

HB

334

HFIN

FILE

REPRESENTATIVE
BILL WILLIAMS
Co-Chair
(907) 465-3124
Fax: (907) 465-3793

INTERIM ADDRESS
50 Front Street, Suite 203
Ketchikan, Alaska 99901
(907) 247-4627
Fax (907) 225-7157

Alaska State Legislature
House Finance Committee

State Capitol, Juneau, Alaska 99801-1182

REPRESENTATIVE
ELDON MULDER
Co-Chair
(907) 465-2647
Fax (907) 465-3518

INTERIM ADDRESS
716 W 4th Avenue
Anchorage, Alaska 99501
(907) 269-0265
Fax (907) 259-0264

HOUSE BILL 334

Appropriation to Arctic Power to Promote Opening ANWR

HB 334 appropriates \$1,000,000 to Arctic Power to use in its campaign to secure necessary support in the United States Senate to pass legislation opening ANWR to oil exploration. The energy bill will be considered early in this session so it is important that Arctic Power be active in its promotion of opening ANWR in January and February of this year.

HB 334 reappropriates \$700,000 in unused funds from the gas pipeline study authorized through the Legislative Budget and Audit Committee along with \$300,000 from the general fund.

With the growing fiscal gap in Alaska's state budget, and the long term decrease in state revenue from existing fields, it is imperative we develop additional new fields in the future. ANWR is an important part of our fiscal future.

This appropriation will help Alaska work effectively toward that goal.

Amendment to CS HB 334(FIN)

By Davies

A docted
1/18/02

Amned Section B

Page 1 line 11 Strike "300,000" and Insert "400,000"

Page 1 Line 14 after "development." Add

"The amount appropriated in this subsection includes \$100,000 for the participation of the City of Kaktovik in support of the education efforts undertaken by Arctic Power under this subsection."

NOTE: Data do not include discovered resources or undeveloped leases. Numbers cite "technically recoverable oil" not "economically recoverable oil." Figures omit the huge West Sak field and large new discoveries in NPR-A. Regardless of what sets of numbers are used, much more Alaska oil is available outside the Arctic Refuge than inside it.

Excerpt from 1999 Alaska legislative briefing by Alaska Division of Oil and Gas*

Table 3.
¹Undiscovered Onshore Resources

Field	<u>Oil (MMBO)</u>			<u>Gas (BCF)</u>		
	<u>High</u>	<u>Mean</u>	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Low</u>
² NPR-A	N/A	542	N/A	N/A	4,128	N/A
³ NE NPR-A Planning Area	4,732	3,070	1,832	21,674	9,852	3,190
⁴ Central North Slope	N/A	2,595	N/A	N/A	14,975	N/A
⁵ Foothills	N/A	1,564	N/A	N/A	26,609	N/A
⁶ ANWR	11,919	7,782	4,325	9,297	4,230	3,134

¹ Undiscovered technically recoverable oil, gas, and natural gas liquid reserves. Composite Reserve Numbers were calculated based on reserve estimates provided from USGS Open-File Report 95-751. The percentage of reserves calculated for each area was determined by the amount of each play type that was distributed in that particular geographic area. Numbers include both estimates of gas associated with oil fields along with stand-alone gas fields. NGL's are included in both oil and gas totals where associated with oil and gas. 1 barrel of NGL associated with oil = 0.667 barrels of crude oil. NGL's associated with gas was converted to gas by using the formula 6,000 cubic feet of gas = 1 bbl of crude oil.

² NPR-A includes the western coastal plain area of NPR-A. It does not include either the Northeast NPR-A planning area or the foothills.

³ NE NPR-A Final EIS Vol I, 8/98, p. III-A-25.

⁴ Used USGS 1995 Assessment Open-File Report 95-751, Tables 1 and B-1. Summed 75% of the reserves calculated for the Central area; 85% of the reserves calculated for the Eastern area for the various plays; and included the USGS total for Province small fields from their report. The Anchorage Daily News reported on Saturday 2/14/98 that ARCO Alaska, Inc. believed that 3BO of producible oil exists in Prudhoe-Kuparuk undiscovered satellite accumulations. Because this undiscovered oil is adjacent to existing infrastructure, the Prudhoe-Kuparuk satellite plays are very economic and have a quick turnaround time from discovery to first production.

