

**SJR**

**17**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 2/19/08

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Resources Committee considered SENATE JOINT RESOLUTION NO. 17

SJR 17 OFFSHORE OIL & GAS REVENUE

Urging the United States Congress to provide a means for consistently sharing, on an ongoing basis, revenue generated from oil and gas development on the outer continental shelf with all coastal energy-producing states to ensure that those states develop, support, and maintain necessary infrastructure and preserve environmental integrity.

and recommends:

- be replaced with  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<hr/>
<b>HOUSE BILL:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	Do PASS	Do NOT PASS	No Rec	AMEND
	Wielechowski	✓			
	WAGONER	✓			
	Green	✓			
	McBurre	✓			
	Street	✗			
CHAIR:	Huggins	✓			

# ALASKA STATE LEGISLATURE

*Session*  
State Capitol, Rm 115  
Juneau, AK 99801  
(907) 465-2435  
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*Interim*  
716 W 4<sup>th</sup> Ave, Ste 540  
Anchorage, AK 99501  
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Co-chair  
Joint Armed Services Committee

Member  
Resources Committee  
Judiciary Committee  
Transportation Committee

Senator\_Bill\_Wielechowski@legis.state.ak.us

## SENATOR BILL WIELECHOWSKI

### SJR 17:

### Securing a Fair Share for Alaska of Offshore Oil Revenues

SJR 17 urges Congress to provide Alaska with a share of federal revenue from oil and gas leasing and development off Alaska's coast.

Under current law, Alaska receives virtually no revenue from oil and gas leasing and development that occurs more than six miles off our coast. This contrasts with how other states, including Louisiana, Mississippi, Alabama and Texas, are treated. Under the 2006 Gulf of Mexico Energy Security Act, these states receive 37.5 percent of revenues from newly leased federal waters off their coasts. This new law is expected to direct more than \$13 billion to Louisiana alone over the next three decades.

Alaska deserves to be treated in the same way as other states that contribute to our nation's energy security. Like other energy-producing states, Alaska bears the costs of infrastructure in support of offshore development, and our coastal resources and residents bear the impacts of offshore development. Alaskans deserve to share in the benefits of production, just as we do its costs.

The federal Minerals Management Service estimates that there could be as much as 55 billion barrels of technically recoverable oil and 280 trillion cubic feet of technically recoverable gas off Alaska's coast.

Recently companies bid \$2.6 billion for access to tracts in the Chukchi Sea. More than 1.4 million acres off Alaska's coast have already been leased by the federal government. The Chukchi Sea sale could result in the leasing of an additional 2.7 million acres.

As more lands off Alaska's coast are leased for offshore oil production, we need to ensure that Alaska gets its fair share of the benefits of that leasing and production. It's time Congress treated all coastal states equally and fairly. Please join me in supporting SJR 17.

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

•  
Resources Committee

•  
Judiciary Committee

•  
Transportation Committee



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## SENATOR BILL WIELECHOWSKI

February 21, 2008

Senator Charlie Huggins, Chair  
Senate Resources Committee  
Room 119, State Capitol  
Juneau, Alaska 99801

I respectfully request a hearing on SJR 17, a resolution urging the Congress to provide Alaska with a fair share of revenue from oil and gas leasing and development in the outer continental shelf off our coast.

Under current law, Alaska receives virtually no revenue from oil and gas leasing and development that occurs more than six miles off our coast. This contrasts with how other states, including Louisiana, Mississippi, Alabama and Texas, are treated. Under the 2006 Gulf of Mexico Energy Security Act, these states receive 37.5 percent of revenues from newly leased federal waters off their coasts. This new law is expected to direct more than \$13 billion to Louisiana alone over the next three decades.

Alaska deserves to be treated in the same way as other states that contribute to our nation's energy security. Like other energy-producing states, Alaska bears the costs of infrastructure in support of offshore development, and our coastal resources and residents bear the risks of impacts from offshore development. Alaskans deserves to share in the benefits of production, just as we do its costs.

Thank you for your speedy consideration of this request,

A handwritten signature in black ink, appearing to read "Bill Wielechowski".

