

Governor Walker ANILCA Testimony

Good morning. Thank you very much for this opportunity, Madam Chair Murkowski, Senator Cantwell, members of the committee.

As the Governor of Alaska, I am honored to present today comments about the ANILCA. I was born in Alaska, as you mentioned. I remember very well the day of Statehood. I was seven years old, we were in Delta Junction, we went to the A&W Root Beer stand and it was nobody's birthday. So I knew it was a big deal and something had happened that was really big. It's about 150 miles that the crow flies from Cantwell, Alaska, so at some point I hope you have the chance to visit Cantwell.

You know, the excitement of becoming a state was one of self-sufficiency. It was not unanimous that Alaska came in as a state. Many were concerned that can we make our way? We were told you will not have an I-5. You will not have the kind of infrastructure other states have. You will need to live off the resources.

As part of that, the Statehood Compact was entered into. And the Statehood Compact is unique to Alaska. It says that in Alaska, we cannot sell the resources in the ground. We must live off the resources. That was the deal we made.

There's a reversionary clause in the Statehood Compact that says that if you do sell the resources in the ground, that land reverts back to the federal government. So we have been very careful to not sell resources in the ground. So it would be like a business that was having a difficult time. You had a warehouse, and you'd sell the warehouse if you couldn't find a tenant. Or you couldn't get access. We can't do that. We're very unique in that regard. We are to live off the land.

So therefore, we paid close attention in 1980 when ANILCA was entered into. There were two key provisions of ANILCA, and Senator Sullivan has gone through them well as you have Madam Chair. One is compromise. That was a compromise piece of legislation. And it was to bring balance. And the balance couldn't have been clearer when President Carter talked about 100 percent access to offshore and 95 percent access to onshore.

Today we have one percent access to onshore. We're trying to survive the downturn in a resource that's very important to our economy. And through a pipeline – I know in this city there's lots of discussion about pipelines, let me tell you about our pipeline. I wear a lapel pin of Alaska with a pipe in it. And the only thing wrong with the Trans-Alaska Oil Pipeline is it is three quarters empty. It's three quarters empty largely because of lack of access to our resources.

You know the 1002 section of the coastal plain of ANWR – the 1002 comes from ANILCA. From the 1002 section – a specific exemption that says there's a process to have access to this particular region. Because they knew then, and certainly know now, it is a very productive petroleum opportunity for our nation and for our state. It makes up eight percent of ANWR. With the shift of the oil, we now need access to one half of that- the Western half. That's four percent. Four percent of that area that is set aside.

So when I deal with budget deficits, when I deal with laying off 600 employees last year – we’re looking at significant more layoffs – I look at not being able to fund certain things we have wanted to fund in our great state. And I look at that oil that is literally within 50 miles of an oil pipeline – an existing oil pipeline. Not one that needs to go through any process to be built. It’s there. It’s very frustrating that we cannot have access to four percent of that area that was specifically set aside to be evaluated for resource development.

Much has happened since building the Trans-Alaska Oil Pipeline both in the way of technology advancement and other developments around the world. Methods of extraction are now available that were not available before. The migration of caribou herds are different than they were before. So that needs to be looked at again and we plan to do that in a very aggressive manner.

You know one thing I must say is the makeup of Alaska has changed since we became a state. The Alaska Native Regional Corporations are major, major players in our state, and in every facet of it and certainly in the business sector. You don’t go to the North Slope of Alaska without seeing the incredible accomplishments of those corporations in our state. So they are significantly impacted by ANILCA in every way as well.

We haven’t gotten the benefit of the deal. The deal was it was a compromise and it was supposed to be balanced. And it hasn’t been. The No More Clause has not been honored. We have not had the access that we should have had. So I have my own interpretation of the No More Clause, and I plan to use every day I have in office to make sure Alaska has access to our timber, our mining, and to our oil and gas development.

Thank you very much for this opportunity.

Question 1

Senator Murkowski: About the areas that Alaska has available for oil exploration and opportunity. Some 86 percent of what we have or what we understand to have regarding our oil is placed off limits if this administration’s policies are finalized here. We’ve seen some of those, and many of them were talked about here today. And it’s been suggested that perhaps Alaska is too dependent on oil. You have outlined a little bit of the situation that we are currently in as a state. The pipeline is less than a third full. As Governor, you are dealing with a budget that is not just having impact on Alaskans today. But if we don’t invest in our young people’s education, if we don’t invest in our infrastructure for today, what future do we have tomorrow? I’d like you to respond to the suggestion, and it’s not just from the one comment that we have heard today. There are many who believe that Alaska should be that special place where we just keep it in the ground. And when I say keep it in the ground, I’m not referring to just the oil. We know that there are those who believe very strongly that keep it in the ground means that tree that came from the Tongass National Forest, no trees should be harvested in the forest. None of our mining resources, whether our gold, or copper, or zinc, or whatever, or coal, should be harvested. As

the Governor of the State of Alaska, how do respond to those who would suggest that our state is too beholden to oil. That we need to rely on something other than our natural resources?

