

SCOMM

155:29

ALASKA STATE LEGISLATURE

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Sen. Lyman Hoffman
Sen. Lesil McGuire
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Sen. Joe Thomas
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Sen. Fred Dyson
Sen. Thomas Wagoner



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Fourth Special Session
Twenty-Fifth Legislature
Senate Special Committee on Energy

Monday July 28, 2008

Senate Finance Room 532

2:00-5:00 p.m.

➤ **SB 3001/HB 3001 Approving AGIA License for Natural Gas Pipeline Project as proposed by TransCanada Alaska Company, LLC and Foothills Pipelines Ltd. (TC Alaska) to the State of Alaska**

- **Governor Walter J. Hickel**

- **Governor Tony Knowles**

Teleconference
Testimony – By Invitation

**Testimony by Gov. Walter J. Hickel to Senate Special Committee on Natural Gas
July 28, 2008 2:00 p.m.
Senate Finance Committee Room, State Capitol**

Thank you Mr. Chairman, ladies and gentlemen of this committee, and all members of the Alaska State Senate.

There is an issue before you of giant proportions.

THIS IS THE MOST IMPORTANT VOTE YOU'LL EVER CAST.

You will decide whether the State of Alaska, representing all of our people...

...the owners of the resources won in our battle for statehood...

...should build a natural gas pipeline from Prudhoe Bay to Valdez.

Or whether you commission a Canadian corporation to control this resource...

... set the timetable, determine who gets the jobs, and the other benefits promised the Alaska people in our Constitution.

Don't sell us out!

Remember who you are.

Remember where you are.

This is Alaska.

Don't sell us out!

Ask yourself: What is the best for Alaska?

If you do, you will vote no on the TransCanada license.

And you will say yes to an All-Alaska gas line.

Your vote can have an immediate and positive impact on our economy and our future.

We can get Alaska moving again.

We can lead the nation with an economic turn-around badly needed in the South 49.

Your vote can begin a new era.

Not an era of giving out money.

Giving out money does not save a society. It corrupts it.

THE PLUSES OF AN ALL-ALASKA LINE

While the TransCanada plan means loss of control and serious delay...

...an All Alaska Gasline, owned by the State of Alaska, means the opposite.

It means that Alaska will retain control of our resources and our future.

It means that there will be absolutely no risk that any one corporation or group of corporations will control us.

While TransCanada readily admits that they won't even start building a gasline until the end of the next decade, and Canadian pipelines are well-known for their delay...

...we can start the All Alaska gasline this year.

It will give us access to the most lucrative markets in the world..

...Alaska's natural market in Asia...and we can provide all the gas they need to U.S. West Coast.

We have before us the greatest opportunity in my lifetime...and yours.

And if we stop acting like a fearful colony and stand up for our rights, we will have all the export licenses we need.

In 1989, I helped obtain a presidential finding from President Ronald Reagan..

...an export license for Alaska LNG that is valid for 25 years from the sailing of the first LNG tanker. (*See Attachment A*)

If called on to assist, I look forward to help renew and expand that license.

All it takes is someone who knows our constitutional rights and isn't afraid to go to the top to fight for them.

And keep in mind, the anti-Asia mood in Congress will change, once the South 48 is awash in the 500 trillion cubic feet of gas that will soon come on line.

I know about these gas sources. I tried to kick-start them in 1970 as Interior Secretary.

When that gas floods America, Congress will welcome Alaska coming to the rescue and saving our nation from our frightening imbalance of trade with the economic giants of Asia.

THE MINUSES OF A TRANSCANADA LINE

Who will control our gas under the TransCanada plan?

Not TransCanada.

It will be the producers.

No one but the State of Alaska, the owner of the resource, can force the producers to use the gas they control.

That's why TransCanada has offered to give up equity ownership in their gasline in exchange for producer gas.

The end of this process is obvious.

The producers will control the line through Canada.

In addition, the TransCanada plan will mean that the Canadian government will determine when a gasline is built...

... how it is regulated...

...how much it is taxed...

...how it addresses environmental issues...

...and First Nation land claims.

And, when they negotiate these issues, depending how generous they are, there will be less revenue for the Alaska people.

Because we will pay the bill.

WHAT ARE THE CANADIANS TELLING THEIR PEOPLE?

