

SUR

28

SENATE COMMITTEE REPORT

FURTHER

2/28/89

DATE TURNED INTO OFFICE 3/1/89

Mr. President:

FINANCE

Committee considered SJR 28

oil and gas exploration, development, and production within the Arctic National Wildlife Refuge and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and _____) technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

previous & FN

FISCAL NOTE(S) zero (DNR) fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

Unanimous

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

(DO-PASS)

Chairman signature and recommendation

Committee Backup attached

[Handwritten signature]
 Do PASS
 Co-CHAIR

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: **SJR 28**

PUBLISH DATE: 2/28/89

2/27/89 S(Res); SFC

FISCAL NOTE

REQUEST:

Revision Date: 2/24/89
 Title: Relating to oil & gas exploration, development, and production within the Artic National Wildlife refuge.
 Sponsor: Uchling, Kelly, Halford, Faiks, Frank, Pearce, Coghill, Fischer, Jones, Zharoff and Rodey
 Requestor: Senate Resources

Agency Affected: Natural Resources
 BRU: Management and Administration
 Components: Commissioners Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 24-Feb-89
 Approved by Commissioner: Lennie Gorsuch Date: 24-Feb-89
 Agency: Department of Natural Resources

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

RECEIVED
 FEB 27 1989

SJR 28

BY UEHLING, KELLY, HALFORD,
FAIKS, FRANK, PEARCE, COGHILL,
FISCHER, JONES, ZHAROFF AND RODEY

1 IN THE SENATE

2

SENATE JOINT RESOLUTION NO. 28

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Relating to oil and gas exploration,

6

development, and production within the

7

Arctic National Wildlife Refuge.

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

9

WHEREAS the United States Congress has reserved the right to permit
10 further oil and gas exploration, development, and production within the
11 coastal plain of the Arctic National Wildlife Refuge, Alaska; and

12

WHEREAS the oil industry, the state, and the United States Department
13 of the Interior consider the coastal plain of the refuge to have the
14 highest potential for discovery of very large oil and gas accumulations on
15 the continent of North America; and

16

WHEREAS a decision to permit oil and gas exploration, development, and
17 production on the coastal plain of the refuge would increase the value and
18 facilitate the development of highly promising state-owned tideland and
19 federally-owned outer-continental-shelf land offshore of the refuge; and

20

WHEREAS the facilities that are developed to transport petroleum
21 resources discovered on the coastal plain of the refuge to the Trans-Alaska
22 Pipeline System may allow marginal discoveries located between the refuge
23 and the pipeline to be developed and produced, and may prolong the economic
24 life of the pipeline; and

25

WHEREAS oil and gas exploration and development of the coastal plain
26 of the refuge and adjacent land could result in major discoveries that
27 would reduce the nation's future needs for imported oil, help balance the
28 nation's trade deficit, and significantly increase the nation's security;
29 and

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

3 WHEREAS the 1,500,000-acre coastal plain of the refuge comprises only
4 eight percent of the refuge, and the development of the oil and gas re-
5 serves in the refuge's coastal plain would affect an even smaller per-
6 centage of the refuge;

7 BE IT RESOLVED by the Alaska State Legislature that the Congress of
8 the United States is urged to open the coastal plain of the Arctic National
9 Wildlife Refuge, Alaska, to environmentally responsible oil and gas explo-
10 ration, development, and production.

11 COPIES of this resolution shall be sent to the Honorable Manuel Lujan,
12 Jr., Secretary of the Interior; the Honorable J. Bennett Johnston, Chairman
13 of the Senate Committee on Energy and Natural Resources; Morris K. Udall,
14 Chairman of the House Committee on Interior and Insular Affairs; and to the
15 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
16 the Honorable Don Young, U.S. Representative, members of the Alaska delega-
17 tion in Congress.