⁵ Combined the resource numbers for the foldbelt and the thrust belt. Included only 1/2 of the eastern thrust play numbers and 85% of the fold belt numbers because the rest of the numbers are included in the ANWR totals.

⁶USGS, 1998 Assessment, Appendix A.

ndb 200 1/20/02

22-LS1281\F
Utermohle
1/18/02

CS FOR HOUSE BILL NO. 334(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations for a grant to Arctic Power to promote the opening of
2 the Arctic National Wildlife Refuge for oil and gas exploration and development; and
3 providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1. GRANT TO ARCTIC POWER.** (a) The unexpended and unobligated
6 balance, not to exceed \$700,000, of the appropriation made by sec. 91, ch. 61, SLA 2001
7 (Legislative Budget and Audit Committee - \$1,500,000) is reappropriated to the Department
8 of Community and Economic Development for payment as a grant under AS 37.05.316 to
9 Arctic Power for education efforts to open the coastal plan of the Arctic National Wildlife
10 Refuge for oil and gas exploration and development.

11 (b) The sum of \$300,000 is appropriated from the general fund to the Department of
12 Community and Economic Development for payment as a grant under AS 37.05.316 to Arctic
13 Power for education efforts to open the coastal plain of the Arctic National Wildlife Refuge
14 for oil and gas exploration and development.

L

1 * Sec. 2. The appropriations made by this Act lapse June 30, 2006.

2 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Subject: Objection to HB 334

Date: Tue, 22 Jan 2002 10:11:24 -0900

From: "Bobbie Ritchie" <ritchle@mosquitonet.com>

To: <Iran_Zarling@legis.state.ak.us>

TO: House Finance Committee
FROM: Bob Ritchie
RE: HB 334
DATE: 22 January 2002

Dear Committee Members,

I am willing to express my opposition to HB 334, which would appropriate another 1 million dollars to Arctic Power, a non-profit lobbying our federal government to open ANWR to oil and gas development. My objections are straightforward:

1. At a time when our Governor has recommended a state tax to relieve our deficit, we should be cautious in making such generous contributions to specific non-profits. I would like to see a full accounting of where the original 2 million grant was spent and how it is serving all Alaskans before I even thought about another allotment.
2. The rallying cry around opening ANWR seems to be 'more jobs', and therefore an allotment such as this might be viewed as a way to stimulate the economy and eventually increase jobs. I would prefer, however, that the million dollars be used now to explore training and outreach for Alaskans in ailing industries including fisheries, timber, and agriculture.
3. I am not sure what the current poll shows for those for and against opening ANWR to oil development, but if it is split as I imagine, I think it only fair for our legislature to split support between non-profits representing each of these distinct sides. In other words, you need to consider giving 50% of your appropriation to non-profit organizations, which support the eco-tourism industry, an important job market in our state. This industry might be damaged by oil development in ANWR.

Finally, I think this continues to be an unusual precedent that all Alaskans may pay for in the future. I think the oil companies can and will offer their own financial support for this process. Arctic Power should be soliciting directly from the oil companies.

Sincerely,
Robert J. Ritchie
2671 Black Sheep Road
Fairbanks, Alaska 99709
(907) 479-2694

MEMORANDUM

To: House Finance Committee hearing on HB 334
Date: January 22, 2002
From: Alaska resident of 20 years*
Opinion: OPPOSITION for any further funding to Arctic Power

My concerns are as follows:

