

Statement of Senator Lisa Murkowski of Alaska
Before the House Subcommittee on Energy and Mineral Resources
Legislative Hearing on H.R. 2150
June 16, 2011

Chairman Lamborn, Ranking Member Holt, thank you for inviting me to speak at this important hearing and thank you for considering legislation to expedite the development of the National Petroleum Reserve–Alaska, or the NPRA. As Alaska’s Senior US Senator and the Ranking Member of both the Energy and Natural Resources Committee as well as the Appropriations Subcommittee on Interior and the Environment, I have a distinct interest in this subject. But it is first and foremost as an Alaskan that I come to you in hopes of advancing this discussion and our shared goals – those being jobs, energy security, and reducing the federal deficit.

The NPRA is, by name and law, a petroleum reserve. It is not a wildlife refuge, a national park, a monument, or a wilderness area. Its primary statutory purpose is to supply conventional energy resources to our Nation. The authorizing statute calls for the expeditious development of these resources so it amazes me that we are having this conversation today,

On February 5th of last year, the Corps of Engineers denied Conoco-Phillips’ Section 404 application for the construction of a simple bridge across the Colville River Delta. A bridge was necessary for the safe transport of personnel, equipment, and of course a pipeline across the delta to leases the company had bought and explored in the area known as CD-5, with the hopes of more production from CD-6 and CD-7. The process of determining

where, when, and how to construct this bridge really began in 2004 and was negotiated intensely in both an interagency process, with federal and state entities, as well as strong local participation, including the nearby Native village of Nuiqsut. This would have been a great success story of industry working with government and local residents, and it would be the first oil production ever from the NPRA.

But all of this public process, all of this support, didn't matter to the EPA. With no public process or even notice, the agency designated the Colville River Delta an "aquatic resource of national importance" – an ARNI – and thereby signaled a clear intention to elevate the project to a veto under the Clean Water Act Section 404. Several months later the Corps decision came back rejecting the application. Conoco-Phillips appealed this and we have been working extremely hard with the Administration to work through the issues raised in the denial.

Members of the Subcommittee, how did we get to this point? We in Congress have to ask ourselves, if we can't get petroleum from the National Petroleum Reserve, where in the world can we get it? So I commend Chairmen Hastings and Lamborn, together with Congressman Young, for putting forth this bill to bring this issue to the forefront. And I appreciate the recognition that we have a permitting problem, not just a leasing problem. We can lease every acre there is, but without some assurance of basic use and enjoyment of this property, purchasing a lease would be a very risky venture. I am cautiously optimistic that we will see a better result for CD-5 specifically, but there is a major problem here. If every time a leaseholder wants to produce from the NPRA, it requires Congressional hearings and

years of involvement from this many elected officials, we will not be in much better position next time.

The danger is that, combined with what we in Alaska know to be a vastly understated federal resource estimate of the NPRA, based on highly speculative reassessments of previous studies, these delays will shrink private interest in bidding on the NPRA. This stands to cost taxpayers billions into the future if bids are low or nonexistent, let alone the lost benefits of royalties, energy security, and most importantly jobs.

I want to close with a very brief history lesson. Over 30 years ago in 1980, while Congressman Young was already here but well before I was, President Carter, right when he signed Alaska National Interest Lands Conservation Act – or ANILCA – into law and after his re-election was lost, stated that “100 percent of [Alaska’s] offshore areas and 95 percent of the potentially productive [onshore] oil and mineral areas will be available for exploration or for drilling.” Mr. Chairman, this is among the biggest and worst broken promises between the federal government and any state, and it is shameful and unacceptable. As the Interior Department reported last spring when it published its report on so-called “non-producing” lands, less than one percent of federal lands in Alaska, and none of our federal offshore lands, are producing any oil or natural gas. This is shameful and unacceptable because it represents not only a failure of the federal government to allow US taxpayers to benefit from their federal resources, but also because it is an outright broken promise to the people of the State of Alaska. I doubt very much the statehood agreement, let alone ANILCA, would ever have been agreed to if the signatories had any idea that this would be the outcome.

For these reasons, I am glad to see the NPRA getting this attention and I hope my colleagues will understand why so many members are becoming reluctant to agree to any further land withdrawals anywhere. The witnesses, particularly from the State of Alaska, are in good position to speak to the merits of this bill and the need for the NPRA's resources in preserving the viability of the Trans-Alaska Pipeline. I am supportive of this bill and you may look to very similar efforts from the Senate.