

Briefing Paper for Full Committee Legislative Hearing

Committee on Resources legislative hearing at 10:00 a.m. March 12, 2003, in 1324 Longworth HOB on H.R. 39, the Arctic Coastal Plain Domestic Energy Security Act of 2003.

Summary of Bill: H.R. 39 (Rep. Don Young), to establish and implement a competitive oil and natural gas leasing program that will result in an environmentally sound and job creating program for the exploration, development, and production of the oil and natural gas resources of the coastal plain, and for other purposes.

- Establishes an oil and gas leasing program under the Mineral Leasing Act for the exploration, development and production of oil and natural gas of the coastal plain of the Arctic National Wildlife Refuge (ANWR).
- Lifts the current prohibition on similar development of local Inupiat Eskimo lands received from the federal government in the Alaskan Native Claims Settlement Act (ANCSA) and subsequent congressional acts.
- Directs the leasing program to be administered to result in no significant adverse effect on fish, wildlife, their habitat, subsistence resources and the environment by requiring the application of the best commercially available technology.
- Contains numerous land use, environmental, and leasing stipulations, and specifies manner of judicial review of actions taken under this bill.
- Prohibits the export of oil produced from the coastal plain.
- Establishes a local government impact aid program, and authorizes funds, subject to appropriations, to carry out the purposes of the program.

Background and Need for Legislation: H.R. 39 authorizes oil and gas exploration, development and production on the 1.5 million acre coastal plain of the Arctic National Wildlife Refuge. According to the Department of Energy, the coastal plain is the "largest unexplored, potentially productive onshore basin in the United States." The U.S. Geological Survey estimates there are between 5.7 billion and 16 billion barrels of recoverable oil, with a mean estimate of 10.4 billion barrels (including private Native lands and State waters within the coastal plain). By comparison, the State of Texas has 5.27 billion barrels of proved reserves (2000) and U.S. proven reserves are approximately 22 billion barrels.

At 19 million acres (about the size of South Carolina), ANWR is located in the northeast corner of Alaska.. An 8 million-acre area is designated Wilderness, while a 1.5 million-acre portion of the coastal plain between the Brooks Range and the Beaufort Sea was reserved by Congress for consideration of oil and gas exploration and development.

There are approximately 92,000 of private lands within the coastal plain located around the only community in ANWR, the Inupiat Eskimo Village of Kaktovik. These lands are owned by Alaska Native Corporations representing Inupiat Eskimos of Alaska's Arctic, barred by Congress from development until the federally-owned portions of the coastal plain are opened.

The coastal plain is a treeless, flat tundra that is frozen for most of the year, during which time very few wildlife species are present. In the coastal plain's brief summers, the migratory Porcupine Caribou Herd may use the region for calving, though in some years the herd does not calve there. Numerous other wildlife species are also found on the coastal plain in summer, most of which are also present throughout Alaska's arctic, including the oil fields in and surrounding Prudhoe Bay.

The Alaska National Interest Lands Conservation Act of 1980 (ANILCA) closed 8 million acres of the Refuge to most forms of exploration as wilderness but set aside the 1.5 million-acre coastal plain for study of its oil and gas potential, its wildlife resources and habitat, and the potential impacts of oil development. The Act prohibits development until

authorized by Congress.

In 1987, the Secretary of Interior submitted to Congress a Legislative Environmental Impact Statement (often called the "1002 Report"), required under ANILCA. The EIS recommended an oil and gas leasing program with special stipulations to protect the wildlife and habitat resources of the coastal plain, based upon years of study of the fish and wildlife and geological potential of the area. The report concluded that properly regulated energy exploration and development could occur without significant adverse effects on wildlife and that if found, the oil would contribute to the nation's energy security.

Since the mid 1980's, there have been bills introduced in nearly every Congress to authorize oil and gas development in the coastal plain, or to designate the coastal plain a Wilderness Area.

Congress passed a budget reconciliation bill in 1995 containing legislation to open ANWR, but the budget bill was vetoed by President Clinton. In 2001, the House passed a comprehensive energy bill opening ANWR, while an energy bill in the Senate was passed without authorization to open ANWR. The two energy bills were never reconciled in conference.

Supporters of H.R. 39 believe that ANWR's coastal plain would yield a steady supply of new domestic oil to significantly reduce dependence on oil imported from foreign countries. Dependence on foreign oil approaches 60%, and the Energy Department projects future increases unless new domestic oil fields are opened. They argue that oil can be produced from the coastal plain utilizing no more than a total of 2,000 acres of surface disturbance, without a significant adverse effect on wildlife and habitat. They point to the record of nearby Prudhoe Bay and Kuparuk (the nation's largest and third-largest oil fields at discovery), where the population of the Central Arctic Caribou Herd has increased six-fold at the same time 14 billion barrels have been produced (almost a quarter of domestic production) since the mid 1970's. They argue that Alaskan oil production has fallen from over 2 million barrels per day to less than 1 million, and this has meant offsetting imports from unstable regions of the world, and that production from ANWR might reverse this trend.

Opponents consider the coastal plain to be pristine, warranting a Wilderness designation. They argue the Porcupine Caribou Herd could decline, and that risks of oil development to wildlife and habitat outweigh potential benefits of energy production that might be realized. They do not believe ANWR would make a significant contribution to the nation's domestic supply of oil, and argue that it would take years for any oil to reach consumers. They also argue that U.S. oil consumption is too high, and that the U.S. should work to reduce demand, rather than increase the supply, of oil.

Environmentally sound oil and gas exploration and production is supported by an overwhelming majority of Alaskans (including the Inupiat Eskimos who live in ANWR), Alaska's Governor and State Legislature, and the Alaska Federation of Natives. Development is opposed by environmentalist organizations.

Witnesses: (Panel I) The Honorable Gale Norton, Secretary, Department of the Interior; (Panel II) (Panel III) Tara Sweeney, Special Assistant to the Governor for Rural Affairs, State of Alaska; Jamie Clark, Senior Vice President, Conservation Programs, National Wildlife Federation; Ken Boyd, Consultant, Former Director, Alaska Division of Oil and Gas; Peter Van Tuyn, Trustees for Alaska.

Administration Position: The Administration supports environmentally sound oil and gas exploration, development and production in the coastal plain of ANWR. A specific position on H.R. 39 is not yet known.

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