

**Testimony of
Governor Tony Knowles
Alaska**

**Before the
United States House Committee on Resources**

March 7, 2001

Good morning, Chairman Hansen and distinguished members of the committee. For the record, I am Tony Knowles, Governor of Alaska.

I welcome this opportunity to testify on the vital issue of developing a self-reliant national energy policy and the central role America's public lands play in that effort. I applaud you and the national administration for focusing on this issue so important to American jobs and families.

I address you today in two capacities: First, as governor of a state which serves as America's energy storehouse. Since completion of the trans-Alaska oil pipeline nearly 25 years ago, Alaska has been supplying a significant portion of this nation's domestic oil production. And now with development of our natural gas – North America's largest proven reserves – we'll continue to help meet America's energy needs.

Second, I represent my fellow governors of oil and gas producing states as chairman of the Interstate Oil and Gas Compact Commission. These 37 states produce more than 99 percent of the oil and natural gas produced on-shore in the United States and are committed to the conservation and maximum utilization of American oil and gas resources.

This time of year as the snow continues to fall across most of my state, I have a personal policy to try to stay within about a 10-degree temperature variation from the bulk of my constituents. I was looking forward to a real Alaska-style snowstorm, but am honored nonetheless to join you here in our nation's temperate capital.

My message today is simple: to continue America's prosperity which I believe is threatened by a looming energy crisis, we must meet our nation's energy needs through a combination of conservation and increased supply.

The key to increased energy supply is the environmentally responsible development of this nation's enormous energy resources, most of which lie beneath our public lands. Our access to those lands carries with it the responsibility for sound stewardship. That access can never be considered a green light for the irresponsible destruction of those lands.

As this committee knows well, this country is suffering from a combination of high energy prices and energy shortages. We need look no further than news video of senior citizens being pried from stopped elevators during California's rolling black-outs to know that.

New energy supplies will come from many sources, but our obligation for the jobs and families of Americans is to look at home first. America's public lands hold the vast majority of those new energy resources.

In my own state of 375 million acres, public lands constitute 88 percent of our land mass, with 40 percent of our state in federal forests, wildlife refuges and national parks. Development of the resources on public lands in Alaska is a critical part of our economic future.

Mr. Chairman, I submit we need look no further than the 49th state for a national model on how to find and produce energy resources on public lands, while protecting the wildlife and environment.

We in Alaska apply a simple standard to development issues, whether producing oil from a newly discovered reserve or harvesting America's best-tasting, organic wild salmon. That standard is – we do development right.

By that, I mean development must be based on three principles: sound science, good stewardship and a thorough, open public process.

Using that standard, we in Alaska have supplied up to a quarter of America's domestic oil production from the nation's largest oil fields. We've done so while protecting the nation's most pristine environment inhabited by more caribou, grizzly bears, bald eagles and mosquitoes than the rest of the country combined.

Nationally, the vast majority of our energy resources are on public lands. The U.S. Geological Survey estimates that 67 percent of the nation's undiscovered oil and 40 percent of its undiscovered natural gas resources lie beneath on-shore public lands. And along our coastlines, only 2 percent of total federal offshore acreage, including that in Alaska, has been leased for energy development.

At the same time, the amount of public lands available for oil drilling has shrunk from 73 to 17 percent in the past 25 years. It's worse for natural gas development, which we know is the clean-burning fuel of the 21st century.

A recent report by the National Petroleum Council showed that the most promising regions for future gas production in the Rocky Mountains and Gulf of Mexico are either closed to exploration or have significant access restrictions. And even if we can obtain access to these resources, public lands must be crossed by pipelines or other methods to deliver the energy to homes, power plants and factories.

As we seek to develop these energy resources on public lands, I believe those of us from western public lands states have a special obligation to adhere to the "doing it right" standard.

We're doing exactly that in Alaska. During my rough-necking days on the North Slope in the 1960s, a drill pad could be as big as 65 acres. Today, they're a tenth that size.

And using new technology, up to 50 wells can be drilled from the same, smaller pad and tap into oil identified by 3-D seismic technology into oil 20,000 feet deep and five miles away, under sensitive areas, such as an ice-choked ocean or sensitive wildlife habitat. That's like running a well through this committee room floor to Ronald Reagan National Airport and we could determine which gate the drill bit would emerge from.

