

**SJR**

**39**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 3/16/00

FURTHER:

Date of 5-Day Notice: 3/16/00  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3/23/00

Resources Committee considered

SENATE JOINT RESOLUTION NO. 39

Encouraging the United States Congress to pass S. 2214, a bill opening the coastal plain of the Arctic National Wildlife Refuge to responsible exploration, development, and production of its oil and gas resources.

and recommends:

- be replaced with \_\_\_\_\_ CS STR 39 (RES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
- same title
  - new title
- House Bill:
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Robin L. Taylor</i>	✓	<i>[Signature]</i>			
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
CHAIR: <i>Rick Hallford</i>	✓	CHAIR:			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
Senate Resources	3/16/00	✓	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**THE FOLLOWING PAGES MAY  
NOT FILM LEGIBLY BECAUSE OF  
THE POOR QUALITY OF THE ORIGINAL**

Good afternoon. My name is Deb Moore. On behalf of the Northern Alaska Environmental Center, I would like to testify in opposition of SJR 39: a resolution to encourage Congress to allow drilling in the coastal plain of the Arctic Refuge, otherwise known as the 1002 area.

The coastal plain is the biological heart of the Arctic Refuge. The Arctic Refuge coastal plain provides vital habitat for nearly 200 species of animal, including the 129,000 member Porcupine Caribou herd as well as polar bears, grizzlies and wolves. This also includes millions of migratory birds such as tundra swans, golden plovers, arctic terns, snowy owls & Pacific loons.

The Arctic Refuge's coastal plain is perhaps most celebrated as the calving ground of the 129,000-member Porcupine caribou herd, named after the Porcupine River in the Yukon Territories. Biologists generally agree that development of the calving grounds would have significant adverse impacts on the Porcupine caribou. Research on caribou in the vicinity of the Prudhoe oil fields suggests that cows with calves avoid noise and development infrastructure. Development obstructs their daily movements between inland areas rich in forage and the coast, where they go to escape hordes of harassing insects. The studies linked increased animal stress and extra exertion with lower calf production, lower calf weights, and lower calf densities throughout developed areas.

Recently, Senator Murkowski introduced legislation which would allow drilling in the coastal plain of the Refuge, claiming that drilling in the Refuge will control rising oil prices and reduce our dependence on foreign oil. This is simply not true. Drilling in the Arctic Refuge will have *no* discernable short-term or long-term impact on the price consumers pay at the pump and will *not* decrease our dependence on foreign oil.

Using reasonable estimates of economically recoverable oil, the small amount of oil in the 1002 area would never satisfy more than 2 percent of our nation's oil demands at any given time. We'd still be importing well more than half our oil from foreign markets. Even if we could access all of the oil at once and could become entirely independent from imports, this independence would be extremely short-lived. At our current consumption rate, with less than 6 months worth of oil likely to be found under the Refuge, we would quickly be just as dependent on imports as we are now.

In addition, how can our delegates be seeking independence through drilling in the Refuge when they're allowing North Slope crude oil to be *exported* to foreign markets? Since the export ban was lifted, record quantities of Alaskan oil have been shipped to China, Japan and other Asian countries instead of being used in the US, thereby *increasing* our dependence on foreign oil. If our delegates are truly serious about decreasing oil costs and our dependence on foreign oil, drilling in the Refuge is not the answer. Instead, the first step should be to reinstate the ban on oil exports.

Finally, rather than attempting to deal with high prices by demanding drilling in the Refuge, our delegates should be focusing on raising the fuel economy standards of our nation's automobile fleet. By improving fuel efficiency, we would be decreasing our annual consumption of fuel, which would in turn decrease both individual fuel costs and the amount of imported oil. Therefore, rather than need to drill for more oil, we would be able to maintain our standard of living using substantially less foreign or *domestic* oil.

The oil industry has already sprawled across the arctic with infrastructure stretching from the Canning to the Colville River. There is only 5% of the coastal plain which is currently protected from oil drilling. Allowing drilling on the coastal plain of the Arctic Refuge will not solve our high fuel prices or our dependence on foreign oil while it would have a significant adverse impact on the Porcupine Caribou herd as well as the hundreds of other species are dependent upon it.

The Northern Alaska Environmental Center is opposed to any legislation which would allow for drilling in the Arctic Refuge or would encourage Congress to move in that direction. We urge you to vote no for Resolution SJR 39.

Thank you.

