

SJR

7

SENATE COMMITTEE REPORT

FURTHER:

2/13/87

DATE TURNED INTO OFFICE _____

Mr. President:

RESOURCES _____ Committee considered _____ SJR 7

relating to oil and gas exploration, development, and production within the Arctic National Wildlife Refuge, Alaska

and recommended:

replace with CS FOR SJR 7) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]

[Signature]
Chairman signature and recommendation

Committee Backup Attached



ALASKA OUTDOOR COUNCIL, INC.

3780 MCGINNIS DR. JUNEAU, AK 99801
(907) 789-3450

Resolution Regarding the Development of ANWR

Adopted

April 1987

Whereas,

Oil exploration and development can be managed and mitigated to minimize the impact upon fish and wildlife resources,

Now Therefore Be It Resolved,

That the Alaska Outdoor Council supports the exploration for and possible development of oil resources in the Arctic National Wildlife Range, in the best practicable manner compatible with the fish and wildlife resources of the region and in the best economic interests of all the people of the State of Alaska.

MESSAGE TO THE SENATE

HOUSE

February 15, 1988

Dear Madam President:

The House has passed:

CS FOR SENATE JOINT RESOLUTION NO. 7 (Resources) am
Relating to oil and gas exploration, development, and
production within the Arctic National Wildlife Refuge,
Alaska, and declaring state policy.

with the following amendment:

HOUSE CS FOR CS FOR SENATE JOINT RESOLUTION NO. 7
(Resources) amH
(same title)

and it is transmitted for consideration.

Concur ?

*Copies sent to:
Sen. Fark
Sen. Stevenson
Sen. Stupulinski
Sen. ~~Stupulinski~~ Coghlin ✓
Sen. Farkunberg.*

Carol Raskin

CHIEF CLERK OF THE HOUSE

Dist. by Ser. Coghill

Robert R. Atwood
President and Publisher

Elaine Atwood
Assistant Publisher

William J. Tobin
Vice President, Editor-in-Chief

Sadly, a mixed bag

IT'S TERRIBLY late in the game, but the state Department of Natural Resources, on behalf of the administration of Gov. Steve Cowper, has finally stepped forward with proposals it says could resolve differences in the debate over development in the Arctic National Wildlife Refuge.

Unfortunately, it's not likely to succeed.

Instead, the state's case may be more devious than helpful. Among other things, it lays at the foot of the Interior Department hints of hanky-panky and underhanded, secret dealings.

Such an approach, we fear, will tend to hamper the effort to win congressional approval for ANWR oil and gas exploration and development.

We'd rather not say that, because Natural Resources Commissioner Judy Brady is a development-oriented public official who needs support and encouragement.

But there is reason to fear, however, that her staff has put together on behalf of the administration a presentation strong in rhetoric but weak in logic — and, in the process, help create a situation in which delay, not action, will result.

THE DEPARTMENT'S primary target, sad to say, is not those forces which are attempting to prevent petroleum activity in ANWR.

Rather, the Cowper administration is making an out-and-out attack on the leaders of the ANWR fight, the ones who are waging Alaska's battle in Washington — the Interior Department and its principal spokesman, Bill Horn, assistant secretary for Fish & Wildlife.

With considerable and appropriate vigor, Mr. Horn has been pushing for agreements that would help convince Congress that legislation should be passed to permit the start of oil activity.

But Mr. Cowper, unfortunately, has created the impression that he feels it is important that his Democratic administration does

not put a stamp of approval on a plan advanced by a Republican Interior Department.

In the process, however, he also puts himself in a position opposed to that of the entire Alaska congressional delegation — a move that again smacks more of politics than a desire to present a united Alaska front in Washington.

The state's position also fails to recognize the validity of proposed Interior Department trades of federal land (not state lands) for private lands owned by native corporations.

That plan is to trade 1.5 million acres of prime wildlife and wilderness lands, now owned by native groups and without any economic value, and put that acreage into the federal preservation systems.

That's a powerfully appealing prospect to national environmental, conservation and wildlife groups. In exchange, the natives would receive 30,000 acres in ANWR — with no guarantee of sure-fire oil reserves.

AT THE same time, were it at the table as a party to these negotiations, the state could acquire free and clear title to 50,000 ANWR acres by swapping only 500,000 of its millions of wilderness and refuge land, which also lack any particular economic value and which cannot be used for commercial purposes.

Instead, however, the state seems more interested in making veiled suggestions that the Interior Department is engaged in some kind of illegal activities — even, it is hinted, something that might equal the Teapot Dome oil lease scandal of 1929.

That's a terrible thing to say, given the fact there's not a shred of evidence that supports such a comment. But it's just the kind of thing that may make it impossible for Congress to do anything about ANWR this year — which will be a tragedy for both the nation and the state.

CS STR 7
[Handwritten signature]

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 463-4707

Box 55028
North Pole, Alaska 99703
(907) 468-0862



May 6, 1987

Re: CS SJR 7; Relating to oil and gas exploration, development, and production within the Arctic National Wildlife Refuge, Alaska, and declaring state policy.

Dear Colleague:

The resolution you are considering today is the result of many hours of hearings by the Senate Committee on Resources.

This joint resolution was drafted with the assistance of the original sponsor Senator Sturgulewski, and represents the unanimous opinion of the Senate Committee on Resource position on ANWR.

The Senate Committee on Resources has established an extensive public record on the issues related to ANWR. This record may assist the Congress of the United States in making its decision on whether to allow development in the coastal plain of ANWR. For this reason a copy of the Senate Committee on Resources Report on ANWR will be transmitted with this resolution. This report is a summary of the issues, the conclusions and the specific recommendations of the committee regarding ANWR. Those recommendations are further summarized in the resolves of the resolution before you.

I urge you to support this resolution so that Alaska can get on with sending a clear position to the Congress and to the other forty nine states.

Sincerely,

A large, stylized handwritten signature in cursive script, appearing to read "Jack Coghill".

Senator John B. Coghill

JC/brg

AMENDMENT #1

OFFERED IN THE SENATE:

To: ~~Am~~ C.S. 1 ^{Resources} SENATE BILL No. SJR. 7 By: Kerflula

HOUSE BILL No. _____

PAGE: 3

LINE: 20-21

insert period (.) after state of Alaska.
delete balance of sentence.

AMENDMENT

#2

OFFERED IN THE SENATE:

By: Joseph

To: CSSR

SENATE BILL No.

4 (Resonance)

HOUSE BILL No.

PAGE:

3

LINE:

16

after 'supports', insert: "the principle of"

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: CSSJR 7 (Oil & Gas)

Publish Date: 2-13-87

REQUEST: _____

Revision Date: _____
Tide: Relating to oil & gas exploration,
development, etc.

Agency Affected: Dept. of Natural Resources
BRU: Oil and Gas

Sponsor Sturqulewski, Fischer, Abood, et al.
Requestor: _____

Components: Oil and Gas

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Sharon L. Barton
Division: Management

Phone: 465-2406
Date: 02-12-87

Approved by Commissioner: Wm D. Ammel, Deputy
Agency: Department of Natural Resources

Date: 2/12/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION FEB 12 1987
FISCAL NOTE

REQUEST:
Revision Date: February 12, 1987
Title: Arctic Nat'l Wildlife
Refuge/oil and gas
Sponsor: Sturgulewski
Requestor: Fahrenkamp

Bill Version: CS 200 70 + 4
 Publish Date: 2-13-87

Agency Affected: Fish and Game
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0					
TRAVEL	0					
CONTRACTUAL	0					
SUPPLIES	0					
EQUIPMENT	0					
LAND & STRUCTURES	0					
GRANTS, CLAIMS	0					
MISCELLANEOUS	0					
TOTAL OPERATING	0					

CAPITAL	0					
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REVENUE	0					
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS	0					
OTHER	0					
TOTAL	0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Roland Shanks
 Division: Commissioner's Office
 Approved by Commissioner: [Signature]
 Agency: Fish and Game

Phone: 465-4100
 Date: 2/12/87
 Date: _____

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

Preliminary Draft Report
of the
Senate Resources Subcommittee
on the
Arctic National Wildlife Refuge

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April 15, 1987

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THIS REPORT IS A DRAFT THAT MAY BE SUBJECT TO REVISION BY THE SUBCOMMITTEE ON THE ANWR, OR BY THE FULL SENATE RESOURCES COMMITTEE.

