

HJR

6



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# ALASKA STATE LEGISLATURE

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## HOUSE SPECIAL COMMITTEE ON OIL & GAS

### SPONSOR STATEMENT

#### HJR 6

Expanding Alaska's resource-based industries remains imperative if we wish to increase the State's economic base. Although other sectors of the economy may provide jobs, they more than likely would not be able to support the financial infrastructure of state government to the extent that natural resource development does, especially the oil and gas industry.

Most reliable indicators show Alaska's North Slope oil is in decline. Geologists have said that one of the best prospects for new discoveries lies within the 1002 section of the Arctic National Refuge, which has been set aside by Congress for potential exploration and development. It seems that a prudent course of action would be to open this area of the Arctic Coastal Plain so that Alaskans may reap the economic benefits therein.

The idea behind House Joint Resolution 6 is not new. An ANWR Resolution has been introduced on numerous occasions in the past and has always enjoyed overwhelming support of the Governor and Legislature as well as the general public. Alaska's chances of moving ahead on this vital project have been greatly increased now that George W. Bush is President. We need to take advantage of this opportunity and once again send our message to the nation's Capitol.



# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HJR 6  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title: Endorsing ANWR Leasing BRU: Administration and Support  
Component: Office of the Commissioner  
Sponsor: House Oil and Gas Committee  
Requester: House Oil and Gas Committee Component No.: 123

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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--Do not abbreviate)						
<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 (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Pari-time						
Temporary						

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

There is no reliable estimate of future potential state revenues from oil and gas exploration in ANWR if this resolution is successful, other than to say the revenues could be substantial.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469  
Division: Department of Revenue Date/Time: 1/29/03 10:32 AM  
Approved by: Larry Persily, Deputy Commissioner Date: 1/29/2003  
Agency: Department of Revenue

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HJR6  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
Title: Endorsing ANWR Leasing ERU: Oil & Gas Development  
Component: Oil & Gas Development  
Sponsor: (H) Oil & Gas  
Requester: (H) Oil & Gas Component No.: 439

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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>

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Estimate of any current year (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

No fiscal impact anticipated with passage of this resolution.

Prepared by: Mark Myers, Director Phone: 269-8800  
Division: Oil & Gas Date/Time: 1/28/03 1:04 PM  
Approved by: Tom Irwin, Commissioner Date: 1/28/2003  
Agency: Natural Resources