Visit the TransCanada website and look up the Northern Pipeline Act of 1978.
(See Attachment B)

Here's what it says:

This Act ensures that the following benefits for Canadians are realized in the development of the Alaska Pipeline Project:

- Canadian ownership
- Access to Alaska's gas for Canada's petrochemical industry
- Gas to remote (Canadian) communities along the pipeline
- Property tax benefits in the Yukon
- Maximization of Canadian jobs and supplies

And it says that the tolls for this project will be set by Canada's National Energy Board.

If you grant this license, ladies and gentlemen of the Alaska Senate, all of these promises made by TransCanada will come true.

And Alaska will be reduced once again to a colony.

I remember in Territorial Days well when corporations from Outside made our decisions for us, and we just got the crumbs.

Don't sell us out!

If you vote Yes for TransCanada, you are voting for someone else to take control of our future...

...someone else, governed by a corporate boardroom in Calgary and the Canadian government.

For years to come, future Alaska governors and legislators will have to go to these individuals, hat in hand, and say

"Please, can you hurry up?"

"Please, can we have some of our gas?"

"Please, can we have some jobs?"

You and the Alaska people will be frustrated.

And the northern part of Alaska, including Fairbanks and many remote areas, will be left without energy for years, may decades.

Some of those communities will be abandoned.

I urge you, the members of the State Senate, not to transfer our wealth, our jobs, and our future to Canada.

Don't grant exclusive control over this resource to Canada, with no commitment to build a gasline.

Don't sell us out!

WHAT HAPPENED TO THE DEMOCRATIC PROCESS?

This Owner State called Alaska is the only region in the world...

... where the land and resources are commonly owned by all residents, and yet it is a democracy.

And Alaska's democratic process is being tested this week.

The people of Alaska overwhelmingly support an All Alaska Gasline.

Over 62% voted for an All-Alaska gasline in 2002.

Who silenced the people's voice?

Have we lost our precious democracy?

Not if you at this table save it.

GOVERNOR PALIN HAS MADE THE WRONG DECISION

As most of you know, I endorsed Sarah Palin as candidate for Governor in 2006. I co-chaired her campaign.

She has proven to be a good governor.

But I cannot be silent on this decision, because it is so bad for Alaska.

She knows my views.

On April 7, I flew here to Juneau to advise her that this was the most important decision since statehood.

I met with her again on July 1 in Anchorage.

I asked over and over, “Why build an Alaska gasline through Canada?”

It's a question she didn't answer.

Now it is up to you to reverse that decision for the good of the Alaska people.

If you take this step, Governor Palin, in her heart of hearts, may be thankful.

She has a gift of moving beyond temporary defeats and turning them into victories.

I haven't given up.

If you vote down TransCanada, I think she will embrace the All Alaska line...as she used to.

Let me describe what can happen if you deny this license.

The doors will swing wide open to a wonderful new era for Alaska.

The next step will be to “Build It and Own It”.

If we all put our shoulders to the wheel, we can start getting North Slope gas to Alaskans in the Interior in five or six years.

Then we will move our gas to the highest and most profitable markets...

...and by keeping the gasline within our boundaries, we will keep the jobs, all the jobs, here at home.

These jobs belong to Alaskans. Not to Canadians.

Don't sell us out!

How much will an All-Alaska gasline system cost:

About half of the \$50 billion estimated by the TransCanada line.

Here are the estimates that I believe are valid:

The gas treatment plant on the North Slope - \$5 billion.

The pipeline from Prudhoe to Valdez - \$12 billion.

The liquefaction plant in Valdez - \$8 billion. For a total of \$25 billion.

And we don't have to build Jones Act LNG tankers. There are plenty available for hire to ship our gas to market.

As anyone in business knows, you have to spend money to make money.

If Alaska invests \$7 billion in an All Alaska gasline, the market will jump at the chance to finance the rest.

It's not only do-able, it would be the best investment we could make.

Keep in mind Wall Street is a risky place to be right now.

It's the right time to diversify Alaska's portfolio.

BUILDING AND OPERATING THE ALL-ALASKA GASLINE

For those not familiar with government-owned infrastructure, let me describe the steps we should take:

1. It starts with a decision. A decision by our Governor, supported by the legislature.

Remember when JFK announced we were going to the moon?