- a) Money appropriation to Arctic Power appears illegal: under the "public purpose" clause of the Alaska Constitution, state money can only be appropriated for a public purpose. In a 1991 opinion, the Alaska Attorney General cautioned that the legislature can not appropriate state money for "partisan political purposes," because such partisan activities rarely qualify as being for a public purpose (Alaska AG Opinion, June 27, 1991).
- b) The appropriation of money to Arctic Power for lobbying appears to be an illegal attempt to avoid the Alaska Procurement Code (Alaska AG Opinion, June 15, 1995; Alaska AG Opinion, June 28, 1999; and Alaska AG Opinion, June 16, 2000).
- c) The appropriation may also violate the Fiscal Procedures Act, which prohibits the use of a legislative grant for influencing legislative action (Alaska Statutes 37.05.321).
- d) How can one nonprofit continue to receive millions of state funds when so many other nonprofits barely scrape by.
- e) Is it ethical for our state to promote the development of a wildlife refuge that belongs to ALL AMERICANS. If successful, it would be the first time any federal wildlife refuge has been opened for a major industrial development by Congress. Congress can't be representing anything other than their own private interests- that's illegal.

I OPPOSE ANY FURTHER FUNDING TO ARCTIC POWER!

Kathy Turco
Box 83305
Fairbanks, AK 99708
(907) 455-4286

Kathy Turco



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance Committee
 Committee on HB 334 Committee Name
Bill / Subject Dated 1/22/02

I would oppose this Court track donation to Arctic Power for several reasons.

1. I view this as shilling for the oil industry, an industry that, like Alaska, doesn't have a fiscal crisis and ^{is} will be able to afford to lobby for itself.
2. If we have a fiscal crisis, it is unconscionable to give public money to a private organization in such a large amount with no strings or accountability.
3. Since the goal of Arctic Power is to lobby for development of ANWR, how about donating an equal amount to the Union of Concerned Scientists to lobby to increase the CAFE (Corporate Average Fuel Economy) standards of automobiles, which the Bush's energy plan postpones any improvement for at least 5 years. Why should we support development & exploitation of our non-renewable resources when we miss and consciously avoid getting a bigger bang for our buck?

SIGNED:

This donation makes no sense and is contrary to the public interest.

Testifier

GARY NEWMAN, repr. self

Representing

1083 ESPRADO Rd.

Fairbanks AK 99712

Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
Committee Name
 Committee on HB 334 Dated 22 Jan 2002
Bill / Subject

My name is Francis Mauer
 I live at 791 Redpoll Ln, Fairbanks AK.
 I am opposed to giving any more of our State money to Arctic
 Power for lobbying to open the Arctic National Wildlife Refuge to
 oil development. Already many millions of public funds have
 been poured down this proverbial rat hole with essentially
 no requirements for accountability. This has become a
 perversion of where the politicians are feeding a
 special interest with our money. At a time when
 we are facing serious budget problems, I expect my
 share of the State's money to be used more wisely.
 How about helping rural communities with wind
 generation systems which would break the cycle
 of costly power coupled with pollution from
 leaking fuel tanks. Please Vote No on HB334

SIGNED: Francis Mauer
 Testifier

Representing

791 Redpoll Ln
 Address / Phone Number

Fairbanks AK 99712
455-6829



Arctic Power ANWR Program 2002

ANWR:

**JOBS AND ENERGY
FOR AMERICA**

ARCTIC POWER

1049 West 5th Avenue, Suite 102
Anchorage, Alaska 99501
(907) 274-2697
Fax (907) 274-2706
<http://www.anwr.org>

203 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 544-5363
Fax (202) 544-8616
<http://www.anwr.org>

Assumptions

- Legislation to open the Coastal Plain of ANWR **can** be passed in early 2002
- This legislation **must** pass the Senate before April of 2002 to avoid entanglement with election year politics
- Arctic Power faces a need for 3 months of funding to complete its task

Monthly Expenditures

\$500,000.00

Routine monthly expenses maintaining Washington, DC offices and additional expenses of campaign in Anchorage. Professional consultants, including DC campaign coordination, coalition management, and grassroots campaign assistance, and attorneys. This budget averages approximately \$170,000 per month.

Campaign Expenditures

\$500,000.00

Print and radio ads in 11 targeted states, grassroots campaign, telephone patch-throughs to Senate offices, etc.