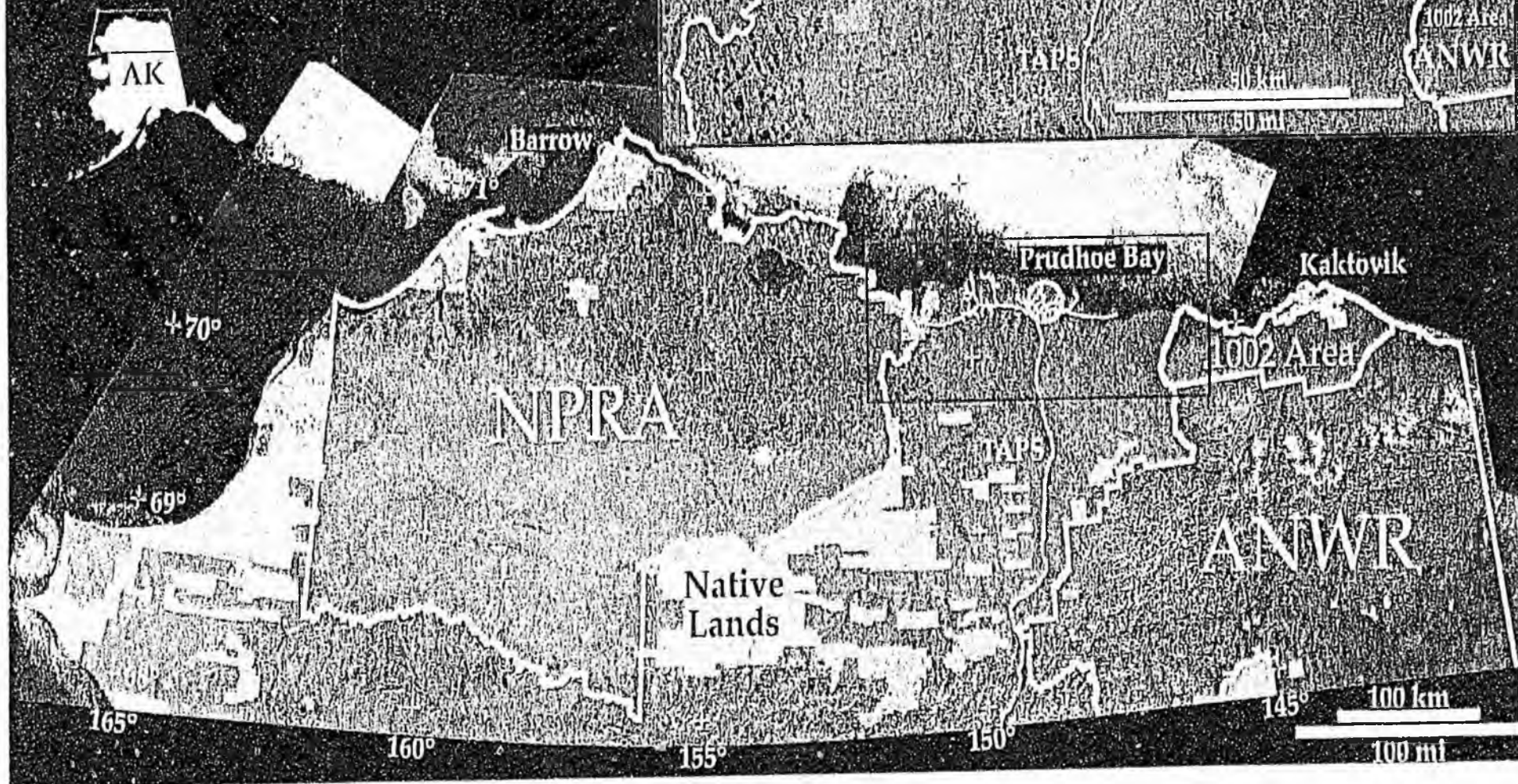
# Alaska Reserves and Production

- **36% of total U.S. oil reserves.**
- 8.0 billion barrels of oil
- **17% of total U.S. gas reserves**
- 35 trillion cubic feet of gas
- **20% of total U.S. oil production**
- 1.04 million barrels of oil per day

