



Opening Statement
Opening the 1002 Area to Responsible Development
Chairman Lisa Murkowski
November 2, 2017

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

We meet this morning to consider opening a very small portion of Alaska's 1002 Area to responsible energy development, to meet the \$1 billion budget reconciliation instruction our committee received last week.

The 1002 Area covers 1.57 million acres of land in northeast Alaska, within the non-wilderness portion of ANWR. I think it is important to put this in context in terms of the areas we are talking about. ANWR itself is 19 million acres, approximately the size of South Carolina. The non-wilderness area, the 1002 Area, is 1.5 million acres, approximately the size of Delaware. The area designated as federal wilderness is 8 million acres. So when we're talking about ANWR itself, I think it's important to recognize that there are parts of ANWR that are designated as wilderness, there are parts that are in the refuge, and there are parts of ANWR, the 1002 Area, that has specifically been designated for consideration for oil and gas exploration.

I want to be clear: the 1002 Area is not federal wilderness. Congress recognized the value of ANWR when it designated more than seven million acres as the Mollie Beattie Wilderness. That is an area that is protected and will not, and cannot, be touched.

The Coastal Plain is separate from the wilderness in ANWR. It is about the size of Delaware, in a refuge the size of the state of South Carolina. So again, the areas we are talking about are significant. And what Alaskans are asking for is to develop just 2,000 federal acres within it—about one ten-thousandth of ANWR.

We should also understand: if we open the 1002 Area, the economic benefits will be substantial, our national security will be strengthened, and the environmental impacts will be minimal.

For starters, we will create thousands of new jobs, and those jobs will pay the types of wages that support families and put our kids through college.

We will also generate substantial revenues for every level of government—tens of billions of dollars over the life of the fields.

There has been some discussion out there as to whether we can meet our \$1 billion instruction.. The answer to that is a simple yes. And I would remind the committee that the first 10 years are

just the start, this is the smallest part here, of a 40-year period where responsible production raises billions of dollars in revenues for our country every year.

The Congressional Research Service has estimated that the federal treasury could, depending on oil prices and the amount of resources ultimately produced, raise anywhere from \$48.3 billion on the low end to \$296.8 billion over 30 years.

Bear in mind, that is new wealth and prosperity—new wealth. It will be created, not redirected or repurposed like so much of what we deal with. Those revenues will directly reduce our debt, while simultaneously creating the growth conditions needed to reduce it on a greater scale.

Opening the 1002 Area will help to keep energy affordable. Here in the Lower 48 we've somewhat forgotten what it feels like to pay \$4 for a gallon of gasoline. Prices are moderate right now, we recognize that, but we also know they don't necessarily stay that way. So we need to be taking steps to plan for the long term, and we need to do that now—not in ten years—to keep energy prices affordable.

A number of experts are already pointing to the warning signs. For example, the International Energy Agency found that “global oil supply could struggle to keep pace with demand after 2020, risking a sharp increase in prices, unless new projects are approved soon.”

Some are going to argue that we're doing just fine—we're producing more, we're even exporting some—so we can turn our attention to other matters. But I think's a mistake. We are projected to remain a significant net importer well into the future. And setting aside some of the shorter-term concerns I just mentioned, even the more cautious forecast from the Energy Information Administration projects that oil prices will be back above \$100 per barrel by 2040.

It is also a misleading to suggest that all of the benefits of opening the 1002 Area will happen all at once, and all in the near term. We know that's not true. We will see the benefits for decades, not just over the ten-year budget window.

We talk a lot about where we were back in 1995, when the Congress had passed ANWR and President Clinton at that time vetoed the effort to open the 1002 Area. 1995—think about where we would have been had that action not taken place. We wouldn't have seen as dramatic of a run-up in oil prices in the mid-2000s. States like California would not be importing so much of their oil from abroad, but that is exactly what has happened as supply from Alaska has declined.

There is no question that opening the 1002 Area is important for our state and our national economy. And, we can be just as confident that new technologies that are in place and are still coming online will ensure that responsible development does not harm the environment.

Between the 1970s and today, the surface footprint of Arctic development has decreased by about 80 percent. Several of our witness this morning will speak directly to that, but put it in context; what was once a 65-acre pad now takes about 12 acres or less. Below ground, the extended reach drilling from a single pad will grow to an area of 125 square miles by 2020—so just in a few years here, and again we'll have Mr. Schutt speak to that— but that's an increase of more than 4,000 percent since we began oil exploration and production in the 1970s.

Now, development in the Arctic has always raised concerns about wildlife and the environment, and appropriately so. But I would remind everyone here this morning: because Alaskans have been so careful with development, fears of impacts to our wildlife and our land have repeatedly proven wrong.

Most of our roads are now built from ice and melt in the summertime, leaving no impact on the tundra. Developers follow thousands of regulatory requirements, best practices, and mitigation measures. We inventory and assess wildlife and we study their habitat so that we avoid any sensitive places.

We always talk about the caribou. The Central Arctic caribou herd, which lives year-round in and around Prudhoe Bay, increased from 3,000 animals in 1969, to 5,000 when development began in earnest in 1974, and was at about 22,000 animals just this last year. It's now more than seven times larger than when development began.

It may also surprise some to learn that we are developing energy just outside of ANWR, at Point Thomson—a point that my colleague Senator Sullivan knows very well— but this is located on state land just two miles from the border of the 1002 Area. That project, at Point Thomson, is being carried out responsibly, it is not harming the wildlife that cross the invisible western boundary of the refuge—again defying the claims we hear about possible harm.

For over 40 years now Alaskans have repeatedly proven that we can develop safely and responsibly, and development in the 1002 Area will be no different. We will not harm the caribou who move through the area. We will not harm the polar bears, whose dens can be protected; the snow geese, whose nesting areas can be safeguarded; or any of the other birds and wildlife that visit the Coastal Plain in the summer.

We are sensitive to the habitat in the area and care for it. Alaskans understand this. That's why more than 70 percent of us have supported opening the 1002 Area to responsible development. We are also acutely aware that our state needs this, and we will hear this from our Governor: we have the highest unemployment rate in the country. We have massive budget deficits that are projected to last for quite a while. And our Trans-Alaska Pipeline System, the economic backbone of our state, is just one-quarter full.

And we know, we know full well, that opening the 1002 Area isn't an immediate cure. But we also know that it's something we have to do today, because the benefits of development will take time to fully realize. It's like the old saying: "the best time to plant a tree was 20 years ago. The second best time is now." We need to take the first step today, so that we can realize the benefits going forward.

I was born in Alaska. My husband and I have raised our boys there, and I hope that they lead long and healthy lives in a place that is so beautiful and so gorgeous that it sometimes takes your breath away. What I know is that no one cares more for Alaska as those of us who live and work and raise our families there. We love our state. We respect the land. We would never risk its future for the sake of development. But we also realize that is not the case here.

The 1002 Area was created by a congressional compromise. We always knew its future would require another one. And today, Alaskans are offering just that. We are not asking to develop all of the 1002 Area, but instead we're asking 2,000 acres, or about one ten-thousandth of the refuge. And we have waited for nearly 40 years for the right technologies to come along, so that the footprint of development is small enough to ensure that the environment continues to be respected and will not be harmed.

This is not a choice between energy and the environment. We are past that. And what we have today is a great lineup of witnesses to help our committee understand that— we have our entire Alaska delegation with us, our Governor, our Congressman, our Senator, we have our Lieutenant Governor, we have a number of Alaskans who actually live on the North Slope.

I thank all of our witnesses for being here this morning. I look forward to an excellent and informative hearing. Senator Cantwell, I turn to you and welcome your remarks.

###