

Written Testimony of Sarah Obed
Doyon Limited
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Hearing on Energy Infrastructure and Environmental Justice: Lessons for a Sustainable Future

Chairman Lowenthal, Ranking Member Gosar, and Members of the Subcommittee, thank you for the opportunity to testify on considerations regarding environmental justice in the context of American energy infrastructure needs.

My name is Sarah Obed. I am an Athabascan shareholder from the Native Village of Minto—approximately 130 miles northwest of Fairbanks, in the heart of Alaska. I serve as Senior Vice President, External Affairs of Doyon, Limited.

Doyon, Limited (Doyon) is one of the thirteen Alaska Native regional corporations established by Congress under the negotiated terms of the Alaska Native Claims Settlement Act (ANCSA) of 1971. Headquartered in Fairbanks, Doyon has more than 20,000 Alaska Native shareholders. Doyon is the largest private landowner in Alaska, with a land entitlement under ANCSA of more than 12.5 million acres. Doyon's lands extend from the Brooks Range in the north to the Alaska Range in the south. The Alaska-Canada border forms the eastern border and the western portion almost reaches the Bering Sea.

Doyon's mission is to promote the economic and social well-being of our shareholders and future shareholders, to strengthen our Native way of life, and to protect and enhance our land and resources. Our land and our resources serve and support our shareholders, whether as land to support subsistence hunting and fishing or as land to support the development of resources that serve the interests of Americans throughout our Nation.

Doyon, Limited operates a diverse family of companies in industries including oil and gas service contracting, natural resource development, government contracting and tourism, among others. In furtherance of our mission, Doyon is also pursuing several mineral and oil and gas exploration projects in Interior Alaska. If successful, these projects will provide substantial benefits to Doyon and our shareholders, and, by providing new employment opportunities and helping alleviate the energy crisis in Interior Alaska, to all Alaskans.

Congress's establishment of Alaska Native corporations in Alaska was unique in the history of Indian law, aboriginal rights, and self-determination. When Congress in the late 1960s debated the merits of establishing corporations as the mechanism for settling aboriginal lands claims in Alaska, Members spoke to the merits of empowering Alaska's Native people to own our own natural resources in Alaska. The objective was to settle land disputes, allow access to Natural Resources for development, and for Alaska Natives to retain large amounts of aboriginal land. These lands were conveyed to Alaska

Native corporations in settlement of aboriginal land claims, which would be used to serve our villages—in part, as land on which our people would continue to engage in subsistence hunting and fishing and, in part, as land from which we could extract or otherwise develop natural resources to serve the economic interests of our Native communities. For Doyon, environmental justice includes a focus on celebrating our way of life, a way of life that has existed since time immemorial. It also means the opportunity for Doyon to ensure socio-cultural and economic benefits for our people, for our shareholders, and for our future generations. This includes cash benefits, jobs, wages, and educational scholarship.

Energy and natural resource development in Alaska plays a critical role in providing economic resources to individuals, communities, and governments to help meet these needs. Even today, some rural Alaska Native villages continue to lack access to basic services like running water, low cost energy, and other public services that most Americans are able to take for granted. Funding to address infrastructure needs like these is hard to come by, and contributes to significant public health risks for these communities. Despite the State’s significant natural resource reserves, energy costs particularly in rural Alaska are very high, and our communities have some of the highest costs of living anywhere in the country. Alaska is blessed with significant energy and other natural resources, the development of which provides critical economic resources to help meet these needs, including for underserved, rural Alaska Native communities.

Such activities, however, are very often targets of nationwide campaigns by environmental groups that choose to ignore these important benefits. According to the Environmental Protection Agency, “Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.” When it comes to energy and other resource development and infrastructure projects in Alaska, this demands that the voices of those who might *support* these activities, and who directly or indirectly benefit from them, must also be heard and respected—not only those who might choose to oppose them.

Responsible development of our energy and other natural resources is of significant importance to Doyon and our shareholders. Our success as an Alaska Native Corporation demands that our investments in energy infrastructure and development be done with consideration for the needs of our people and the health of the land and water that has always supported our communities. The revenues, jobs and economic activity from oil exploration and development are critically important to the present and future well-being of all Alaskans, including Native people and our village and regional corporations. Services and contracts associated with oil exploration and development are a key source of jobs and revenue for Doyon and many others throughout the State. At the same time, our lands and the resources thereon are critically important for customary and traditional subsistence uses of fish and wildlife. Doyon’s mission requires that we honor all of these interests, pursuing responsible economic development, while at the same time protecting and enhancing our health and welfare, our culture, and our lands and resources.

