but felt it was not in Alaska's best interest.

Senator V. Fischer asked if the Administration had a position on the resolution. Senator Fahrenkamp said they had been invited to speak, but had expressed no interest.

Senator Fahrenkamp felt that the Budget & Audit Committee hearings scheduled to be held over the weekend might provide useful information for the committee, and so held the bill over.

SJR 12

Jim Palmer, Joint Oil & Gas Committee Aide, explained that the resolution calls for our Congressional delegation to do everything possible to remove the ban on export of Alaskan oil when the Export Administration Act is considered later this year.

Senator Sturgulewski moved to report out SJR 12 with individual recommendations. Motion passed without objection.

CSHB 151

Representative Mike Miller of Juneau, co-sponsor of the legislation, explained the necessity to acquire the Wickersham collection before it is dispersed. There was discussion of exactly how the appropriation could be used.

Senator V. Fischer moved to adopt the committee substitute, including the letter of intent, and to report the bill out with individual recommendations. Motion passed without objection.

SB 222

Sharon Barton, special assistant to the Commissioner of the Department of Natural Resources, explained that the bill is a "housekeeping" measure and endorsed its passage.

Senator Sturgulewski moved that the bill be brought before the committee, and moved Barton's first recommended amendment. Motion passed without objection.

Barton continued to offer suggested amendments. Senator Fahrenkamp asked that the amendments be prepared in writing for the committee's consideration, and held the bill over until those could be received and until the statute revisor's opinion could be asked.

SB 181

Ray Mann, Property Management Officer for the Municipality of Anchorage, gave a history of the Municipality's efforts to obtain its land entitlement.

There was discussion of whether the Municipality would take a $5 million settlement as provided in statutes, or if it would continue to approach the legislature for additional funds or land.

Jane Angvik, Municipality of Anchorage Assembly Member, felt it was not in Anchorage's best interest to accept a full cash settlement at this time if that would preclude any efforts to seek amendments to the entitlement provisions.

Bill was held over.

SB 233

Stan Hungerford, Air & Solid Waste Management Section, Department of Environmental Conservation, and T.R. Strong, Head of the Radiation Control Section for the State of Washington, spoke in support of SB 233 and explained how it would be beneficial to Alaska to become a member of the Northwest Interstate Compact.

Senator Mulcahy moved to report out the bill with individual recommendations. The motion passed without objection.

SB 168

Sterling Gallagher, Vice President of John Naveen & Co., supported SB 168, and the first three proposed amendments.

Commissioner Dick Lyon, Department of Commerce & Economic Development, supported the bill and the amendments and urged early passage of the measure.

There was discussion of the fourth amendment offered by Senator V. Fischer, who said he preferred not to move his amendment.

Dave Hutchens, Alaska Rural Electrical Cooperative Association, supported the bill and the three amendments.

Senator Mulcahy moved the amendments. Senator V. Fischer asked that the question be divided. On the question, each amendment passed without objection.

Senator Mulcahy moved that the Resources committee substitute for SB 168, including the three amendments, be reported out with individual recommendations. The motion passed without objection.

The meeting was adjourned at 4:45 p.m.

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
TITLE PAGE ONLY HAS BEEN FILMED.

A briefing paper

THE ALASKA OIL EXPORT BAN

SPECIAL INTEREST LEGISLATION THAT HURTS AMERICA

THE ALASKA OIL EXPORT BAN

Special interest legislation that hurts America

A briefing paper by
the Legislative Budget and Audit Committee
Juneau, Alaska