# Alaska State Legislature

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## **Drue Pearce** *President of the Senate*

### **Sponsor Statement**

**SJR 39**

3/21/00

U.S. oil production has fallen 17 percent during the Clinton-Gore Administration to the lowest annual production rate since 1954. At the same time U.S. consumption has risen approximately 14 percent. As of February 2000, America is importing approximately 56 percent of our daily oil consumption, 44 percent of which comes from countries that are members of the Organization of the Petroleum Exporting Countries (OPEC). This amounts to 10.5 million barrels of the roughly 19 million barrels we consume per day.

The dramatic decline in domestic oil production and the resulting dependence on foreign oil production is directly attributable to America's failure to develop a long-term energy policy. To be successful this policy needs to address not only the promotion of alternative technologies and fuels but must also recognize that, for the foreseeable future, Americans will be dependent on petroleum and natural gas to power our nation's industry, transportation systems, and economy.

America's energy industry has also been damaged. Jobs in the energy section have declined from 405,000 in 1990 to 293,000; a 28 percent drop over the last 10 years. A further sign of decline is that exploration rigs searching for oil have fallen from 657 in 1990 to 153 in February, 2000 -- a 77 percent decline. Alaska and America can ill afford to continue our increased dependency on oil imports from foreign countries while exporting our jobs to these same nations.

Industry and government experts recognize the Coastal Plain of Arctic National Wildlife Refuge (ANWR) as the single most promising unexplored region in the U.S. for a major oil and gas discovery. In 1998, the U.S. Geological Survey estimated that the Coastal Plain of ANWR could have up to 16 billion barrels of recoverable oil -- similar in size to volume of oil expected to be recovered from Prudhoe Bay.

In an effort to accommodate America's energy needs, the Federal government currently employs a strategy of encouraging foreign countries to produce more oil to be made available for import to the United States. The fallacy of this strategy is evidenced by the dramatic price fluctuation of oil in recent years. Further failure of this approach is the three recessions since 1973 triggered by rising imported oil prices which were primarily driven by consumer demand and reduced domestic production.

SJR 39 supports our congressional efforts to develop a long-term energy policy for America, which includes opening access to promising areas, like ANWR, in an effort to increase domestic oil and gas production. Only then will America lessen the grip that foreign oil producing nations have on our economy and consumers.

# The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans; putting Alaska first"

Editors: DENNIS FRADLEY; PAUL JENKINS; WILLIAM J. TOBIN

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## Predictable crisis

**E**XPERIENCES OF a quarter of a century ago apparently are long forgotten by many Americans. Folks today seem genuinely surprised and angry that the price of gasoline and fuel oil has risen in recent weeks as foreign oil suppliers cut back production.

What did they expect?

News reports say heating oil in some areas on the East Coast is selling for \$1.75 a gallon. That's up almost \$1 from a year ago. Gasoline is going for \$1.40 and is projected to hit \$1.70 before long.

The Clinton White House is aflutter. What to do? What to do?

The president last week asked Congress for an emergency appropriation so he can give poor people extra money to buy the more expensive fuel. The secretary of Energy is heading to Saudi Arabia, Kuwait, Mexico and Venezuela to beg for increased oil production. Some administration officials are talking about selling off the federal stockpiled oil reserves.

It's appropriate that the administration is feeling some heat right now. After all, its policies are to blame for the situation.

Actually, the current price hikes are pretty mild compared to what the country faced during the Arab oil embargo of the mid-1970s. Then, motorists were fortunate just to find an open gas station — selling gasoline at any price.

Not coincidentally, the energy crisis of the '70s abated about the time the trans-Alaska pipeline came on line and began providing about one-fifth of the nation's domestic supply.

Oil and gas supplies remained stable for a number of years. But over this past decade, as oil flow through the pipeline has fallen back by half and the nation increased its reliance on foreign imports, the situation changed.

Bill Clinton and Al Gore have had a direct hand in obstructing domestic energy supply — including projects in Alaska. Their policies have included:

- Strong opposition to opening the coastal plain of ANWR.
- Placing off-limits to exploration the coastal region of the National Petroleum Reserve in Alaska.
- Opposition to offshore oil drilling.
- Dismantling hydroelectric dams in the Lower 48.
- Strong opposition to nuclear power generation.
- Closing off public lands in the West with vast reserves of coal.
- Blocking natural gas development in the Rocky Mountains.

Whatever extreme environmentalists have demanded, Clinton and Gore delivered. So, of course, the price of oil is now going up.