Governor Walker: Thank you Senator for that question. You know I get that question a fair amount. My response is this. We are a resource state. We are the most resource rich state in the nation. And that was the deal when we became a state. We would be able to responsibly develop those resources. All of the resources. Not any particular one. Yes, we would love to have a wide and diversified economy in Alaska. And we will. But to do that, we need to get our cost of energy down. That's what the AKLNG Project, our natural gas project to develop our natural gas for the world market, is going to help with. Yes we have a robust tourism market in Alaska. That's wonderful. We can't live off of any particular one of those. We need a blend of those.

One of the biggest challenges in Alaska isn't if you are going to find oil or gas. It's if you are going to get a permit. The Governor of North Dakota talks about the permitting process and he's is frustrated that it takes almost a month to get a permit there. Governor Fallin in Oklahoma talked about the number of days it takes to get a permit there. Or the Governor Abbott of Texas talked about the number of days it takes. It takes us over six years to get a permit. And you don't know if you're going to get through that entire process. So that's what is different in Alaska. In Wyoming, which is about the same size as the North Slope area, they have drilled 16,000 wells. We have drilled less than 600 wells in Alaska. And yet we are the most prolific oil and petroleum basin in the world. Yet 600 wells versus 16,000 is permits. It's access.

And I just can't let this opportunity go by without making a comment about the Izembek Road. We can't even have access between communities. I know you are a champion of that, and I applaud you for that, and thank you for your leadership on that. When we can't connect our communities with a road for health and safety purposes so people are being helicoptered out during the most inclement weather conditions you can imagine, there's something wrong with the system that we cannot connect a community to provide a road without being stopped by a federal process.

You know, I'm a very strong state's right person. And it's time that we stand up and take control of our own destiny, of our own future. One of the blessings of being a non-partisan independent is that I answer to 730,000 Alaskans, as you do, and I have a job to do and we are going to get it done in spite of some of the push back we may get.

Question 2

Senator Murkowski: What happens to the state of Alaska, Governor Walker, if we are not able to continue operation of the Trans-Alaska Oil Pipeline?

Governor Walker: Well, you know it does generate about 90 percent of our revenue, or it did before the drop in price of oil. So about 70 percent of our revenue would go away in the state of Alaska. And sitting next to some of the most prolific oil areas in the state, it would be absolutely devastating. And it would be unprecedented. It would be unprecedented as a country that any state would have that kind of a financial impact to us not because of a lack of resources, but a lack of access to resources. You know,

everybody in Alaska is an environmentalist at some point, or we wouldn't live there. It's the most beautiful state as you well know. We don't want to do it to the detriment of the environment. But there's also an economic climate that we need to be mindful of. That our rural Alaska areas, they have every right to education, every right to have a flush toilet and electricity. And we can't do that without developing our resources.

So what it would do, to answer specifically your question, it would shut down Alaska. It would turn Alaska into something that we have not seen since prior to Statehood. And what a shame that would be, because of not a lack of resource but a lack of access to the resource. That's unacceptable and that will not happen during this administration.

Question 3

Governor Walker: Thank you Senator Murkowski. I come from local government, I think that local government is the purest form of government. It's the closest to the people. When you move further away from people, decisions are made more challenging that the decisions become. I would love to see – I know we've had contingents come to Alaska from Washington, from Congress to view our beautiful state. I would welcome that again. So that's one thing would be to have them come to Alaska to show them our opportunities in Alaska and why we would be the 8th largest most energy-rich nation in the world, if we were a nation rather than a state – that would be one thing.

Secondly, congress makes the laws and agencies apply regulations and carry them out, but we need to have a relationship with the agencies such that they truly understand the impact of what they are doing. So I would like to have the agencies come up, not just when the silvers are running in Seward or Valdez, or when the Copper River reds are running in Cordova, but also during the winter. During the winter when our rural areas are trying to meet their energy needs, and see a side of Alaska we deal with that isn't during the height of the tourist season. I'd like there to be some way that they could see the other part of Alaska, we don't get a lot of the Congressional delegations there because of the timing but I'd like to see the input from the rest of the story as Paul Harvey would say.

Senator Murkowski: I know that in February, in Bethel, we are looking to have a field hearing out there looking at some of the energy issues that we face in the state. And I am hopeful to be able to entice several of our colleagues for an Alaska winter tour. And our your first point on getting lawmakers up and understanding Alaska – as you know there was legislation, the ANWR wilderness legislation that was introduced yesterday – I had a colleague who happens to hail from the East Coast back here and he has been to Alaska before, he has been out to the ANWR area. But he asked to meet with me and we met for close to an hour, where he could just ask questions about trying to understand a little bit more the Alaska's economy. I've been here in the Senate now for almost 13 years, and I have to tell you – I was really quite struck by the fact that a colleague, before he signed on to legislation that related to one person's state, that he came and asked for a perhaps more thorough review. The good news is he hasn't signed on to that legislation yet."