3/1/89 DP



ART WOLFE—WILDLIFE PHOTOBANK

Trotting out familiar symbols: Musk oxen in Arctic National Wildlife Refuge

ENVIRONMENT

Adversaries in the Arctic

Heading off drilling in the last great wilderness

Once again, the lines have been drawn in the ice of the Alaskan tundra. The issue is familiar, in essence if not in detail: a hundred-mile strip of coast in the Arctic National Wildlife Refuge, which may hold as much as 3.5 billion barrels of oil. The adversaries have met before: the nation's leading conservation groups, which want the area preserved for wildlife, and the oil industry, which is pushing to open it for exploratory drilling. The symbols are the conventional ones: musk oxen, wolves, sea birds, the shaggy herds of caribou, versus the drum roll of "national security," evoking the great freeways of democracy lying at the mercy of foreign oil suppliers. About 20 years ago, substantially the same argument was fought over drilling at Prudhoe Bay, 60 miles to the west; the victor is apparent in the photographs of tank farms, effluent pits and trash dumps that the Natural Resources Defense Council offers as evidence of the future of the Arctic regions where oil lies below ice.

But if the issue is old, it is being fought this year in a different context. The hypothesized greenhouse effect, a potentially catastrophic global warming owing to a build-up of carbon dioxide in the atmosphere, has given environmental groups a potent new weapon. Burning oil contributes to global warming by adding carbon dioxide to the atmosphere. So the issue is no longer as simple as the value of oil versus the abstract benefits of a herd of caribou that

most people will never see. Instead, the environmental movement is urging that drilling be put off pending a "national energy policy," one which, presumably, would call for using less energy, especially fossil fuels. "We can't say we have to do something about global warming and continue to combust fossil fuel at the same level," says Jay D. Hair, president of the National Wildlife Federation. Given the obstacles to uniting the nation behind any such policy, the caribou's great-grandchildren may well be around for the debate.

The issue poses an early test of President George Bush's claim to environmental cre-



dentials and promises a bruising fight in Congress. In 1980, 19 million acres of Alaskan wilderness were set aside to create the wildlife refuge. But the fate of the coastal plain was left undecided until the Interior Department could determine the chances of finding oil and extracting it safely. In 1986 the department urged full-scale exploration and leasing on the 1.5 million-acre tract. Congress narrowly defeated that proposal last year and will take it up again in this session, but environmentalists hope to head off a vote. They have asked Bush and Interior Secretary Manuel Lujan to set aside the 1986 report and study the issue again. They were not reassured by Bush's budget message, which urged development of areas where oil and gas "can be tapped safely"; he identified the Alaskan refuge as one of the most promising. Yet even 3.5 billion barrels of oil—if it has that much—is barely a six-month supply for the United States.

"Safety" is a relative term in these debates. Both sides cite the example of Prudhoe Bay. To Joseph Lastelic, a spokesman for the American Petroleum Institute, the case is clear: "We haven't harmed the wildlife at Prudhoe. None of the terrible things they predicted came true." He is correct, to the extent that there hasn't been a catastrophic pipeline rupture or tanker accident. What there has been, say environmental groups that have studied Prudhoe Bay, is a continuing, subtle degradation of the Arctic ecology, a spreading blight of industrialization, air and water pollution over several hundred square miles of one of the last great wildernesses in America. The coastal plain is a vital calving area of the Porcupine (River) herd of approximately 180,000 caribou, which the National Wildlife Federation calls "one of the most spectacular wildlife phenomena in North America." Musk oxen, extinct in Alaska since the late 1800s, were recently reintroduced and the refuge now supports a herd of 500. The federation wants more studies on whether the animals could thrive amid the bustle of tractors and drill rigs that oil exploration entails.

Hain forest: In any case, environmentalists still hope that they can convince Bush of what they see as the idiocy of drilling in one of the most remote and beautiful places in America while relaxing fuel-efficiency standards on cars. Some, like Colorado Sen. Tim Wirth, even link the issue with the most fashionable environmental cause of the moment, destruction of the tropical rain forest. At Lujan's confirmation hearing he pointed to the inconsistency of demanding that Brazil stop burning its forests while we put the Arctic up for grabs. Alaska is our Amazon, our Serengeti; what kind of example will we set for the rest of the world?

