

SCOMM

128:35

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HJR 7
() Publish Date: 1-29-2001

Revision Date/Time (Note if correction):
Title: Endorsing ANWR Leasing

Dept. Affected: _____
BRU: _____
Component: _____

Sponsor: Rep. Beverly Mack
Requester: House Oil & Gas Committee

Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Sandra Hay - Comm. Aide
Division: House Special Comm. on Oil & Gas
Approved by: Scott Olin
Agency: Chairman - House Oil & Gas Committee

Phone: 465-2283
Date/Time: 1-29-2001
Date: 1-29-2001

For distribution information, call the Governor's Legislative Office

Committees:

Transportation
Chair

Resources
Vice Chair

Economic Development,
Trade & Tourism

Alaska State Legislature



Representative Beverly Masek

During Interim: (June-Dec.)
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600 E. Railroad Avenue
Wasilla, AK 99654
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During Session: (Jan.-May)
State Capitol
Juneau, AK 99801-1182
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Sponsor Statement for HJR 7

Resolution Supporting Oil Exploration and Development in ANWR

The need for expanding Alaska's resource based industries remains imperative if we want to maintain or 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 sectors.

Most reliable indicators show Alaska's North Slope oil production is in decline. Geologists have indicated that one of the best prospects for new discoveries lies within the 1002 section of the Arctic National Wildlife Refuge which has been left open 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 can derive the economic benefits therein.

HJR 7 is not a new piece of legislation. It has been introduced on numerous occasions in the past and has always enjoyed overwhelming support from the Governor and the Legislature, as well as the general public. Alaska's chances of moving ahead on this 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.

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MEMORANDUM

Dt: January 26, 2001

To: Representative *Scott* Ogan

Fr: Representative *Bev* Masek

Re: HJR 7 "Relating to the opening of ANWR to oil exploration and development"

I would appreciate your consideration in scheduling HJR 7 at your earliest convenience. This legislation is an important message that needs to be sent once again to Congress and the President. It is not new legislation having passed the legislature on several occasions in the past; however, it's importance is greater than ever, now that a friendly administration has arrived in Washington D.C.



ANWR:
JOBS AND ENERGY
FOR AMERICA

ARCTIC POWER

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Anchorage, Alaska 99501
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<http://www.anwr.org>

2013 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 544-6355
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<http://www.anwr.org>

A CASE FOR OIL DEVELOPMENT IN ALASKA

- * The U.S. imports over 55% of the nation's needed petroleum. These oil imports cost more than \$100 billion a year. These figures are rising and could exceed 65% imports by the year 2020.
- * Beneath a 1.5 million acre tract on the North Slope of Alaska is estimated to be between 6 and 16 billion barrels of recoverable oil (between 11.6 and 31.5 billion barrels in-place). This area is a specially designated area within the 19 million-acre Arctic National Wildlife Refuge (ANWR), known as the "Coastal Plain". This region 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 and presidential authorization is required for the Coastal Plain to be open.
- * ANWR production could replace imports of Saudi oil for over 30 years.
- * Prudhoe Bay, located 60 miles to the west of ANWR, has been operating for over 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 from Prudhoe Bay area fields has declined to 1.1 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 region 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 27,000 during the last 20 years.
- * More than 71% of Alaskans favor exploration and production in ANWR. Polling conducted in April, 2000.
- * The Inupiat Eskimos who live in and near ANWR strongly support onshore oil development on the Coastal Plain.
- * For more information logon to www.anwr.org or call 907-274-2697.

1/29/01

President Bush's National Energy Policy

September 29, 2000

Governor George W. Bush:

"A Comprehensive National Energy Policy"

"America must have an energy policy that plans for the future, but meets the needs of today. I believe that we can develop our natural resources and protect our environment. We are paying a steep price for seven and a half years without an energy policy." - Governor George W. Bush

EXECUTIVE SUMMARY

The Clinton-Gore Administration has failed to develop a comprehensive energy policy. It has raised gasoline taxes, discouraged domestic production of oil and natural gas, and admitted it was "caught napping" when oil prices spiked earlier this year. It has also failed to plan for the New Economy's accelerating demand for electricity. On this Administration's watch, U.S. dependence on foreign oil has jumped to 56 percent - the highest percentage ever. In 1973, during the oil crisis, U.S. dependence on foreign oil was at only 36 percent. Over the past seven and a half years, our international credibility has been diminished, and Saddam Hussein's Iraq is now a major oil supplier to the U.S.