2. Then she names a project director who hires the best gas pipeline builder in North America.

State employees will not build the gasline.

The best pipeliners in our country will build it.

3. Once the pipeline is built, it will be operated by the private sector through a management contract.

Such contracts are used worldwide world to manage pipelines and market gas.

Keep in mind, that an All Alaska pipeline would be built much faster and cheaper than either of the two Canadian lines being proposed.

Because it can start nearly immediately.

It would follow the Right of Way of the trans-Alaska oil line.

Permits and rights-of-way already exist.

And for those who criticize projects created by the State of Alaska, take a second look.

The All-Alaska natural gas pipeline will follow in the tradition of our state's roads, ports and highways.

And think of the Ted Stevens International Airport, the Bradley Lake Hydro facility, the Four Dam Pool and the Alaska Railroad.

And don't forget the Permanent fund.

THE DIFFERENCE BETWEEN MAXIMIZING AND MONETIZING OUR NATURAL RESOURCES

I want to take a minute now to clarify the difference between monetizing and maximizing our resources.

Monetizing means transforming our gas into cash for the State Treasury.

Maximizing the benefits, however, includes revenue for our treasury...

.... and more important, it means using those resources to build an economy for our people

...through well paying jobs and opportunities for our home grown businesses.

One of the greatest failures of AGIA was that it failed to require that the priority use of our gas liquids must be within the state.

That was a fatal flaw.

The intent of our founders was to create an outstanding quality of life in Alaska.

With the rich gas liquids in Prudhoe gas, generations of our people will earn a decent salary so they can afford to live here...

... raise their children here, and enjoy all the glories of the North.

HOW WILL THE STATE GET THE GAS IT NEEDS FOR A STATE-OWNED ALL-ALASKA GASLINE?

First of all, keep in mind that...

...IT'S OUR GAS!

The State has the power of taxation and ultimate control over all leases on state land.

All the State has to do is announce we will build the All-Alaska line and invite the producers to use it.

They will join us in a heartbeat.
They recognize they have made tens of billions from Alaska's lands and resources.

They do not want to be shut out of the great promise ahead of us.

Alaska has all the power and precedence it needs to choose where to build its pipeline,
and the market where it will sell its gas.

It simply needs to choose not to yield that power.

Don't sell us out!

Remember who you are.

Remember where you are.

This is Alaska.

Don't sell us out!

And the very worst thing to do would be to yield control.... and pay someone
\$500 million to take it.

The world is watching to see if you will fall for something this wrong for our state.

But I want to end on a positive note.

Your vote can build a culture here dreamed of by Alaskan visionaries for a century.

A society of productive people.

Your vote will determine if this Senate will live up to your pledge as public servants...

...to care for the residents of this unique Owner State and make it a model for the world.

Yes. Alaska can inspire people all over the globe to follow our lead.

Thank you.

Juneau

presented to SENR 7-28-08

SB/1+B 3001



Official Business

ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

- Member, Senate Resources Committee
- Member, Community & Regional Affairs
- Member, World Trade

Session: January - May
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July 28, 2008

MEMORANDUM

To: Legislators

From: Senator Tom Wagoner

Subject: Exporting Alaska's Gas

The attached copy of HR 6515 and the section from an amendment introduced by Senator Bingham, Chairman of the Senate Committee on Energy and Natural Resources, is distributed for your information. It seems to be fairly representative of how the majority in Congress feel about the exporting of Alaska gas to other than domestic markets in the Continental United States.

Thank you for taking the time to review this material.

**SECTION FROM AN AMENDMENT INTRODUCED BY SENATOR BINGAMAN (D-NM)
CHAIRMAN OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES**

INTRODUCED ON JULY 24, 2008 – CURRENTLY PENDING ON THE SENATE CALENDAR

SEC. 251. SENSE OF SENATE ON ALASKA NATURAL GAS PIPELINE.