MARY HAGER in Washington

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

MEMORANDUM

To: Senator John Binkley, Co-Chairman, Senate Finance
Members of the Senate Committee on Finance

From: Senator Rick Uehling
Co-Chairman, Senate Finance

Subject: SJR 28, relating to oil and gas exploration,
development and production within the Arctic
National Wildlife Refuge

Date: February 28, 1989

Senate Joint Resolution 28 will reaffirm the Alaska Legislature's strong support of President Bush's intention to see ANWR's Coastal Plain opened to oil and gas activity.

Discovery of oil could mean a tremendous boost to the Alaska economy. Even the pre-lease and exploration activity would generate revenue for the state and jobs and economic activity for Alaska workers and businesses.

Dangerously high U.S. oil import levels mandate an aggressive domestic exploration policy. ANWR's Coastal Plain is widely regarded as America's best chance to find very large quantities of crude oil.

The U.S. Department of the Interior conducted one of the most rigorous series of environmental studies on the Coastal Plain and determined that oil and gas activity would not significantly impact the wildlife populations of the area.

RU/ma

attachments

Attachments:

- A. Reference Map of Northern Alaska
(Source: Coastal Plain Resource Assessment)
- B. Summary of U.S. Department of the Interior Report and
Recommendation to the Congress/Final Environmental
Impact Statement
- C. Text of Remarks by the President at Anchorage,
February 22, 1989
- D. Excerpt from President Bush's Address to Congress,
February 9, 1989