Governor Bush understands that ensuring U.S. energy security requires presidential leadership and a comprehensive national energy policy. His policy, which includes more than 20 initiatives, helps low-income households with their energy bills, improves air quality, encourages the development of renewable and alternative fuels, and, recognizing that alternative sources supply less than 4 percent of U.S. energy needs, promotes access to foreign oil and the development of U.S. oil, coal and natural gas resources.

To Provide Energy Assistance to Low-Income Households and Address Short-Term Supply Threats, Governor Bush will:

- Expand the Low Income Home Energy Assistance Program (LIHEAP) by seeking the release of \$155 million, and directing a portion of oil and gas royalty payments to the program, costing \$1 billion over ten years.
- Reform and increase the funding for the Weatherization Program and State Energy Program, costing \$1.4 billion over ten years.
- Establish a privately-managed Northeast Home Heating Oil Reserve and allocate \$100 million over 10 years.
- Use the Strategic Petroleum Reserve only in times of war or major disruption in supply, and propose "wake up" legislation requiring the Department of Energy to notify Congress when oil stocks are low.

To Make Energy Security a Priority of U.S. Foreign Policy, Governor Bush will:

- Promote the development of a "North American Energy Policy" with Canada and Mexico.
- Reestablish U.S. influence and credibility with oil-producing nations in the Persian Gulf.
- Promote development of energy resources in non-OPEC countries, such as the Caspian Sea Basin and Western and Southern Africa.
- Establish an annual meeting of G-8 Energy Ministers, or their equivalents, to encourage international energy cooperation.

EXECUTIVE SUMMARY

To Promote the Development of U.S. Oil and Gas Resources, and To Meet the Electricity Needs of the New Economy, Governor Bush will:

- Open only 8 percent of the Arctic National Wildlife Refuge to environmentally responsible exploration, which could replace the oil that the U.S. now imports from Iraq.
- Examine whether certain promising natural gas reserves in federal lands should be opened to environmentally responsible and regulated exploration.
- Improve the regulatory process to encourage more refining capacity.
- Require federal regulators to develop a comprehensive policy for approving pipelines.
- Invest \$2 billion over ten years to fund research in "clean coal" technologies, \$1 billion over ten years to establish clear rules to help efficient utilities purchase nuclear plants, streamline the re-licensing process for hydroelectric projects, and oppose the breaching of dams.
- Support federal legislation restructuring the electric utility industry.

To Protect the Environment and Develop Alternative Energy Sources, Governor Bush will:

- Propose legislation *requiring* electric utilities to reduce harmful emissions; in contrast, Vice President Gore has advocated only a voluntary program.
- Create the "Royalties Conservation Fund" by earmarking potentially billions in royalties from new oil and gas exploration in ANWR to fund conservation efforts.
- Earmark an estimated \$1.2 billion of bid bonuses from opening up ANWR for funding research into alternative energy resources.
- Support tax credits for electricity produced from renewable and alternative fuels at a cost of \$1.4 billion over ten years.

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P.O. Box 27
Kaktovik, Alaska 99747

City of Kaktovik
Office of the Mayor

(907) 640-6313
(907) 640-6315
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February 7, 2000

To: All residents of Kaktovik
Re: ANWR Survey

Dear Residents,

Here are the survey results that you helped us conduct. The survey was a questionnaire about what local people thought about the possible exploration and development for oil and gas in the Arctic National Wildlife Refuge. It tried to address the Kaktovik people's concerns about oil and gas development, wildlife and the environment and how each affects the other.