SECTION 8 OF THIS REPORT WHICH DEALS WITH A PROPOSED RESOLUTION HAS BEEN DELETED FROM THIS COPY, AND WILL BE UNAVAILABLE UNTIL THE SENATE RESOURCE COMMITTEE HAS HAD THE OPPORTUNITY TO DISCUSS THE SUBCOMMITTEE'S PROPOSAL.

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REPORT ASSESSMENT

Due to the extensive public record which has been built through public hearings held across the state by this subcommittee, this initial report constitutes what would normally be termed an Executive Summary.

It is anticipated that further documentation of the findings, conclusions, and recommendations contained in this report will be performed using the public record at a later date.

The Senate Resources Subcommittee on the Arctic National Wildlife Refuge (ANWR) was established with the purpose of building a public record which the Alaska State Legislature could utilize in making an informed decision on proposed legislation regarding ANWR. The second objective was to allow the public an opportunity to have input into this decision making process, and access to the same information on which the legislature would base it's policy decisions.

In order to fulfill these objectives, the subcommittee held public hearings in Fairbanks, Anchorage, Ketchikan and Kodiak. During these hearings approximately forty (40) hours of public testimony has been taken. At this time the uncertified transcript totals 794 pages from just three of the hearings. The transcription of the Kodiak hearing has not been completed at this time.

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Additional information has been submitted for the record, in the form of reports, maps, pictures and correspondence that is so voluminous, an estimate by weight might be easiest.

This initial report does not attempt to footnote or reference any specific documents contained in the public record. This preliminary draft report is intended to provide an overview of the issues inherent in potential oil and gas activities conducted in ANWR, and provide recommendations as to what the State of Alaska's policy should be in this regard.

This report is assembled in a manner to highlight first the findings of the subcommittee, these are facts that can be documented in the public record. Secondly, conclusions of the subcommittee, these points may or may not be referable summaries or judgements formed by the subcommittee, as a result of the hearing process. Lastly this report contains recommendations of the subcommittee, these are assessments of the facts as they relate to ANWR, they present policy direction.

This format is followed through seven (7) of the eight (8) sections. The last section contains draft legislation which the subcommittee recommends be introduced as a Joint Senate Resolution.

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Order of Issues

1. Regarding the Arctic National Wildlife Refuge
Generally
2. Understanding of the Potential for Hydrocarbon
Discoveries in Economic Quantities
3. The Porcupine Caribou Herd
4. Land Exchanges: Value for Value, Buy/ Sell
Agreements
5. The Ninety percent, Ten percent, Revenue Split
Between the State and Federal Government:
Relationships to Statehood and Land Exchanges
6. The Work Force: Local Hire
7. National Security Implications
8. (Draft) Senate Joint Resolution;
An Act relating to Congressional
decisions regarding the Arctic
National Wildlife Refuge, establishing
an ANWR policy Committee and declaring
State Policy.

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Regarding the Arctic National Wildlife Refuge Generally

FINDINGS

- * The coastal plain of the Arctic National Wildlife Refuge (ANWR) contains the greatest potential on the North American continent for the United States to discover economic quantities of recoverable oil and gas reserves.

- * The coastal plain of ANWR contains unique environmental and wildlife qualities which deserve consideration and encourage caution, in any scenario, to explore, develop or produce any hydrocarbon resources which may be present there.

- * The United States government has entered into treaties and agreements with the government of Canada and other countries with regards to the fish and wildlife species that either reside or occasionally frequent the coastal plain of ANWR.

- * Only the Congress of the United States has the authority at this time to remove the restriction on oil and gas exploration, development, and production in the coastal plain of the ANWR.

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* In the establishment of the Arctic National Wildlife Range in 1960, Congress recognized the possibility that hydrocarbon resources might be present in the coastal plain.

* The indigenous people of Alaska, through their corporate representatives, have recognized the potential of the coastal plain of ANWR to provide for the well being of future generations of their people as was the intent of Congress in enacting the Alaska Native Claims Settlement Act (ANCSA).

* The agencies within the U.S. Department of Interior and the State of Alaska, which have contributed to the wealth of information on the ANWR, in concert with the Governor of Alaska, have endorsed the exploration, development, and possible production of hydrocarbon reserves which may be present in the coastal plain of the ANWR.

CONCLUSIONS

* The wildlife resources and the geologic environment has been explored studied and documented extensively in the coastal plain of the ANWR and in the arctic generally for well over twenty years.

* There has been cooperation between the federal governments of the U.S. and Canada regarding the wildlife

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resources dependent on the coastal plain and the geology of the area . As well as cooperation and transfer of like information between the agencies of the State of Alaska and these two federal governments.

* The people of Alaska have expressed and demonstrated concern for the environment and wildlife present in the coastal plain of the ANWR, as well as the desire to enhance economic opportunities which may result from activities in the coastal plain of the ANWR.

* The State of Alaska as well as those federal agencies responsible for protection of the environmental and wildlife resources present in Alaska, have established exemplary records fulfilling their respective responsibilities as they relate to exploration, development and production of the oil and gas reserves within Alaska and especially in the Arctic.

* With regards to Arctic resources which are international by nature, and with regards to the Arctic environment in general, there is a need for the U.S. State Department to formalize agreements which do not jeopardize the State of Alaska's position as sovereign and manager of state resources.

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RECOMMENDATIONS

- * The Congressional ban on oil and gas exploration, development and production from within the coastal plain of ANWR should be lifted.

- * ANWR should be opened without a government exploration program.

- * ANWR should be opened to oil and gas exploration, development, and production under a leasing program using the authorities of the Minerals Leasing Act of 1920.

- * The Governor of Alaska should maximize the states participation in all aspects of ANWR, and the possible Congressional action to open the coastal plain to oil and gas activities.

- * Given the nature and complexity of the issues relating to ANWR and given the long term effects any action taken by Congress will have on Alaska's and the nation's domestic and international affairs and economics, the State of Alaska ANWR Policy Committee should be established. The membership of this committee should be the Governor of Alaska, the Commissioner of Natural Resources, and one Executive Branch member-at-large; President of the Senate, the Chairman of the Senate Resources Committee, and one Senate member-at-

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large; and the Speaker of the House, the Chairman of the House Resources Committee and one House member-at-large. The business of the committee should be to galvanize an Alaskan consensus on the issues relating to ANWR and advocate these positions before the Congress.

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Understanding of the Potential for Hydrocarbon Discoveries in Economic Quantities in ANWR

FINDINGS

* The geologic environment exists in the coastal plain of the ANWR to the extent that conditions are favorable for the production of oil and gas reserves in the substrata of the area.

* The coastal plain of ANWR lays between the Prudhoe Bay/ Kuparuk complex on the North Slope of Alaska and the Beaufort Sea/ MacKenzie Delta area in Canada.

* The North Slope of Alaska contains nine known significant oil and gas fields with proven and inferred original recoverable reserves of about 15.4 billion barrels of oil and 32.0 trillion cubic feet of gas.

* The Beaufort/ MacKenzie area of Canada contains 39 oil and gas fields with proven and inferred original recoverable reserves of about 8.5 billion barrels of oil and 65.0 trillion cubic feet of gas.