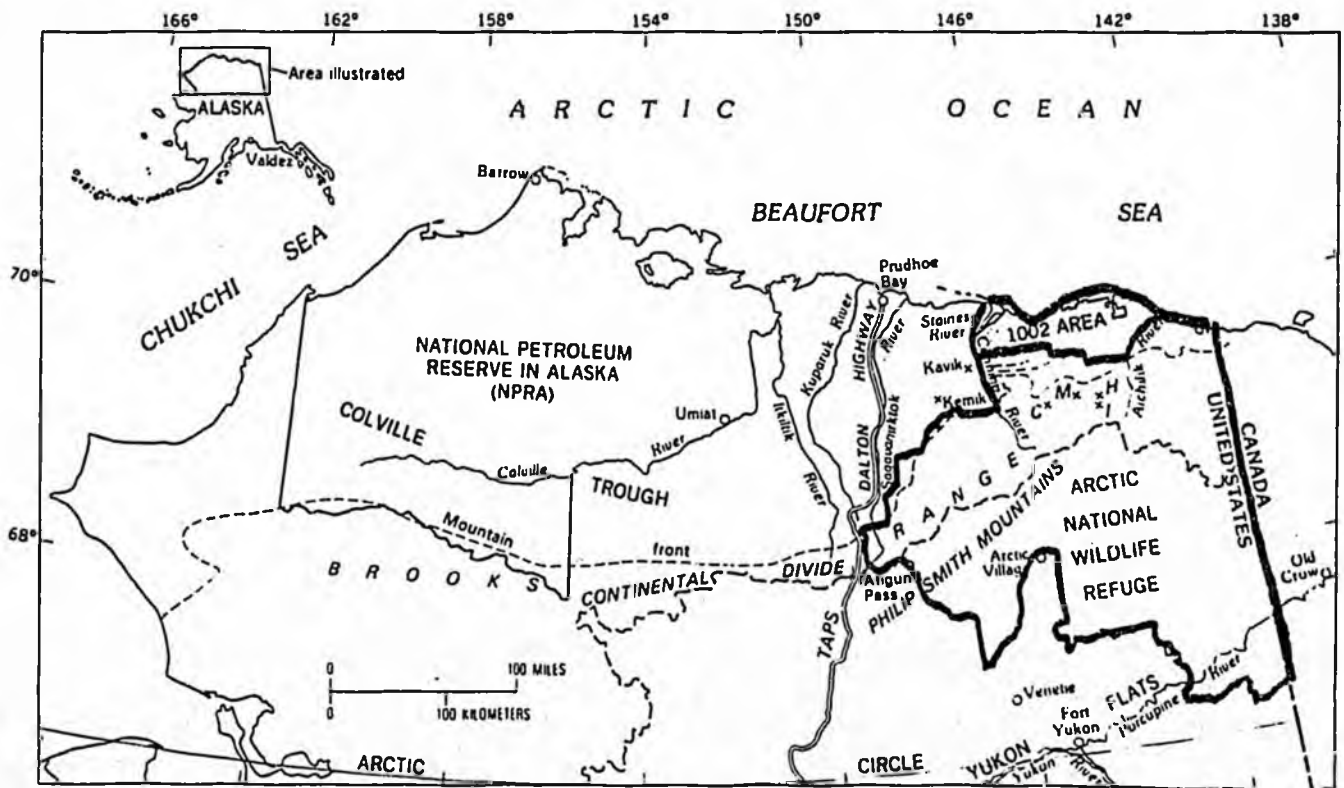


Figure I-1.—Index map of northern Alaska showing location of 1002 area in relation to the Arctic National Wildlife Refuge (Arctic Refuge), the National Petroleum Reserve in Alaska (NPRA), and Prudhoe Bay. Four highest peaks in the Brooks Range: C, Mt. Chamberlin; I, Mt. Isto; H, Mt. Hubley; M, Mt. Michelson.

SUMMARY

ARCTIC NATIONAL WILDLIFE REFUGE, ALASKA, COASTAL PLAIN RESOURCE ASSESSMENT Report and Recommendation to the Congress/Final Legislative Environmental Impact Statement APRIL 1987

Prepared by the U.S. Fish and Wildlife Service, in cooperation with the U.S. Geological Survey and the Bureau of Land Management, Department of the Interior, Washington, D.C. 20240.

TYPE OF ACTION

Recommendation for legislative action concerning future management of the 1.5-million-acre coastal plain of the 19-million-acre Arctic National Wildlife Refuge (referred to herein as the "1002 area"), located in northeastern Alaska.

DESCRIPTION OF THE PROPOSED ACTION

The Secretary of the Interior recommends to the Congress of the United States that it enact legislation directing the Secretary to conduct an orderly oil and gas leasing program for the 1002 area at such pace and in such circumstances as he determines will avoid unnecessary adverse effect on the environment.

The 1002 area is the Nation's best single opportunity to increase significantly domestic oil production. It is rated by geologists as the most outstanding petroleum exploration target in the onshore United States. Data from nearby wells in the Prudhoe Bay area and in the Canadian Beaufort Sea and Mackenzie Delta, combined with promising seismic data gathered on the 1002 area, indicate extensions of producing trends and other geologic conditions exceptionally favorable for discovery of one or more supergiant fields (larger than 500 million barrels).

There is a 19-percent chance that economically recoverable oil occurs on the 1002 area. The average of all estimates of conditional economically recoverable oil resources (the "mean") is 3.2 billion barrels. Based on this estimate, 1002 area production by the year 2005 could provide 4 percent of total U.S. demand; provide 8 percent of U.S. production (about 660,000 barrels/day); and reduce imports by nearly 9 percent. This production could provide net national economic benefits of \$79.4 billion, including Federal revenues of \$38.0 billion.

ENVIRONMENTAL EFFECTS

Potential impacts were assessed for exploration, development drilling, and production. Impacts predicted for exploration and development drilling were minor or negligible on all wildlife resources on the 1002 area. Production of oil is expected to directly affect only 12,650 acres or 0.8 percent of the 1002 area. Consequences on species such as brown bears, snow geese, wolves, moose, and the Central Arctic caribou herd are expected to be negligible, minor, or moderate.

Potential major effects on wildlife from production are limited to the Porcupine caribou herd and reintroduced muskoxen. "Major biological effects" were defined as: "widespread, long-term change in habitat availability or quality which would likely modify natural abundance or distribution of species. Modification will persist at least as long as modifying influences exist."