(a) Findings.-Congress finds that-

(1) more than 35,000,000,000,000 cubic feet of natural gas reserves have been discovered on Federal and State land open to leasing as of the date of enactment of this Act in the North Slope area of the State of Alaska, but that natural gas is being injected underground because the natural gas cannot be transported to markets in the lower 48 States; and

(2) in 2004, Congress passed the Alaska Natural Gas Pipeline Act (15 U.S.C. 720 et seq.)-

(A) to expedite the Federal regulatory process for siting of an Alaska natural gas pipeline;

(B) to establish a Federal office to coordinate the permitting process;

(C) to authorize a loan guarantee for the construction of an Alaska natural gas pipeline;

(D) to provide accelerated depreciation for an Alaska natural gas pipeline; and

(E) to provide favorable tax treatment for a gas conditioning plant in the North Slope area

of the State of Alaska.

(b) Sense of Senate.-It is the sense of the Senate that-

(1) the Alaska natural gas pipeline is a critically important national infrastructure project that would benefit all consumers in the United States;

(2) all parties interested in the development of an Alaska natural gas pipeline, including oil and gas producers, pipeline companies, the State of Alaska, Federal agencies, Canadian authorities, and others, should, and are encouraged by the Senate, to accelerate their efforts to work together to allow that critical national infrastructure project to move forward; and

(3) an Alaska natural gas transportation project would provide significant economic benefits to the United States and Canada and, to maximize those benefits, the sponsors of the Alaska natural gas transportation project should make every effort to-

(A) use steel that is manufactured in North America; and

(B) negotiate a project labor agreement to expedite construction of the pipeline.

110 TH CONGRESS
2D SESSION

H. R. 6515

To amend the Naval Petroleum Reserves Production Act of 1976 to require the Secretary of the Interior to conduct an expeditious environmentally responsible program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2008

Mr. RAHLBLL (for himself, Mr. WELCH of Vermont, Ms. SUTTON, Ms. CASTOR, Mr. CARSON, Mrs. BOYDA of Kansas, Mr. WALZ of Minnesota, Ms. GIFFORDS, Mrs. GILLIBRAND, Mr. HODES, Mr. HALL of New York, Mr. SPACE, Mr. SIRES, Mr. WILSON of Ohio, Mr. YARMUTH, Mr. COURTNEY, Mr. MCNERNEY, Mr. PALEOMAVAEGA, and Mr. FOSTER) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Foreign Affairs and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Naval Petroleum Reserves Production Act of 1976 to require the Secretary of the Interior to conduct an expeditious environmentally responsible program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the "Drill Responsibly in
3 Leased Lands Act of 2008".

4 **SEC. 2. NATIONAL PETROLEUM RESERVE IN ALASKA:**
5 **LEASE SALES.**

6 Section 107(a) of the Naval Petroleum Reserves Pro-
7 duction Act of 1976 is amended to read as follows:

8 "(a) **IN GENERAL.**—The Secretary shall conduct an
9 expeditious environmentally responsible program of com-
10 petitive leasing of oil and gas in the National Petroleum
11 Reserve in Alaska in accordance with this Act. Such pro-
12 gram shall include no fewer than one lease sale in the Re-
13 serve each year during the period 2009 through 2013."

14 **SEC. 3. NATIONAL PETROLEUM RESERVE IN ALASKA: PIPE-**
15 **LINE CONSTRUCTION.**

16 The Secretary of Transportation shall facilitate, in an
17 environmentally responsible manner and in coordination
18 with the Secretary of the Interior, the construction of
19 pipelines necessary to transport oil and gas from or
20 through the National Petroleum Reserve in Alaska to ex-
21 isting transportation or processing infrastructure on the
22 North Slope of Alaska.

23 **SEC. 4. ALASKA NATURAL GAS PIPELINE PROJECT FACILI-**
24 **TATION.**

25 (a) **FINDINGS.**—The Congress finds the following:

1 management to meet the particular needs and conditions
2 of such pipelines to be developed under such permits and
3 the special concerns of the holders of such permits, shall
4 require that the operators of such pipelines and their
5 agents and contractors negotiate to obtain a project labor
6 agreement for the employment of laborers and mechanics
7 on production, maintenance, and construction for such
8 pipelines.

9 (b) PIPELINE MAINTENANCE.—The Secretary of
10 Transportation shall require every pipeline operator au-
11 thorized to transport oil and gas produced under Federal
12 oil and gas leases in Alaska through the Trans-Alaska
13 Pipeline, any pipeline constructed pursuant to section 3
14 or 4 of this Act, or any other federally approved pipeline
15 transporting oil and gas from the North Slope of Alaska,
16 to certify to the Secretary of Transportation annually that
17 such pipeline is being fully maintained and operated in
18 an efficient manner. The Secretary of Transportation shall
19 assess appropriate civil penalties for violations of this re-
20 quirement in the same manner as civil penalties are as-
21 sessed for violations under section 60122(a)(1) of title 49,
22 United States Code.