* The coastal plain of ANWR in Alaska contains 26 significant geologic structure which have been assessed by the State of Alaska to contain 16 billion barrels of

recoverable oil. This figure assumes a recovery factor of 35 percent and compares favorably with the original recoverable oil reserves of about 10 billion barrels in the Prudhoe Bay field.

* The assessment by the State of Alaska also estimates that 29 trillion cubic feet of gas may also be present in the coastal plain of ANWR.

* The Prudhoe Bay field is approximately thirteen (13) miles by sixteen (16) miles in size, as view from the surface.

* The ex-State Geologist who recommended that the State of Alaska select the Prudhoe Bay area in the late 1960's, estimates that the structure that is referred to in the draft 1002(h) report as prospect 18, could contain ten (10) times the producing horizon of Prudhoe Bay, if the proper conditions are present.

* It is estimated that a discovery in the coastal plain of the ANWR would have to be at least 350 million barrels to be economic.

* Kaktovik Inupiat Corporation has drilled the only exploratory well (KIC #1) in the coastal plain of ANWR. The down

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hole information from this well is protected by law from public release.

* KIC #1 was drilled in one of four geologic formations that are estimated to contain 63 percent of the oil and gas resource distribution of the coastal plain of ANWR. (Draft 1002 (h) report)

* The Kaktovik Inupiat Corporation owns approximately 92,000 acres of the coastal plain of ANWR as a result of the Alaska Native Claims Settlement Act (ANSCA) and the Alaska National Interest Lands Act (ANILCA). The KIC #1 well was drilled on these lands.

CONCLUSIONS

* It is evident, and there is no disagreement among geologists, that the coastal plain of the ANWR has the highest potential for the United States to make a major oil discovery.

* It is also evident, that even with an aggressive exploratory drilling program, ANWR may not contain any reserves of hydrocarbons; and those that may exist may be uneconomic.

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RECOMMENDATIONS

* Without reservation, exploration, and the possible development and production of hydrocarbon reserves should be allowed in the coastal plain of ANWR.

* The program under which exploration, development or production should take place, should not involve the federal or state government in any capacity other than as a lessor of subsurface rights and as a regulator of private sector activities.

The Porcupine Caribou Herd

FINDINGS

- * The Porcupine Caribou Herd (PCH) population has been increasing in recent times, and now numbers approximately 180,000 animals.
- * The PCH has been documented by explorers, adventurers and biologists, since the late 1800's.
- * Fluctuations in caribou populations are not understood at this time. It is generally recognized that world populations of caribou are on the increase.
- * The PCH ranges over 96,100 square miles in northeast Alaska and northwest Canada.
- * Spring migrations from southern winter range lands by the PCH to calving grounds on the Arctic coast, begins in May. Caribou start arriving in the Arctic National Wildlife Refuge (ANWR) in mid to late May. The herd usually vacates the coastal plain of ANWR by mid July.
- * The first calves of the year are born during the last week in May, with the peak calving occurring during June 4 - 8.

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* The calving grounds, including the coastal plain area, encompasses nearly 8.9 million acres.

* The concept of a "core" or "concentrated" calving area is a matter of controversy among wildlife biologists.

* The concept of a "core" or "concentrated" calving area is based on the density of caribou using a specific area, for that period of time when calving occurs.

* Those biologists that support the core calving area concept, believe it to be approximately 300,000 acres or 400 square miles in area.

* It is speculated that the PCH uses this "core" area because the area has some "survival value." Values, for example, like a reduced number of predators present; the snow melt cycle; a favorable emergence of forage at an earlier time than elsewhere; or there may be a close association with favorable summer habitat, including insect relief areas. There is no individual or combination of possible survival values identified to indicate scientifically why the caribou use what is referred to as the "core" or "concentrated" calving area, other than it is on their migration route.

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* The "concentrated" or "core" calving area was identified by counting at least 50 caribou per square mile, including calves, during a period from 1972 to 1985. These population densities were roughly plotted on a map. Eventually these maps were overlain each other. In this manner, the area which was overlapped the most became the "core calving area."

* There is evidence, for example 1973 and 1980, when no concentrations of calving activity occurred on the 8.9 million acre calving grounds.

* There is evidence, 1982 for example, when all most all the calving occurred outside of Alaska. There are also other years which indicate that although concentrations occurred, none of these areas were within the coastal plain "core" or "concentrated" calving area.

* It is not disputed that oil and gas activities will have an impact on caribou.

CONCLUSIONS

* The validity of a core calving area is questionable, considering the extent of the PCH's range, migration patterns, and the environmental variables which influence the progress of the PCH's annual migration.

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* Since the PCH are only in the coastal plain for at most a two (2) month period, and considering that exploration activities take place in the Arctic primarily during winter months when ground is frozen, a leasing schedule can be implemented that would affect the calving area of greatest concern to those biologists supporting the concept of a "core calving area" last. Given the timeframes to conduct exploration activity in the Arctic, this calving area in all likelihood would not be impacted at all for at least ten years.

* The U.S. Fish and Wildlife Service has every option to stipulate mitigation measures to minimize impacts to wildlife resources in the coastal plain of the ANWR.

* Any additional environmental or wildlife resource information necessary to further mitigate oil and gas activity impacts, could be better acquired as a result of industry presence in the coastal plain of ANWR.

RECOMMENDATIONS

* The entire coastal plain of the ANWR should be opened to oil and gas activities, with proper consideration being given to the purposes of a National Wildlife Refuge.

Land Exchanges: Value for Value, Buy/ Sell Agreements

Subcommittee Note: Throughout the hearing process witnesses refer to what amounts to a "willing buyer, willing seller" land transaction, as a land exchange. Although at this time it may be confusing, the points in the FINDINGS section have not been edited to reflect this buy/ sell relationship in order to preserve the integrity of the facts as they appear in the public record.

FINDINGS

* The original objective of the Department of Interior was to acquire high priority refuge inholdings that represented and brought with them high public interest attributes, particularly in the form of fish and wildlife resources and public recreation opportunities.

* U.S. Fish and Wildlife Service in their normal acquisition process does not acquire subsurface estate. Past experience is that, if the subsurface is worth virtually nothing, people will give it to you. If they think it's worth something, U.S. Fish and Wildlife Service normally can't afford it.

* The land exchange negotiations are concerned with three things:

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The land exchange contract "the boilerplate," or "the master," which will be used as a starting point in all exchanges regarding the coastal plain of the ANWR.

The land use stipulations, which will be applied to all surface activities on lands involving subsurface exchanges in the coastal plain of the ANWR.

The tract identification process, which will provide procedures for tract selection and selection conflict adjudication, involving exchanges in the coastal plain of the ANWR.

(In other words how you acquire oil and gas rights in the coastal plain.)

* Native corporations, based on their independent judgements have concluded that the present exchange concept is most responsive to their corporate needs.

* Land exchanges between the Department of Interior and property owners with title to lands within federal refuges, or other so called conservation units, are an accepted and authorized means for the Secretary of Interior to enhance the integrity of established conservation units.

* Land exchanges involving the lands in the coastal plain of ANWR and native corporations are a matter of controversy among Alaskan's, the environmental community and the executive branch of the State of Alaska.

* While no one can predict the percentage of subsurface values involved in the land exchanges the Department of Interior objective is to preserve the bulk of those values for utilization or disposition through a traditional lease sale.

* Should the Secretary recommend and Congress approve opening of the coastal plain of ANWR to oil and gas activities, then the exchange participants would have the opportunity to pursue exploration activities in advance of a Federal lease sales. A federal lease sale will procedurally take years to execute.

* The five (5) native corporations participating in the exchange discussions have offered a package of lands totaling approximately one (1) million acres, all high priority refuge lands.

* The State of Alaska holds title to 12 million acres within or adjacent to Federal conservation units and has offered these lands in exchange for lands within the coastal plain of ANWR. Before the State withdrew from participation

in the exchange discussions, 850,000 acres had been accepted for consideration by the U.S. Fish and Wildlife Service.

