

SJR

9

FISCAL NOTE

No. 1

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Bill Version: SJR 9

(S) Publish Date: 2-11-97

Revision Date 1/29/97 Dept. Affected _____
 Title Endorsing ANWR leasing BRU _____
 Component _____
 Sponsor Pearce _____
 Requester Senate Resources Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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 EXPENDITURES						
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CHANGE IN REVENUES []						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This resolution has no fiscal impact on state agencies

Prepared by Senate Resources Committee
 Division _____
 Approved by Senator Rick Halford, Chairman
 Agency _____

Phone 485-4907
 Date _____
 Date 2/10/97

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Drue Pearce

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Sponsor Statement For SJR 9

SJR 9 encourages the United States Congress to pass legislation for oil and gas exploration, development, and production on the coastal plain of the Arctic National Wildlife Refuge.

SJR 9 urges the United States Congress to pass legislation allowing access to the estimated 10,000,000,000 barrels of recoverable oil on the coastal plain of the Arctic National Wildlife Refuge (ANWR). This resolution is supported by the local residents of the coastal plain of the North Slope Borough and by a majority of Alaskans.

Development of the oil and gas resources in ANWR will help to offset declining oil revenues in Alaska and decreasing energy production nationwide. Considering that demand for crude oil rose in the United States by 2.5 percent in the past year, and that domestic production of oil continues to decline while import prices increase, the successful development of the resources in this region is of the utmost importance to all Americans.

Furthermore, the authors of this resolution express their resolve to conduct all oil and gas activities to the benefit of the state's work force and in a manner sensitive to the environment of the Arctic National Wildlife Refuge. Copies of this resolution will be sent to the Honorable President of the United States, Vice-President, Secretary of the Interior, and all current members of Congress.

TANANA CHIEFS CONFERENCE, INC.
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Testimony to the
Alaska State Senate on
SJR 9 titled "Open ANWR to oil exploration"

We oppose the passage of this resolution and we urge that the resolution remain in committee for further discussion.

The resolution speaks to an oil development record of no adverse impact to wildlife populations. We clarify for the committees' benefit that no development has ever occurred directly within a calving ground of any caribou herd in Alaska. Prudhoe Bay was developed near the Central Caribou Herds' bull summering population but the calving ground was several miles away. Federal and state biologists have declared, after many years of scientific research, that the Porcupine Caribou Herd could be expected to lose about 10% of the herd population per year if development were to occur within the calving ground. They also concur that the migration route could be altered as a result of the development in ANWR.

Although we support oil and gas exploration, we do not support any efforts to explore within the calving grounds of the Porcupine Caribou Herd.

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Congress of the United States
House of Representatives
Washington, DC 20515-2504

February 3, 1997

PROTECT AMERICA'S GREAT WILDERNESS
COSPONSOR THE MORRIS K. UDALL WILDERNESS ACT

Dear Colleague:

I am writing to seek your support and cosponsorship of the Morris K. Udall Wilderness Act of 1997. This legislation will provide permanent protection of the 1.5 million acres of the Arctic National Wildlife Refuge (ANWR) coastal plain.

The Arctic Refuge coastal plain is a unique ecosystem, essential to the life of over 200 species of wildlife. As the tundra thaws each spring, the coastal plain comes alive with an extraordinary variety of flora and fauna. The wetland grasses, flowers and other plant life feed over 200 species of wildlife, including muskoxen, moose, wolves, arctic foxes, grizzly and polar bears.

The coastal plain is best known as the home of the 150,000 member Porcupine Caribou herd. The last of the free roaming herd in North America and one of the largest caribou herds in the world, the Porcupine herd migrates to the coastal plain for calving and post-calving each year. This landscape is 20th century window to the ice age, referred to as the North American Serengeti.

Currently oil and gas development in the Arctic National Wildlife Refuge is prohibited. That important prohibition inserted by Congressman Morris Udall is now under attack from a host of special interests seeking instant gratification at the expense of our children's natural legacy.