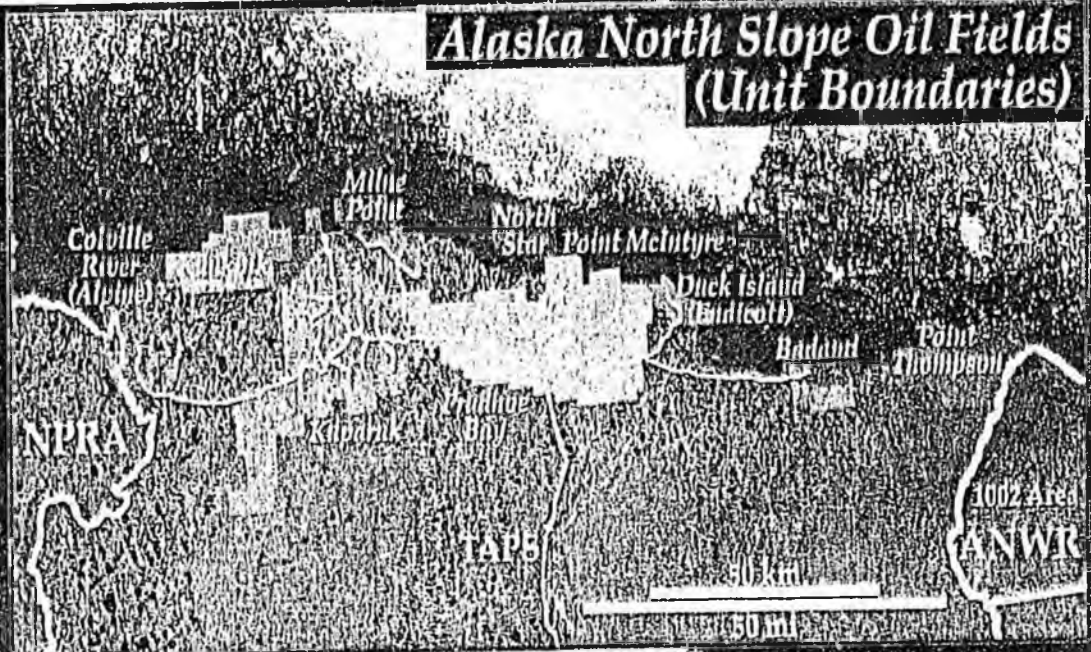
Sources: Alaska data are from Department of Natural Resources, Division of Oil and Gas, 2001 Annual Report  
U.S. data are from U.S. Crude Oil, Natural Gas, and NGL Reserves, 2000 Annual Report, U.S.D.O.E.-E.I.A.