* The State of Alaska was an active participant along with the native corporations in the land exchange discussions with U.S. Fish and Wildlife Service from December 1986 to March of 1987.

* It is estimated the the value of the native corporation's one (1) million acres, lands will be sufficient to acquire from 25,000 to 50,000 acres of subsurface estate within the coastal plain of ANWR. These native corporations do not believe they will be able to select the highest potential oil and gas lands, because the valuation on their offered exchange lands is not adequate to "buy" these high potential areas.

* If Congress acts to remove the prohibition on exploration, development and production of possible oil and gas reserves within ANWR, and land exchange are consummated before this act, the only revenues the State of Alaska will receive from possible oil and gas development will be in the form of severance and corporate income taxes.

* The Department of Interior will ask Congress to ratify the land exchanges in order to preclude any injunctive actions.

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* The Secretaries decision to recommend opening ANWR is independent from the exchange negotiations.

* The State of Alaska's concerns, after careful review by the Governor of the trade proposals, in the context of the state as both proprietor and sovereign resulted in the following general reasons for leaving the exchange discussions:

The 90/10 royalty question, if lands are exchanged, the state loses its 90% share of royalty on the exchanged lands.

The nature of the states geologic information was deemed insufficient upon which to base a trade; especially in light of at least one other participant having access to data from the KIC #1 well.

That these trades, after going to Washington D.C. personally and talking to knowledgeable sources there, the Governor was convinced that the trades were not going to occur.

The Governor wants to focus on opening the coastal plain of ANWR and eliminate any divisive elements. It is his opinion that trades produce complexity and unnecessary division within this state, which he feels

is dangerous.

* Since only the surface estate is being exchanged by the native corporations the 7(i) provision of ANSCA does not apply. 7(i) applies to transactions which involve revenues from subsurface and timber resources on native corporation lands. If they trade surface for subsurface, 7(i) does not apply to revenues generated from the acquired subsurface.

* There are 430 refuges in the national wildlife refuge system, nationally comprising approximately 90 million acres. Sixteen (16) of these refuges are in Alaska and they comprise 77 million acres. There are 13 to 15 million acres of private inholdings in Alaska's refuges. This is roughly the same amount of land in the refuges in the all of the other states collectively.

* This is the largest and most significant exchange transaction ever undertaken on behalf of the national refuge system.

CONCLUSIONS

* Although "land exchange" is the term applied to agreements to trade land titles of equal value, these trades involve a process to fix dollar value estimates on both surface and subsurface elements of the transaction. In this

way the present process represents a conventional "willing buyer, willing seller" business transaction. However, in this case the "willing seller" is selling only surface value of land, and the "willing buyer" is using subsurface values in other lands to purchase the lands desired by the buyer. This process may be confusing to interested third parties because there are elements which necessitate both the "willing buyer" and the "willing seller" to reverse rolls through out the negotiating process. For example, native corporations are the "willing seller" of the surface estate to lands they own within refuges. While at the same time they are the "willing buyer" of what ever subsurface estate within the ANWR coastal plain, the value of their surface estate will purchase. The U.S. Fish and Wildlife Service can also be compared in this way. They are the "willing seller" of subsurface values within the coastal plain of ANWR, in order to be the "willing buyer" of valuable surface estate in other refuges.

* The amount of subsurface resources that might ultimately be exchanged is a subject of legitimate concern to the subcommittee and others.

* Oil and Gas activities conducted on lands whose subsurface has been sold as a result of an exchange of values has two potential beneficial impacts:

Exploration would be conducted on a limited closely coordinated basis, thereby minimizing environmental impacts.

Experience and data gained through early exploration would allow for a better designed lease sale that may result in higher revenues being generated while further minimizing adverse environmental impacts.

Thus, the concurrent exchange concept is most responsive to the needs of both those wishing to relinquish their high priority refuge inholdings, and those wishing to acquire these inholdings.

* It is in the interest of Alaskan's and the national public that the federal government become the sole surface estate proprietor of National Wildlife Refuge System lands, as well as other federal conservation unit lands, with in Alaska.

* In the case of value for value transactions involving the coastal plain of ANWR, congressional ratification of the exchanges would preclude the possibility of injunctive actions to halt or delay transfers of subsurface rights. With the exception that even congressional action can not waive statehood entitlements of submerged lands, that is an inherent attribute of statehood.

* The transactions involving native lands have raised the question of whether traditional interests and the intent of Alaska Native Claims Settlement Act (ANSCA) are being considered. The native corporations feel that their shareholders traditional use of the land is protected under provisions of the Alaska National Interest Land Conservation Act (ANILCA) subsistence and access clauses, and that federal refuge management and stewardship, more than adequately protects their interests and lifestyle.

* If the state is not a party to the contract drafting process of this value for value transaction, it may be that state lands would be excluded from any Congressional legislation opening the coastal plain of ANWR and including a transaction ratification clause. Without being a party to the contract negotiations the State of Alaska has no formal means to seek approval of surface values it has offered for subsurface rights in the coastal plain of ANWR, nor is it possible to adequately protect the interests of all Alaskans in this process.

* After all the oil and gas in Alaska has been pursued developed and consumed, this value for value exchange effort could stand as a lasting testimony to our commitment, wisdom and foresight on behalf of future generations.

RECOMMENDATIONS

* The State of Alaska should renew it's participation in the interest of the public, in the buy/ sell agreement discussions. Commonly referred to as the "land exchange negotiations."

* Considering that it is in the national interest to remove inholdings from federal conservation units and that the surface management of these inholdings by the federal government severely restricts or prohibits development of these lands, the State of Alaska should divest itself of it's interests in the surface estate of inholdings within federal refuges, national parks and the like, for subsurface interests in the coastal plain of ANWR.

* Provided that the heritage granted to the native community in Alaska by ANSCA and ANILCA is protected, and that there is an equitable adjudication process for tracts of land in the coastal plain which are selected simultaneously by the natives and the State of Alaska, both parties should proceed with buy/ sell negotiations.

The Ninety percent, Ten percent, Revenue Split Between the State and Federal Government: Relationships to Statehood and Land Exchanges

FINDINGS

* It is the position of the executive branch of the government of the State of Alaska that the 90/10 revenue share of royalties from the production of subsurface resources within National Wildlife Refuges within Alaska, can not be changed without the consent of the State.

* Administrative actions taken by the Secretary of the Interior with regard to refuges and mineral leasing on these lands, does not in any way minimize the fact that Congress is the one that sets the policy. That policy is clearly provided in the Mineral Leasing Act of 1920. This act provides that each state should receive 90 percent of the revenue share, either directly or through the Reclamation Fund, and that 10 percent should go to the Federal Government. The fact that the Secretary of Interior can remove an area from leasing under the mineral leasing law, does not mean that if it ultimately is leased, the mineral leasing law is not the authority that applies.

* Congress made the Mineral Leasing Act of 1920 a provision of the Alaska Statehood Act (Section 6(h) and 28.), and as

such it becomes an integral part of the compact provisions of Section 4 of the Alaska Statehood Act (72 Stat.339).

* The concept of an overriding royalty to the state from lands exchange in the coastal plain of ANWR to the native corporations, was introduced by the State of Alaska, as a creative alternative which could both protect the public interest under the Statehood Act, preserve the principles of federalism and hopefully allow the exchange process to advance.

* The Department of Interior feels that an overriding royalty would have the effect of lowering the value of the tracts offered in the coastal plain of ANWR to the exchange participants. This would increase the amount of land the participants would consume within the coastal plain of ANWR.

* What the state is attempting with the overriding royalty is to retain the grant that is a result of the Statehood Act and the inclusion of the 1920 Minerals Leasing Act. The exchanges would take a hundred percent of the revenue value produced from those tracts of land and trade it away. That includes the federal governments 10 percent and the states 90 percent, of the 12 percent royalty that is commonly applied to oil and gas production from state and federal leases. The only revenue source from these tracts therefore would be taxes.