Senator Bill Wielechowski

# ALASKA STATE LEGISLATURE

Sen. Charlie Huggins, Chair  
Sen. Bert Stedman, Vice Chair  
Sen. Lyda Green  
Sen. Gary Stevens  
Sen. Lesil McGuire  
Sen. Bill Wielechowski  
Sen. Thomas Wagoner



State Capitol, Room 119  
Juneau AK 99801-1182  
907-465-3878  
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**Senate Resources Committee**  
Butrovich Room 205  
Friday, March 14, 2008  
3:30-5:30 p.m.

## AGENDA

➤ **SJR 17 Securing a Fair Share for Alaska of Offshore Oil Revenues**

**Senator Wielechowski**  
**Michelle Sydeman, Staff to Sen. Wielechowski**

**Online: Kurt Gibson, Deputy Dir. Div of Oil & Gas**

Testimony: Time Limit May Be Set

➤ **Presentation: Alaska Natural Gas Pipeline & AGIA**

**Steve Porter, LB&A Consultant**

Testimony: By Invitation

**1. Gavel In & Call to order:**

Note time – and members present

*Passed out to  
SPES  
3-14-08*

✓ **2. SJR 17 Securing a Fair Share for Alaska of Offshore Oil Revenues**

Senator Wielechowski

Michelle Sydeman, Staff to Sen. Wielechowski

Online: Kurt Gibson, Deputy Dir. Div of Oil & Gas

Open testimony IF anyone is signed up

need Motion to adopt vs/C

**3. Presentation: Alaska Natural Gas Pipeline & AGIA**

Steve Porter, LB&A Consultant

Testimony by Invitation

Reminder: Next week is "action packed," in addition to several pieces of legislation [SB 214; SB 284; HJR 14; SB 237; & SB 301] we'll hear the Governor's nominations for

Board of Game

Board of Fisheries

Ak Commercial Fisheries Entry Commission

Big Game Commercial Services Board

We are scheduled for business on Saturday but will try to conclude our business before that to allow a breather over the Easter week-end.

Meeting Adjourned @ \_\_\_\_\_

**SJR 17 Securing a Fair Share for Alaska of Offshore  
Oil Revenues**

out 3/14/08  
SRES

**SJR 17 vs C**

- 1. Sponsor Statement**
- 2. Revenue from Ak OCS**
- 3. Press**

**SENATE JOINT RESOLUTION NO. 17**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

**BY SENATOR WIELECHOWSKI**

**Introduced: 2/19/08**  
**Referred: Resources**

**A RESOLUTION**

1 **Urging the United States Congress to provide a means for consistently sharing, on an**  
2 **ongoing basis, revenue generated from oil and gas development on the outer continental**  
3 **shelf with all coastal energy-producing states to ensure that those states develop,**  
4 **support, and maintain necessary infrastructure and preserve environmental integrity.**

5 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **WHEREAS**, under the Mineral Lands Leasing Act of 1920, the federal government  
7 shares with the states 50 percent of revenue from mineral production on federal land within  
8 each state's boundaries; and

9 **WHEREAS** the shared mineral production revenue is distributed to the states  
10 automatically, outside of the budget process, and is not subject to appropriation; and

11 **WHEREAS** there is not a similar authority for the federal government to share federal  
12 oil and gas revenue generated on the outer continental shelf with adjacent coastal states,  
13 despite the vital contribution made by those states to our nation's energy, economic, and  
14 national security needs in support of production from the outer continental shelf; and

15 **WHEREAS** the states that sustain this critical energy production and development

1 deserve a share of the revenue generated because they provide infrastructure to support  
2 offshore operations and because of the environmental effects and other risks associated with  
3 oil and gas development on the outer continental shelf; and

4 **WHEREAS**, under the Gulf of Mexico Energy Security Act of 2006, the federal  
5 government recognized the contributions made by Alabama, Louisiana, Mississippi, and  
6 Texas to national security and agreed to give them 37.5 percent of revenue from oil and gas  
7 development in newly leased federal waters in the Gulf of Mexico; and

8 **WHEREAS** other coastal states, including Alaska and California, also support and  
9 should receive, on a regular and ongoing basis, a fair share of revenue generated through  
10 development on the outer continental shelf as compensation and reward for their contributions  
11 to the nation's energy supply, security, and economy; and

12 **WHEREAS** there are presently 263 active oil and gas leases off Alaska's coast,  
13 covering more than 550,000 hectares; and