The survey was conducted between January 14, 2000 and January 28, 2000 in Kaktovik. There were sixty-eight (68) people who answered and returned the surveys. Thank you very much for your assistance. It's important that other people elsewhere know what the local people here think about their land. Some of the questions add up to more than 100% because some people checked more than one answer on those questions.

The results are also posted on the City's web site. Its address is: kaktovik.com. We hope that you also enjoyed the Kaktovik calendars. We plan on doing another calendar next year, so if you have some good, clear pictures that you would like to see included on the next calendar, please bring the pictures to the City Office. We'll scan them in and give them right back to you. Once again, thank you for your help on this survey.

Sincerely,



Lon Sorsalla, Mayor



*Results of the January 2000 survey of
Kaktovik residents regarding ANWR*

1. Do you participate in the harvest of whales, game and fish to sustain your diet?
 - 71% A. Yes. My family actively participates in all of the above.
 - 16% B. Yes. My family hunts game and fishes.
 - 4% C. Yes. My family participates in fishing.
 - 7% D. No. My family does not harvest whales, game or fish to sustain our diet.
2. Please estimate the percentage of your family's food that comes from the harvest of whale, game & fish.
 - 16% A. 100% — My family only consumes harvested game.
 - 34% B. 75% — My family eats mostly harvested game.
 - 24% C. 50% — My family eats some harvested game and purchases the rest.
 - 16% D. 25% — My family occasionally eats harvested game.
 - 7% E. 10% — My family eats harvested game when it is given to us.
 - 4% F. 0% — My family does not hunt or fish and we only eat food that is purchased.
3. What is the number one advantage of oil development on the North Slope?
 - 44% A. Improved schools
 - 35% B. Improved health care
 - 53% C. Improved job opportunities
 - 21% D. Improved recreation activities
 - 4% E. No advantage
 - 8% F. Other
4. The quality of life in Kaktovik will diminish if oil development ceases.
 - 31% A. Strongly agree
 - 40% B. Agree
 - 15% C. Neutral
 - 8% D. Disagree
 - 6% E. Strongly disagree
5. As government spending continues to decline, what public services do you fear most of losing?
 - 44% A. Municipal Services (running water, electrical service, sanitation, etc.)
 - 50% B. Health care
 - 16% C. Public Transportation
 - 35% D. Education
 - 7% E. Recreation activities
 - 6% F. Other
6. To what degree are you satisfied with the environmental practices of the oil industry on the North Slope?
 - 35% A. Very satisfied
 - 40% B. Somewhat satisfied
 - 18% C. Neutral
 - 4% D. Somewhat dissatisfied
 - 1% E. Very dissatisfied
7. Please mark the advantages and disadvantages you see of opening ANWR to oil and gas development.

Advantages:

 - 68% 1. More jobs for local people
 - 26% 2. Will stabilize the economy
 - 50% 3. Will help Kaktovik grow
 - 26% 4. More business opportunities
 - 13% 5. Other

Disadvantages:

 - 22% 1. Will increase population
 - 31% 2. May hurt wildlife
 - 25% 3. May hurt the environment
 - 46% 4. Increased alcohol and drug abuse
 - 5% 5. Other
8. If ANWR is not opened to oil and gas exploration, what other resources are available in Kaktovik that, if developed, will help sustain our economy?
 - 15% A. Coal
 - 35% B. Tourism
 - 38% C. Fishing
 - 44% D. Arts & Crafts
 - 15% E. Other
9. Based on your information about the Porcupine Caribou Herd, will oil development in ANWR diminish the herd's use of the core calving area?
 - 18% A. Yes. The caribou will go away.
 - 18% B. It might affect their use, but the oil companies can stop drilling during calving season.
 - 15% C. I don't know.
 - 15% D. More research is needed.
 - 41% E. No. The caribou will not be affected.
10. The coastal plain of the Arctic National Wildlife Refuge should be open to oil and gas exploration.
 - 43% A. Strongly agree
 - 35% B. Agree
 - 10% C. Neutral
 - 5% D. Disagree
 - 4% E. Strongly disagree