CONCLUSIONS

* ANWR should be opened using the existing authorities, namely the Mineral Leasing Act of 1920.

* The national interest is best served by encouraging competition for tract selection under the provisions of the Mineral Leasing Act of 1920.

* The Native corporations have every reason to expect value for value in the land exchanges. If a grant, if you will, or overriding royalty to the state is included, then the lands in ANWR will be devalued to the Natives. Instead of a potentially small portion of the coastal plain of ANWR being exchanged away, you will see an incremental increase in ANWR lands that would reflect that override.

RECOMMENDATIONS

* The Congress should act to open ANWR under the Mineral Leasing Act of 1920 in the public interest, to encourage an expedient but prudent exploration, and possible development and production of hydrocarbon resources in the coastal plain of ANWR.

DRAFT

* The Governor of Alaska should encourage the Congress to utilize the authority of the Mineral Leasing Act of 1920 in any legislation enabling the exploration, development and production of hydrocarbon resources within the coastal plain of the ANWR.

The Work Force: Local Hire

FINDINGS

* At this time the Alaska labor unions oppose the opening of the coastal plain to oil and gas development without a labor clause in the enabling congressional legislation.

CONCLUSIONS

* An experienced work force is available in Alaska, so that development in the coastal plain of ANWR can take place in an environmentally sound manner, using this professional labor.

* If labor agreements are required with unions, they should reflect a competitive position, based on Alaskan labor market conditions.

* The issue of local hire in Alaska should be approached from first a regional level, then a statewide level, and finally a union membership level.

RECOMMENDATIONS

* The use of Alaskan union locals should be encouraged. Industry has recognized that competitively priced union labor increases the efficiency and lowers construction and operating expenses in the Alaska oil fields.

* Congressional action should not include restrictions as to which Alaskan labor force should be utilized, union or non-union. That is a decision which is best addressed by individual private sector employers through the collective bargaining process.

National Security Implications

FINDINGS

* The nations imports of oil have fallen from a peak in 1977 of 8.5 million barrels per day (MMBD) or 46% of consumption, to 4.3 MMBD or 27% of consumption in 1985.

* The national trend toward decreasing dependence on foreign oil sources is reversing. Net U.S. oil imports during the first ten (10) months of 1986 were 29% above the comparable period in 1985. The United States is moving once again toward dependency on foreign sources of oil.

* The current oil glut may evaporate as early as mid 1990 or 1992, due to declines in domestic production and a steady rise in domestic consumption of oil and gas products.

* Domestic production, development and exploration have declined as a result of severe oil price declines.

* In a priority memo to the President, the Secretary of Energy concluded that: "Until oil prices increase appreciably, U.S. exploration will remain stagnant, our dependency on imports will continue to increase, and our vulnerability to oil price shocks and possible oil shortages or stoppages will rise to an excessively dangerous level."

All of this could seriously affect our strategic and national security as well as our economic stability."

* In a letter from the National Petroleum Council to Energy Secretary John S. Harrington it was stated that: "Additional import dependence will increase our vulnerability to a supply disruption, rapidly accelerate our balance of trade problems, undermine our national security and compromise our U.S. foreign policy."

* Thirty eight percent fewer oil and gas wells were drilled in 1986 than in 1985.

* Only 32,438 oil and gas wells were drilled nationwide in 1986, the lowest level in twelve (12) years.

* There were 2844 wildcat wells (wells drilled to discover new fields) reported completed in 1986, compared to 4757 in 1985. The wildcats resulted in 302 oil discoveries and 193 gas discoveries in 1986, compared with 535 oil and 296 gas discoveries the previous year.

* Expansion of domestic oil production has several advantages relating to the nation's economic and military security. Expansion of other domestic energy supplies or energy conservation, to the extent they can substitute for imported oil, would have similar advantages. (1) Higher

U.S. oil production will exert downward pressure on the world price of oil. (2) Increased domestic oil production reduces the chances of a supply disruption that would have a sharp impact on the world oil price, since less U.S. demand for oil imports will increase slack in world oil markets. (3) Should there be a serious event that disrupts supply, the costs to the U.S. economy will be reduced if U.S. oil import demand is less relative to its total oil supply. (4) Less U.S. dependence on foreign oil allows U.S. foreign policy to be more flexible and strengthens relationships with oil importing allies.

CONCLUSIONS

* The single most important decision our Congress will make in the areas of domestic production and national energy security in the next eighteen months is the opening of the coastal plain of the Arctic National Wildlife Refuge to energy exploration and production.

* At peak, Alaskan oil and gas production represents about 20% of our total domestic production. That production is now in decline and will dramatically fall over the next ten years. Without new discoveries and a dramatic change in domestic consumption there is little hope that we can avoid serious, national economic shocks. We are already more

dependent, as a nation, on oil products than ever before.
Our nation can not afford to stand in line again.

RECOMMENDATION

* The Congress should act expeditiously to remove the prohibition on oil and gas activities in the coastal plain of ANWR, and Alaskans should encourage the utilization of the resources that may be present there. In this manner the State of Alaska can make its greatest peace time contribution to the security of the nation.

* The Congress and the State of Alaska should continue to encourage the conservation of energy resources, through incentive programs, and the use of alternative fuels.

5-0180X
Bradley
5/4/87

Original sponsors: Sturgulewski, Fischer,
Abood, et al.

This is the one

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 7 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Relating to oil and gas exploration,
6 development, and production within the
7 Arctic National Wildlife Refuge, Alaska,
8 and declaring state policy.

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

10 WHEREAS the Congress of the United States has reserved to itself under
11 sec. 1003 of the Alaska National Interest Lands Conservation Act (94 Stat.
12 2371) the authority to permit further oil and gas exploration, development,
13 and production in the coastal plain of the Arctic National Wildlife Refuge;
14 and

15 WHEREAS the coastal plain of the Arctic National Wildlife Refuge
16 contains the greatest potential on the North American continent for the
17 discovery of economic quantities of recoverable oil and gas reserves; and

18 WHEREAS the coastal plain of the Arctic National Wildlife Refuge
19 contains unique environmental and wildlife qualities that require consid-
20 eration and caution in the exploration, development, and production of
21 hydrocarbon resources in the coastal plain; and

22 WHEREAS, based on the accumulated evidence, the Alaska State Legisla-
23 ture believes that any adverse effects on the Porcupine caribou herd re-
24 sulting from development on the coastal plain of the Arctic National Wild-
25 life Refuge can be successfully mitigated; and

26 WHEREAS all the people of Alaska have expressed and demonstrated
27 concern for the environment and wildlife present on the coastal plain of
28 the Arctic National Wildlife Refuge, as well as the desire to enhance
29 economic opportunities that may result from energy related activities on

1 the coastal plain of the Arctic National Wildlife Refuge; and

2 WHEREAS the indigenous people of Alaska have recognized the potential
3 of the coastal plain of the Arctic National Wildlife Refuge to provide for
4 the well-being of future generations of their people consistent with the
5 Alaska Native Claims Settlement Act (43 U.S.C. 1601-1629a); and

6 WHEREAS value-for-value exchanges of federally owned subsurface rights
7 in the coastal plain for State of Alaska and Alaska Native corporation
8 surface right inholdings in federal conservation system units and surface
9 land adjacent to federal conservation system units offer an unparalleled
10 opportunity for the federal government to reacquire land of great environ-
11 mental value; and

12 WHEREAS the Mineral Leasing Act of 1920 (30 U.S.C. 191) provides that
13 90 percent of the revenue from mineral leasing on federally owned public
14 land is dedicated to the benefit of the state within which the land is
15 located through direct payment and, except for Alaska, coverage under the
16 Reclamation Fund (43 U.S.C. 391-401); and