# Northern Alaska

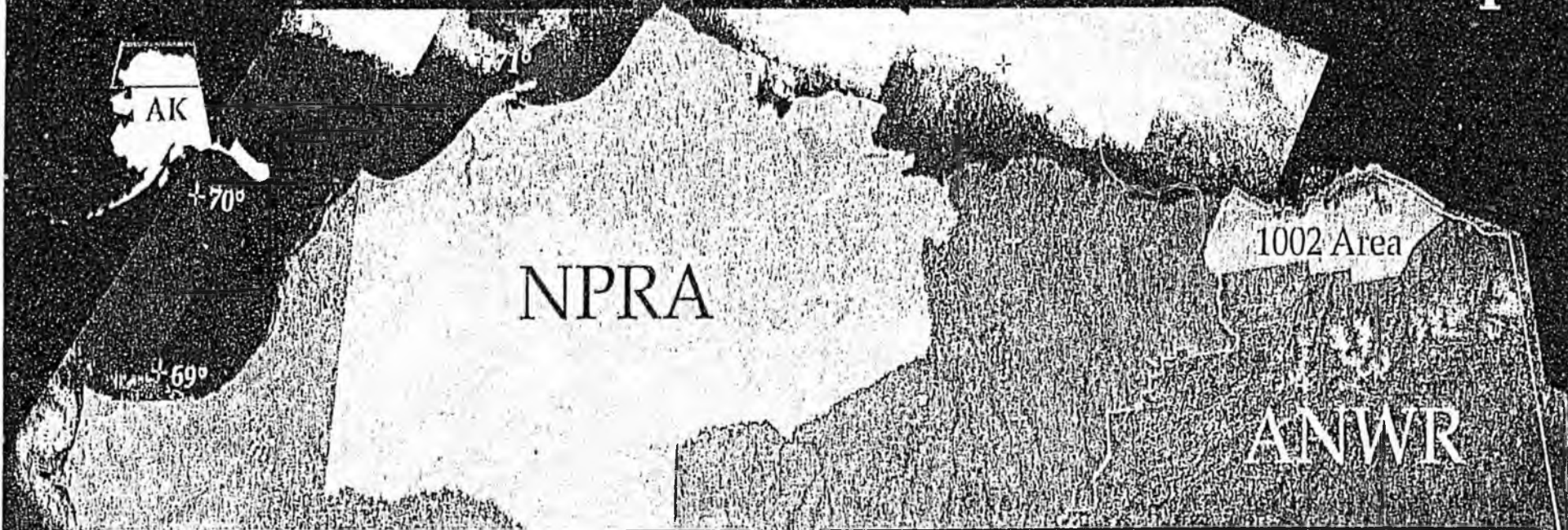


## Alaska North Slope Oil Fields (Unit Boundaries)





# Estimates of Technically Recoverable Oil Federal Lands - Alaska North Slope



## NPRA

### Oil Volumes (BBO)

F95 Mean F05

6.7 10.6 15