1 **SEC. 6. BAN ON EXPORT OF ALASKAN OIL.**

2 (a) **REPEAL OF PROVISION AUTHORIZING EX-**
3 **PORTS.**—Section 28(s) of the Mineral Leasing Act (30
4 U.S.C. 185(s)) is repealed.

5 (b) **REIMPOSITION OF PROHIBITION ON CRUDE OIL**
6 **EXPORTS.**—Upon the effective date of this Act, subsection
7 (d) of section 7 of the Export Administration Act of 1979
8 (50 U.S.C. App. 2406(d)), shall be effective, and any other
9 provision of that Act (including sections 11 and 12) shall
10 be effective to the extent necessary to carry out such sec-
11 tion 7(d), notwithstanding section 20 of that Act or any
12 other provision of law that would otherwise allow exports
13 of oil to which such section 7(d) applies.

14 **SEC. 7. ISSUANCE OF NEW LEASES.**

15 (a) **IN GENERAL.**—After the date of the issuance of
16 regulations under subsection (b), the Secretary of the In-
17 terior shall not issue to a person any new lease that au-
18 thorizes the exploration for or production of oil or natural
19 gas, under section 17 of the Mineral Leasing Act (33
20 U.S.C. 226), the Mineral Leasing Act for Acquired Lands
21 Act (30 U.S.C. 351 et seq.), the Outer Continental Shelf
22 Lands Act (43 U.S.C. 1331 et seq.), or any other law au-
23 thORIZING the issuance of oil and gas leases on Federal
24 lands or submerged lands, unless—

25 (1) the person certifies for each existing lease
26 under such Acts for the production of oil or gas with

1 respect to which the person is a lessee, that the per-
2 son is diligently developing the Federal lands that
3 are subject to the lease in order to produce oil or
4 natural gas or is producing oil or natural gas from
5 such land; or

6 (2) the person has relinquished all ownership
7 interest in all Federal oil and gas leases under which
8 oil and gas is not being diligently developed.

9 (b) DILIGENT DEVELOPMENT.—The Secretary shall
10 issue regulations within 180 days after the date of enact-
11 ment of this Act that establish what constitutes “diligently
12 developing” for purposes of this Act.

13 (c) FAILURE TO COMPLY WITH REQUIREMENTS.—
14 Any person who fails to comply with the requirements of
15 this section or any regulation or order issued to implement
16 this section shall be liable for a civil penalty under section
17 109 of the Federal Oil and Gas Royalty Management Act
18 of 1982 (30 U.S.C. 1719).

19 (d) LESSEE DEFINED.—In this section the term “les-
20 see”—

21 (1) includes any person or other entity that
22 controls, is controlled by, or is in or under common
23 control with, a lessee; and

24 (2) does not include any person who does not
25 hold more than a minority ownership interest in a

1 lease under an Act referred to in subsection (a) au-
2 thorizing the exploration for or production of oil or
3 natural gas.

4 **SEC. 8. FAIR RETURN ON PRODUCTION OF FEDERAL OIL**
5 **AND GAS RESOURCES.**

6 (a) **ROYALTY PAYMENTS.**—The Secretary of the In-
7 terior shall take all steps necessary to ensure that lessees
8 under leases for exploration, development, and production
9 of oil and natural gas on Federal lands, including leases
10 under the Mineral Leasing Act (30 U.S.C. 181 et seq.),
11 the Mineral Leasing Act for Acquired Lands (30 U.S.C.
12 351 et seq.), the Outer Continental Shelf Lands Act (30
13 U.S.C. 1331 et seq.), and all other mineral leasing laws,
14 are making prompt, transparent, and accurate royalty
15 payments under such leases.

16 (b) **RECOMMENDATIONS FOR LEGISLATIVE AC-**
17 **TION.**—In order to facilitate implementation of subsection
18 (a), the Secretary of the Interior shall, within 180 days
19 after the date of the enactment of this Act and in con-
20 sultation with the affected States, prepare and transmit
21 to Congress recommendations for legislative action to im-
22 prove the accurate collection of Federal oil and gas royal-
23 ties.