17 WHEREAS, at statehood, the United States Congress did not include
18 Alaska under the Reclamation Fund, but instead provided that the full 90
19 percent of the revenue from the leasing of minerals on federally owned
20 public land in the state would be paid directly to the State of Alaska
21 without deposit in the Reclamation Fund; and

22 WHEREAS the Congress applied the Mineral Leasing Act of 1920 (30
23 U.S.C. 191) to Alaska in secs. 6(h) and 28 of the Alaska Statehood Act
24 (P.L. 95-508, July 7, 1958) and, as a result, the Mineral Leasing Act of
25 1920, which allocates to Alaska a total of 90 percent of the revenue from
26 the leasing of minerals on federally owned public land in Alaska, became an
27 integral part of the compact between the United States and the State of
28 Alaska under sec. 4 of the Alaska Statehood Act; and

29 WHEREAS the legislature has established an extensive public record

1 regarding the issues that relate to the central issue of the Congress
2 exercising its authority under sec. 1003 of the Alaska National Interest
3 Lands Conservation Act;

4 BE IT RESOLVED that the Alaska State Legislature strongly urges that

5 (1) the Congress of the United States open the coastal plain
6 (1002 area) of the Arctic National Wildlife Refuge, Alaska, to environ-
7 mentally sound oil and gas exploration, development, and production under
8 the authority of the Mineral Leasing Act of 1920;

9 (2) the Congress of the United States reject any consideration
10 of an exploration program that would be performed by a governmental agency,
11 as was the case in the National Petroleum Reserve-Alaska; and be it

12 FURTHER RESOLVED that the Legislature

13 (1) supports and urges maximum participation and job opportunity
14 for Alaska residents in all phases of energy development that might occur
15 on the coastal plain of the Arctic National Wildlife Refuge;

16 (2) supports the value-for-value exchange of interests, involv-
17 ing land within the coastal plain of the Arctic National Wildlife Refuge
18 under the provisions of the Alaska National Interest Land Conservation Act,
19 the Alaska Native Claims Settlement Act, and state statutes, where applica-
20 ble, between the United States government and the State of Alaska and
21 between the United States government and Alaska Native corporations;

22 (3) supports the conclusion that, while the elimination of in-
23 holdings within federal conservation units, may, in some cases, be in the
24 public interest, the State of Alaska should convey only the surface estate
25 in its inholdings within federal refuges and national parks or other feder-
26 al conservation system units, if the state of Alaska is involved in any
27 trades for subsurface interest in the coastal plain of the Arctic National
28 Wildlife Refuge.

29 COPIES of this resolution and the Senate Resources Committee Report on

1 the Arctic National Wildlife Refuge shall be sent to the Honorable Ronald
2 Reagan, President of the United States; the Honorable George Bush, Vice-
3 President of the United States and President of the U.S. Senate; the Honor-
4 able Jim Wright, Speaker of the U.S. House of Representatives; the Honor-
5 able George P. Shultz, Secretary of State; the Honorable Donald P. Hodel,
6 Secretary of the Interior; the Honorable J. Bennett Johnston, Chairman of
7 the Senate Committee on Energy and Natural Resources; the Honorable Morris
8 K. Udall, Chairman of the House Committee on Interior and Insular Affairs;
9 and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.
10 Senators, and the Honorable Don Young, U.S. Representative, members of the
11 Alaska delegation in Congress.
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Bannister
5/1/87

Original sponsors: Sturgulewski, Fischer,
Abood, et al.

1 IN THE SENATE

2 CS FOR SENATE JOINT RESOLUTION NO. 7 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Relating to oil and gas exploration,
6 development, and production within the
7 Arctic National Wildlife Refuge, Alaska.

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

9 WHEREAS the coastal plain of the Arctic National Wildlife Refuge
10 contains the greatest potential on the North American continent for the
11 discovery of economic quantities of recoverable oil and gas reserves; and

12 WHEREAS the United States Congress has reserved in the Alaska National
13 Interest Lands Conservation Act (16 U.S.C. 3144) the authority to permit
14 further oil and gas exploration, development, and production within the
15 coastal plain of the Arctic National Wildlife Refuge, Alaska; and

16 WHEREAS the coastal plain contains unique environmental and wildlife
17 qualities that deserve consideration and caution; and

18 WHEREAS 8,000,000 of the 19,000,000 acres of the refuge have already
19 been set aside as wilderness; and

20 WHEREAS the 1,500,000-acre coastal plain of the refuge comprises only
21 eight percent of the refuge, and the development of the oil and gas re-
22 serves in the refuge's coastal plain would affect an even smaller percent-
23 age of the refuge; and

24 WHEREAS the number of caribou in the vicinity of Prudhoe Bay has
25 tripled since the start of oil production at Prudhoe Bay, and the legisla-
26 ture has carefully considered all available evidence relating to the poten-
27 tial effects of the development of the coastal plain on the caribou, in-
28 cluding evidence on calving, migration patterns, environmental factors, and
29 other variables that affect the caribou; and

1 WHEREAS, based on the accumulated evidence, the legislature believes
2 that any adverse effects on the Porcupine caribou herd due to the coastal
3 plain's development can be successfully mitigated; and

4 WHEREAS equal value exchanges of federal subsurface rights in the
5 coastal plain for state and Native corporation inholdings and land adjacent
6 to federal wildlife refuges offer an unparalleled opportunity for the
7 federal government to acquire land of great environmental value; and

8 WHEREAS, in over 30 years of exploration, development, and production
9 in the Arctic, the oil industry has complied with stringent federal and
10 state environmental regulations and has amassed an exemplary environmental
11 record; and

12 WHEREAS all the people of the state have expressed and demonstrated
13 concern for the environment and wildlife present in the coastal plain of
14 the refuge, as well as the desire to enhance the economic opportunities
15 that may result from activities in the coastal plain; and

16 WHEREAS the indigenous people of the state have recognized the poten-
17 tial of the coastal plain of the refuge to provide for the well-being of
18 future generations of their people consistent with the Alaska Native Claims
19 Settlement Act (43 U.S.C. 1601-1629a); and

20 WHEREAS the Mineral Leasing Act of 1920 (30 U.S.C. 191) provides that
21 90 percent of the revenue from the mineral leasing of federal public land
22 is dedicated to the benefit of the state within which the land is located
23 through direct payment and, except for Alaska, coverage under the Reclama-
24 tion Fund (43 U.S.C. 391-401); and

25 WHEREAS at statehood, the United States Congress did not include the
26 state under the Reclamation Fund but instead provided that the full 90
27 percent of revenue from the mineral leasing of federal public land in the
28 state would be paid directly to the state without deposit in the Reclama-
29 tion Fund; and

1 BE IT RESOLVED by the Alaska State Legislature that the Congress of
2 the United States is urged to open the coastal plain of the Arctic National
3 Wildlife Refuge, Alaska, to oil and gas exploration, development, and
4 production under the Mineral Leasing Act of 1920; and be it

5 FURTHER RESOLVED that the activity should be conducted in a manner
6 that protects the environment and utilizes the state's work force to the
7 maximum extent possible.

8 COPIES of this resolution shall be sent to the Honorable Donald Hodel,
9 Secretary of the Department of the Interior; to the Honorable J. Bennett
10 Johnston, Chairman of the Senate Committee on Energy and Natural Resources;
11 to the Honorable Morris K. Udall, Chairman of the House Committee on
12 Interior and Insular Affairs; and to the Honorable Ted Stevens and the
13 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
14 Representative, members of the Alaska delegation in Congress.
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Bradley
4/22/87

1 IN THE SENATE

BY COGHILL

2 SENATE JOINT RESOLUTION NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Relating to Congressional decisions
6 regarding the Arctic National Wildlife
7 Refuge, establishing an Arctic National
8 Wildlife Refuge policy committee, and
9 declaring state policy.