14 **WHEREAS**, since statehood, oil and gas production from the outer continental shelf  
15 off Alaska's coast has generated millions of dollars in revenue for the federal government; and

16 **WHEREAS** the February 2008 lease sale in the Chukchi Sea generated an additional  
17 \$2,600,000,000 in revenue for the federal government;

18 **BE IT RESOLVED** that the Alaska State Legislature urges the United States  
19 Congress to provide a means for consistently sharing, on an ongoing basis, revenue generated  
20 from oil and gas development on the outer continental shelf with all coastal energy-producing  
21 states to ensure that those states develop, support, and maintain necessary infrastructure and  
22 preserve environmental integrity.

23 **COPIES** of this resolution shall be sent to the Honorable George W. Bush, President  
24 of the United States; the Honorable Richard B. Cheney, Vice-President of the United States  
25 and President of the U.S. Senate; the Honorable Dirk Kempthorne, United States Secretary of  
26 the Interior; the Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable  
27 Mitch McConnell, Minority Leader of the U.S. Senate; the Honorable Nancy Pelosi, Speaker  
28 of the U.S. House of Representatives; the Honorable John Boehner, Minority Leader of the  
29 U.S. House of Representatives; the Honorable Jeff Bingaman, Chair of the U.S. Senate  
30 Committee on Energy and Natural Resources; the Honorable Ted Stevens and the Honorable  
31 Lisa Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative,

- 1 members of the Alaska delegation in Congress; and all other members of the 110th United
- 2 States Congress.

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

Resources Committee

Judiciary Committee

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## SENATOR BILL WIELECHOWSKI

For Immediate Release: February 20, 2008

### **Senator Seeks a Fair Share of Offshore Oil Revenues**

*Asks to be Treated in Same Way as Other States*

(JUNEAU) – Sen. Bill Wielechowski, D-Anchorage, introduced Senate Joint Resolution 17, which urges Congress to provide Alaska with a share of federal revenue from oil and gas development off Alaska's coast.

Under current law, Alaska receives virtually no revenue from oil development that occurs more than six miles off its coast. This contrasts with how other states, including Louisiana, Mississippi, Alabama and Texas, are treated. Under a federal law passed in 2006, these states receive 37.5 percent of revenues from newly leased federal waters off their coasts. This new law is expected to direct more than \$13 billion to Louisiana alone over the next three decades.

"Alaska deserves to be treated in the same way as other states that contribute to our nation's energy security," Wielechowski said today. "We bear the costs of infrastructure in support of offshore development, and our coastline and coastal villages bear the impacts of offshore development. Alaskans deserves to share in the benefits of production, just as we do its costs."

The federal Minerals Management Service estimates that there could be as much as 55 billion barrels of technically recoverable oil and 280 trillion cubic feet of technically recoverable gas off Alaska's coast.

Recently companies bid \$2.6 billion for access to tracts in the Chukchi Sea. More than 1.4 million acres off Alaska's coast have already been leased by the federal government. The Chukchi Sea sale could result in the leasing of an additional 2.7 million acres.

"As more lands off Alaska's coast are leased for offshore oil production, we need to ensure that Alaska gets its fair share," Senator Wielechowski said. "It's time Congress treated all coastal states equally and fairly."

###

Year	Alaska Revenues Reported by MMS 8(g) and Non 8(g)				Year Subtotal	State Disbursement	Comments
	Bonus	Rent	Royalty	Other			
<i>Published by Calendar Year</i>							
1982	\$2,055,632,336	\$1,965,516	None	\$0	\$2,057,597,852		Sale RS-2 and Sale 71
1983	\$744,332,202	\$4,248,241	\$0	\$0	\$748,580,443	N/A	Sale 57 and 70
1984	\$1,388,281,658	\$4,601,574	\$39,934	\$0	\$1,392,923,166	N/A	Sale 83 and 87
1985	\$0	\$11,603,554	\$112,088	\$0	\$11,715,642	N/A	
1986	\$0	\$7,561,960	\$56,792	\$0	\$7,618,752	\$51,438,090	Disbursement included Section 8(g) Escrow
1987	\$0	\$7,677,314	\$71,320	\$0	\$7,748,634	\$4,420,730	
1988	\$688,733,767	\$16,915,379	\$130,696	\$0	\$705,779,842	\$329,000,638	Disbursement included Section 8(g) Escrow - Sale 97, 109, and 92
1989	\$0	\$18,708,334	\$102,480	\$0	\$18,810,814	\$4,467,427	
1990	\$0	\$15,255,133	\$84,048	\$0	\$15,339,181	\$4,402,935	
1991	\$23,924,239	\$15,243,423	\$67,568	\$0	\$39,235,230	\$4,678,515	Sale 124 and 126
1992	\$0	\$7,374,262	\$67,568	\$0	\$7,441,830	\$9,676,943	
1993	\$0	\$4,392,274	\$67,568	\$0	\$4,459,842	\$9,550,625	
<b>Total by CY</b>	<b>\$4,900,904,202</b>	<b>\$116,646,964</b>	<b>\$800,962</b>	<b>\$0</b>	<b>\$5,017,251,228</b>	<b>\$417,638,903</b>	