Natural Resource Development Creates Substantial Benefits for Doyon and Our Alaska Native Shareholders

Alaska’s oil and gas industry is important to Doyon. We have built a healthy and sustainable business that employs hundreds of our Alaska Native shareholders and gives them career opportunities. Many of our positions are well-paying blue collar jobs, something that seems increasingly rare these

days. It has also been a profitable business that allows us to fund scholarships and training opportunities for our shareholders and to pay dividends.

The economic impact of Doyon, together with other local Alaska Native organizations hit 1.05 billion dollars in 2016. In Doyon's fiscal year 2019, we employed 968 employees of which 316 were Doyon shareholders.

In fiscal year 2019, Doyon contributed \$2.4 million to our affiliated education foundation, the Doyon Foundation, and to other nonprofits, cultural programs, and Alaska Native Tribes. The \$2 million-dollar donation to the Doyon Foundation included donations for the endowment, operating expenses and scholarships, and for the Athabascan language revitalization program run by the Foundation, where we are working to enhance 11 Alaska Native languages. The contribution is possible, in large measure, because of our oil and gas services companies.

As an Alaska Native regional corporation, Doyon also shares our profits with our shareholders. We do this through a settlement trust that was created by a vote of our shareholders in November 2018. The purpose of the Doyon Settlement Trust is to promote the health, education, and welfare of its beneficiaries, and to preserve the heritage and culture of Alaska Natives. It accomplishes this by making distributions to its beneficiaries (shareholders). A cash distribution to shareholders was made in FY2019 totaling \$13 million from the Doyon Settlement Trust in December 2018, and a second distribution totaling \$13 million was paid on June 3 of this year. Much of the profit Doyon makes and that supports these distributions is from our oil and gas contracting business.

Doyon's shareholders are not the only Alaska Natives that benefit from oil and gas and other energy development. Subsidiaries of a number of other Alaska Native corporations provide services to the industry on the North Slope. The State as a whole benefits from new development. Each new development results in new jobs for Alaskans, tax revenue for the State, and potential profits for Alaska Native corporations and other companies in the industry. This results in continued services for our shareholders and Alaska citizens.

The broader Alaska Native community also benefits from energy development through Sections 7(i) and 7(j) of ANCSA, a unique revenue-sharing mechanism included by Congress in ANCSA by Congress to help ensure that all Alaska Natives benefit from resource development on ANCSA lands. Under Section 7(i), all regional corporations share 70% of their net revenue from timber and subsurface mineral resources developed on their lands with the other Native regional corporations; and, under Section 7(j), each regional corporation annually shares 50% of the money received under Section 7(i) with all of the village corporations in its region. Between 1982 and 2015 over 2.5 billion dollars cumulative was shared through the 7(i) formula, and oil and gas resources (56%) were from oil and gas resources.

Meaningful Outreach to and Engagement with Potentially Impacted Alaska Native Interests is Essential

Both as a developer of energy projects and an organization whose direct and shareholder socioeconomic and cultural interests may be affected by proposed energy development, Doyon recognizes the critical importance of meaningful outreach to and engagement with Alaska Native interests, including potentially impacted Alaska Native villages, our Tribes, and Alaska Native corporations.

Indeed, Doyon often participates actively in land management planning and other agency processes to ensure that those processes are consistent with and protect Alaska Native socioeconomic and cultural interests, such as subsistence use and access. In Executive Order (“EO”) 13175, Consultation and Coordination with Indian Tribal Governments, the President required federal agencies to implement an effective process to ensure meaningful and timely consultation with tribes during the development of policies or projects that may have tribal implications. Tribal consultation is intended to assure meaningful tribal participation in planning and decision making processes for actions with the potential to affect tribal interests. While EO 13175 applies specifically to federally-recognized tribal governments, pursuant to Public Law No. 108-199, as amended by Public Law No. 108-447, Congress specifically extended these obligations to Alaska Native corporations, requiring the Office of Management and Budget (“OMB”) and all Federal agencies to “consult with Alaska Native corporations on the same basis as Indian tribes under Executive Order No. 13175.”

In accordance with this mandate, in August 2012, the Department of the Interior (“DOI”) issued its Policy on Consultation with Alaska Native Claims Settlement Act (“ANCSA”) Corporations. In this Policy, the Department purported to “recognize[] and respect[] the distinct, unique, and individual cultural traditions and values of Alaska Native peoples and the statutory relationship between ANCSA Corporations and the Federal Government.” Thus, the Policy states that “[w]hen taking Departmental Action that has a substantial direct effect on ANCSA Corporations, the Department will initiate consultation with ANCSA Corporations.” In recognition that “Federal consultation conducted in a meaningful and good-faith manner further facilitates effective Department operations and governance practices,” it further commits that the Department will “identify consulting parties early in the planning process and provide a meaningful opportunity for ANCSA Corporations to participate in the consultation policy.”

