

## Alaskan Oil and Gas Resources

### *Witnesses*

#### **Dan Sullivan**

Commissioner, Alaska Department of Natural Resources

#### **Richard Glenn**

Executive Vice President, Arctic Slope Regional Corporation

#### **David T. Lawrence**

Executive Vice President Exploration, Shell Energy Resources Company

#### **Cynthia Quarterman**

Administrator, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation

### *Subcommittee Members Present*

Doug Lamborn, Chairman (R-CO)

Rush Holt, Ranking Member (D-NJ)

Paul Broun (R-GA)

John Fleming (R-LA)

Jeff Landry (R-LA)

David Rivera (R-FL)

Jeff Duncan (R-SC)

Bill Johnson (R-OH)

Bill Flores (R-TX)

John Sarbanes (D-MD)

### *Full Committee Members Present*

Doc Hastings, Chairman (R-WA)

Don Young (R-AK)

Concerns about the permitting process for offshore petroleum development in Alaska led the Subcommittee on Energy and Mineral Resources to hold a hearing on June 2, 2011 to discuss infrastructure related to oil and gas resources.

In his opening statement, subcommittee Chairman Doug Lamborn (R-CO) emphasized Alaska's integral role in the nation's energy production with at least 27 billion barrels of oil and 132 trillion cubic feet of natural gas available offshore. He stressed Alaska's importance with respect to energy security and decreasing foreign energy dependence as well as its implications for the growth of the national economy. Lamborn noted that "There are few more egregious examples of bureaucratic red tape stifling development of our domestic resources than the problem facing oil and gas developers in NPRA [National Petroleum Reserve, Alaska] today." Natural Resources Committee Chairman Doc Hastings (R-WA) reiterated these points in his opening statement. Ranking Member Rush Holt (D-NJ), in his opening remarks, agreed that petroleum is important to our national economy but emphasized the need to look at the bigger picture. He pointed out that Alaska is on the "front line" of climate change impacts and cited the BP oil spill of April 2010 as an example of the need for a sufficient permitting process. Holt noted that we have already reached peak oil and that it is time to begin exploring alternative sources of energy.

In his testimony, Dan Sullivan, Commissioner of the Alaska Department of Natural Resources expressed anger that federal

government policies have “shifted from helping the environment to shutting down resource development.” Richard Glenn, a native Alaskan and Vice President of the Arctic Slope Regional Corporation explained in his opening remarks that his culture depends on a clean environment but that development of coal, natural gas, and oil is critical to the survival of his community. He emphasized that the environment has fared well with this development and that industry has brought schools and infrastructure. In his testimony, David Lawrence of Shell Energy Resources Company complained that the government’s permitting and regulation process was undermining his company’s confidence in the system. Lawrence, Glenn and Sullivan emphasized that the Trans-Alaska Pipeline System (TAPS) faces an uncertain future if oil production does not commence soon—as decreased flow could cause the pipeline to shut down. In her testimony, Administrator of the Pipeline and Hazardous Materials Safety Administration Cynthia Quarterman countered that safety is her group’s number one priority and an enormous responsibility.

During the question and answer period, Lamborn inquired about the slow permitting process. Lawrence explained that before drilling a well in Alaska his company had already invested \$3.7 billion to prepare multiple permits needed to approve the drilling. He explained that these permits have been denied for a wide variety of reasons from where measurements were taken to incomplete studies. Lamborn asked Glenn if, as a Native Alaskan, wildlife in his home region had been negatively impacted by petroleum development. Glenn responded that the area still teemed with wildlife offshore and on land.

In his questioning, Holt cited President Obama’s Oil Spill Commission report which concluded that scientific understanding of petroleum reserves in the Arctic is inadequate and that deaths in the petroleum industry in the United States are four times greater than in Europe. Sullivan countered that understanding is adequate and that drilling is necessary to save the culture of native Alaskans. Representative Don Young (R-AK) fumed that the report was “false” and that it was “hard to listen to someone talking about something that they don’t know anything about,” with reference to Holt. Holt addressed Sullivan’s assertion that TAPS would fall into disrepair without significant oil production by asking Quarterman if there is any other way that the pipeline could maintain function. She stated that doing so was quite possible by heating the pipeline or other measures. Representative John Sarbanes (D-MD) added in response to Young’s statements that he had not seen any evidence that government agencies are against oil and gas development but instead advocate safe development.

Several issues came up frequently in the statements and questions of the Republican representatives, including energy security, job creation, energy independence, and high gas prices. Hastings noted that delays in oil and gas exploration in the Arctic, which he blamed on the Obama administration, undermined national energy security and energy independence. Representative Jeff Landry (R-LA) expressed dissatisfaction with the extensive government regulations, stating to the Alaskan witness, “You know how to protect your home better than I do.” Representative Jeff Duncan (R-SC) countered Holt’s statement that the European petroleum drilling industry was better regulated, arguing that our country does not want European gas prices, which, he added, are around \$10 per gallon. He noted that energy production is the second largest revenue producer in the United States, second only to borrowing and thus it is critical that the government does everything possible to facilitate drilling rather than hinder it. Representative John Fleming (R-LA) emphasized that the United States has more coal, oil, and natural gas than any other country in the world. He explained that the U.S. Geological Survey has found in recent years that there are significant mineral and oil resources waiting to be extracted throughout the country. He asked Lawrence if the reason that the government has stalled drilling development is due to a lack of competence or a fundamental disagreement on whether drilling should be occurring. Lawrence responded that it was due to a lack of coordination between government agencies. Fleming concluded that this signified incompetence. Representative David Rivera (R-FL) expressed dismay that TAPS would have to be dismantled due to decreased flow.

Written testimony, text of the legislation, opening remarks and an archived webcast is available on the House Committee on Natural Resources web page.

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