\$350,000.00

Media preparation, congressional notices, press releases

\$80,000.00

Polling

\$40,000.00

DC travel for Hill visits

\$30,000.00

TOTAL AMOUNT REQUESTED

\$1,000,000.00



ANWR:

JOBS AND ENERGY
FOR AMERICA

ARCTIC POWER

1049 West 5th Avenue, Suite 102
Anchorage, Alaska 99501
(907) 274-2697
Fax (907) 274-2706
<http://www.anwr.org>

203 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 544-5363
Fax (202) 544-8616
<http://www.anwr.org>

3 January 2001

To: Kim Duke
Executive Director

From: Roger Herrera
DC Consultant

RE: 'Outside' funds pledged and paid for ANWR campaign
advertising

The Jobs Power (union coalition) 'pot' for open ANWR advertising
has been funded, to date, as follows:

\$150,000	Arctic Power
\$100,000	The industry, pro-Energy Alliance
\$300,000	Committed funds from labor unions, of which \$70,000 has been paid

Additionally, the Teamsters have already expended in excess of
\$100,000 on the ANWR campaign.

Thus, we have support from non-Arctic Power sources of between
\$475,000 and \$600,000. I would predict that the 'outside' money
will increase beyond these pledged sums before we are finally
successful in opening the Coastal Plain.

JEFF BINGAMAN, New Mexico, Chairman

DANIEL K. AKAKA, Hawaii
 BYRON L. DORGAN, North Dakota
 BOB GRAMM, Florida
 JON HYDEN, Oregon
 TIM JOHNSON, South Dakota
 SY L. LANDRIEU, Louisiana
 J. BAYH, Indiana
 ANNE FEINSTEIN, California
 CHARLES E. SCHUMER, New York
 MARIA CANTWELL, Washington
 THOMAS R. CARPER, Delaware

FRANK R. MURKOWSKI, Alaska
 PETE V. DOMENICI, New Mexico
 DON NICOLLES, Oklahoma
 LARRY E. CRAIG, Idaho
 BEN Nighthorse CAMPBELL, Colorado
 CRAIG THOMAS, Wyoming
 RICHARD C. SHELBY, Alabama
 DONALD BURNS, Montana
 JON KYL, Arizona
 CHUCK HAGEL, Nebraska
 GORDON SMITH, Oregon

ROBERT M. SIMON, STAFF DIRECTOR
 SAM E. FOWLER, CHIEF COUNSEL
 BRIAN P. WALSHAK, REPUBLICAN STAFF DIRECTOR
 JAMES P. BERRNE, REPUBLICAN CHIEF COUNSEL

United States Senate

COMMITTEE ON
 ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-5150

ENERGY.SENATE.GOV

December 13, 2001

The Honorable Rick Halford
 Senate President
 State Capitol, Room 107
 Juneau, AK 99801-1182

Dear Mr. President:

The political battle to open the coastal plain of the Arctic National Wildlife Refuge remains active and viable. It is our expectation that the long awaited Senate debate on an energy bill that includes ANWR will be initiated when Congress resumes in January, 2002, after the Christmas recess.

We do not expect the vote to be an easy one because the Leader of the Senate, Mr. Daschle, will probably not concede us a straight up and down vote on ANWR. Consequently, we may need 60 senate votes to prevail.

It is our opinion that we can win this fight, but only if the support from the State of Alaska, Arctic Power and the labor unions continues unabated, both with their lobbying efforts in Washington D.C. and with the grass roots support across the Nation.

The issue could not have passed in the House of Representatives without the active input from the State and those pro-ANWR groups. Their efforts in the Senate have been very successful but were thwarted by the anthrax induced closure of the Senate office buildings since October.

To provide an example of how we have progressed in the past couple months, attached is a summary of recent polling and a copy of a public opinion strategy poll which was conducted between December 4th and 6th. Clearly, public opinion continues to make a shift in a favorable direction for drilling in ANWR.

The teams are in place, but such an intense effort requires money over and above the funds raised from private donations. As such, we ask for your continued financial support of Arctic Power.

We all realize how opening ANWR can transform Alaska's future economy. It is also critical to our national security - as President Bush has appropriately expressed. We have White House support, we have a majority of votes in the Senate, but financial help from Alaska remains critical to overcoming the opposition. We can and must win this issue, and we look forward to your generous and timely help to Arctic Power.

