

**09.21.2011- Governor Sean Parnell Testimony to House Resources Committee
Oil Development in the Coastal Plain of ANWR**

Chairman Hastings and Honorable Committee Members:

For the record: My name is Sean Parnell. I am Governor of the State of Alaska.

Thank you for allowing me a few moments to make the case for American energy production, and why ANWR is a good investment for our nation, one we can no longer afford to ignore.

I would first like to recognize Chairman Hasting's efforts to remove unnecessary regulations and policies adversely affecting oil and gas development.

I appreciate that he has taken the time to become a nationally recognized subject expert in this area.

In Alaska, we set a goal to increase the throughput of the Trans Alaska Pipeline System (TAPS) to one million barrels a day from current levels of about 550,000 barrels per day. I have asked other governors to set increasing production goals, as well.

This will help grow our nation's economy, make us more energy secure, and more energy dependent.

Reaching this goal of a million barrels per day through TAPS will take work between the federal government and the State of Alaska, where each owns substantial oil and gas resources.

The task before us all is to create jobs, to grow our economy.

To boil it down to one simple truth: More American oil and gas production means jobs. And jobs translate into stable communities, and a strong nation.

Beyond the Beltway, Americans believe that our nation faces an almost insurmountable debt burden, leading some to ask if it is even possible to pay it down, given our current GDP.

Many thoughtful Americans are alarmed at the nearly \$15 trillion federal debt, and they worry about the future of our great nation.

And yet, we can regain our economic footing through producing more American energy.

America's workforce wins, families win, job creators win, and the federal government wins – more revenue.

Look at the states doing relatively well in this economic downturn: They are America's major energy-producers. Alaska is one of those states. Yet, we are held back from contributing more affordable energy to other Americans by federal regulators who want to keep federal lands off limits to oil and gas exploration.

America is blessed with natural resources, both renewable and non-renewable. We need them all right now.

This transition to renewables cannot take place all at once. That's like going from first gear to fifth gear – you risk stalling the engine of our economy by starving it of power.

And some of our nation's richest oil reserves exist along the coastal plain known as ANWR.

It's accessible. It's extractable. And oil production and wildlife in ANWR are compatible.

Oil from ANWR could help meet U.S. demand for the next 25 years – or longer.

Responsible development of ANWR would create hundreds of thousands of jobs across our nation, in virtually every state, because a secure supply of petroleum will create demand for goods and services, and lower the cost of doing business.

As you know, the United States imports over 65 percent of our nation's annual petroleum needs. These imports cost more than \$150 billion a year. That figure does not include the military costs – and the human cost – of imported oil, which is truly incalculable.

What is the resource we call ANWR? And in such a remote location on Alaska's northern edge, how did we first learn that oil was even present?

The U.S. Geological Survey estimates that the amount of technically recoverable oil beneath the coastal plain ranges between 5.7 billion and nearly 16 billion barrels¹. Studies suggest the coastal plain could produce a 10-year sustained rate of one million barrels per day.

ANWR is a 19-million-acre national wildlife refuge. This national refuge is approximately the size of South Carolina. However, exploration and production can come from only a small part of ANWR known as the Coastal Plain of ANWR.

The Coastal Plain was designated by Congress in 1980 as requiring special study to determine its oil and gas potential and the effects of development on the environment. In 1987, the Department of the Interior recommended development.

Today's technology ensures that the footprint for development in ANWR would be less than 2,000 acres – approximately half the size of Andrews Air Force Base (4,320 acres) in a land mass the size of South Carolina. Additionally, technology now allows for almost "zero impact exploration" through the use of ice roads, ice pads, and the like.

Protecting the environment is as important to Alaskans as it is to all Americans. This Great Land is our home, and we have to be good stewards of air, land, and sea to live here.

For most of the year, the Coastal Plain is frozen. It has low biological activity. Experience shows that seasonal restrictions and other environmental stipulations can be used to protect caribou during their six-week calving season each summer.

¹ <http://pubs.usgs.gov/fs/fs-0028-01/fs-0028-01.htm>

Appropriate restrictions can also protect migratory birds and fish. Our experience with other North Slope fields shows it can be done.

Prudhoe Bay, for example, located 60 miles west of ANWR, has been operating for over 30 years and has produced more than 16 billion² barrels of oil so far. Amidst that, the Central Arctic caribou herd at Prudhoe Bay has grown from 5,000 in 1975 to over 67,000 in 2008.³

The Trans Alaska Pipeline System is a world class oil transportation system and one of this nation's most significant and valuable assets. Every day, Alaska oil moves through TAPS to refineries in Washington State and in California.

But declining production from Alaska's fields is taking its toll on TAPS.

The Trans Alaska Pipeline is not designed to flow at low rates. Below 550,000 barrels per day, the risk of clogs and corrosion increase. The very real possibility of a mid-winter shut down is an urgent concern.

Bringing new production from ANWR and other Alaska fields is critical to preserve this valuable piece of our nation's infrastructure. Without increased production, our economy is at greater risk as is our national security.

With oil from ANWR in the Trans Alaska Pipeline, it will be feasible to develop other marginal fields that otherwise might not be economic. It's all about growing jobs and our economy, and about keeping America safe.

The Coastal Plain of ANWR is America's best bet for the discovery of another giant "Prudhoe Bay-sized" oil and gas field in North America. Many economic benefits would result, not the least of which are the federal revenues that would be in the billions of dollars.

But a reserve of Alaska oil locked in the ground makes no sense when Americans need jobs and our economy needs a jump start that government is impotent to provide.

² <http://www.alyeska-pipe.com/Pipelinefacts/Throughput.html>

³ http://www.anwr.org/images/pdf/Cariboufinal_6-09.pdf

If the federal government persists in blocking oil development in Alaska, it could mean the dismantling of the Alaska pipeline, and the stranding of every last bit of oil that exists in our Arctic.

For millions of Americans out of work and struggling to make ends meet, federal regulatory policy blocking oil development only deepens the wounds. In Alaska, the federal administration has blocked exploration in ANWR, has blocked exploration in NPR-A, and has blocked exploration in the Arctic offshore.

When it comes to ANWR, we've heard people say that it will not impact the price of fuel now, because it will take too long to bring online. They've been saying that for 20 years. That's a disingenuous argument.

It's time to reduce dependence on oil from unstable, unfree, and unfriendly regions of the world.

Bring ANWR oil to America, and decrease the trade deficit.

Bring ANWR oil to America, and increase American jobs.

Bring ANWR oil to America, and reduce the federal debt with revenues and taxes from a more vibrant economy.

Thank you, and I am available to answer any questions.