



**Opening Statement**  
**Hearing on Energy Infrastructure Legislation**  
**Chairman Lisa Murkowski**  
**May 19, 2015**

Good morning. We'll call to order the meeting of the Senate Energy Committee. It's moving right along here. We are in the third of four legislative hearings related to our broader energy bill that we putting together.

I want to thank my colleague Senator Cantwell and members of the committee for their as we craft what will hopefully be a bipartisan bill. We are building on a strong foundation laid by members who continue to bring some good ideas to the table. The 26 bills that we are looking at today will bring our total to 70 reviewed so far.

Our topic today is supply. I think it's pretty clear to folks on this committee - you know my views on this subject. It can be distilled to a bumper sticker and that bumper sticker is "energy is good." I believe it is in our national interest to make energy abundant, affordable, clean, diverse and secure. Today's hearing - like the bill that we are assembling - is not designed to pit energy resources against each other, but instead to view energy supplies holistically, and to find areas where we can come together.

When it comes to abundance, few states or even countries can compare to Alaska. With an estimated 46 billion barrels of conventional oil and more than 430 trillion cubic feet of natural gas, Alaska is a world-class petroleum province by any measure. But those conventional resources are supplemented by unconventional resources like the estimated 590 trillion cubic feet of methane hydrates on the North Slope - much of which is under existing developments.

In addition, we are the leader when it comes to everything else that is out there as well and I would challenge whether it's in the renewable areas with geothermal opportunities, with marine hydrokinetic, with ocean energy, with biomass, with wind, even with solar, people don't think about solar but we truly are a state that has it all. In terms of the conventional resources, to date Alaska has produced and shipped more than 17 billion barrels of oil through the Trans-Alaska Pipeline. We have exported 2.5 trillion cubic feet of LNG to Japan. A lot of people forget that we have been engaged in this for decades. And 35 wells have been drilled in the Beaufort and Chukchi Seas.

I am often times really taken aback when I hear people ask a very basic question as to whether or not we should allow drilling in the offshore, in the Arctic - as if drilling in the Beaufort and Chukchi seas was something new. Exploration has occurred for more than 20 years, this was back in the 1980s. It has been done safely. The only federal production in Alaska comes from the Northstar field. This is a development in the Beaufort that was discovered back in 1984. It's produced more than 150 million barrels of oil since 2001. But you hear all of the consternation and some of the press about what "we can't possibly be going offshore in the Chukchi. We can't be going offshore in the Arctic. This is new and unexplored territory and the end of the world as we know it will likely come to pass." And in fact 35 wells have been drilled up there and again it didn't make the news to anybody because there was no news to report other than that the exploration was successful. What happens then? Prices go down. It's difficult. It's expensive but that's part of our history.

And given our history of safe and successful development, I think that it's time to expand the contribution of Alaska's offshore resources to make America's energy security. My bill, S. 1278, provides for annual lease sales in the area between three and six miles offshore, known as the 8(g) zone, in the Beaufort and Cook Inlet. This area is adjacent to where the State of Alaska holds annual lease sales and it is very close to existing infrastructure. It can deliver near-term production from the Beaufort to maintain the Trans-Alaska Pipeline which is critical as we look at the declining throughput and an infrastructure that is half full. It can also deliver natural gas from the Cook Inlet to Alaskans around the state.

My legislation would also provide for more frequent lease sales than called for in the current five-year plan, and extend lease terms to accommodate the stringent regulatory requirements and short operating windows in the Beaufort and Chukchi. The incompatibility of long development timelines and existing lease terms was identified as an issue in a recent National Petroleum Council study that was done at the request of the Department of Energy. I strongly believe that more predictable lease sales with more workable lease terms will provide more value for our Treasury.

Offshore development must also benefit States and local communities and that's why my legislation supports revenue sharing for Alaska, and that's why I thank Senators Cassidy, Warner, and Scott for spearheading similar legislation for the Gulf and the mid- to South Atlantic States. Each area I think we recognize is different, with specific needs and interests, but it's out of simple fairness that we should provide revenue sharing to all of them.

In Alaska, supporting communities, science, and workforce development are all critical components of a successful and vibrant offshore industry that meets our national energy interests. While Alaska has abundant resources, Alaskans face some of the highest energy costs in the nation. For too many Alaskans, energy is not diverse, secure, or affordable. In fact, energy insecurity and energy poverty are the defining issues in many parts of my home State. That's one of the reasons why I have joined with Senator Scott from South Carolina to focus keenly on this issue of energy insecurity.

In considering the importance of revenue sharing, I ask all of my colleagues – here on the committee and in the Senate as a whole – to consider the commitment that Alaska has made to invest the earnings from nonrenewable resources into our renewable resources. Through just one program, for example, the State has allocated more than \$250 million to more than 275 renewable projects to help unlock Alaska's vast wind, biomass, and hydropower resources.

Now, among those renewable resources, one that is particularly important to me and my state is hydropower. So, I have introduced legislation to recognize hydropower as a renewable resource throughout federal programs. Something that again I find just stunning. Maybe it's because I come from a state where there is more rain than just about anything at most times but recognizing hydro as a renewable resource is incredibly important as I am concerned. And to improve the permitting process so that we can bring clean hydropower to more communities across Alaska and across the nation.

From producing energy on the outer continental shelf to generating renewable hydropower in our waterways, we've got an outstanding opportunity to come together around core principles and build a bipartisan supply title. I am optimistic that we can do this in a way that builds upon the American energy renaissance that we are experiencing.

We've got a lot of bills on the agenda today and I look forward to reviewing these to see which ones are going to meet that test, and to hearing our witnesses' perspectives on each of these as well.

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