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

11 WHEREAS the Alaska State Legislature has held public hearings across
12 the state and gathered volumes of information and testimony on the issues
13 regarding the Arctic National Wildlife Refuge; and

14 WHEREAS the information contained in this resolution is a result of
15 this public process; and

16 WHEREAS the coastal plain of the Arctic National Wildlife Refuge
17 contains the greatest potential on the North American continent for the
18 United States to discover economic quantities of recoverable oil and gas
19 reserves; and

20 WHEREAS the coastal plain of the Arctic National Wildlife Refuge
21 contains unique environmental and wildlife qualities that deserve consid-
22 eration and encourage caution, in any scenario, in the exploration, devel-
23 opment, and production of hydrocarbon resources that may be present; and

24 WHEREAS only the Congress of the United States has the authority under
25 sec. 1003 of the Alaska National Interest Lands Conservation Act to remove
26 the restriction on oil and gas exploration, development, and production in
27 the coastal plain of the Arctic National Wildlife Refuge; and

28 WHEREAS the wildlife resources and the geologic environment have been
29 explored, studied, and documented extensively in the coastal plain of the

1 Arctic National Wildlife Refuge and in the Arctic generally for well over
2 20 years; and

3 WHEREAS the State of Alaska and the federal agencies responsible for
4 the protection of the environmental and wildlife resources of Alaska have
5 established exemplary records fulfilling their responsibilities regarding
6 the exploration, development, and production of the oil and gas reserves
7 within Alaska and especially in the Arctic; and

8 WHEREAS the people of Alaska have expressed and demonstrated concern
9 for the environment and wildlife present in the coastal plain of the Arctic
10 National Wildlife Refuge, as well as the desire to enhance economic oppor-
11 tunities that may result from activities in the coastal plain of the Arctic
12 National Wildlife Refuge; and

13 WHEREAS geologists agree that the coastal plain of the Arctic National
14 Wildlife Refuge has the highest potential for the United States to make a
15 major oil discovery of the proportions of Prudhoe Bay; and

16 WHEREAS additional environmental or wildlife resource information
17 necessary to further mitigate oil and gas activity effects could be better
18 acquired as a result of industry presence in the coastal plain of the
19 Arctic National Wildlife Refuge; and

20 WHEREAS the United States Fish and Wildlife Service has every option
21 to stipulate measures necessary to mitigate effects on wildlife resources
22 in the coastal plain of the Arctic National Wildlife Refuge; and

23 WHEREAS the porcupine caribou herd is in the coastal plain for at most
24 a two-month period, and considering that exploration activities take place
25 in the Arctic primarily during winter months when the ground is frozen, a
26 leasing schedule can be implemented that would affect the calving area of
27 greatest concern last and, given the time frames to conduct exploration
28 activity in the Arctic, this calving area would not likely be affected at
29 all for at least 10 years; and

1 WHEREAS the validity of a "core calving area" concept is questionable
2 considering the range of the porcupine caribou herd, migration patterns,
3 and the environmental variables that influence the herd's annual migration;
4 and

5 WHEREAS land exchanges between the United States Department of the
6 Interior and property owners with title to land within federal refuges or
7 other federal conservation units are an accepted and authorized means for
8 the Secretary of the Interior to enhance the integrity of established
9 conservation units; and

10 WHEREAS the original objective of the Department of the Interior was
11 to acquire high priority refuge inholdings that represented, and brought
12 with them, high public interest attributes, particularly in the form of
13 fish and wildlife resources and public recreation opportunities; and

14 WHEREAS the Alaska State Legislature believes that the land exchanges
15 constitute a value-for-value, buy/sell agreement in the case of the coastal
16 plain of the Arctic National Wildlife Refuge; and

17 WHEREAS, while no one can predict the percentage of subsurface values
18 involved in these buy/sell agreements, the Department of the Interior's
19 objective is to preserve the bulk of those subsurface values for utiliza-
20 tion or disposition through a traditional lease sale; and

21 WHEREAS the State of Alaska holds title to 12,000,000 acres within or
22 adjacent to federal conservation units and has offered the surface value of
23 this land in exchange for subsurface value to land within the coastal plain
24 of the Arctic National Wildlife Refuge; and

25 WHEREAS, before the state withdrew from participation in the buy/sell
26 exchange discussions, 850,000 acres had been accepted for consideration by
27 the United States Fish and Wildlife Service; and

28 WHEREAS the five Native corporations participating in the buy/sell
29 exchange discussions have offered a package of land totaling approximately

1 1,000,000 acres, all high priority refuge lands; and

2 WHEREAS the indigenous people of Alaska, through their corporate rep-
3 resentatives, have recognized the potential of the coastal plain of the
4 Arctic National Wildlife Refuge to provide for the well-being of future
5 generations of their people consistent with the Alaska Native Claims Set-
6 tlement Act; and

7 WHEREAS, while sec. 7(i) of the Alaska Native Claims Settlement Act
8 applies to transactions that involve revenue from subsurface and timber
9 resources on Native corporation land, it does not apply to revenue generat-
10 ed from acquired subsurface resources if only the surface estate is traded
11 for the subsurface estate and

12 WHEREAS, since only the value of the surface estate is being exchanged
13 by the Native corporations, the provisions of sec. 7(i) of the Alaska
14 Native Claims Settlement Act do not apply; and

15 WHEREAS oil and gas activities conducted in the coastal plain of the
16 Arctic National Wildlife Refuge on land for which the subsurface potential
17 has been exchanged for surface values in other refuges have the following
18 potentially beneficial effects:

19 (1) exploration would be conducted on a limited and closely
20 coordinated basis, thereby minimizing adverse environmental effects;

21 (2) experience and data gained through early exploration would
22 allow for a better designed lease sale, resulting in the generation of
23 higher revenue, while further minimizing adverse environmental effects; and

24 WHEREAS the concurrent exchange concept is therefore most responsive
25 to the needs of those wishing to relinquish their high priority refuge
26 inholdings, as well as that of the federal government in its wish to ac-
27 quire the inholdings in the public interest; and

28 WHEREAS, while the participation of Native corporations in these
29 value-for-value exchange discussions has raised the question of the

1 protection of traditional interests and the intent of the Alaska Native
2 Claims Settlement Act, the Native corporations feel that their sharehold-
3 ers' traditional use of the land is protected under the subsistence clauses
4 of the Alaska National Interest Land Conservation Act and that federal
5 refuge management and stewardship more than adequately protects their
6 interests and lifestyle; and

7 WHEREAS there are 430 federal wildlife refuges comprising approximate-
8 ly 90,000,000 acres; and

9 WHEREAS 16 of those refuges, comprising 77,000,000 acres, are in
10 Alaska, with the result that 77,000,000 of the 90,000,000 acres are in
11 Alaska; and

12 WHEREAS there is an opportunity for the United States Department of
13 the Interior to eliminate or acquire the 13,000,000 to 15,000,000 acres of
14 inholdings in the federal wildlife refuges in Alaska and this acreage
15 approximates the total of the federal wildlife refuges in the contiguous
16 United States; and

17 WHEREAS the Alaska State Legislature believes that this is the largest
18 and most significant land transaction ever undertaken on behalf of the
19 national refuge system; and

20 WHEREAS after all the oil and gas in Alaska have been explored, devel-
21 oped, and consumed, the exchange effort could stand as a lasting testimony
22 to our commitment, wisdom, and foresight for future generations; and

23 WHEREAS administrative actions taken by the Secretary of the Interior
24 with regard to refuges and mineral leasing on refuge land do not in any way
25 minimize the fact that it is the Congress that sets the policy provided in
26 the Mineral Leasing Act of 1920; and