Use of Loan Guarantees

The Alaska Natural Gas Pipeline Act of 2004 ("ANGPA") provides that the DOE can "enter into agreements" with the holders of a certificate of public convenience and necessity from the FERC for issuance of loan guarantee instruments for the project. These guarantees can be for as much as 80% of the project cost, not to exceed \$18 billion (escalated for inflation).

To date the DOE has not issued any regulations regarding how this program will be administered and it is possible that no regulations will be issued (since none are required by ANGPA). Thus the rules with respect to the use of a loan guarantees are not yet finally established.

However, since the effect of a loan guarantee from the Federal government is to lower the financing cost of the project it is clear that the intent of this provision is to help lower the cost of the Alaskan pipeline project.

It would thus be reasonable to expect that TransCanada's proposal to use a significant portion of the available loan guarantees to finance any cost overruns would be acceptable to the DOE since this will have the effect of reducing the financing costs related to overruns.

Further, there is no reason to believe that DOE would preclude or prohibit TransCanada's utilization of any unused loan guarantee capacity to refinance higher cost project debt. This would have the effect of lowering the overall projects cost and would be generally consistent with the Congressional intent when it provided for the loan guarantee vehicle in the first instance.

Significantly, Goldman Sacks report (pages 34-35 of Appendix H to the Commissioners' Findings) suggests that this approach would likely be used, but, because of the absence of specific DOE rules, Goldman Sacks did not incorporate that approach into their analysis.

From: Greenberg
Traurig

DIST by: Senator WAGONER
7/28/2008

Ⓢ SENATE Sp. Cmte on ENERGY



Official Business

ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

- Member, Senate Resources Committee
- Member, Community & Regional Affairs
- Member, World Trade

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23 **SEC. 4. ALASKA NATURAL GAS PIPELINE PROJECT FACILI-
24 TATION.**

25 (a) FINDINGS.—The Congress finds the following:

1 (1) Over 35 trillion cubic feet of natural gas re-
2 serves have been discovered on Federal and State
3 lands currently open to oil and gas leasing on the
4 North Slope of Alaska.

5 (2) These gas supplies could make a significant
6 contribution to meeting the energy needs of the
7 United States, but the lack of a natural gas trans-
8 portation system has prevented these gas reserves
9 from reaching markets in the lower 48 States.

10 (b) FACILITATION BY PRESIDENT.—The President
11 shall, pursuant to the Alaska Natural Gas Pipeline Act
12 (division C of Public Law 108-324; 15 U.S.C. 720 et seq.)
13 and other applicable law, coordinate with producers of oil
14 and natural gas on the North Slope of Alaska, Federal
15 agencies, the State of Alaska, Canadian authorities, and
16 other interested persons in order to facilitate construction
17 of a natural gas pipeline from Alaska to United States
18 markets as expeditiously as possible.

19 **SEC. 5. PROJECT LABOR AGREEMENTS AND OTHER PIPE-**
20 **LINE REQUIREMENTS.**

21 (a) PROJECT LABOR AGREEMENTS.—The President,
22 as a term and condition of any permit required under Fed-
23 eral law for the pipelines referred to in section 3 and sec-
24 tion 4, and in recognizing the Government's interest in
25 labor stability and in the ability of construction labor and

1 management to meet the particular needs and conditions
2 of such pipelines to be developed under such permits and
3 the special concerns of the holders of such permits, shall
4 require that the operators of such pipelines and their
5 agents and contractors negotiate to obtain a project labor
6 agreement for the employment of laborers and mechanics
7 on production, maintenance, and construction for such
8 pipelines.

9 (b) PIPELINE MAINTENANCE.—The Secretary of
10 Transportation shall require every pipeline operator au-
11 thorized to transport oil and gas produced under Federal
12 oil and gas leases in Alaska through the Trans-Alaska
13 Pipeline, any pipeline constructed pursuant to section 3
14 or 4 of this Act, or any other federally approved pipeline
15 transporting oil and gas from the North Slope of Alaska,
16 to certify to the Secretary of Transportation annually that
17 such pipeline is being fully maintained and operated in
18 an efficient manner. The Secretary of Transportation shall
19 assess appropriate civil penalties for violations of this re-
20 quirement in the same manner as civil penalties are as-
21 sessed for violations under section 60122(a)(1) of title 49,
22 United States Code.