<i>New report format introduced - Published by Fiscal Year</i>							
1994	\$0	\$1,515,389	\$0	\$86,000	\$1,601,389	\$9,518,125	New report format introduced - Fiscal Year
1995	\$0	\$546,752	\$0	\$104,432	\$651,184	\$9,444,493	Disbursement included 9,380,000 settlement payment
1996	\$14,429,363	\$1,182,292	\$0	\$67,568	\$15,679,223	\$9,528,054	Disbursement included 9,380,000 settlement payment
1997	\$253,965	\$1,267,699	\$3,981	\$98,945	\$1,624,590	\$17,330,950	Sale 144 - Disbursement included 9,380,000 settlement payment
1998	\$5,327,093	\$1,549,768	\$0	\$86,000	\$6,962,861	\$13,560,188	Sale 149 - Disbursement included 9,380,000 settlement payment
1999	\$0	\$1,360,324	\$0	\$75,746	\$1,436,070	\$14,714,847	Sale 170 - Disbursement included 13,400,000 settlement payment
2000	\$0	\$1,319,235	\$0	\$49,405	\$1,368,640	\$13,669,265	Disbursement included 13,400,000 settlement payment
<b>Total</b>	<b>\$20,010,421</b>	<b>\$8,741,489</b>	<b>\$3,981</b>	<b>\$688,098</b>	<b>\$29,323,957</b>	<b>\$87,766,920</b>	

**New report format introduced breakout of 8(g) Reported Revenues Offshore 8(g)**

Year	Alaska Offshore 8(g)				Year Subtotal	State Disbursement	Year	Alaska Offshore Non 8(g)				Year Subtotal
	Bonus	Rent	Royalty	Other				Bonus	Rent	Royalty	Other	
2001	\$0	\$1,068,331	None	\$49,136	\$1,117,467	\$13,613,543	2001					
2002	\$0	\$457,948	\$4,296,269	\$32,160	\$4,786,377	\$1,068,091	2002		\$179,101			\$179,101
2003	\$0	\$575,721	\$14,926,886	\$0	\$15,502,607	\$3,732,698	2003		\$180,013			\$180,013
2004	\$5,653,912	\$572,022	\$24,727,462	\$0	\$30,953,396	\$7,245,906	2004	\$3,249,626	\$337,180			\$3,586,806
2005	\$12,441,435	\$992,687	\$33,029,581	\$0	\$46,463,703	\$10,871,901	2005	\$34,060,294	\$766,028			\$34,834,322
2006	\$0	\$880,218	\$41,994,748	\$0	\$42,874,965	\$11,294,551	2006		\$1,169,300			\$1,169,300
2007	\$107,556	\$983,963	\$26,385,860	\$0	\$27,477,379	\$7,787,182	2007	\$41,872,577	\$1,698,032			\$43,571,609
<b>Total</b>	<b>\$18,202,903</b>	<b>\$5,630,889</b>	<b>\$146,360,806</b>	<b>\$81,296</b>	<b>\$169,176,894</b>	<b>\$66,693,871</b>		<b>\$79,190,487</b>	<b>\$4,330,653</b>			<b>\$83,521,160</b>