Sincerely,

A handwritten signature in black ink that reads "Frank H. Murkowski". The signature is fluid and cursive, with a prominent initial "F" and a long, sweeping underline.

Frank H. Murkowski
United States Senator

cc: The Honorable Brian Porter
The Honorable Tony Knowles

JEFF BINGAMAN, New Mexico, Chairman

DANIEL K. AKAKA, Hawaii
BYRON L. DORGAN, North Dakota
BOB GRAHAM, Florida
RON WYDEN, Oregon
TIM JOHNSON, South Dakota
VYV L. LANDRYEU, Louisiana
AN BAYH, Indiana
JANIE PEINSTEIN, California
CHARLES E. SCHLAYER, New York
MARIA CANTWELL, Washington
THOMAS R. CARPER, Delaware

FRANK R. LUPAC, Arizona
PETE V. DOMENICI, New Mexico
DON NICKLES, Oklahoma
LARRY E. CRAIG, Idaho
BEN NIGHTHORSE CAMPBELL, Colorado
CRAIG THOMAS, Wyoming
RICHARD C. SHULTZ, Alabama
CONRAD BURNS, Montana
JOH KYL, Arizona
CHUCK HAGEL, Nebraska
GORDON SMITH, Oregon

ROBERT M. SIMON, STAFF DIRECTOR
SAM E. FOWLER, CHIEF COUNSEL
BRIAN P. MALMAN, REPUBLICAN STAFF DIRECTOR
JAMES P. BEIRNE, REPUBLICAN CHIEF COUNSEL

United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-6150

ENERGY.SENATE.GOV

December 13, 2001

The Honorable Brian Porter
Speaker of the House
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Mr. Speaker:

The political battle to open the coastal plain of the Arctic National Wildlife Refuge remains active and viable. It is our expectation that the long awaited Senate debate on an energy bill that includes ANWR will be initiated when Congress resumes in January, 2002, after the Christmas recess.

We do not expect the vote to be an easy one because the Leader of the Senate, Mr. Daschle, will probably not concede us a straight up and down vote on ANWR. Consequently, we may need 60 senate votes to prevail.

It is our opinion that we can win this fight, but only if the support from the State of Alaska, Arctic Power and the labor unions continues unabated, both with their lobbying efforts in Washington D.C. and with the grass roots support across the Nation.

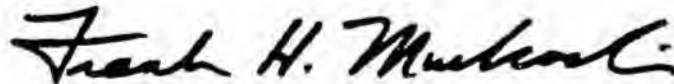
The issue could not have passed in the House of Representatives without the active input from the State and those pro-ANWR groups. Their efforts in the Senate have been very successful but were thwarted by the anthrax induced closure of the Senate office buildings since October.

To provide an example of how we have progressed in the past couple months, attached is a summary of recent polling and a copy of a public opinion strategy poll which was conducted between December 4th and 6th. Clearly, public opinion continues to make a shift in a favorable direction for drilling in ANWR.

The teams are in place, but such an intense effort requires money over and above the funds raised from private donations. As such, we ask for your continued financial support of Arctic Power.

We all realize how opening ANWR can transform Alaska's future economy. It is also critical to our national security - as President Bush has appropriately expressed. We have White House support, we have a majority of votes in the Senate, but financial help from Alaska remains critical to overcoming the opposition. We can and must win this issue, and we look forward to your generous and timely help to Arctic Power.

Sincerely,

A handwritten signature in black ink that reads "Frank H. Murkowski". The signature is written in a cursive style with a large, prominent "F" and "M".