If active oil exploration and development are allowed, the special values of the fragile coastal plain will be lost forever. Any development would destroy this spectacular wilderness and jeopardize the survival of the caribou and other species.

Even if this refuge is opened to development, the amount of recoverable oil in the Arctic Refuge is questionable. A 1987 Department of Interior report optimistically forecast a one in five chance that the Arctic Refuge would yield economically recoverable amounts of oil. Other recent forecasts have significantly reduced the chances of oil recovery.

What is not questionable is the impact of opening the refuge. Active exploration and development, including gravel and ice road construction, spills and other disruptive activities, will guarantee ecological devastation.



**ARCTIC OIL RESERVE
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ARCTIC POWER

Arctic Power is a grassroots, non-profit organization of Alaska citizens organized to promote oil exploration and production within the Coastal Plain of ANWR.

Arctic Power has secured more than 10,000 members since its inception in mid-1992 and is enrolling new members daily.

Arctic Power membership spans the economic spectrum - including miners, fishermen, loggers, tourism operators, transportation businesses, labor unions, banks, teachers, the legal community, retail firms, service industries, non-profit organizations, Alaska Native corporations, local elected officials, and many others. Interest groups represented on the Arctic Power board and through its membership are The Alaska Support Industry Alliance, the Alaska State Chamber of Commerce, the Resource Development Council, the Alaska Trucking Association, the Alaska Oil & Gas Association, the Anchorage Chamber of Commerce, the Alaska Miner's Association, and the Alaska Forest Association.

A statewide board oversees the activities of Arctic Power and includes representatives from Barrow to Ketchikan - all regions of the state are represented. The board of Arctic Power includes businesses from a variety of industry sectors, including but not limited to, law firms, trucking businesses, the visitor industry, media firms, Native corporations, oilfield service companies and public relations agencies.

The Alaska congressional delegation has endorsed Arctic Power and works closely with the board and staff of the organization. Arctic Power and the state of Alaska work together in their congressional outreach efforts in Washington, D.C.

The organization is committed to securing congressional and presidential approval of legislation opening the Coastal Plain of ANWR to responsible oil development.



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February 6, 1997

Senator Drue Pearce
State Capitol
Juneau, AK 99801-1182

Dear Senator Pearce,

Thank you for introducing Senate Joint Resolution 9 supporting oil and gas development on the Coastal Plain of ANWR. Arctic Power strongly supports this legislation and its speedy passage.

As you know, Since 1992 Arctic Power has been coordinating Alaska's efforts to gain congressional and presidential approval to open the Coastal Plain area of ANWR to oil and gas development. We work closely with Alaska's Congressional Delegation, the Governor's Office, the Alaska Legislature, business community and our individual membership base to maintain a positive debate on the issue. The passage of SJR 9 will reaffirm that Alaska's Legislature strongly supports Coastal Plain development.

The arguments supporting development in Coastal Plain have only strengthened over time. Today, the U.S. is more dependent on foreign oil - exceeding 52%, demand is up and our domestic production is continuing to fall. A recent Government Accounting Office report estimated that our imports of foreign oil could rise to over 80% by the year 2015. ANWR, considered the highest potential for discovery of a very large oil and gas field on the continent of North America by the U.S. Department of Interior, could change that decline in domestic production and lessen our reliance on foreign oil.

Alaska's Arctic development is conducted under the strictest environmental regulations and review in the world, emphasizing great care for the animals, people and physical environment. Alaska's North Slope operators have demonstrated the ability to safely produce oil and gas in the region utilizing the best in Arctic technology developed right here in Alaska.

Arctic Power appreciates the Legislature's continued help in working to open ANWR for development. Thanks again for introducing SJR 9 and assisting in its movement towards passage.

