



Opening Statement
Full Committee Reconciliation Markup
Chairman Lisa Murkowski
November 15, 2017

Good morning, everyone. The Committee will come to order.

Before we begin this morning's markup, I want to extend a special welcome to some of the folks here this morning, they've come a long way. Several Alaskans have flown down from the North Slope to be with us—recognizing that this is their home I think it's important that they are here with us today, so we welcome them.

I would also like to add a farewell, at the same time that we acknowledge a welcome—Angela Becker-Dippman, who has been Senator Cantwell's staff director, I understand is moving back to the West Coast. This is perhaps her last day on the Committee, or last week on the Committee, and I want to acknowledge the work that she has done. Certainly the staff on our side have enjoyed the working relationship that we have had with you through some interesting and challenging issues, and your leadership has been greatly appreciated. Know that we are going to miss you here, thank you.

So, let's get to work here, we are here to markup legislation to allow responsible energy development in a small portion of the non-wilderness 1002 Area in northeast Alaska.

We are reporting this legislation pursuant to the reconciliation instruction we received under House Concurrent Resolution 71, which is the budget resolution for Fiscal Year 2018, to raise at least \$1 billion in new revenues over the next ten years.

Both the House and the Senate passed that resolution through regular order process, including debate and a roll call vote on an amendment here in the Senate that attempted to strike our committee's instruction.

We then followed the passage of the budget resolution with a regular order hearing, I might note that it was over four hours in length, on November 2nd, almost two weeks ago that focused exclusively on the 1002 Area.

Then a full week ago, with more notice than is required by our three-day rule, I released the text of the reconciliation legislation that we have before us today. So we've given members plenty of time to review the legislation, and certainly consider possible amendments. But again, this was done in regular order so that we may report it to the Senate Budget Committee.

Our text, as you've seen, is four pages long—just 587 words in total—but I think that it presents a tremendous opportunity for both Alaska and our nation.

We authorize an oil and gas development program in the 1002 Area, in accordance with the environmentally protective framework used to manage the nearby NPR-A.

We require two lease sales over the next ten years and apply a royalty of 16.67 percent, or one-sixth, on the production that results.

We split the revenues from development evenly between the federal government and the State of Alaska—this is an agreement that we are willing to make, out of necessity, even though our Statehood Act and the Mineral Leasing Act provided for a 90-10 split in Alaska’s favor.

We also have limited surface development to just 2,000 federal acres within the 1.5 million-acre 1002 Area, which itself is just eight percent of the 19.3 million-acre refuge. And I keep going back to the map of ANWR to remind colleagues that the 1002 Area is that area furthest to the north—that 1.5 million-acres that was specifically set aside under ANILCA for consideration for oil and gas exploration. It is separate from any wilderness, it is separate from the refuge itself. So when we talk about where the 1002 Area sits, and how it sits as a function of ANWR I think it’s important to keep that in mind. Some have claimed that we are on the verge of “ruining” ANWR with development—but we are talking about 2,000 total federal acres, just 1/10,000th of ANWR itself.

I think it’s also important to understand that we have not preempted the environmental review process in this legislation. We have not preempted the environmental review, nor have we limited the consultation process with Alaska Natives in any way. All relevant laws, all regulations, and executive orders will apply under this language.

CBO estimates that our legislation will raise \$1.092 billion in federal revenues over the next ten years. We recognize that is a significant sum, enough to meet our

instruction—even though the vast majority of revenues, likely tens of billions of dollars in new federal revenues, will be generated after production begins just outside the ten-year budget window.

And of course, revenues are not the only benefit that will result from careful development in the non-wilderness 1002 Area.

We will also create thousands of good jobs that support families and help put kids through college.

We will help keep energy affordable, saving families and businesses money every time they pay for fuel—essentially, an energy tax cut.

We will ensure a steady supply of energy for West Coast refineries, in states like Washington and California, and reverse the foreign imports that have taken hold as Alaska's production has declined.

And of course energy security and national security go hand-in-hand.

And while we can be confident in those benefits, we can be equally confident that none of this will come at the expense of our environment—because new technologies have left the footprint of development even smaller.

As we heard at our hearing two weeks ago, the size of development pads has decreased by roughly 80 percent, 80 percent, since the 1970s. New technologies have expanded the subsurface reach of the newest rigs by 4,000 percent over the

same period. Many exploration wells are now built using ice roads and ice pads—leaving no impact on the tundra.

The reality is that we need less land to access more resources than ever before. The technologies that built Prudhoe Bay are now almost 50 years ago—we are far past those now.

And Alaskans understand this. That's why so many of us strongly support development. That's why we heard from Senator Sullivan and Congressman Young. We heard from our independent Governor and our Democratic Lieutenant Governor. We heard from Alaska Natives who actually live on the North Slope, whose voices unfortunately are often ignored in this debate— and = who said, right here before our committee: yes, we want to develop.

Our witnesses were part of an outpouring of support from back home. The Voice of the Arctic Inupiat. The North Slope Borough. The Alaska Chamber of Commerce. The Alaska Trucking Association. Labor organizations. Our state legislators, both Republicans and Democrats. And hundreds and hundreds of Alaskans, who have either called my office or written a statement for the record in support. All of them support responsible energy development in the non-wilderness 1002 Area.

Alaskans know that we must balance the potential impacts of development. And I will be the first to agree that the environment and local wildlife will always be a concern, and that's why we have not avoided environmental review. That's why consultation requirements will apply. And that's why we have limited surface development to a total of just 2,000 federal acres.

We will not sacrifice the caribou, the polar bears, or the migratory birds for the sake of development. But we also recognize that that's not a choice that we face here. That is not what has happened at Prudhoe Bay, where the Central Arctic caribou herd has grown more than seven-fold since development began. No matter how hard some try to make this an either-or proposition, there is no question that development and environmental protection can and do coexist in Alaska.

If we are allowed to move forward with development, we will do it right. We will take care of our lands, our wildlife, and our people. I would not support development if I was not convinced that we can do it safely. And the Alaskans in the audience this morning—again, many who flew down from the North Slope to be here and support our efforts—would not support development if they thought it threatened their land and their cultures.

Alaska will do this the right way. We will protect the environment while providing substantial economic benefits all across America. So I would encourage members to set aside old arguments to recognize the opportunity before us. And to join me in taking the next step, by voting in favor of our reconciliation legislation.

I'll turn to Senator Cantwell for her opening statements, and then outline for colleagues the schedule for this morning.

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