Frank H. Murkowski
United States Senator

cc: The Honorable Tony Knowles
The Honorable Rick Halford

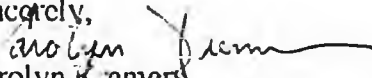
Carolyn Kremers
3754 Frenchman Rd.
Fairbanks, AK 99709
(907) 455-6557
January 22, 2001

To Whom It May Concern:

I am writing to ask that the Alaska State Legislature refrain from giving additional special funds to Arctic Power. Arctic Power is a special-interest lobbying group which does not represent the interests of many concerned Alaska citizens and taxpayers. Contrary to the information distributed on Arctic Power's website and in its current advertising campaign in the Lower 48, a significant number of Alaskans *oppose* oil development in the Arctic National Wildlife Refuge, and for a variety of legitimate reasons. It is time for the Legislature to recognize this and stop using public money to support special-interest lobbying without the public's permission. Such use of public money is misleading, unfair, unauthorized, and dishonest. Arctic Power has already received two million dollars from the Alaska Legislature without the public's permission. To give this organization an additional one million dollars--particularly at this time, when the U.S. Senate is about to discuss and vote on the Arctic Refuge drilling issue--is unconscionable. Please do not do it.

Thank you for your attention to this matter.

Sincerely,


Carolyn Kremers
Writer and University Instructor

MEMORANDUM

To: House Finance Committee hearing on HB 334
Date: January 22, 2002
From: Alaska resident of 20 years*
Opinion: OPPOSITION for any further funding to Arctic Power

My concerns are as follows:

- a) Money appropriation to Arctic Power appears illegal: under the "public purpose" clause of the Alaska Constitution, state money can only be appropriated for a public purpose. In a 1991 opinion, the Alaska Attorney General cautioned that the legislature can not appropriate state money for "partisan political purposes," because such partisan activities rarely qualify as being for a public purpose (Alaska AG Opinion, June 27, 1991).
- b) The appropriation of money to Arctic Power for lobbying appears to be an illegal attempt to avoid the Alaska Procurement Code (Alaska AG Opinion, June 15, 1995; Alaska AG Opinion, June 28, 1999; and Alaska AG Opinion, June 16, 2000).
- c) The appropriation may also violate the Fiscal Procedures Act, which prohibits the use of a legislative grant for influencing legislative action (Alaska Statutes 37.05.321).
- d) How can one nonprofit continue to receive millions of state funds when so many other nonprofits barely scrape by.
- e) Is it ethical for our state to promote the development of a wildlife refuge that belongs to ALL AMERICANS. If successful, it would be the first time any federal wildlife refuge has been opened for a major industrial development by Congress. Congress can't be representing anything other than their own private interests- that's illegal.

I OPPOSE ANY FURTHER FUNDING TO ARCTIC POWER!

Kathy Turco
Box 83305
Fairbanks, AK 99708
(907) 455-4286

Kathy Turco



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance Committee
 Committee on HB 334 Committee Name Dated 1/22/02
Bill / Subject

I would oppose this fast track donation to Arctic Power for several reasons.

1. I view this as shilling for the oil industry, an industry that, like Alaska, doesn't have a fiscal crisis and is well able to afford to lobby for itself.

2. If we have a fiscal crisis, it is unconscionable to give public money to a private organization in such a large amount with no strings or accountability.

3. Since the goal of Arctic Power is to lobby for development of ANWR, how about donating an equal amount to the Unions of Concerned Scientists to lobby to increase the CAFE (Corporate Average Fuel Economy) standards of automobiles, which the Bush's energy plan postpones any improvement for at least 5 years. Why should we support development & exploitation of our non-renewable resources when we mess and consciously avoid getting a bigger bang for our buck?

SIGNED:

This donation makes no sense and is contrary to the public interest.
 Testifier
GARY NEWMAN repr. self

Representing 1083 ESPO Rd.
Fairbanks AK 99712

Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on HB 334 Dated 22 Jan 2002
Committee Name
Bill / Subject

My name is Francis Mauer
 I live at 791 Redpoll Ln, Fairbanks AK.
 I am opposed to giving any more of our State money to Arctic Power for lobbying to open the Arctic National Wildlife Refuge to oil development. Already many millions of public funds have been poured down this proverbial rat hole with essentially no requirements for accountability. This has become a perversion of where the politicians are feeding a special interest with our money. At a time when we are facing serious budget problems, I expect my share of the State's money to be used more wisely. How about helping rural communities with wind generation systems which would break the cycle of costly power coupled with pollution from leaking fuel tanks. Please Vote No on HB334