## ANWR

### Oil Volumes (BBO)

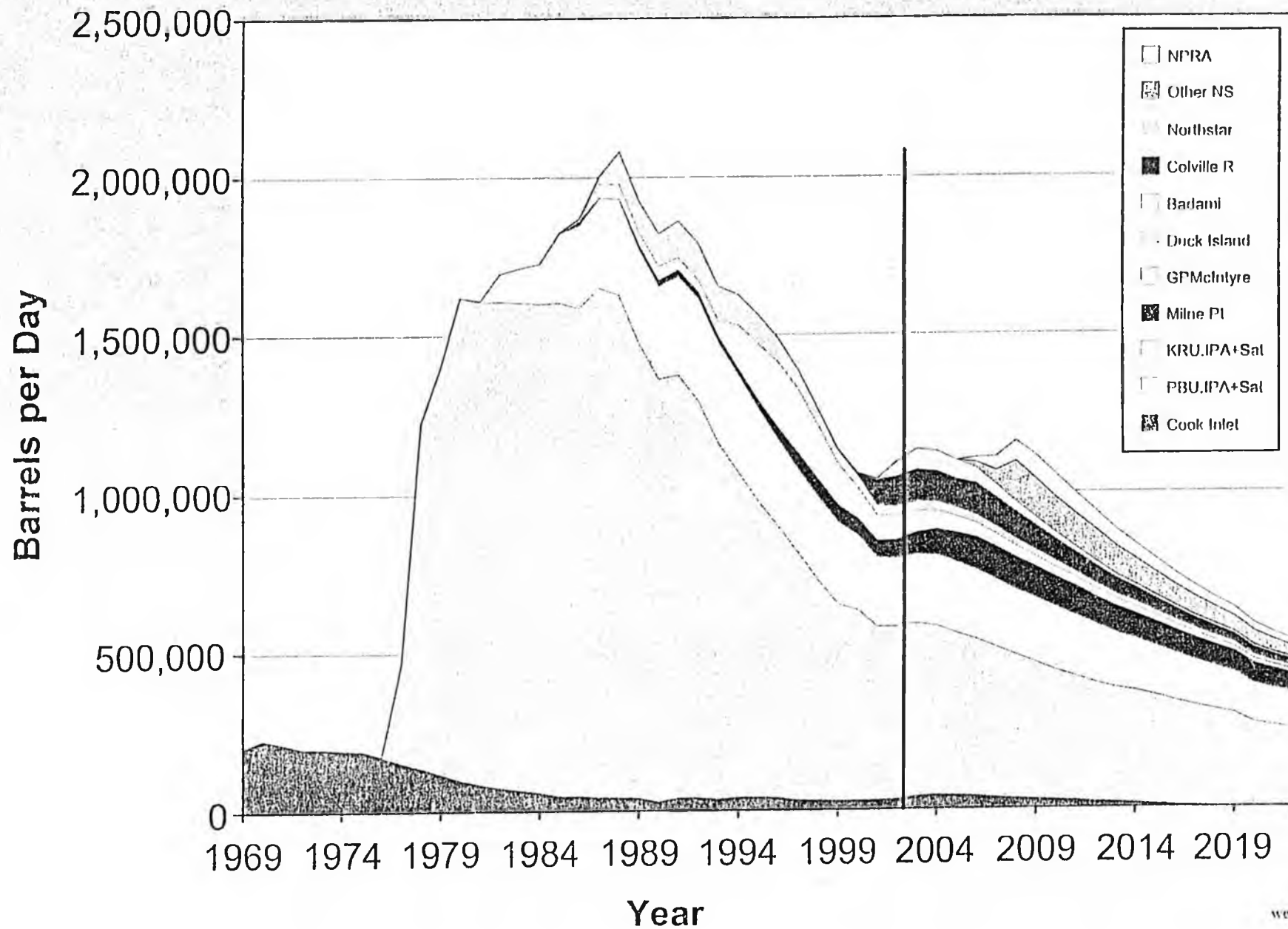
F95 Mean F05

1002 Area (Federal Part) 4.2 7.7 11.8

Entire Assessment Area\* 5.7 10.4 16.0

\*(includes Native Lands & State Waters)

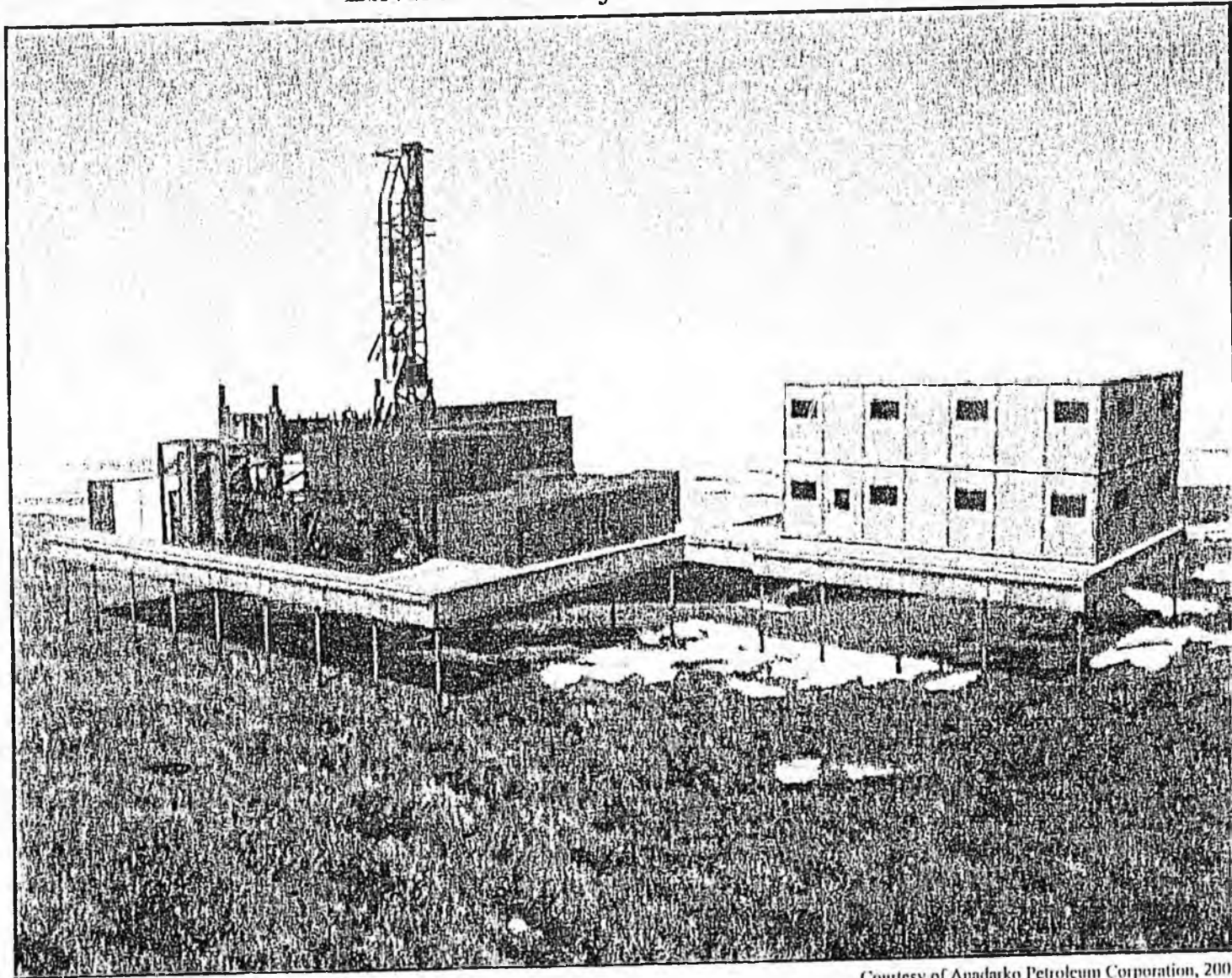
# Historic and Projected Oil Production 1969 - 2022