27 WHEREAS the Mineral Leasing Act provides that each state receives 90
28 percent of the revenue share, either directly or through the Reclamation
29 Fund, and 10 percent goes to the federal government; and

1 WHEREAS, while the Secretary of the Interior may remove an area from
2 leasing under the Mineral Leasing Act, it does not follow that if the land
3 is ultimately leased, the Mineral Leasing Act does not apply; and

4 WHEREAS Congress applied the Mineral Leasing Act of 1920 to Alaska in
5 secs. 6(h) and 28 of the Alaska Statehood Act, and as such became an inte-
6 gral part of the compact between the United States and the State of Alaska
7 unde: sec. 4 of the Statehood Act; and

8 WHEREAS the Alaska State Legislature and the Governor of the State of
9 Alaska firmly believe that the 90/10 revenue snare of royalties from the
10 production of subsurface resources within national wildlife refuges within
11 Alaska may not be changed without the consent of the people of the State of
12 Alaska; and

13 WHEREAS Congressional action on the Arctic National Wildlife Refuge
14 should not include restrictions on the Alaska labor force as union or
15 nonunion because that decision is best addressed by individual private
16 sector employers through the collective bargaining process; and

17 WHEREAS the national trend toward decreasing dependence on foreign oil
18 sources is reversing and net United States oil imports during the first 10
19 months of 1986 were 29 percent above the comparable period for 1985 and the
20 United States is moving once again toward dependency on foreign sources of
21 oil; and

22 WHEREAS expansion of domestic oil production has several advantages
23 relating to the nation's economic and military security, and the expansion
24 of other domestic energy supplies or energy conservation, to the extent
25 that it can substitute for imported oil, would have similar advantages; and

26 WHEREAS a higher United States oil production will exert downward
27 pressure on the world price of oil; and

28 WHEREAS increased domestic oil production reduces the chances of a
29 supply disruption that would have a sharp impact on the world oil price,

1 because less United States demand for oil imports will cause slack in world
2 oil markets; and

3 WHEREAS if there is a disruption of the oil supply, the costs to the
4 United States economy will be reduced if United States oil import demand is
5 less relative to its total oil supply; and

6 WHEREAS decreased United States dependence on foreign oil allows
7 United States foreign policy to be more flexible and strengthens relation-
8 ships with oil-importing allies; and

9 WHEREAS the agencies within the United States Department of the Inte-
10 rior and the State of Alaska, including the Governor of Alaska, have en-
11 dorsed the exploration, development, and production of hydrocarbon reserves
12 that may be present in the coastal plain of the Arctic National Wildlife
13 Refuge; and

14 WHEREAS the Alaska State Legislature believes the single most impor-
15 tant decision the Congress will make in the areas of domestic production
16 and national energy security in the next 18 months is the opening of the
17 coastal plain of the Arctic National Wildlife Refuge to energy exploration
18 and production;

19 BE IT RESOLVED that the Alaska State Legislature strongly urges that

20 (1) the Congress open the Arctic National Wildlife Refuge under
21 the Mineral Leasing Act of 1920 in the public interest, and encourage an
22 expeditious but prudent exploration, development, and production of hydro-
23 carbon resources in the coastal plain of the Arctic National Wildlife
24 Refuge;

25 (2) oil and gas exploration, development, or production of the
26 Arctic National Wildlife Refuge not involve the federal or state govern-
27 ments in any capacity other than as lessor of subsurface rights and as
28 regulator of private sector activities;

29 (3) the entire coastal plain of the Arctic National Wildlife

1 Refuge be opened to oil and gas activities with proper consideration being
2 given to purposes of a wildlife refuge;

3 (4) each party proceed with value-for-value exchange negotia-
4 tions, having consideration for the heritage of the Native community in
5 Alaska protected by the Alaska Native Claims Settlement Act and the Alaska
6 National Interest Lands Conservation Act and with an equitable adjudication
7 of the applications for the subsurface tracts in the coastal plain of the
8 Arctic National Wildlife Refuge that are selected simultaneously by the
9 Native corporations and the State of Alaska;

10 (5) Congressional action not include restrictions on the union
11 or nonunion character of the Alaska labor force in development activities
12 that may take place in the Arctic National Wildlife Refuge; and

13 (6) the United States government reach agreement with the gov-
14 ernment of Canada to ensure protection and maintenance under sustained-
15 yield principles of the porcupine caribou herd without the enactment of a
16 treaty, agreement, compact, or provision between the government of Canada
17 and the United States that would negate or reduce the right and responsi-
18 bility of the State of Alaska or the United States Fish and Wildlife Ser-
19 vice to manage the porcupine caribou herd resource or a portion of its
20 habitat within Alaska; and be it

21 FURTHER RESOLVED that

22 (1) given the nature and complexity of the issues relating to
23 the Arctic National Wildlife Refuge and given the long-term effects that
24 any action taken by the Congress will have on the state's and the nation's
25 domestic and international affairs and economies, the State of Alaska
26 Arctic National Wildlife Refuge Policy Committee is established; the mem-
27 bers of this committee shall be the Governor of Alaska, the commissioner of
28 natural resources, an officer of the executive branch to be appointed by
29 the Governor; the President of the Senate, the chairman of the Senate

1 Resources Committee, one Senate member appointed by the Senate President;
2 the Speaker of the House of Representatives, the Chairman of the House
3 Resources Committee, and one House member appointed by the Speaker of the
4 House; the responsibility of the committee is to galvanize an Alaska
5 consensus on the issues relating to the Arctic National Wildlife Refuge and
6 advocate these positions before the Congress; and

7 (2) considering that it is in the national interest to remove
8 inholdings from federal conservation units and that the surface management
9 of these inholdings by the federal government severely restricts or prohib-
10 its development of the surface of this land, the State of Alaska should
11 divest itself of its interests in the surface estate of inholdings within
12 federal refuges and national parks and trade these interests for subsurface
13 interests in the coastal plain of the Arctic National Wildlife Refuge; and
14 do it

15 FURTHER RESOLVED that the Legislature

16 (1) supports and urges maximum participation and job opportunity
17 for Alaska residents in all phases of energy development that might occur
18 in the Arctic National Wildlife Refuge coastal plain areas;

19 (2) supports the exchange of interests, involving land within
20 the Arctic National Wildlife Refuge coastal plain under the provisions of
21 the Alaska National Interest Land Conservation Act and state statutes where
22 applicable, between the United States government and the State of Alaska
23 and between the United States government and Alaska Native corporations;

24 (3) opposes the establishment of additional, or the enlargement
25 of existing, National Parks, Preserves, or Monuments, National Wildlife
26 Refuges, National Conservation or National Recreation Areas, National Wild
27 and Scenic Rivers, Areas of Critical Environmental Concern, National Wil-
28 derness Preservation areas, or other conservation system units on federal
29 land within Alaska;

1 (4) opposes adding to the existing, or creating new,
2 conservation system units in exchange for an affirmative decision by the
3 Congress to open the Arctic National Wildlife Refuge coastal plain area to
4 oil and gas exploration and development, and believes that decisions
5 affecting public land and resources should be made on the basis of sound
6 scientific information and the public interest rather than political ex-
7 pediency.

8 COPIES of this resolution shall be sent to the Honorable Ronald
9 Reagan, President of the United States; the Honorable George Bush, Vice-
10 President of the United States and President of the U.S. Senate; the Honor-
11 able Jim Wright, Speaker of the U.S. House of Representatives; the Honor-
12 able George P. Shultz, Secretary of State; the Honorable Donald P. Hodel,
13 Secretary of the Interior; the Honorable J. Bennett Johnston, Chairman of
14 the Senate Committee on Energy and Natural Resources; the Honorable Morris
15 K. Udall, Chairman of the House Committee on Interior and Insular Affairs;
16 and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.
17 Senators, and the Honorable Don Young, U.S. Representative, members of the
18 Alaska delegation in Congress
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