SIGNED: Francis Mauer
 Testifier

Representing
791 Redpoll Ln
 Address / Phone Number
Fairbanks AK 99712
455-6829

Subject: Objection to HB 334

Date: Tue, 22 Jan 2002 10:11:24 -0900

From: "Bobbie Ritchie" <ritchie@mosquitonet.com>

To: <Fran_Zarling@legis.state.ak.us>

TO: House Finance Committee
FROM: Bob Ritchie
RE: HB 334
DATE: 22 January 2002

Dear Committee Members,

I am writing to express my opposition to HB 334, which would appropriate another 1 million dollars to Arctic Power, a non-profit lobbying our federal government to open ANWR to oil and gas development. My objections are straightforward:

1. At a time when our Governor has recommended a state tax to relieve our deficit, we should be cautious in making such generous contributions to specific non-profits. I would like to see a full accounting of where the original 2 million grant was spent and how it is serving all Alaskans before I even thought about another allotment.
2. The rallying cry around opening ANWR seems to be 'more jobs', and therefore an allotment such as this might be viewed as a way to stimulate the economy and eventually increase jobs. I would prefer, however, that the million dollars be used now to explore training and outreach for Alaskans in ailing industries including fisheries, timber, and agriculture.
3. I am not sure what the current poll shows for those for and against opening ANWR to oil development, but if it is split as I imagine, I think it only fair for our legislature to split support between non-profits representing each of these distinct sides. In other words, you need to consider giving 50% of your appropriation to non-profit organizations, which support the eco-tourism industry, an important job market in our state. This industry might be damaged by oil development in ANWR.

Finally, I think this continues to be an unusual precedent that all Alaskans may pay for in the future. I think the oil companies can and will offer their own financial support for this process. Arctic Power should be soliciting directly from the oil companies.

Sincerely,
Robert J. Ritchie
2671 Black Sheep Road
Fairbanks, Alaska 99709
(907) 479-2694

Testimony of Jim Sykes to House Finance Committee January 22, 2002
RE: HB 334

Chairmen, Members of the Committee,

Thank you for the opportunity to address HB334. My name is Jim Sykes, founder of Oilwatch Alaska, ~~which~~

First, the financial ramifications of Arctic Refuge oil. If the Arctic Refuge were opened for drilling, almost two barrels of oil would have to be produced to earn the same amount of royalties we now get out of *one* produced barrel. Senator Murkowski told the Palmer Chamber of Commerce, last Wednesday, the maximum royalty the state could expect from Arctic Refuge oil is 50%--that translates to more than a 44% loss of revenue ^{per barrel} compared with oil produced on state lands.

The oil industry, along with federal and state governments, project another 30 years of oil development from lands West of the Arctic Refuge. Add in West Sak heavy oil, which the U.S. Energy Information Administration estimates has three to six billion barrels of potentially recoverable oil, and the estimate rises to 40 years. Additionally, 93% of North Slope's estimated natural gas reserves lie *outside* the Arctic Refuge.

Opening the Arctic Refuge would take away the state's leverage to prioritize oil development on state lands--including West Sak heavy oil and natural gas.

Let's talk about who is best able to pay for lobbying to open the Arctic Refuge, even if you think it's still a good idea. The published 2000 Annual reports from Exxon-Mobil, BP and Phillips taken together show a total net profit of 33.7 Billion dollars. ^{When they become} available, 2001 reports may have lower figures, but Exxon-Mobil and BP are among the largest and most profitable companies in the world. |

The Alaska Department of Revenue projects a total FY2003 income of 6.36 billion dollars from all sources. Spending proposals for FY2003 total 7.3 billion dollars. The difference, as you well know is roughly a billion dollar shortfall.

Now here we sit, a billion dollars in the hole, and HB 334 asks the state to spend a million dollars on something that is not needed, while the extremely profitable oil companies who benefit most, are contributing next to nothing. [Let oil companies fund Arctic Power if they think opening the Refuge is so important. Let the state of Alaska meet its needs in public safety, health, education other important areas.