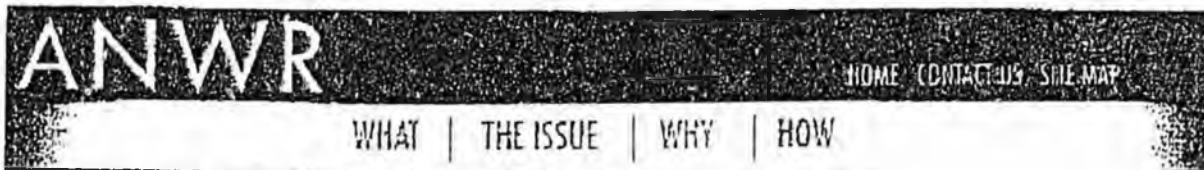
# The Future?

## Prototype Drilling Facility

### Environmentally Sensitive Areas



Courtesy of Anadarko Petroleum Corporation, 2002



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## TOP 10 REASONS TO SUPPORT DEVELOPMENT IN ANWR

1. Only 8% of ANWR Would Be Considered for Exploration Only The 1.5 million acre or 8% on the northern coast of ANWR is being considered for development. The remaining 17.5 million acres or 92% of ANWR will remain permanently closed to any kind of development. If oil is discovered, less than 2000 acres of the over 1.5 million acres of the Coastal Plain would be affected.

2. Revenues to the State and Federal Treasury Federal revenues would be enhanced by billions of dollars from bonus bids, lease rentals, royalties and taxes. Estimates in 1995 on bonus bids alone were \$2.6 billion.

3. Jobs To Be Created Between 250,000 and 735,000 jobs are estimated to be created by development of the Coastal Plain.

4. Economic Impact Between 1980 and 1994, North Slope oil field development and production activity contributed over \$50 billion to the nations economy, directly impacting each state in the union.

5. America's Best Chance for a Major Discovery The Coastal Plain of ANWR is America's best possibility for the discovery of another giant "Prudhoe Bay-sized" oil and gas discovery in North America. U.S. Department of Interior estimates range from 9 to 16 billion barrels of recoverable oil.

6. North Slope Production in Decline The North Slope oil fields currently provide the U.S. with nearly 25% of it's domestic production and since 1988 this production has been on the decline. Peak production was reached in 1980 of two million barrels a day, but has been declining to a current level of 1.4 million barrels a day.

7. Imported Oil too Costly The U.S. imports over 55% of the nation's needed petroleum. These oil imports cost more than \$55.1 billion a year (this figure does not include the military costs of protecting that imported supply). These figures are rising and could exceed 65% by the year 2005.

8. No Negative Impact on Animals Oil and gas development and wildlife are successfully coexisting in Alaska's arctic. For example, the Central Arctic Caribou Herd (CACR) at Prudhoe Bay has grown from 3,000 to as high as 23,400 during the last 20 years of operation. In 1995, the Central Arctic Caribou Herd size was estimated to be

TOP 10 REASONS TO SUPPORT DEVELOPMENT IN ANWR

18,100 animals.

9. Arctic Technology Advanced 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.

10. Alaskans Support 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.

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