Best Regards,

Cam Toohey,
Executive Director



A CASE FOR OIL DEVELOPMENT IN ALASKA

ARCTIC OIL RESERVE JOBS AND ENERGY FOR AMERICA

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- * The U.S. imports over 50% of the nation's needed petroleum. These oil imports cost more than \$55.1 billion a year. These figures are rising and could exceed 67% imports by the year 2000.
- * Beneath a 1.5 million acre tract on the North Slope of Alaska is estimated to be between 3 and 9 billion barrels of recoverable oil. This area is a specially designated area within the 19 million-acre Arctic National Wildlife Refuge (ANWR). Known as the "Coastal Plain", this area was designated by Congress in 1981 as requiring special study to determine its oil and gas potential and the effects of development on the environment. In 1987, the Department of Interior recommended development. Congressional authorization is required for the Coastal Plain to be open.
- * Prudhoe Bay, located 60 miles to the west of ANWR, has been operating for nearly 20 years and has produced in excess of 10 billion barrels of oil during that time. It is among the most environmentally sensitive oil operations in the world. Present output at Prudhoe Bay has declined to 1.4 million barrels per day, and is continuing to decline.
- * The Coastal Plain of ANWR is America's best bet for the discovery of another giant "Prudhoe Bay-sized" oil and gas field in North America. Many economic benefits would result:
 - The Coastal Plain could produce up to 1.5 million barrels per day for at least 25 years - nearly 25% of current daily U.S. production.
 - The U.S. would save \$14 billion per year in oil imports.
 - Between 250,000 and 735,000 jobs are estimated to be created by development of the Coastal Plain.
 - Federal revenues would be enhanced by billions of dollars from bonus bids, lease rentals, royalties, and taxes.
- * Advancing technology has greatly reduced the "footprint" of Arctic oil development. If Prudhoe Bay were built today, the footprint would be 1,526 acres, 64% smaller.
- * Oil and gas development and wildlife are successfully coexisting in Alaska's Arctic. For example, the Central Arctic caribou herd at Prudhoe Bay has grown from 3,000 to as high as 23,400 during the last 20 years.
- * More than 75% of Alaskans favor exploration and production in ANWR.
- * The Inupiat Eskimos who live in and near ANWR support onshore oil development on the Coastal Plain.



"WHAT DEVELOPMENT OF ALASKA'S ARCTIC COASTAL PLAIN MEANS TO ALASKA"

ARCTIC OIL RESERVE JOBS AND ENERGY FOR AMERICA

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Jobs

Jobs that could be created from Coastal Plain development in Alaska: **38,300 jobs**

examples: direct employment in oil exploration and production service, supplies and transportation sectors
computer, environmental and local government employment

Number of direct petroleum industry jobs in Alaska: **12,893 jobs**

Economic Impact

Dollars spent in Alaska from Prudhoe Bay development since 1980:
(excludes payments to State of Alaska) **\$ 4.9 billion**

Alaska vendors doing business in AK oil fields: **over 1,500**

Alaska energy expenditures per capita ranks well over the national average!