The Porcupine caribou herd has shown some preference for calving on the 1002 area including the upper Jago River area (84,000 acres or 5.4 percent of the 1002 area). A potential consequence would be displacement of portions of the herd seeking to calve in the upper Jago River area—the case only if the area were the site of a major producing oil field. It is unlikely, though possible, that such displacement would result in any appreciable decline in herd size.

The potential effects of oil and gas activities on the area's muskoxen are unknown, although biologists predict that major effects could be: (1) substantial displacement from currently used habitat and (2) a slowing of the herd's growth rate, as distinguished from a diminution in herd size.

Potential effects on Native subsistence fall into two categories: the village of Kaktovik and villages outside the 1002 area. In the case of Kaktovik, a major restriction of subsistence activities could occur. This would likely result from the physical changes proximate to Kaktovik which could interfere with traditional activities. Subsistence effects on villages outside the 1002 area, including those in Canada, are expected to be minimal.

ALTERNATIVES TO THE PROPOSED ACTION

Alternatives for the Congress that were discussed in the report and legislative environmental impact statement include: (1) Authorize leasing limited to a part of the 1002 area based on environmental considerations (Alternative B); (2) authorize further exploration only, including exploratory drilling (Alternative C); (3) continue current refuge status with no further oil and gas activity allowed (Alternative D); and (4) designate the area as wilderness (Alternative E). For purposes of environmental impact statement analysis, Alternative D is considered the "no action" alternative.

CONTACTS

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 9:40 AM (L)
1:40 PM EST
WEDNESDAY, FEBRUARY 22, 1989

TEXT OF REMARKS BY THE PRESIDENT
AT ANCHORAGE WELCOME

Hangar #1
Elmendorf AFB
Anchorage, Alaska

February 22, 1989

I am pleased to have this opportunity, however brief, to speak here at Elmendorf, to members of our Armed Forces and their families, and to the people of Alaska.

I also want to wish a belated but nevertheless happy birthday to Alaska, this "great land." What you have accomplished in your thirty years of statehood is something all Alaskans can be proud of.

Elmendorf has long served as the departure point for Presidents en route to the Far East. As I make my first journey to Asia as President, I am especially pleased to draw on your support and your good wishes.

My only regret is that I will not have an opportunity to see Alaska in all its glory. After all, there's nothing quite like the "Fur Rondy."

I know that it has been a bitter winter -- even by Alaskan standards. As one Alaskan put it, "It's not too bad at forty-five below, but sixty below takes it out of you."

But from what I've heard, any battle between Alaskans and the elements is no contest: the cold is no match for the vibrant sense of community that all Alaskans share. We often think of frontier values as being summed up in the phrase "rugged individualism." Now, I'm sure Alaskans possess plenty of both. But the real frontier creed, as all of you know, is community. That's the key. Whether it's the Alaskan native, or the families whose forebears came here generations ago, or the last-arriving newcomer from the "lower forty-eight," you stand ready to welcome all into the family of Alaskans.

Adverse conditions bring out the best in Alaskans. When the temperature drops, you close ranks, pull together, and pitch in. That's the American spirit at its best, and it is an inspiration to us all.

In the minds of most Americans, Alaska is our last frontier -- vast, untamed, with plenty of room for opportunity and optimism. At the same time, Alaska is a vital source of energy for the nation as a whole.

Alaska's abundant resources -- in all their diversity -- are a sacred trust. I am convinced that our natural resources can be developed without spoiling our environment. The plan to open the coastal plain of the Arctic National Wildlife Refuge meets these twin objectives. As a businessman, I know that we can and must develop our energy resources for the sake of economic



- 2 -

development, and national security. As a sportsman, with a love and respect for this country's unparalleled natural beauty, I could never support development that failed to provide adequate safeguards for land and wildlife.

Alaska, so rich in resources, also serves as the American gateway to Asia. Let me speak for a moment about what I hope to achieve on my trip to the Far East. I am here on my way to Japan for the funeral of the late Emperor; it was here -- at Hangar 5 at Elmendorf -- that he became the first Emperor in Japan's long history to set foot outside his homeland, eighteen years ago.

