

Floor Statement: Introduction of ANWR No Surface Occupancy Western Arctic Coastal Plain Domestic Energy Security Act 2-26-09

By Senator Lisa Murkowski

Mr. President: I rise today to introduce legislation that I feel represents a true compromise to end a three-decade dispute over oil development in northern Alaska. Today I am introducing legislation to permit oil and gas to be siphoned from underneath the coastal plain of the Arctic National Wildlife Refuge in northern Alaska, but without their being any permanent roads, wells, buildings, pipelines or structures erected to mar the beauty of the coastal plain.

Today, I am happy to announce that I am being joined by my colleague from Alaska, Sen. Mark Begich, in introducing the No Surface Occupancy Western Arctic Coastal Plain Domestic Energy Security Act.

For 29 years since passage of the Alaska National Interest Lands Conservation Act in 1980, a controversy has raged over whether oil and natural gas development should occur from the 1.5 million acres of the Arctic coastal plain located inside the Arctic National Wildlife Refuge in northern Alaska. According to the U.S. Geological Survey, the area has a mean chance of containing 10.36 billion barrels of oil and 8.6 trillion cubic feet of natural gas, and a "high" chance of producing 16 billion barrels, the largest likely undiscovered onshore conventional oil deposit in North America.

Environmentalists, however, have argued that the area can not be developed without causing disturbance and perhaps environmental damage to the surface of the refuge, which could harm the Arctic Porcupine caribou herd and birdlife that utilize the refuge during the brief Arctic summer. Over the years this controversy has been fought with near religious intensity. But now technology has developed that offers a compromise solution that may allow much of the area's energy to be produced without *any* chance of surface damage or disturbance when wildlife are in the area.

The solution is to permit oil and gas development to occur without any surface occupancy, meaning without the construction of any structures above the ground within the area of the coastal plain protected by Section 1002 of ANILCA. This is now possible since extended reach directional drilling technology now permits oil wells to be drilled from the western Alaska state-owned lands, outside of the refuge's boundary, or from state waters to the north, and still to be able to tap oil and gas deposits located between eight and 10 miles inside the refuge. Proof for the concept comes from British Petroleum's efforts in 2008-2009 to develop Alaska's North Slope Liberty oil field with directional drilling technology that may tap reserves up to 48,000 feet from the well pad.

According to estimates last year by the U.S. Department of the Interior's Bureau of Land Management, up to 1.23 billion barrels of oil and 7 trillion cubic feet of natural gas may be accessible initially using directional drilling technology. The proposal will require that 3-dimensional seismic and other tests be conducted within the coastal plain to pinpoint the exact locations for hydrocarbons, but they can be conducted in winter from ice roads when no wildlife will be in the area. Eventually more, if not most of the oil and gas from the refuge, may be accessible either as directional drilling technology improves and expands its reach, or as other subsurface oil development technology is developed.

Regardless, if there are no pipelines, wells or physical structures permitted upon the surface of the refuge, there can be no impacts on wildlife and no degradation to the wilderness characteristics of the coastal plain for visitors. Meanwhile, oil to help improve the nation's supplies and lower prices, can start to be produced quickly since infrastructure already extends to nearly the border of the refuge. And finding more oil in America is vital to prevent oil prices from again spiking as the global economy recovers and energy demand increases. No one can forget the pain of just last summer when world prices of \$147 per barrel for crude oil triggered prices of \$4 to \$5 per gallon at our filling station pumps. Without more domestic oil being developed, prices can again skyrocket, especially if OPEC is successful in current efforts to reduce world oil supplies.

There is precedent for this proposal. Congress in 2007 approved a Wyoming wilderness lands bill (**S. 2229**, Wyoming Range Legacy Act) that permits subsurface resource extraction, provided no surface occupancy occurs. The ANWR legislation will guarantee that royalties from any oil and gas produced would be split equally between the federal and state treasuries, as is required by current federal law, and provides for full environmental protections and project labor agreements for any development that results. The bill further proposes that \$15 million a year be made available to mitigate any developmental impacts that might result and allocates 50 percent of the federal share of total revenues to fund renewable energy, 25 percent for fish and wildlife habitat and conservation programs and the remainder to the general treasury. The aid will guarantee that any Alaskan community impacted by development, especially residents of the North Slope Borough and the nearby Village of Kaktovik, will be protected from the indirect impacts of increased development activity.

And the bill will funnel tens to perhaps hundreds of billions of dollars toward construction of renewable energy over the life of the prospective oil fields. According to a report by the Congressional Research Service just last year, ANWR's opening could provide the federal treasury with \$91.7 billion of revenues, assuming a \$60 per barrel price, and with \$191.1 billion assuming oil prices of \$125 a barrel – assuming a mean case estimate that 10.3 billion barrels will ultimately be produced. Obviously revenues initially will be less by this proposal that prevents surface disruption, but could grow as technology improves. Given that the Obama Administration is seeking at least \$15 billion a year to fund renewable energy, this measure could go a long way toward meeting the Administration's goal to pay for green, renewable energy in the future. It

certainly will provide a massive boost to funding for existing fish and game habitat and wildlife conservation programs nationwide.

This proposal is a way for America to have its cake and eat it to; to gain the oil and natural gas that is crucial to provide a bridge until a new era of non-fossil fuel renewable energy can power our lights and propel our vehicles. It also guarantees that none of the Arctic Porcupine caribou herd that migrates across the coastal plain between June and August will ever see, hear or feel oil development. The proposal means that none of the migratory birds that nest on the coastal plain will ever be impacted by oil development. And it means that no hiker or wilderness enthusiast that visits the coastal plain or floats its rivers in the brief Arctic summer will ever see, hear or feel oil and gas development.

With the proposal and the environmental safeguards it allows the Secretary of the Interior to establish, there is no danger that any of the few species that overwinter on the coastal plain will be impacted by seismic or other activities and it protects subsistence resources and activities for Alaska Natives. We clearly have the ability to prevent any impacts to the few polar bears that sometimes den on the coastal plain or the muskoxen that sometimes visit the area in winter.

For decades Alaskans have been seeking permission to explore and develop oil in the refuge given that general estimates by the U.S. Geological Survey indicate it offers the best chance for a major oil find of any spot onshore in North America. Finally, technology has advanced that now offers the possibility of resolving this dispute to the satisfaction of both sides. It is now possible for drilling pads, rigs, processing facilities and pipelines to be located totally outside of the refuge and for oil to be produced without any disturbance to the surface. This truly involves inserting an invisible 'straw' into the refuge to sip its hydrocarbons without any impacts to the environment. While the solution is not a perfect one at present, since only about 10 percent of the oil and around 80 percent of the area's natural gas can be developed using existing directional, extended reach technology, there are proposals for new types of subsurface oil technology that may permit even more of the refuge's resources to be extracted, but without impacts to the surface during the Arctic summer.

For years this debate has raged. In this era of change, I hope this bill will change the tone of this debate and permit oil and gas production to go hand in hand with responsible environmental stewardship.

I ask that the full text of the bill be printed in the record at the conclusion of these remarks. I thank the chair and yield the floor.

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