1 **SEC. 6. BAN ON EXPORT OF ALASKAN OIL.**

2 (a) **REPEAL OF PROVISION AUTHORIZING EX-**
3 **PORTS.**—Section 28(s) of the Mineral Leasing Act (30
4 U.S.C. 185(s)) is repealed.

5 (b) **REIMPOSITION OF PROHIBITION ON CRUDE OIL**
6 **EXPORTS.**—Upon the effective date of this Act, subsection
7 (d) of section 7 of the Export Administration Act of 1979
8 (50 U.S.C. App. 2406(d)), shall be effective, and any other
9 provision of that Act (including sections 11 and 12) shall
10 be effective to the extent necessary to carry out such sec-
11 tion 7(d), notwithstanding section 20 of that Act or any
12 other provision of law that would otherwise allow exports
13 of oil to which such section 7(d) applies.

14 **SEC. 7. ISSUANCE OF NEW LEASES.**

15 (a) **IN GENERAL.**—After the date of the issuance of
16 regulations under subsection (b), the Secretary of the In-
17 terior shall not issue to a person any new lease that au-
18 thorizes the exploration for or production of oil or natural
19 gas, under section 17 of the Mineral Leasing Act (33
20 U.S.C. 226), the Mineral Leasing Act for Acquired Lands
21 Act (30 U.S.C. 351 et seq.), the Outer Continental Shelf
22 Lands Act (43 U.S.C. 1331 et seq.), or any other law au-
23 thORIZING the issuance of oil and gas leases on Federal
24 lands or submerged lands, unless—

25 (1) the person certifies for each existing lease
26 under such Acts for the production of oil or gas with

1 respect to which the person is a lessee, that the per-
2 son is diligently developing the Federal lands that
3 are subject to the lease in order to produce oil or
4 natural gas or is producing oil or natural gas from
5 such land; or

6 (2) the person has relinquished all ownership
7 interest in all Federal oil and gas leases under which
8 oil and gas is not being diligently developed.

9 (b) DILIGENT DEVELOPMENT.—The Secretary shall
10 issue regulations within 180 days after the date of enact-
11 ment of this Act that establish what constitutes “diligently
12 developing” for purposes of this Act.

13 (c) FAILURE TO COMPLY WITH REQUIREMENTS.—
14 Any person who fails to comply with the requirements of
15 this section or any regulation or order issued to implement
16 this section shall be liable for a civil penalty under section
17 109 of the Federal Oil and Gas Royalty Management Act
18 of 1982 (30 U.S.C. 1719).

19 (d) LESSEE DEFINED.—In this section the term “les-
20 see” —

21 (1) includes any person or other entity that
22 controls, is controlled by, or is in or under common
23 control with, a lessee; and

24 (2) does not include any person who does not
25 hold more than a minority ownership interest in a

1 lease under an Act referred to in subsection (a) au-
2 thORIZING the exploration for or production of oil or
3 natural gas.

4 **SEC. 8. FAIR RETURN ON PRODUCTION OF FEDERAL OIL**
5 **AND GAS RESOURCES.**

6 (a) **ROYALTY PAYMENTS.**—The Secretary of the In-
7 terior shall take all steps necessary to ensure that lessees
8 under leases for exploration, development, and production
9 of oil and natural gas on Federal lands, including leases
10 under the Mineral Leasing Act (30 U.S.C. 181 et seq.),
11 the Mineral Leasing Act for Acquired Lands (30 U.S.C.
12 351 et seq.), the Outer Continental Shelf Lands Act (30
13 U.S.C. 1331 et seq.), and all other mineral leasing laws,
14 are making prompt, transparent, and accurate royalty
15 payments under such leases.

16 (b) **RECOMMENDATIONS FOR LEGISLATIVE AC-**
17 **TION.**—In order to facilitate implementation of subsection
18 (a), the Secretary of the Interior shall, within 180 days
19 after the date of the enactment of this Act and in con-
20 sultation with the affected States, prepare and transmit
21 to Congress recommendations for legislative action to im-
22 prove the accurate collection of Federal oil and gas royal-
23 ties.