With this "doing it right" approach to development, we successfully convinced the Clinton administration to permit exploration and development in a portion of the 4-million-acre National Petroleum Reserve, a promising Indiana-sized area to the west of Prudhoe Bay.

We did so by imposing the strictest environmental constraints of any oil and gas lease in America. These 79 conditions are specifically designed to protect caribou, polar bears and birds, particularly during sensitive periods of calving, migration, molting, denning and hibernation.

They were the result of collaboration of world-class experts in science and engineering from all levels of government and industry. This is the only acceptable way to combine the need for jobs and energy development with protection of the land and wildlife we love.

To continue meeting this nation's energy needs, we urge the Congress to permit exploration in America's best prospect for a major oil and gas discovery – in the Arctic National Wildlife Refuge. Just a small portion of this South Carolina-sized refuge is believed to contain up to 16 billion barrels of oil, enough to produce 2 million barrels a day for at least 25 years, about a third of the current daily domestic production. In addition it is believed to hold substantial new discoveries of natural gas.

Environmentally responsible development in the Arctic Refuge would be good for America – producing thousands of jobs, lessening our dependence on imported oil, reducing prices at the pump, providing environmental friendly natural gas to produce our nation's electrical supply, improving our nation's trade deficit, and a host of other reasons.

I believe we must, and can, take special precautions to protect the caribou, musk ox, geese, polar bear and other wildlife that inhabit the Arctic Refuge. As we did in the NPRA, we will work with the industry to mitigate impacts, such as limiting activity during the six to eight weeks when the Porcupine caribou herd often uses the coastal plain for calving.

We must be sensitive to the subsistence needs of Native people on both sides of the border whose culture, nutrition, and economy are dependent on the area's healthy wildlife.

To bring oil from ANWR and other North Slope development to American consumers, we are working with the Bush administration to reauthorize the right of way lease for the 800-mile trans-Alaska oil pipeline.

The federal right of way administered by the Bureau of Land Management expires in 2004, but the environmental review and renewal process is projected to take two years. I welcome this committee's oversight and encouragement of that process.

Alaskans are working to continue as the nation's energy storehouse by delivering our enormous natural gas reserves to thirsty American markets.

Alaska's North Slope has 35 trillion cubic feet of discovered natural gas, most of which today is being re-injected to increase Prudhoe Bay oil production. Yet geologists estimate we're sitting on perhaps triple what we're already discovered – more than 100 trillion cubic feet.

The most viable way to get that gas to market is through an 1,800-mile pipeline from Alaska's North Slope, through Fairbanks and along the Alaska Highway into the North American gas distribution system.

This development would be America's largest privately funded construction project, creating jobs and delivering environmentally friendly energy for a generation or more. I'm pleased the nation's governors unanimously endorsed the Alaska Highway natural gas pipeline project at last month's National Governors' Association conference.

In closing, Mr. Chairman, let me address two issues: conservation and access.

Conservation must be a cornerstone of America's energy policy. Improved mileage for vehicles, efficiencies in manufacturing and electricity use can substantially expand the efficiency in using our energy supply.

Yet conservation alone cannot address the challenge before us. We must increase our supply to stabilize prices and prevent shortages. America's energy security depends on access to public lands.

With new technology and strengthening our resolve to protect the environment, we can go beyond the old approach of either development or the environment, to the 21st century paradigm of recognizing the necessity and interdependence of both.

On behalf of the IOGCC, I recommend three steps to improve access to our public lands which hold the key to our future energy independence.

First, let's complete the inventory of oil and natural gas resources on public lands required in last year's Energy Policy Conservation Act. The BLM must have adequate resources to complete this study in a timely manner.

Second, let's expedite action in the agency processes that will lead directly to exploration for energy resources, such as applications to drill and offers to lease.

Third, let's better share with independent energy producers and others the results of state and federal research so that resources developed on public lands are maximized. The federal government could make a strong commitment to research by reinvesting a part of the revenue received from royalties on gas production.

Mr. Chairman and committee members: Alaska, my administration and the IOGCC stand ready to assist you and our national administration in crafting a sensible national energy policy that provides greater access to public land for domestic production of oil and natural gas; that encourages conservation; and that recognizes the important partnership with our private oil and gas industry to get the job done.

Thank you.