

STATE OF ALASKA HOUSE OF REPRESENTATIVES

1979

Source

CSHR 9

House
Resolve No.

5



Relating to the exploration and development of Beaufort Sea oil and gas.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS Governor Jay Hammond has announced the state's intention to hold an oil and gas lease sale in the offshore Beaufort Sea in December, 1979; and

WHEREAS the State of Alaska has entered into a tentative agreement with the federal government providing that state and federal leases in the Beaufort Sea will be offered simultaneously in a joint sale; and

WHEREAS the Beaufort Sea is likely to contain hydrocarbons needed by the United States to enhance its energy self-sufficiency and national security; and

WHEREAS exploration and development of state land in the Beaufort Sea will provide income to the state that can be used for the benefit of all its citizens; and

WHEREAS the state desires to maximize its income from the exploration and development of its nonrenewable resources, and to receive the fair market value for them; and

WHEREAS the Governor has recently stated that "due to the federal government's failure to deal with the West Coast oil surplus problem, market economics are presently very poor for Alaska crude.... We cannot expect producers to pay full value for leases, nor can we expect to gain full value for oil produced from these leases until this market problem is solved.... To sell now at a cut-rate would lose all Alaskans millions of dollars which they would otherwise get when the West Coast surplus problem is resolved"; and

WHEREAS ownership of substantial acreage within the proposed sale area is currently in dispute and is claimed by both the state and the federal government; and

WHEREAS industry bidding on Beaufort Sea leases may be lowered due to uncertainties such as the lack of a gas transportation facility, future markets for Alaska oil and gas, and the high exploration and development costs associated with operations on the pack ice; and

WHEREAS the U. S. General Accounting Office has issued a report declaring that the Department of the Interior is leasing outer continental shelf land without obtaining sufficient information to determine its resource potential; and

WHEREAS the state division of mineral and energy management is depending on the Department of the Interior for determination of resource potential for state land in the Beaufort Sea; and

WHEREAS necessary data on the bowhead whale, which is vital to the culture of many of the North Slope residents, has not yet been gathered;

BE IT RESOLVED that the House of Representatives respectfully advises the Governor that it supports oil and gas exploration and development in the Beaufort Sea that will benefit both national and state interests; and be it

FURTHER RESOLVED that the House of Representatives believes exploration and development should proceed as soon as practical, but that a delay in the sale date until June 1980 is necessary for the following matters and issues to be analyzed and favorably resolved:

(1) the existence of favorable market conditions for Alaska hydrocarbons, including but not limited to federal approvals for exchanges of oil, construction of a pipeline from the West Coast to Midwest markets, and the resolution of financial and regulatory issues impeding construction of a natural gas transportation facility;

(2) the state Department of Natural Resources, in conjunction with the Department of the Interior, has gathered the technical and economic data necessary to make an adequate judgment of the fair market value of the resources;

(3) the state Department of Natural Resources, in conjunction with the state Department of Revenue, has analyzed the data necessary to determine which method of leasing will produce the greatest economic benefit to the state, and has submitted that analysis to the legislature;

(4) research studies have been completed which show that petroleum exploration and development can take place without significant adverse effects on the bowhead whales; and be it

FURTHER RESOLVED that the House of Representatives respectfully requests that the Governor recommend to the Secretary of the Interior, as provided under federal law, that the leasing of federal tracts in the Beaufort Sea be scheduled for June 1980.

COPIES of this resolution shall be sent to the Honorable Jimmy Carter, President of the United States; the Honorable James R. Schlesinger, Secretary of Energy; the Honorable Cecil D. Andrus, Secretary of the Interior; the Honorable Juanita M. Kreps, Secretary of Commerce; the Honorable Eben Hopson, Mayor of the North Slope Borough; and the city councils of Barrow, Kaktovik, and Nuiqsut.