Now I hope you all agree that we save a million dollars by killing HB334. I'll leave you with a couple ideas that actually make money. One, enact a windfall profit sharing tax. Presently, when oil prices rise, the state share decreases. If the state and oil industry are truly partners, then rising profits should be split equally. If prices rose like they did from 1999 to 2000, it might mean an extra 1 ½ billion dollars to the State of Alaska, depending on how the tax details are structured. Respected petroleum analyst Richard Fineberg made this proposal. Secondly, corporate taxes could be equalized in a manner proposed by Representative Croft. Corporate rates would be lowered, but the special tax reduction for oil companies would be removed. (

If Alaska's oil producers are truly interested in opening the Arctic Refuge, they have billions of dollars from which they can make contributions to Arctic Power. The net profits from eight hours of oil flowing through the Trans Alaska Pipeline would provide a million dollars.

As legislators call for decreases in state spending and a hiring freeze, it would be irresponsible to waste money on Arctic Power while Alaskans struggle to meet basic government needs—public safety, education, safe roadways, and so forth.

There is plenty of oil and gas available for at least two more generations outside the Arctic Refuge. Significant new jobs and revenue can be derived from the oil producing lands that are already open. There is no need to fund Arctic Power.

NOTE: Data do not include discovered resources or undeveloped leases. Numbers cite "technically recoverable oil" not "economically recoverable oil." Figures omit the huge West Sak field and large new discoveries in NPR-A. Regardless of what sets of numbers are used, much more Alaska oil is available outside the Arctic Refuge than inside it.

Excerpt from 1999 Alaska legislative briefing by Alaska Division of Oil and Gas*

Table 3.
¹Undiscovered Onshore Resources

Field	<u>Oil (MMBO)</u>			<u>Gas (BCF)</u>		
	<u>High</u>	<u>Mean</u>	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Low</u>
² NPR-A	N/A	542	N/A	N/A	4,128	N/A
³ NE NPR-A Planning Area	4,732	3,070	1,832	21,674	9,852	3,190
⁴ Central North Slope	N/A	2,595	N/A	N/A	14,975	N/A
⁵ Foothills	N/A	1,564	N/A	N/A	26,609	N/A
⁶ ANWR	11,919	7,782	4,325	9,297	4,230	3,134

¹ Undiscovered technically recoverable oil, gas, and natural gas liquid reserves. Composite Reserve Number were calculated based on reserve estimates provided from USGS Open-File Report 95-751. The percentage of reserves calculated for each area was determined by the amount of each play type that was distributed in that particular geographic area. Numbers include both estimates of gas associated with oil fields along with stand-alone gas fields. NGL's are included in both oil and gas totals where associated with oil and gas. 1 barrel of NGL associated with oil = 0.667 barrels of crude oil. NGL's associated with gas was converted to gas by using the formula 6,000 cubic feet of gas = 1 bbl of crude oil.

² NPR-A includes the western coastal plain area of NPR-A. It does not include either the Northeast NPR-A planning area or the foothills.

³ NE NPR-A Final EIS Vol 1, 8/98, p. III-A-25.

⁴ Used USGS 1995 Assessment Open-File Report 95-751, Tables 1 and B-1. Summed 75% of the reserves calculated for the Central area; 85% of the reserves calculated for the Eastern area for the various plays; and included the USGS total for Province small fields from their report. The Anchorage Daily News reported on Saturday 2/14/98 that ARCO Alaska, Inc. believed that 1 BBO of producible oil exists in Prudhoe-Kuparuk undiscovered satellite accumulations. Because this undiscovered oil is adjacent to existing infrastructure the Prudhoe-Kuparuk satellite plays are very economic and have a quick turnaround time from discovery to first production.

⁵ Combined the resource numbers for the foldbelt and the thrust belt. Included only 1/2 of the eastern thrust play numbers and 85% of the fold belt numbers because the rest of the numbers are included in the ANWR totals.

⁶USGS, 1998 Assessment, Appendix A.