Petroleum Statistics

Daily consumption of motor gasoline in Alaska: **750,000 gallons**

Daily consumption of petroleum products in Alaska: **4.4 million gallons**

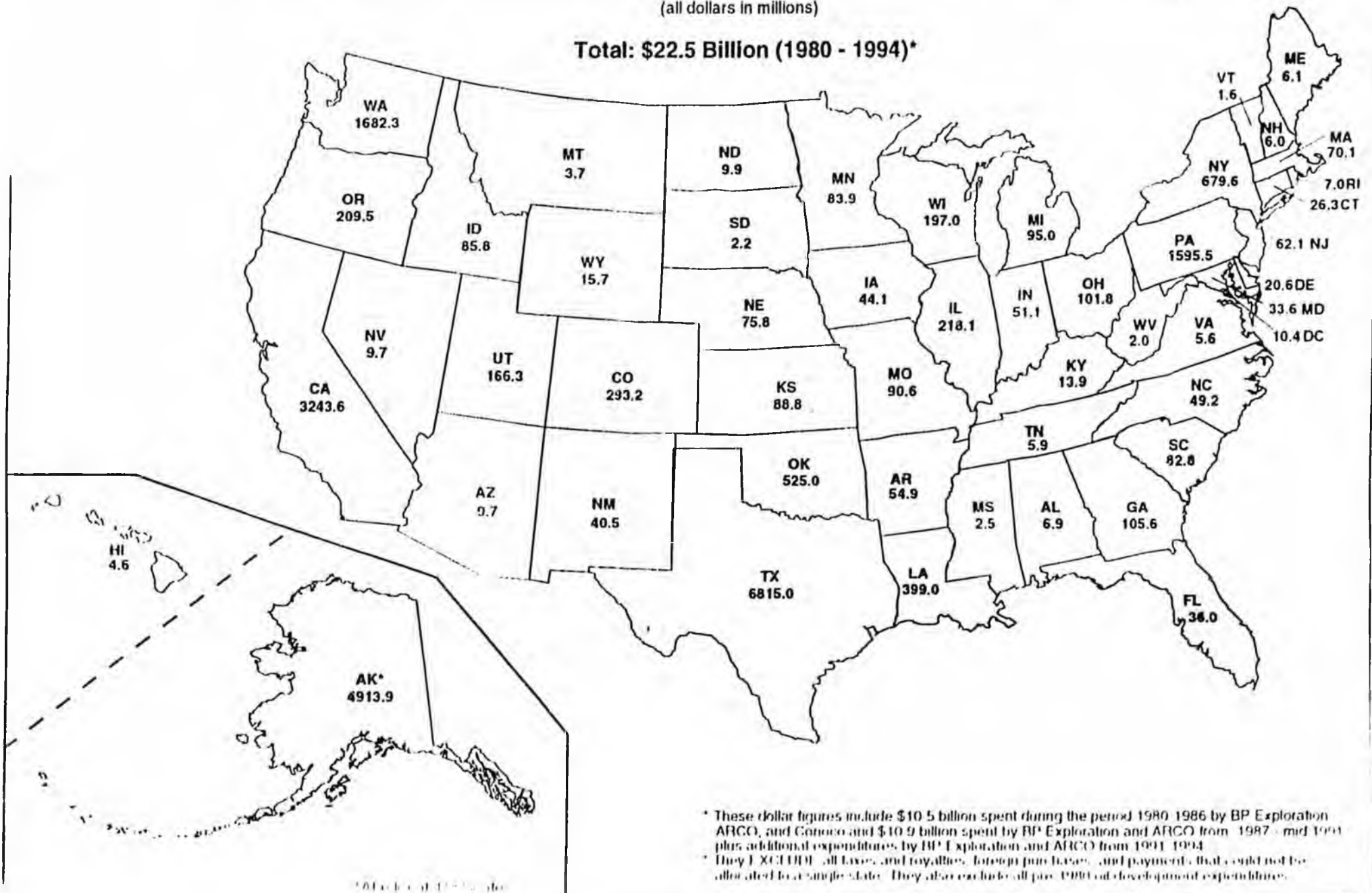
Daily production of oil products in Alaska:
(25% of current U.S. domestic production) **61.6 million gallons**

Alaska's reliance on imported foreign oil **0 %**

Dollars Spent in Each State for North Slope Oil Development

(all dollars in millions)

Total: \$22.5 Billion (1980 - 1994)*



* These dollar figures include \$10.5 billion spent during the period 1980-1986 by BP Exploration ARCO, and Conoco and \$10.9 billion spent by BP Exploration and ARCO from 1987 - mid 1994 plus additional expenditures by BP Exploration and ARCO from 1991-1994.
 * They EXCLUDE all taxes, and royalties, foreign purchases, and payments that could not be allocated to a single state. They also exclude all pre-1980 oil development expenditures.

735,000 Potential New Jobs if ANWR is Opened to Oil & Gas Leasing

All Numbers Are in Thousands of Jobs