**Total Offshore Non 8(g) since 2001**

Year	Gulf	Pacific	Alaska	Total OCS Non 8(g)
2001	6,690,023,792.43	170,426,086.89	-	6,860,449,879.32
2002	3,869,331,822.58	77,314,628.83	179,101.00	3,946,825,552.41
2003	5,413,897,337.79	117,820,719.18	180,013.00	5,531,898,069.95
2004	4,789,694,250.28	143,169,899.96	3,586,806.00	4,936,450,956.24
2005	5,705,953,872.26	155,396,266.58	34,834,321.50	5,896,184,460.34
2006	6,928,423,150.25	216,086,449.67	1,169,300.00	7,145,678,899.92
2007	6,416,606,350.22	193,319,031.36	43,571,608.50	6,653,496,990.10
<b>Total</b>	<b>39,813,930,675.81</b>	<b>1,073,633,082.47</b>	<b>83,521,150.00</b>	<b>40,970,984,808.28</b>

Total Reported Revenue for Alaska offshore 8(g) and Non 8(g) \$5,299,272,229

Prepared by Jim Witkop, MRM COS and Stacey Browne, MRM/DAD/PMO  
 Source: MRM Accounting Year Statistical Reports, FY94-FY07 and Mineral Revenue Report for Calendar Year 1993  
 All dollar amounts shown  
 Royalties pre 2001 were for oil and gas only for Alaska 8(g) revenues  
 Royalties post 2001 were for oil and gas only for Alaska 8(g) revenues  
 From 2001, published statistics were not broken out by 8(g) vs. Non 8(g)  
 From 2001, published statistics were reported on a CY not Fiscal Year

Royalties, Rents and Bonuses prior to 1994: [http://www.mrm.mms.gov/Stats/pdfdocs/Alas\\_off.pdf](http://www.mrm.mms.gov/Stats/pdfdocs/Alas_off.pdf)  
 Royalties, Rents and Bonuses from 1994 through 2000: <http://www.mrm.mms.gov/Stats/fycolloff.htm>  
 Disbursements prior to 2001: <http://www.mrm.mms.gov/Stats/pdfdocs/disboff.pdf>  
 All data from 2001 forward: <http://www.mrm.mms.gov/MRM/abStats/Home.aspx>

Good News; thanks.

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Sharon J Long, Staff  
Senate Resources Committee  
Senator Charlie Huggins, Chair  
Interim: (907)269-0149  
Session: (907) 465-4907

2705

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**From:** Sen. Bill Wielechowski  
**Sent:** Friday, February 29, 2008 10:57 AM  
**To:** Sen. Charlie Huggins  
**Cc:** Sharon Long  
**Subject:** FW: OCS Revenue Sharing Law

Sen. Ted Stevens is supportive of SJR 17 – OCS revenue sharing. Apparently the U.S. Senate is open to discussing revenue sharing for Alaska's Outer Continental Shelf and may be discussing it soon.

**Sen. Bill Wielechowski**  
State Capitol, Room 115  
Juneau, Alaska 99801-1182  
Phone: (907) 465-2435  
Fax: (907) 465-6615

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**From:** Michelle Sydeman  
**Sent:** Friday, February 29, 2008 8:49 AM  
**To:** Sen. Bill Wielechowski  
**Subject:** FW: OCS Revenue Sharing Law

Sounds like Ted Stevens' office appreciates our OCS resolution.

---

**From:** Simpson, Kevin (Stevens) [kevin\_simpson@stevens.senate.gov]  
**Sent:** Friday, February 22, 2008 9:54 AM  
**To:** Michelle Sydeman  
**Cc:** Williams, Kate (Stevens)  
**Subject:** OCS Revenue Sharing Law

Hi Michelle,

Kate relayed your message about OCS revenue sharing. We should talk soon as Sen. Baucus, together with his Finance committee staff, has become receptive to advancing our entry into this program. This was significant progress we made during Energy Bill negotiations in December, but Sen. Bingaman was and is presently our largest hurdle. He feels the program is unconstitutional and from his strong position on the Energy Committee, any modifying legislation will almost certainly have to clear him. Hence, the negotiations are ongoing.

The Chukchi sale 183 makes this timely, but there are also significant challenges in dealing with the rev distribution formula through MMS, about which we have not got a lot of clear answers.

If you want to share the general framework of the text you're considering, I'll structure TS' letter around it.  
Glad to hear of this support.

Kevin Simpson  
Legislative Assistant  
U.S. Senator Ted Stevens  
ALASKA