This process provides an important mechanism for Doyon and other ANCs to participate in federal land management and project permitting processes related to energy development that could impact our ability to fulfill the purposes for which we were established under ANCSA and to protect and advance the economic, social, and cultural interests of our shareholders. It allows us to help ensure that the interests and concerns of Alaska Natives and their communities are meaningfully considered, and that impacts are appropriately mitigated.

Doyon is at the Forefront of Efforts to Develop and Deploy New Technologies to Reduce Impacts

The industry in Alaska has made great strides toward responsibly designing projects with minimal impact on the environment, wildlife, and subsistence activities. And we at Doyon are proud to be at the forefront of developing and deploying new, modern technologies to help reduce the impacts of energy development.

New technologies help minimize the footprint and impacts of new oil and gas development. When oil companies developed Alaska’s Prudhoe Bay oil field in the early 1970s through the 1980s, they had to drill wells straight down and the spacing of the wells on the surface was usually about 120 feet. The roughly 3,000 wells sunk at Prudhoe Bay and their spacing caused the surface development there to affect about 19,000 acres.

Technological advances made since the Prudhoe Bay oil field’s development in the 1970s have resulted in increased oil recovery rates from fewer oil wells with far smaller surface impacts as a result

of fewer and smaller drill pads. The technology has resulted in dramatically less overall surface disturbance, meaning far less impact on wildlife habitat and other resources.

Today's drilling rigs can easily drill wells from a single pad that can access over 100 square miles. That means that pads can be spaced up to ten miles apart and habitat between pads can be protected with little or no surface disturbance. One of Doyon's wholly-owned subsidiaries, Doyon Drilling, Inc. ("DDI") has played a significant role, and continues to lead its industry, in innovation and the adoption of this new technology. DDI currently has over 300 employees. DDI has demonstrated our commitment to remain competitive in the industry by continually reinvesting in our employees and rigs. Investment and innovation in our fleet has helped to make our rigs more efficient and protective of the environment and local communities.

As an example of the implications of these innovations, Doyon's Rig 142, in 2017, drilled a penta-lateral well in the Kuparuk field on Alaska's North Slope. Five production wells were drilled from a single surface well bore. Doyon directionally drilled each of the legs of the penta-lateral well.

DDI's Rig 26, an extended reach rig, to be commissioned into service on the North Slope later this year. Rig 26 will be able to drill up to 35,000 feet horizontally. That capability will allow the rig to drill wells covering 125 square miles from a single surface well pad. For perspective, that means that Rig 26 could drill horizontally from Capitol Hill in Washington, D.C. and hit a target the size of a small room at the National Harbor Resort and Convention Center on the Potomac River, six and a half miles away.

Doyon's Rig 26 will allow our client to develop known but currently untapped oil resources from existing surface infrastructure. In other words, our client will not need to build any new pads, roads or pipelines to produce known oil reserves.

As renewable energy resources are developed, we may or may not see continued need to develop nonrenewable fuels. But natural gas, at a minimum, has an important role to play as a "bridge fuel" in any transition from fossil fuels to intermittent renewable resources like wind and solar. And the need for nonrenewable resources will continue. After all, wind and solar require an enormous amount of copper. Lithium batteries require an enormous amount of cobalt. All of us must weigh the trade-offs between renewable energy and mining. Whatever our Nation's energy mix may be at any given time, environmental justice demands that we continually look for better ways to both protect and serve the needs of our communities at the local level.

In conclusion, as established by Congress, Doyon and other Alaska Native corporations have a unique perspective on these issues. We were created both to develop our land and resources economically for the benefit of our Alaska Native shareholders, as well as to protect our cultural heritage and preserve our lands and resources for the benefit of future generations. The responsible development of energy resources and infrastructure in Alaska is part of our DNA. We have an obligation to both engage in meaningful outreach when we are in a project developer role; and we have an obligation to seek meaningful participation to protect the interests of Doyon and our shareholders when federal agencies' and third party activities implicate our interests.

Energy resource and infrastructure development provides employment opportunities and contributes essential economic resources to meet public health needs and to otherwise enhance the general health and wellbeing of Alaska Natives and others in the State. It is our communities in Alaska

that are best positioned to judge how these activities move forward and how impacts from them are appropriately addressed and mitigated. Environmental justice demands fair treatment and meaningful involvement of vulnerable populations, regardless of their views; it should not be viewed narrowly as a means to block energy resource and infrastructure development.

Thank you for the opportunity to testify today. I would be pleased to answer any questions the Members of the Subcommittee may have.