Alaskans understand that America is as much a Pacific nation as it is an Atlantic one -- and that the Pacific region is of great and growing importance in international affairs. The timing of my trip is dictated by the passing of the Japanese Emperor, to whom I and other heads of government will pay our final respects. It is, as well, a measure of our respect for a valued ally and fellow democracy that I make this trip. In China -- a nation whose path I have long found fascinating -- I hope to build on the friendly, stable and enduring relationship that now exists. In Korea, I'll meet with leaders of a nation that is rapidly joining the ranks of the world's first-tier economies, and one where democratic institutions are gaining strength each day. At each stop, I aim to strengthen key relationships with our friends and partners in the Pacific region.

Finally, a word of thanks to the Airmen and their families who serve here at Elmendorf, and the soldiers and their families who are here today from "Fort Rich." Your service and sacrifice deserve special notice. Your duty is demanding, but the reward is great: the respect and gratitude of your country.

And make no mistake about the importance of your task. Alaska's strategic position -- at the point where the Far East, the Western Hemisphere and the Arctic meet, is proof enough that the missions you perform here are vital to our national security.

You are the forward edge of our national defense. We rely on you to keep the watch, to hold the line.

Your dedication, your vigilance, your sense of duty help our nation remain safe and secure. As your Commander-in-Chief, as a veteran who served proudly in America's Armed Forces, I salute you. Rest assured that I will do everything in my power to see that the United States continues to prosper, and remains free and at peace.

*Address
to Congress
101st Congress
First Session*



President George Bush

February 9, 1989 Washington, D.C.

In some cases, the gulfs and oceans off our shores hold the promise of oil and gas reserves which can make our Nation more secure and less dependent on foreign oil. When those with the most promise can be tapped safely, as with much of the Alaska National Wildlife Refuge, we should proceed. But we must use caution and we must respect the environment.

So tonight I am calling for the indefinite postponement of three lease sales which have raised troubling questions—two off the coast of California, and one which could threaten the Everglades in Florida.

Action on these three lease sales will await the conclusions of a special task force set up to measure the potential for environmental damage.

I am directing the Attorney General and the Administrator of the Environmental Protection Agency to use every tool at their disposal to speed and toughen the enforcement of our laws against toxic waste dumpers. I want faster cleanups and tougher enforcement of penalties against polluters.

In addition to caring for our future, we must care for those around us. A decent society shows compassion for the young, the elderly, the vulnerable, and the poor.

Our first obligation is to the most vulnerable—infants, poor mothers, children living in poverty—and my proposed budget recognizes this. I ask for full funding of medic-aid—an increase of over \$3 billion—and an expansion of the program to include coverage of pregnant women who are near the poverty line.

I believe we should help working families cope with the burden of child care.

Our help should be aimed at those who need it most—low-income families with young children. I support a new child care tax credit that will aim our efforts at exactly those families—without discriminating against mothers who choose to stay at home.

Now, I know there are competing proposals. But remember this: The overwhelming majority of all preschool child care is now provided by relatives and neighbors, churches, and community groups. Families who choose these options should remain eligible for help. Parents should have choice.

And for those children who are unwanted or abused, or whose parents are deceased, we should encourage adoption. I propose to re-enact the tax deduction for adoption expenses, and to double it to \$3,000. Let us make it easier for those kids who have parents who love them.

We have a moral contract with our senior citizens. In this budget, Social Security is fully funded, including a full cost-of-living adjustment. We must honor our contract.

We must care about those in "the shadows of life," and I, like many Americans, am deeply troubled by the plight of the homeless. The causes of homelessness are many, the history is long, but the moral imperative to act is clear.

Thanks to the deep well of generosity in this great land, many organizations already contribute. But we in Government cannot stand on the sidelines. In my budget, I ask for greater support for emergency food and shelter, for health services and measures to prevent substance abuse, and for clinics for the mentally ill—and I