Five years ago, Congress approved legislation to open ANWR to oil exploration, but the president vetoed it. Had he not done so, Alaska's pipeline might still be delivering 2 million barrels a day, like it was at its peak 10 years ago — and the nation would not have to be begging foreign countries to give us more.

To: National Desk/Environmental Reporter  
March 17, 2000

FYI . . . An Editorial From The Washington Times

March 17, 2000

### Wildlife and oil prices

What's wrong with this picture? U.S. consumers are facing some of the biggest gas-price hikes in decades, increases that don't stop at the pump but ripple through the economy in the form of higher charges for food and other consumer goods. Meanwhile, the U.S. government is literally standing on the equivalent of billions of barrels of so-far untapped oil in Alaska that could provide them a measure of relief. Worse, if the Clinton administration has its way, no one ever will tap it, either.

The ostensible reason for blocking oil exploration and development there is environmental. When the administration vetoed legislation in 1995 that would have allowed such work on a tiny portion of the Alaska National Wildlife Refuge (ANWR), Interior Secretary Bruce Babbitt announced the administration had done so in the name of caribou, polar bears, swans, snow geese and musk oxen; any animal, in short, that might conceivably draw a breath in those barren climes and survive.

"Oil exploration and development has served as a kind of animal Viagra . . . there are more caribou in Alaska than humans."

The fact that the Eskimos who lived in the vicinity of the proposed work backed the exploration as a way of generating tax revenues to support basic sanitation, education and health needs; that workers in the lower 48 wanted it for the jobs it would create; that the United States could have used it to reduce dependence on foreign oil of the kind that leaves consumers here so vulnerable to the Organization of Petroleum Exporting Countries (OPEC) mattered not. The animals came first.

Awkwardly for the administration, there is evidence that far from harming wildlife, oil exploration and development has served as a kind of animal Viagra. When oil development began on the Arctic coast of Alaska at Prudhoe Bay, a herd of caribou located in the area numbered about 6,000. Today the herd in that area has grown to almost 20,000, and there are more caribou in Alaska than humans.

"Alaska is already one giant Motel 6 for wildlife. It contains 58 million acres of land designated as federal wilderness."

Furthermore the technology at the heart of the exploration has, like the personal computer, progressed so that it can do much more with much less. Says Alaska Sen. Frank Murkowski, the "entire development may only disrupt 2,000 acres of the [refuge's] coastal plain - a reduction from the 12,500 acres predicted to be impacted in the early 1980s. That is a 'footprint' so small - a little over 3 square miles in a region two and one-half times the size of the state of Rhode Island - as to

likely have no impact on wildlife." Moreover, Alaska is already one giant Motel 6 for wildlife. It contains 58 million acres of land designated as federal wilderness. That's bigger than the combined area of Pennsylvania, New Jersey, West Virginia and Maryland.

Ironically, by blocking oil exploration in Alaska, the administration may actually pose a greater risk to this country's environment. If America can't get oil out of the ground there, it will be that much more reliant on oil tankers whose occasional spills can take a grim toll on wildlife.

Mr. Murkowski, fellow Alaskan Sen. Ted Stevens and 31 other senators, including three Democrats, have co-sponsored legislation that would open a sliver of the plain to development under strict guidelines. Among other things it would place seasonal limits on oil development to reduce its impact on wildlife, particularly during the caribou calving period.

So it's possible to protect both wildlife and U.S. consumers by allowing oil development to proceed in Alaska. If the administration still turns down the proposal, the only protection it will guarantee is OPEC's.

(The Washington Times, March 17, 2000)

# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO. SJR 39**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected \_\_\_\_\_  
 Title Encouraging Congress to Open ANWR BRU \_\_\_\_\_  
 \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor Senate Rules \_\_\_\_\_  
 Requester Senate Resources Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This resolution is anticipated to have no fiscal impact on state agencies.

Prepared by: Juli Lucky Phone 465-4907  
 Division Senate Resources Committee Date/Time 3/16/00 4:22 PM  
 Approved by \_\_\_\_\_ Date \_\_\_\_\_  
 Agency \_\_\_\_\_

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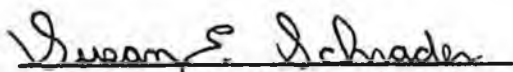
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## SJR 39 ~ Opening the Arctic National Wildlife Refuge to Oil Exploration and Drilling

TO: Senate Resource Committee  
DATE: March 22, 2000

Alaska Conservation Alliance and Alaska Conservation Voters are sister nonprofit organizations dedicated to protecting Alaska's environment through public education and advocacy. Our 40 member organizations and businesses represent over 21,000 registered Alaskan voters. Like all Americans, our members enjoyed low fuel prices about a year ago and now are feeling the pinch of an increase in those prices. We do not, however, believe that opening the Arctic National Wildlife Refuge to oil exploration and drilling is the answer to the current situation.

- SJR 39 states (p. 2, l. 28) that the vast majority of Alaskans supports development in the coastal plain of the Refuge. This assertion is a profound overstatement. ACA commissioned a statewide public opinion survey that was conducted by Ivan Moore Research and completed in February, 2000. Only 50.7 % of the 500 Alaskans polled supported drilling in the Refuge; 41.7% favored protecting caribou and bird habitat and 7.6% were neutral on the issue. Fifty-one percent is hardly a "vast majority." Results from a survey question asking whether or not the respondent favored state funding of the industry lobby group Arctic Power's effort to open the Refuge revealed that only 41.6% favored state funding, while 46.6% did not support this use of state funds and 11.8% indicated they didn't know.
- 95% of Alaska's North Slope is available to oil and gas exploration and leasing. The coastal plain of the Refuge that many Alaskans wish to see protected represents just 5% of the North Slope. What is fair about Big Oil interests pushing to grab up the last 5% when they already have access to 95%?
- While the Native residents of Kaktovik, whose subsistence activities are centered around marine mammals rather than caribou, may support opening the Refuge, the Gwich'in people of Alaska and Canada consider the coastal plain as sacred ground. For an estimated 20,000 years, their traditional subsistence lifestyle has depended heavily upon the 129,000 caribou of the Porcupine herd that use the coastal plain as their birthing grounds. Protection of this herd, the coastal plain and the Gwich'in culture clearly makes the opening of the Refuge a human rights issue.
- Opening the Refuge is not a quick fix to our high-priced gasoline. Even if exploration started tomorrow, it would be years before any oil could be brought on line. What enabled us to make it through the fuel "crisis" of 1973 was not government intervention or Big Oil's efforts – it was citizens of the U.S. who chose to conserve fuel and use more fuel-efficient vehicles. Energy conservation can start today and oil exporting can stop today. There are clearly other alternatives to addressing the high fuel prices besides invading the last 5% of Alaska's North Slope.

  
Susan E. Schrader, Conservation Advocate

Conserve Alaska. It's Only Natural.

AMENDMENT

# 1

adopted w/o objection

Offered in Senate Resources

By: Senator Lincoln

To: SJR 39 LS1552/A

Page 2, following line 30, insert:

**WHEREAS** the state will ensure the continued health and productivity of the Porcupine Caribou herd and the protection of the land, water, and wildlife resources during the exploration and development of the coastal plain of the Arctic National Wildlife Refuge; and

Page 3, following line 6, insert:

**FURTHER RESOLVED** that oil exploration and development activity be conducted in a manner that protects the wildlife and the environment and utilizes the state's work force to the maximum extent possible; and be it

Good afternoon. My name is Deb Moore. On behalf of the Northern Alaska Environmental Center, I would like to testify in opposition of SJR 39: a resolution to encourage Congress to allow drilling in the coastal plain of the Arctic Refuge, otherwise known as the 1002 area.

The coastal plain is the biological heart of the Arctic Refuge. The Arctic Refuge coastal plain provides vital habitat for nearly 200 species of animal, including the 129,000 member Porcupine Caribou herd as well as polar bears, grizzlies and wolves. This also includes millions of migratory birds such as tundra swans, golden plovers, arctic terns, snowy owls & Pacific loons.

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In addition, how can our delegates be seeking independence through drilling in the Refuge when they're allowing North Slope crude oil to be *exported* to foreign markets? Since the export ban was lifted, record quantities of Alaskan oil have been shipped to China, Japan and other Asian countries instead of being used in the US, thereby *increasing* our dependence on foreign oil. If our delegates are truly serious about decreasing oil costs and our dependence on foreign oil, drilling in the Refuge is not the answer. Instead, the first step should be to reinstate the ban on oil exports.

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The Northern Alaska Environmental Center is opposed to any legislation which would allow for drilling in the Arctic Refuge or would encourage Congress to move in that direction. We urge you to vote no for Resolution SJR 39.

Thank you.